

**Date and Time:** Monday 9 September 2024 17:30:00 CEST

**Job Number:** 233033676

**Documents (35)**

1. [*BlackRock World Mining Trust Plc - Half-year Report*](https://advance.lexis.com/api/document?id=urn:contentItem:5T25-P451-JB72-11HR-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

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| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

2. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5S0J-0KM1-JCF2-H013-00000-00&idtype=PID&context=1516831)

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3. [*FEDERAL REGISTER: De Minimis Exception to the Swap Dealer Definition Pages 27444 - 27484 [FR DOC # 2018-12362]*](https://advance.lexis.com/api/document?id=urn:contentItem:5SJB-90X1-F0YC-N2N0-00000-00&idtype=PID&context=1516831)

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4. [*BlackRock North American Income Trust Plc - Annual Financial Report*](https://advance.lexis.com/api/document?id=urn:contentItem:5R5R-1HV1-JB72-146V-00000-00&idtype=PID&context=1516831)

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5. [*Washington: EXECUTIVE CALENDAR (Senate - July 18, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5SV7-NH41-JDG9-Y22D-00000-00&idtype=PID&context=1516831)

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6. [*Scott Morrison says government 'not for the big end of town' - politics live Treasurer ups the pressure on Labor to back company tax cuts while Labor says targeting Turnbull in latest ad is 'entirely legitimate'. All the day's events, live*](https://advance.lexis.com/api/document?id=urn:contentItem:5SMT-39D1-F021-6503-00000-00&idtype=PID&context=1516831)

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7. [*EXECUTIVE CALENDAR; Congressional Record Vol. 164, No. 180 (Senate - November 14, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5TRN-7SN1-F0YC-N1F6-00000-00&idtype=PID&context=1516831)

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8. [*EXECUTIVE CALENDAR; Congressional Record Vol. 164, No. 180 (Senate - November 14, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5TRN-8H51-F0YC-N022-00000-00&idtype=PID&context=1516831)

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9. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5SWB-VJC1-DYY4-31S4-00000-00&idtype=PID&context=1516831)

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10. [*UK Trade Tariff: imports and community transport inwards*](https://advance.lexis.com/api/document?id=urn:contentItem:5RF1-VC01-JDG9-Y0BT-00000-00&idtype=PID&context=1516831)

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11. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5T4T-TVP1-JCG2-C524-00000-00&idtype=PID&context=1516831)

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12. [*COMMISSION DELEGATED REGULATION (EU) 2018/179 of 25 September 2017 amending Regulation (EU) No 1233/2011 of the European Parliament and of the Council on the application of certain guidelines in the field of officially supported export credits*](https://advance.lexis.com/api/document?id=urn:contentItem:5RP3-61X1-F0YC-N1TX-00000-00&idtype=PID&context=1516831)

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13. [*FEDERAL REGISTER: The Standard for Determining Joint-Employer Status Pages 46681 - 46697 [FR DOC # 2018-19930]*](https://advance.lexis.com/api/document?id=urn:contentItem:5S9B-DPJ1-JDG9-Y2X1-00000-00&idtype=PID&context=1516831)

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14. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5RWM-PP11-JCF2-H019-00000-00&idtype=PID&context=1516831)

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15. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5S9G-S891-JCF2-H36M-00000-00&idtype=PID&context=1516831)

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16. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5SHF-YBX1-JCF2-H125-00000-00&idtype=PID&context=1516831)

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17. [*Register of Commission documents:Statute for Social and Solidarity-based Enterprises Document date: 2017-12-06 EPRS\_STU(2017)611030 Study*](https://advance.lexis.com/api/document?id=urn:contentItem:5R8Y-T851-JDG9-Y4X3-00000-00&idtype=PID&context=1516831)

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18. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5R4G-F351-JCG2-C42M-00000-00&idtype=PID&context=1516831)

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19. [*Washington: WORLD BANK ACCOUNTABILITY ACT OF 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5RFG-21T1-JDG9-Y42R-00000-00&idtype=PID&context=1516831)

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20. [*Plibersek says byelection date designed to disadvantage Labor party - as it happened With byelections set for 28 July, Labor is unhappy at delay and the fact the ALP national conference is on the same weekend. All the day's events, live*](https://advance.lexis.com/api/document?id=urn:contentItem:5SD2-V401-JCJY-G03P-00000-00&idtype=PID&context=1516831)

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21. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5T69-M4B1-DYY4-317C-00000-00&idtype=PID&context=1516831)

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22. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5S81-0241-DYX4-701K-00000-00&idtype=PID&context=1516831)

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23. [*FEDERAL REGISTER: Policy Statement on the Scenario Design Framework for Stress Testing Pages 59533 - 59547 [FR DOC # 2017-26858]*](https://advance.lexis.com/api/document?id=urn:contentItem:5R66-CY61-F0YC-N0X6-00000-00&idtype=PID&context=1516831)

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24. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5T0X-4091-DYX4-72K3-00000-00&idtype=PID&context=1516831)

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25. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5SNY-B7N1-DYX4-750W-00000-00&idtype=PID&context=1516831)

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26. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5SG0-5461-JCF2-H1V4-00000-00&idtype=PID&context=1516831)

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27. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5TT4-9DY1-JDGP-8011-00000-00&idtype=PID&context=1516831)

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28. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5T1V-7H81-JCG2-C0T8-00000-00&idtype=PID&context=1516831)

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29. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5SGX-8KY1-JCG2-C0KJ-00000-00&idtype=PID&context=1516831)

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30. [*FEDERAL REGISTER: Submissions of Exclusion Requests and Objections to Submitted Requests for Steel and Aluminum Pages 46026 - 46065 [FR DOC # 2018-19662]*](https://advance.lexis.com/api/document?id=urn:contentItem:5T7S-82Y1-JDG9-Y1D5-00000-00&idtype=PID&context=1516831)

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31. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5S3H-K491-JCF2-H545-00000-00&idtype=PID&context=1516831)

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32. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5SJY-RS41-JCF2-H0Y7-00000-00&idtype=PID&context=1516831)

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33. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5TD8-T2X1-DYY4-33VT-00000-00&idtype=PID&context=1516831)

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34. [*No Headline In Original*](https://advance.lexis.com/api/document?id=urn:contentItem:5S2T-7FK1-DYY4-3384-00000-00&idtype=PID&context=1516831)

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35. [*P8\_TA(2016)0087 Veterinary medicinal products \*\*\*I Amendments adopted by the European Parliament on 10 March 2016 on the proposal for a regulation of the European Parliament and of the Council on veterinary medicinal products (COM(2014)0558 — C8-0164/2014 — 2014/0257(COD)) (1) (Ordinary legislative procedure: first reading)*](https://advance.lexis.com/api/document?id=urn:contentItem:5RP3-61X1-F0YC-N1XH-00000-00&idtype=PID&context=1516831)

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# [***BlackRock World Mining Trust Plc - Half-year Report***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5T25-P451-JB72-11HR-00000-00&context=1516831)

PR Newswire UK Disclose

August 16, 2018 Thursday 11:43 AM EST

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**Length:** 13710 words

**Dateline:** London, August 10

**Body**

BlackRock World Mining Trust plc

LEI - LNFFPBEUZJBOSR6PW155

Half ***Yearly*** Financial Report 30 June 2018

FINANCIAL HIGHLIGHTS

as at 30 June 2018

|  |  |  |  |
| --- | --- | --- | --- |
| Attributable to ordinary shareholders | 30 June 2018  (unaudited) | 31 December 2017  (audited) | %  change |
| **Assets** |  |  |  |
| Net assets (£'000) | 786,619 | 804,647 | -2.2 |
| Net asset value per ordinary share | 445.79p | 456.01p | -2.2 |
| - with dividends reinvested |  |  | 0.0 |
| Ordinary share price (mid-market) | 386.50p | 397.75p | -2.8 |
| - with dividends reinvested |  |  | -0.3 |
| EMIX Global Mining Index - net total return\* | 572.17 | 567.79 | 0.8 |
| EMIX Global Mining Index - gross total return\* | 606.29 | 599.99 | 1.1 |
|  | -------- | -------- |  |
| Discount to net asset value | 13.3% | 12.8% |  |
|  | -------- | -------- |  |

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| --- | --- | --- | --- |
|  | For the  six months ended  30 June 2018  (unaudited) | For the  six months ended  30 June 2017  (unaudited) | %  change |
| **Revenue** |  |  |  |
| Net profit after taxation (£'000) | 16,393 | 14,788 | 10.9 |
| Revenue earnings per ordinary share | 9.29p | 8.38p | 10.9 |
| Dividend per ordinary share |  |  |  |
| - 1st quarterly interim | 3.00p | 3.00p | - |
| - 2nd quarterly interim | 3.00p | 3.00p | - |
|  | -------- | -------- | -------- |
| Total dividends paid and payable | 6.00p | 6.00p | - |
|  | -------- | -------- | -------- |

\*     The Company's performance benchmark (the EMIX Global Mining Total Return Index) may be calculated on either a Gross or a Net return basis. Net return (NR) indices calculate the reinvestment of dividends net of withholding taxes using the tax rates applicable to non-resident institutional investors, and hence give a lower total return than indices where calculations are on a Gross basis. As the Company is subject to the same withholding tax rates for the countries in which it invests, the NR basis is felt to be the most accurate, appropriate, consistent and fair comparison for the Company. Historically the benchmark data for the Company has always been stated on a Gross basis, and therefore for transparency both sets of benchmark data are provided in the table above. Going forward it is the Board's intention to monitor the Company's performance with reference to the NR version of the benchmark.

CHAIRMAN'S STATEMENT

MARKET OVERVIEW

The broadly flat net asset value performance over the period belies what was in fact a relatively volatile spell, in which encouraging underlying earnings progress in the sector was disrupted by increasingly hostile rhetoric from the US administration on trade tariffs. Mining companies continued to focus on balance sheet repair, with little new capital expenditure announced, and returning excess cash to shareholders. However, whilst 2017 was a ***year*** of unusually low volatility, rising uncertainty in the macro outlook has led to greater dispersion of returns this ***year***. Although the global economic growth outlook overall remains bright, rising US interest rates and a stronger US dollar have contributed to tightening financial conditions. Additionally, at the end of the six month period, heightened concerns over the potential for trade wars between the US and China overshadowed market sentiment and mining commodities suffered as a result.

PERFORMANCE

Over the six months ended 30 June 2018, the Company's net asset value per share (NAV) remained unchanged and the share price decreased by 0.3% (both calculated in sterling terms with dividends reinvested on a total return basis). During the same period, the reference benchmark, the EMIX Global Mining Index, increased by 0.8% on a net total return basis and by 1.1% on a gross total return basis (with effect from 18 June 2018, all Euromoney indices were rebranded as EMIX indices). Further information on investment performance is given in the Investment Manager's Report.

Since the period end and up to the close of business on 15 August 2018, the Company's NAV has decreased by 8.5% compared to a fall of 7.5% (on a net return basis) in the reference benchmark (with income reinvested).

REVENUE RETURN AND DIVIDENDS

The Company's net revenue earnings for the six month period to 30 June 2018 amounted to 9.29p per share (six months to 30 June 2017: 8.38p) an increase of 10.9%. The first quarterly dividend of 3.00p per share was paid on 29 June 2018 and, today, the Board has announced a second quarterly dividend of 3.00p per share which will be paid on 21 September 2018 to shareholders on the register on 24 August 2018, the ex-dividend date being 23 August 2018.

DISCOUNT

The discount of the Company's share price to the underlying NAV per share finished the period under review at 13.3% on a cum income basis having stood at 12.8% at the start of the ***year***. At the close of business on 15 August 2018, the Company's shares were trading at a discount of 12.5%.

The Directors recognise the importance to shareholders that the market price of the Company's shares in the stock market should not trade at a significant discount to the underlying NAV and the decision as to whether to buy back the Company's shares is addressed regularly in Board discussions. During the period under review, and up to the date of this report, the Company has not repurchased any shares.

GEARING

The Company operates a flexible gearing policy which depends on prevailing market conditions. It is not intended that gearing will exceed 25% of the net assets of the Company and its subsidiary. The maximum gearing used during the period was 15.9%.

UNQUOTED HOLDING - AVANCO RESOURCES

In March, OZ Minerals, an Australian based copper and gold producer, announced an off-market takeover offer to acquire Avanco Resources, subject to a 50.1% minimum acceptance condition. The offer was a 50/50 cash/scrip consideration comprising A$0.085 cash and 0.009 OZ Minerals shares per Avanco share.

I am pleased to report that, prior to the period end, OZ Minerals owned more than 90% of Avanco allowing it to acquire all of the remaining shares and on 29 June 2018 the Company received proceeds of A$20.4 million cash and 2.16 million OZ Minerals shares. We believe there is the potential for value creation from an OZ Minerals and Avanco combination as OZ Minerals brings open pit and underground mining experience, along with a strong balance sheet which should help to de-risk the development of the Avanco assets.

At the end of June, following completion of the transaction, the royalty represented 2.1% of the portfolio and the Company held a 2.2% position in OZ Minerals. (In line with the guidelines associated with the Company's royalty strategy, whereby investments in individual royalties should not exceed 3% of gross assets, the royalty and equity position have not been aggregated.)

OUTLOOK

Higher levels of uncertainty will be a key theme for the remainder of 2018. US-China economic tensions have increased significantly and a further sharp escalation in retaliatory tariffs globally could act as a brake on economic expansion. The unprecedented monetary policy accommodation of recent ***years*** is also now ending with the US Federal Reserve pushing on with normalisation and the European Central Bank set to wind down its asset purchases by the end of this ***year***.

Against this, global economic data has remained healthy and valuations in the mining sector remain competitive relative to broader equity markets. Free cash flow in the sector is also close to the highest it has ever been and we expect the focus on financial prudence, particularly among the largest globally diversified miners, to continue in a generally supportive price environment. Consequently, despite recent market volatility and the positive performance in the sector over the past couple of ***years***, we remain cautiously optimistic on the outlook, as companies are better positioned to withstand commodity price volatility.

Ian Cockerill

16 August 2018

INTERIM MANAGEMENT REPORT AND RESPONSIBILITY STATEMENT

The Chairman's Statement and the Investment Manager's Report give details of the important events which have occurred during the period and their impact on the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks faced by the Company can be divided into various areas as follows:

Counterparty;Counterparty;Counterparty;Counterparty;Counterparty;Counterparty;Counterparty;Counterparty;

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the ***year*** ended 31 December 2017. A detailed explanation can be found in the Strategic Report on pages 10 to 12 and note 18 on pages 68 to 82 of the Annual Report and Financial Statements which is available on the website maintained by BlackRock, at[*http://www.blackrock.co.uk/brwm*](http://www.blackrock.co.uk/brwm).

In the view of the Board, there have not been any changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally applicable to the remaining six months of the financial ***year*** as they were to the six months under review.

GOING CONCERN

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Company has a portfolio of investments which are predominantly readily realisable and is able to meet all of its liabilities from its assets and income generated from these assets. Ongoing charges (excluding finance costs, transaction costs and taxation) for the ***year*** ended 31 December 2017 were approximately 1.00% of net assets.

RELATED PARTY DISCLOSURE AND TRANSACTIONS WITH THE AIFM AND INVESTMENT MANAGER

BlackRock Fund Managers Limited (BFM) was appointed as the Company's Alternative Investment Fund Manager (AIFM) with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the management and marketing fees payable are set out in notes 4 and 5 respectively and note 11.

The related party transactions with the Directors are set out in note 12.

DIRECTORS' RESPONSIBILITY STATEMENT

The Disclosure and Transparency Rules (DTR) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

Counterparty;Counterparty;

This half ***yearly*** financial report has been reviewed by the Company's auditors and their report forms part of this announcement.

The half ***yearly*** financial report was approved by the Board on 16 August 2018 and the above responsibility statement was signed on its behalf by the Chairman.

Ian Cockerill

For and on behalf of the Board

16 August 2018

INVESTMENT MANAGER'S REPORT

The first half of 2018 has in many ways resembled the beginning of last ***year*** with a strong start followed swiftly by gains being eroded and then recovering to leave the sector, as measured by the benchmark in sterling terms on a net total return basis, up 0.8%. However, unlike last ***year*** when gains were harvested by investors, this ***year***, despite the strong fundamentals, it seems as though investor patience has been tested by constant threats of tariffs that could derail expectations of synchronous global growth.

Despite being frustrated by the sudden pick-up in equity volatility during the period we remained true to our view that company fundamentals outweigh the near term risks. This has kept the portfolio concentrated around the themes of value, growth, resource replenishment and de-leveraging. It remains our hope that generalist investors eventually recognise the abundance of value available in the sector and this triggers a rotation of capital towards the opportunity.

Over the period the net asset value per share (NAV) of the Company's return was flat versus 0.8% in the reference benchmark. It is pleasing to note the strong sector returns over the last twelve months with the Company up by 24.4% versus the reference benchmark up by 22.3% (all returns in sterling terms on a net total return basis).

LONG JOURNEY

It seems like only yesterday that the sector was on its knees. Investors were panicking at the prospect of companies going bust and they rushed for the exit during the second half of 2015, only to mark a multi-***year*** low in January 2016. The subsequent rapid recovery in fortunes during the last two ***years*** has left the sector trading on extremely low multiples relative to the past as the memories of the last bear market remain fresh in people's minds. It is clear that, despite the current low valuations, shareholders are reluctant to reinvest for fear of seeing their wealth damaged by a repeat of the price falls seen during 2011 through to 2016. As with all long journeys, it will take time for trust to be earned and confidence to morph into optimism and in turn a rotation of capital back into mining equities.

At the start of the ***year*** there was widespread acceptance of the prospect of synchronous growth across the world. GDP growth rates were being upgraded and it looked as though commodity demand was going to soar. When combined with the lack of supply growth due to the long period of underinvestment by the mining companies from 2012 through to today, the prospect of a commodity price bull market was intoxicating. Share prices continued their upwards moves in January on the back of rising earnings and expectations of increased dividends. Despite companies delivering on the latter, expectations of growth were soon dampened as President Trump unsettled markets with his 'Tweets' on trade tariffs.

For the mining companies it was pretty much business as usual. The agenda of the last few ***years*** was followed as companies paid down debt, sold non-core assets and refrained from reinvesting just for growth in volume. Whilst this is paving the way to a re-rating, for the time being investor enthusiasm for exposure is dulled by the prospect of trade wars impacting global growth. While frustrating, this has allowed the Company to build an ever greater exposure to both high quality companies trading on deep discounts to historical multiples and other themes that are core to the portfolio's overall strategy.

As can be seen in the table below, the end of the period saw a sudden sell-off in commodity prices as trade fears escalated. For example, the price of copper having averaged 314USc/lb during the first half of 2018, some 20% higher than the average price in the first half of 2017, finished the period only just above 300USc/lb and at the time of writing had fallen by a further 11.7% to a level of 265USc/lb. This trend seems to have swept across the base metal suite with all prices showing sudden drops in July. In contrast, bulk prices, especially those in coal, remain elevated as tightness in physical markets has kept prices well supported. Precious metals were generally weaker especially in platinum which is now down over 50% from its high seen back in 2013.

|  |  |  |  |
| --- | --- | --- | --- |
| Commodity | Price  30 June  2018 | % change  YTD in 1H  2018 | % change  average price  1H2018 vs  1H2017 |
| WTI (Cushing) US$/barrel | 74.1 | 22.6% | 30.9% |
| Nickel US$/lb | 6.7 | 16.7% | 42.2% |
| Iron Ore (China 62% fines) US$/t | 61.0 | 0.0% | -17.9% |
| Tin US$/lb | 9.0 | -1.3% | 5.3% |
| Lead US$/lb | 1.1 | -3.2% | 10.6% |
| Gold US$/oz | 1,251.1 | -4.0% | 6.4% |
| Aluminium US$/lb | 1.0 | -4.5% | 17.6% |
| Uranium US$/lb | 22.6 | -5.1% | -2.5% |
| Silver US$/oz | 16.2 | -5.1% | -3.9% |
| Copper US$/lb | 3.0 | -8.1% | 20.4% |
| Platinum US$/oz | 851.0 | -8.2% | -1.9% |
| Met Coal US$/t | 211.0 | -8.7% | 17.4% |
| Thermal Coal (Newcastle) US$/t | 113.9 | -12.1% | 27.4% |
| Zinc US$/lb | 1.3 | -12.9% | 21.6% |
| Lithium (Battery Grade China) | 16,261.0 | -23.2% | 20.3% |
|  | -------- | -------- | -------- |

Source: Datastream.

In recent ***years*** we have emphasised the underlying themes that the Company invests in, with portfolio returns largely driven by those themes as opposed to just commodity beta. These themes revolve around deleveraging, resource replenishment, capital discipline, asset quality and growth. Investment themes will naturally evolve over time and during the last 12 months we have been increasingly focused on a new theme, China supply-side reform and increasing environmental standards in the country. This has impacted commodity prices in different ways from both demand, supply and quality issues.

DELEVERAGING AND CAPITAL DISCIPLINE

The 'deleveraging' trade has dominated share price returns since the beginning of 2016 and for most companies this has now played out. Numerous companies including Glencore, Anglo American and Vale saw their share prices crater through 2014-15 due to excessive debt levels in an environment of falling commodity prices. Since 2016 the sector, in particular the more leveraged companies, has enjoyed a material rerating of share prices, as debt has been reduced via asset sales, lower capex and higher earnings. Over the last three ***years***, the Company has generated significant absolute and relative returns from this theme via our large holdings in Vale, Glencore, Teck Resources and First Quantum. While there are some stocks whose share prices will still benefit from further deleveraging, the pure 'deleveraging' theme has now evolved into one of capital returns.

Today the sector is generating robust levels of free cash flow, with the major mining companies operating at historically low gearing levels, seeing them well-positioned to maintain a healthy level of returns to shareholders, selectively grow and weather any commodity price volatility. We find it perplexing that, despite the lower level of risk in the equities, the sector continues to trade at a material discount to broader markets. As the market begins to appreciate the balance sheet strength and sustainability of dividends in the sector, we expect it will drive a rerating of mining share prices.

Improved capital discipline has been an important driver of deleveraging across the sector. The 'super cycle' saw a rapid increase in capital spending across the sector with shareholder returns a second consideration to volume growth. This led to oversupply in many commodities, depressed prices, high levels of debt and in turn a massive derating of the sector. In an effort to protect balance sheets, companies became far more focused on capital allocation decisions and we have been particularly encouraged to see this discipline maintained with management teams looking to maximise returns from existing assets, drive costs lower, as well as being more transparent around the return thresholds required to justify an investment today. This 'value over volume' approach has not only improved returns, it has also helped to tighten commodity markets and in turn improve commodity prices.

The clearest example of this has been in the iron ore market where the major producers Vale, Rio Tinto and BHP have emphasised their value over volume strategy when considering supply additions in the market. Despite very healthy margins the majors have been cognisant of materially growing production given the resultant impact on price, instead focusing on maximising returns from their existing assets and investing to maintain current production levels. This discipline has seen the iron ore price trade between US$60-70/t since the beginning of 2017, despite analyst expectations of the price to fall towards US$50/t as a result of supply growth.

GROWTH AND RESOURCE REPLENISHMENT

Capital discipline does not preclude companies from investing in growth and we are strong supporters of companies looking to grow provided the investment translates into growth on a value per share basis. The lack of investment in growth has tightened commodity markets and we are now at the point where new supply can be absorbed by rising demand.

In the Company we have invested in a number of growth orientated companies where we see the volume growth translating into growth on a NAV/share basis. A number of our growth focused investments in the Company are copper producers, given the need for further supply to be added in that market. Key growth investments include First Quantum which is targeting a 60% increase in copper production by 2021 once Cobre Panama reaches full production; Teck Resources which is beginning to reap the rewards of its investment in Fort Hills, an oil sands project which commenced production at the end of 2017; along with Vale, which has seen significant growth via the ramp-up of its high grade iron ore mine S11D, higher premiums on the iron ore it produces, cost reductions in its base metals business and a rapid de-gearing of its balance sheet.

Our strategy of selectively backing early-stage opportunities at the bottom of the cycle continues to drive positive absolute and relative returns and we continue to actively recycle capital in this area of the portfolio. Some of the key wins for the Company ***year***-to-date in this area include our holding in Ero Copper which has had ongoing exploration success in Brazil; Arizona Mining which was bid for by South32 at a 50% premium; and Altura Mining, an Australian based lithium company which has recently commenced production and has seen its share price more than double since our initial investment, and which we have now exited following the strong performance.

In addition to volume growth, companies that have successfully invested in exploration through the cycle and have sufficient asset quality to replenish reserves and resources should be strong outperformers in the next phase of the cycle. This is particularly prevalent amongst the gold companies given their shorter mine lives and greater need for reinvestment. Australian based gold producer Northern Star has continued to be a strong contributor to performance as the company has invested substantially in exploration in recent ***years*** which has allowed them to grow production, reserves and resource life consistently, on a per share basis since 2010. The declining production profile for the gold industry at large is likely to see a pick-up in M&A activity, particularly among the mid-cap producers. The Company is well-positioned to benefit from this trend by owning quality companies such as Agnico Eagle and Newmont which do not have a burning need to acquire ounces, as well as companies that are attractive takeover candidates.

CHINA SUPPLY-SIDE REFORM AND INCREASING ENVIRONMENTAL STANDARDS

A new theme that has emerged in recent ***years*** has been China's supply-side reform agenda and improving environmental standards in the country. This dynamic, not well understood by the market, has served to tighten targeted commodities far quicker than we would have originally expected. In addition, measures to close production over winter months in an effort to combat pollution have seen premiums for higher grade, low impurity products materially increase. The clearest example of this is in the Chinese steel industry, which has seen steel capacity decline from 1.3 billion tonnes in 2015 to 980 million tonnes in 2018. In turn, steel mill utilisation and profitability has increased, with China reducing exports and preferencing higher grade iron ore to maximise production from its reduced steel capacity. This has seen premiums for higher grade iron ore increase, with the discount of lower grade iron ore widening. This has been a fantastic environment for high grade iron ore producers such as Vale (7.9% of the portfolio), which is in the process of ramping-up production from its world class high grade iron ore mine S11D in Brazil.

We continue to look for other opportunities to play this theme which we believe is likely to persist for many ***years***. China's efforts to improve environmental and safety standards is seeing lower quality domestic production exit the market. This is important for commodities where China has a significant domestic production base such as in zinc, bauxite, mineral sands and thermal coal. The Company is well positioned to benefit from this via its various zinc holdings including Trevali and Titan, its development bauxite play Metro Mining, as well as its exposure to mineral sands producer Iluka and emerging zircon producer Sheffield Resources.

BATTERY MATERIALS

The rise of the electrified vehicle (EV) has continued this ***year***, led by huge growth in sales of electric vehicles in China. Sales have been incentivised by significant subsidies as they target 5 million EVs and Hybrids on the road by 2020. We have continued to see the costs of batteries decline, key to reducing the upfront purchase costs of an electric vehicle and bringing us closer to the tipping point for significant adoption. The raw materials that go into the battery - cobalt, lithium and nickel - have seen strong demand and prices over the last two ***years***, as the market expectations for EV demand continue to increase.

The industry has responded to higher prices for cobalt, with the development of new technologies that reduce cobalt use. This has impacted sentiment and during the first half of the ***year*** the cobalt price peaked at ~US$95,000/t, finished the half at US$77,500/t and has continued to weaken after the period end. This hurt the Company's investments in Katanga and Cobalt 27. Cobalt 27 is a holding company with a physical position in cobalt and streaming assets, including an agreement over cobalt from Vale's Voisey's Bay expansion.

There have also been concerns raised about the amount of new lithium production expected to enter the market in coming ***years*** and the resulting impact on lithium prices. This damaged sentiment towards lithium companies in the period, including our holding in Albemarle, an established lithium carbonate producer, with arguably the two lowest cost production assets in the world, the Talison mine in Western Australia and the Salar de Atacama in Chile. Whilst there are numerous expansion announcements and new projects planned, some of which we have exposure to via our holdings in Nemaska and Galaxy, we note the broader industry has seen delays in historic projects due to the complexities of lithium mining.

UNQUOTED INVESTMENTSAVANCO ROYALTY (2.1%)

In July 2014 the Company signed a binding royalty agreement with Avanco Resources, a contractual royalty covering its exploration licenses within the world-class mineral district of Carajas in Brazil. The Company made an investment of US$12 million in return for a Net Smelter Return (net revenue after deductions for freight, smelter and refining charges) royalty ***payments*** comprising 2% on copper, 25% on gold and 2% on all other metals that will be produced from their Antas North and Pedra Branca licenses. In addition, there will be a flat 2% royalty over all metals produced from any other discoveries within Avanco's licence area as at the time of the agreement.

We are pleased to report that during the period, Avanco Resources was bid for by Australian based copper and gold producer OZ Minerals for A$418 million. The deal valued Avanco at A$0.17/sh, a 119% premium to its one month volume-weighted-average-price, generating meaningful gains for the Company via its equity position and points to further upside in the royalty. Subsequent to the end of the period, OZ Minerals confirmed that its offer for Avanco closed on 9 July 2018.

Following the transaction, the Company has a 2.2% position in OZ Minerals and given the royalty represents less than 30% of OZ Mineral's pro-forma revenue, the royalty and equity position are not added together as per the royalty guidelines. OZ Minerals is yet to update the market with specific details around the timing and associated capital expenditure into Avanco's assets; however, its stated aim is to be a more than 50ktpa copper and more than 100koz gold producer in Brazil at the bottom half of the cost curve. Once we have further clarity around the development plan for Antas and Pedra Branca, we will revisit the royalty valuation. We remain supportive of the deal and see value creation from the combination with OZ Minerals bringing their open pit and underground mining expertise, better access to capital to develop Pedra Branca and invest in exploration. Geologically Avanco's assets are similar in nature to OZ Minerals' existing assets, Prominent Hill and Carrapateena. This transaction transforms OZ Minerals into a copper growth stock and we expect to see a re-rating in the share price once the company daylights the growth optionality within their portfolio.

As at the end of June 2018, the royalty was valued at £19.1 million representing 2.1% of the portfolio. Since our initial US$12 million investment was made and up to 31 March 2018, we have received US$7.9 million in royalty ***payments*** with the royalty on track to achieve a less than three-***year*** payback on the initial investment. We continue to be impressed with the performance of the investment and remain optimistic on further upside under OZ Minerals' ownership. Operationally, Antas reported an improvement in production in Q1 2018 at 3,016t copper and 2,390oz gold following the mining and blasting difficulties at the end of 2017. The country-wide truck drivers' strike in Brazil resulted in a brief shutdown of the Antas mine, but it is not expected to impact costs or full ***year*** production with operations now resumed.

DERIVATIVES ACTIVITY

The Company from time-to-time enters into derivatives contracts, mostly involving the sale of 'puts' and covered 'calls'. These are taken to revenue and are subject to strict Board guidelines which limit their exposure to an aggregate 10% of the portfolio. In the first half of 2018, income generated from options was £3.0 million net of contracts repurchased. Given the ongoing positive momentum in the sector and our belief in an abundance of value in the mining equity market, our strategy has been to write more puts than calls during the period. Over the first half of the ***year***, the majority of contracts expired worthless as we were able to sell contracts at high levels of implied volatility and at attractive strike prices. At the end of the period the Company had 3.4% of the net assets exposed to derivatives and the average exposure to derivatives during the period was once again less than 5%.

GEARING

At 30 June 2018 the Company had £116.8 million of net debt, with a gearing level (calculated as borrowings less cash as a percentage of net assets) of 13.3%. The debt is held principally in US dollar rolling short-term loans and managed against the value of the debt securities in the Company. During the last twelve months, the higher cost of gearing combined with the reduction in borrowing costs for companies issuing debt, has reduced the differential available to the Company. On the back of the lower rate of return from this strategy relative to the value available in the equities, debt is held both against the debt portfolio and the equity investments. In addition to the loans, the Company also makes use of a short-term sterling overdraft facility to manage near-term liquidity.

OUTLOOK

Like last ***year***, it is disappointing to have seen the gains made at the start of the ***year*** given back so quickly, especially as companies are now carrying levels of gearing well below historical measures. We remain positive on mining equities as they continue to report high margins, low levels of cost inflation and well above average levels of free cash flow generation. However, we are also well aware of the risks to this outlook both from heightened trade tensions and the impact this would have on business confidence, as well as investor pressure on companies to invest for the sake of volume growth. It is essential that companies remain disciplined or they run the risk of derailing a rotation of investor capital back into the mining sector. Should share prices be impacted by these risks, we remain ready to increase our exposure to the sector as it is our expectation that this will be limited in scale due to strong corporate balance sheets.

It is important that shareholders are aware that the Company continues to back core themes such as growth, deleveraging, value and resource replenishment ahead of pure commodity views. It is our expectation that this will allow the Company to deliver a superior total return for its shareholders through the cycle from a combination of capital growth and a premium yield to that generally available from the mining sector.

Evy Hambro and Olivia Markham

BlackRock Investment Management (UK) Limited

16 August 2018

TEN LARGEST INVESTMENTS

as at 30 June 2018

Set out below is a brief description by the Investment Manager of the Company's ten largest investments

Rio Tinto: 10.7%(2017: 8.8%) is the world's second largest mining company by market capitalisation. It has interests over a broad range of metals and minerals including iron ore, aluminium, copper, coal, industrial minerals, gold and uranium. With one of the strongest balance sheets in the sector, the company announced US$8.2 billion of cash returns to shareholders in 2017. During the first half of 2018, the company announced asset sales of US$5 billion (pre-tax), with a further non-binding agreement announced to sell its entire interest in Grasberg for US$3.5 billion in July 2018. Rio Tinto continues to pursue a cash focus and value over volume strategy, where it is targeting US$1.5 billion of productivity improvements per ***year*** from 2021. The company is selectively investing in growth such as Amrun, a high-grade bauxite asset in Australia, as well as an expansion at its Oyu Tolgoi copper project in Mongolia.

BHP: 10.0%(2017: 8.4%) is the world's largest mining company by market capitalisation. The company is an important global player in a number of commodities including iron ore, copper, coal and petroleum. The underperformance of BHP over the last three ***years*** has seen the company come under focus from a number of shareholders. In August 2017, the company announced that it had exited its US onshore shale business, would keep capital spending below US$8 billion over the next few ***years*** and target a net debt range of US$10-15 billion. The company remains focused on various productivity and incremental brownfield growth options targeting a >10% reduction in copper equivalent unit costs over the medium-term and improving Return on Capital Employed to ~20% by 2022. The company has completed the exit of its US Onshore shale business, which supports the cash return potential of the business.

Glencore: 8.1%(2017: 8.7%) is a diversified miner with activities in mining, smelting, refining, processing and marketing of metals and minerals, energy products and ***agricultural*** products globally. In addition, the company provides financing, logistics, marketing and purchasing services to producers and consumers of commodities. Since mid-2015 the company has been focused on rapidly de-gearing the balance sheet, with net debt falling from US$26 billion (December 2015) to a target of US$10 billion, providing greater balance sheet strength and flexibility. Going forward, the company intends to pay a base dividend of US$1 billion from its Marketing business, plus a minimum payout of 25% of Industrial free cash flow. During the first half of 2018 the company suffered following a series of disputes centred around its copper-cobalt assets in the Democratic Republic of Congo. In addition, the company received a subpoena on 2 July 2018 from the US Department of Justice relating to compliance with the Foreign Corrupt Practices Act and United States money laundering statutes.

Vale\*: 7.9%(2017: 7.3%) is a Brazilian-based diversified mining company and the world's largest producer of iron ore and nickel, as well as rising outputs of copper, coal and fertilisers. Its main mining operations are in Brazil, Canada, Australia, Indonesia and Mozambique, and the dominant earnings and cash flow driver continues to be its Brazilian based iron ore operations. During 2016 the company significantly de-geared through a divestment ***programme*** and significant cash flow generation from its mining operations. In May 2017, Vale appointed a new CEO Fabio Schvartsman with a key focus of creating a leaner and more competitive company, with the company targeting to reduce net debt to US$10 billion by the end of 2018. During 2017, Vale improved its corporate governance with the shares migrating to a single class of shares and listing on the Novo Mercado exchange in Brazil. During the first half of 2018, Vale announced that it had sold a Cobalt Stream for US$690 million to unlock its Voisey's Bay mine expansion, further reinforcing the capital discipline of the company.

First Quantum Minerals\*: 7.5%(2017: 7.3%) is an integrated copper producer whose principal operating assets are in Zambia. First Quantum is in the midst of a significant expansion of its business, most notably the Cobre Panama mine in Panama which remains on-track to reach commercial production in 2019. During the course of 2016, the company took several actions to de-risk the balance sheet, which along with the successful commissioning of the Sentinel copper mine and Kansanshi smelter and higher copper prices, has re-rated the stock over the last two ***years***. By 2020 First Quantum is targeting an almost 60% increase in copper production from 2017 levels, making it one of the strongest copper growth stocks globally. The Company holds both the equity and the senior unsecured debt.

Teck Resources: 5.7%(2017: 5.7%) is a world leader in metallurgical coal production, with an 8% share of the global seaborne coking coal market. The company is also the world's third-largest zinc concentrate producer and the tenth-largest zinc metal refiner. Teck is a major producer of copper and also produces gold, lead, molybdenum and various other metal products. Teck owns a 20.9% interest in the Fort Hills oil sands project, which is having a successful ramp-up in 2018 amidst a strengthening oil market. The strong rally in coking coal prices during 2016 and 2017, combined with asset sales, has allowed Teck to materially strengthen its balance sheet as it looks to approve its QB2 Project towards the end of the ***year***.

Sociedad Minera Cerro Verde: 3.2%(2017: 3.8%) is a copper and molybdenum operation in Peru operated by Freeport-McMoRan Copper & Gold which holds a 53.6% ownership in the company. In 2013, construction activities commenced on the US$4.4 billion large-scale expansion of the asset which has resulted in copper production more than doubling from 210kt in 2015 to 560kt in 2017. The project is now successfully ramped and the company has now resumed dividend ***payments***.

Mountain Province Diamonds\*: 2.8%(2017: 2.1%) is a Canadian diamond mining company headquartered in Toronto. Mountain Province owns a 49% interest in the Gacho Kué Diamond Mine in Canada's Northwest Territories, a joint venture with De Beers Canada, which is a subsidiary of Anglo American. The company holds the marketing rights for its 49% share of diamonds.

OZ Minerals: 2.2%(2017: 1.0%) is an Australian based copper producer who operates Prominent Hill, a copper-gold mine in South Australia and is currently developing Carrapateena, one of Australia's largest copper-gold resources. OZ Minerals is a well-capitalised company with strong cash generation, no debt and cash of A$646 million as at 31 March 2018. During the first half of 2018, the company successfully acquired Avanco Resources for A$418 million in a 50/50 cash/scrip deal. Along with its existing asset base, this transaction provides OZ Minerals with a strong copper growth pipeline with options in both Australia and Brazil.

Newcrest Mining: 2.2%(2017: 2.3%) is one of the world's largest gold mining companies with four operating assets in Australia, Papua New Guinea and Indonesia. Newcrest has transformed the operating performance of the business in recent ***years***, with the business underpinned by a long reserve life. By 2020 Newcrest's aspiration is to have exposure to five tier 1 orebodies with costs in the first quartile of the cost curve.

\* Includes fixed interest securities.

All percentages reflect the value of the holding as a percentage of total investments. Percentages in brackets represent the value of the holding as at 31 December 2017. Together, the ten largest investments represent 60.3% of total investments (31 December 2017: 58.5%).

PORTFOLIO ANALYSIS

30 June 2018

COMMODITY EXPOSURE\*

|  |  |  |  |
| --- | --- | --- | --- |
|  | BlackRock World Mining  Trust plc  2018 | BlackRock World Mining  Trust plc  2017# | EMIX Global  Mining Index   2018 |
| Other | 0.0 | 0.0 | 3.5 |
| Coal | 0.0 | 0.0 | 6.2 |
| Iron Ore | 0.1 | 0.1 | 1.7 |
| Aluminium | 0.3 | 0.3 | 3.5 |
| Steel | 0.4 | 0.0 | 0.0 |
| Zinc | 0.9 | 1.4 | 0.6 |
| Silver & Diamonds | 6.8 | 7.6 | 4.4 |
| Industrial Minerals | 7.2 | 7.0 | 1.5 |
| Gold | 14.0 | 15.4 | 20.8 |
| Copper | 20.7 | 20.3 | 9.0 |
| Diversified | 49.6 | 47.9 | 48.8 |

GEOGRAPHIC EXPOSURE\*

2018

|  |  |
| --- | --- |
| Global | 62.4% |
| Latin America | 11.2% |
| Australia | 10.3% |
| Canada | 6.7% |
| Africa (ex SA) | 6.3% |
| Other\*\*\* | 2.4% |
| South Africa | 0.7% |

2017#

|  |  |
| --- | --- |
| Global | 62.7% |
| Latin America | 11.2% |
| Australia | 10.3% |
| Africa (ex SA) | 7.1% |
| Canada | 5.4% |
| Other\*\* | 2.6% |
| South Africa | 0.7% |

\*     Based on the principal commodity exposure and place of operation of each investment.

\*\*   Consists of India, Kazakhstan, Philippines, Russia, Turkey and USA.

\*\*\* Consists of Kazakhstan, Philippines, Russia, Turkey and USA.

#    Represents exposure as at 31 December 2017.

Source: BlackRock.

INVESTMENTS

as at 30 June 2018

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Main geographical  exposure | Market value  £'000 | % of  investments |  |
| **Diversified** |  |  |  |  |
| Rio Tinto | Global | 96,612 | 10.7 |  |
| Rio Tinto Call Option 20/07/18 £46 | Global | (46) | - |  |
| BHP | Global | 90,397 | 10.0 |  |
| Glencore | Global | 73,124 | 8.1 |  |
| Vale\* | Global | 71,140 | 7.9 |  |
| Teck Resources | Global | 51,264 | 5.7 |  |
| South32 | Global | 18,132 | 2.0 |  |
| Boliden | Global | 14,775 | 1.6 |  |
| Lundin Mining\* | Global | 13,923 | 1.5 |  |
| Lundin Mining Put Option 20/07/18 CA$7 | Global | (190) | - |  |
| Volcan-Convertible\* | Peru | 10,635 | 1.2 |  |
| KAZ Minerals | Kazakhstan | 3,393 | 0.4 |  |
| Sierra Metals | Peru | 3,208 | 0.3 |  |
| Osisko Metals+ | Canada | 1,452 | 0.2 |  |
|  |  | -------- | -------- |  |
|  |  | **447,819** | **49.6** |  |
|  |  | -------- | -------- |  |
| **Copper** |  |  |  |  |
| First Quantum Minerals\* | Global | 67,482 | 7.5 |  |
| Sociedad Minera Cerro Verde | Peru | 28,529 | 3.2 |  |
| OZ Minerals | Australia | 20,243 | 2.2 |  |
| Avanco Royalty# | Brazil | 19,147 | 2.1 |  |
| Nevsun Resources | Eritrea | 15,754 | 1.7 |  |
| Ero Copper | Brazil | 10,490 | 1.2 |  |
| Nevada Copper | USA | 6,737 | 0.7 |  |
| Ivanhoe Mines | DRC | 6,176 | 0.7 |  |
| Katanga Mining | DRC | 5,528 | 0.6 |  |
| SolGold | Ecuador | 3,296 | 0.4 |  |
| Metals X | Australia | 2,239 | 0.2 |  |
| Grupo Mexico | Peru | 2,005 | 0.2 |  |
|  |  | -------- | -------- |  |
|  |  | **187,626** | **20.7** |  |
|  |  | -------- | -------- |  |
| **Gold** |  |  |  |  |
| Newcrest Mining | Australia | 19,511 | 2.2 |  |
| Randgold Resources | Mali | 18,804 | 2.1 |  |
| Newmont Mining | Global | 18,571 | 2.0 |  |
| Northern Star Resources | Australia | 15,823 | 1.7 |  |
| Agnico Eagle Mines | Canada | 11,522 | 1.3 |  |
| Franco-Nevada | Global | 11,049 | 1.2 |  |
| Centamin | Egypt | 5,943 | 0.7 |  |
| Pretium Resources | Canada | 5,182 | 0.6 |  |
| B2Gold | Canada | 4,866 | 0.5 |  |
| Alamos Gold | Mexico | 4,307 | 0.5 |  |
| Polyus | Russia | 3,289 | 0.4 |  |
| Metals Exploration | Philippines | 2,488 | 0.3 |  |
| Shanta Gold Convertible\* | Tanzania | 2,102 | 0.2 |  |
| Eldorado Gold | Global | 1,506 | 0.2 |  |
| TMAC Resources | Canada | 1,108 | 0.1 |  |
| Stratex International | Turkey | 136 | - |  |
| Carawine Resources+ | Australia | 76 | - |  |
|  |  | -------- | -------- |  |
|  |  | **126,283** | **14.0** |  |
|  |  | -------- | -------- |  |
| **Industrial Minerals** |  |  |  |  |
| Iluka Resources | Australia | 18,457 | 2.0 |  |
| Nemaska Lithium\*+ | Canada | 10,827 | 1.2 |  |
| Albemarle | Global | 10,717 | 1.2 |  |
| Pilbara Minerals\* | Australia | 8,481 | 0.9 |  |
| Galaxy Resources | Australia | 4,051 | 0.5 |  |
| Umicore | Global | 3,886 | 0.4 |  |
| Sheffield Resources | Australia | 2,602 | 0.3 |  |
| Cobalt 27 Capital# | Global | 1,960 | 0.2 |  |
| Syrah Resources | Mozambique | 1,580 | 0.2 |  |
| Neo Lithium | Argentina | 1,440 | 0.2 |  |
| Bacanora Lithium | Mexico | 1,263 | 0.1 |  |
|  |  | -------- | -------- |  |
|  |  | **65,264** | **7.2** |  |
|  |  | -------- | -------- |  |
| **Silver & Diamonds** |  |  |  |  |
| Mountain Province Diamonds\* | Canada | 25,626 | 2.8 |  |
| Wheaton Precious Metals | Global | 13,300 | 1.5 |  |
| Fresnillo | Mexico | 8,033 | 0.9 |  |
| Industrias Peñoles | Mexico | 6,853 | 0.8 |  |
| Petra Diamonds\* | South Africa | 6,740 | 0.7 |  |
| MAG Silver | Mexico | 1,036 | 0.1 |  |
| Silver Mines | Australia | 251 | - |  |
| Cautivo Mining | Peru | 3 | - |  |
|  |  | -------- | -------- |  |
|  |  | **61,842** | **6.8** |  |
|  |  | -------- | -------- |  |
| **Zinc** |  |  |  |  |
| Titan Mining | USA | 5,159 | 0.6 |  |
| Trevali Mining | Global | 2,715 | 0.3 |  |
|  |  | -------- | -------- |  |
|  |  | **7,874** | **0.9** |  |
|  |  | -------- | -------- |  |
| **Steel** |  |  |  |  |
| ArcelorMittal | Global | 3,324 | 0.4 |  |
|  |  | -------- | -------- |  |
|  |  | **3,324** | **0.4** |  |
|  |  | -------- | -------- |  |
| **Aluminium** |  |  |  |  |
| Metro Mining | Australia | 2,420 | 0.3 |  |
|  |  | -------- | -------- |  |
|  |  | **2,420** | **0.3** |  |
|  |  | -------- | -------- |  |
| **Iron Ore** |  |  |  |  |
| Equatorial Resources | DRC | 554 | 0.1 |  |
|  |  | -------- | -------- |  |
|  |  | **554** | **0.1** |  |
|  |  | -------- | -------- |  |
| **Other** |  |  |  |  |
| Bindura Nickel | Zimbabwe | 119 | - |  |
|  |  | -------- | -------- |  |
|  |  | **119** | **-** |  |
|  |  | -------- | -------- |  |
| **Portfolio** |  | **903,125** | **100.0** |  |
|  |  | -------- | -------- |  |
| Comprising: |  |  |  |  |
| - Investments |  | 903,361 | 100.0 |  |
| - Written options |  | (236) | (0.0) |  |
|  |  | -------- | -------- |  |
|  |  | **903,125** | **100.0** |  |
|  |  | -------- | -------- |  |
|  |  |  |  |  |

\*     Includes fixed interest investments.

#    Investments held at Directors' valuation.

+    Includes warrant investments.

All investments are in equity shares unless otherwise stated.

The total number of investments as at 30 June 2018 (including options classified as liabilities on the balance sheet) was 68 (31 December 2017: 70).

As at 30 June 2018 the Company held equity interests in five companies comprising more than 3% of a company's share capital as follows:

Metals Exploration; Osisko Metals; Stratex International; Titan Mining; and Nevada Copper.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2018

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Notes | Revenue £'000 | Capital £'000 | Total £'000 |  |  |  |  |  |  |
| Six months  ended  30.06.18  (unaudited) | Six months  ended  30.06.17  (unaudited) | ***Year***  ended  31.12.17  (audited) | Six months  ended  30.06.18  (unaudited) | Six months  ended  30.06.17  (unaudited) | ***Year***  ended  31.12.17  (audited) | Six months  ended  30.06.18  (unaudited) | Six months  ended  30.06.17  (unaudited) | ***Year***  ended  31.12.17  (audited) |  |  |
| Income from investments held at fair value through profit or loss | 3 | 16,257 | 14,484 | 28,017 | - | - | - | 16,257 | 14,484 | 28,017 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| Other income | 3 | 3,032 | 3,243 | 6,152 | - | - | - | 3,032 | 3,243 | 6,152 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **Total revenue** |  | 19,289 | 17,727 | 34,169 | - | - | - | 19,289 | 17,727 | 34,169 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| (Loss)/profit on investments held at fair value through profit or loss |  | - | - | - | (12,915) | (17,491) | 127,963 | (12,915) | (17,491) | 127,963 |
| (Loss)/profit on foreign exchange |  | - | - | - | (1,994) | 4,860 | 8,414 | (1,994) | 4,860 | 8,414 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **Total** |  | 19,289 | 17,727 | 34,169 | (14,909) | (12,631) | 136,377 | 4,380 | 5,096 | 170,546 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **Expenses** |  |  |  |  |  |  |  |  |  |  |
| Investment management fees | 4 | (768) | (687) | (1,500) | (2,414) | (2,171) | (4,774) | (3,182) | (2,858) | (6,274) |
| Other operating expenses | 5 | (509) | (510) | (979) | (7) | (2) | (4) | (516) | (512) | (983) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **Total operating expenses** |  | (1,277) | (1,197) | (2,479) | (2,421) | (2,173) | (4,778) | (3,698) | (3,370) | (7,257) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **Net profit/(loss) on ordinary activities before finance costs and taxation** |  | 18,012 | 16,530 | 31,690 | (17,330) | (14,804) | 131,599 | 682 | 1,726 | 163,289 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| Finance costs | 6 | (357) | (229) | (512) | (1,066) | (702) | (1,535) | (1,423) | (931) | (2,047) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **Net profit/(loss) on ordinary activities before taxation** |  | 17,655 | 16,301 | 31,178 | (18,396) | (15,506) | 130,064 | (741) | 795 | 161,242 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| Taxation |  | (1,262) | (1,513) | (3,085) | 915 | 496 | 706 | (347) | (1,017) | (2,379) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **Net profit/(loss) on ordinary activities after taxation** | 8 | 16,393 | 14,788 | 28,093 | (17,481) | (15,010) | 130,770 | (1,088) | (222) | 158,863 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **Earnings/(loss) per ordinary share (pence)** | 8 | 9.29 | 8.38 | 15.92 | (9.91) | (8.51) | 74.11 | (0.62) | (0.13) | 90.03 |
|  |  | ======== | ======== | ======== | ======== | ======== | ======== | ======== | ======== | ======== |

The total column of this statement represents the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The Group does not have any other comprehensive income. The net profit/(loss) for the period disclosed above represents the Group's total comprehensive income/(loss).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2018

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Note | Called up  share  capital  £'000 | Share  premium  account  £'000 | Capital  redemption  reserve  £'000 | Special  reserve  £'000 | Capital  reserves  £'000 | Revenue  reserve  £'000 | Total  £'000 |
| **For the six months ended 30 June 2018 (unaudited)** |  |  |  |  |  |  |  |  |
| At 31 December 2017 |  | 9,651 | 127,155 | 22,779 | 114,589 | 496,401 | 34,072 | 804,647 |
| Total comprehensive income: |  |  |  |  |  |  |  |  |
| Net (loss)/profit for the period |  | - | - | - | - | (17,481) | 16,393 | (1,088) |
| Transactions with owners, recorded directly to equity: |  |  |  |  |  |  |  |  |
| Dividends paid(a) | 7 | - | - | - | - | - | (16,940) | (16,940) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **At 30 June 2018** |  | 9,651 | 127,155 | 22,779 | 114,589 | 478,920 | 33,525 | 786,619 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **For the six months ended 30 June 2017 (unaudited)** |  |  |  |  |  |  |  |  |
| At 31 December 2016 |  | 9,651 | 127,155 | 22,779 | 114,589 | 365,631 | 37,741 | 677,546 |
| Total comprehensive income: |  |  |  |  |  |  |  |  |
| Net (loss)/profit for the period |  | - | - | - | - | (15,010) | 14,788 | (222) |
| Transactions with owners, recorded directly to equity: |  |  |  |  |  |  |  |  |
| Dividends paid(b) | 7 | - | - | - | - | - | (21,175) | (21,175) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **At 30 June 2017** |  | 9,651 | 127,155 | 22,779 | 114,589 | 350,621 | 31,354 | 656,149 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **For the *year* ended 31 December 2017 (audited)** |  |  |  |  |  |  |  |  |
| At 31 December 2016 |  | 9,651 | 127,155 | 22,779 | 114,589 | 365,631 | 37,741 | 677,546 |
| Total comprehensive income: |  |  |  |  |  |  |  |  |
| Net profit for the ***year*** |  | - | - | - | - | 130,770 | 28,093 | 158,863 |
| Transactions with owners, recorded directly to equity: |  |  |  |  |  |  |  |  |
| Dividends paid(c) | 7 | - | - | - | - | - | (31,762) | (31,762) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **At 31 December 2017** |  | 9,651 | 127,155 | 22,779 | 114,589 | 496,401 | 34,072 | 804,647 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- |

(a) The final dividend for the ***year*** ended 31 December 2017 of 6.60p per share, declared on 26 February 2018 and paid on 10 May 2018 and 1st quarterly interim dividend for the ***year*** ending 31 December 2018 of 3.00p per share, declared on 25 April 2018 and paid on 29 June 2018.

(b) The final dividend for the ***year*** ended 31 December 2016 of 9.00p per share, declared on 23 February 2017 and paid on 12 May 2017 and 1st quarterly interim dividend for the ***year*** ended 31 December 2017 of 3.00p per share, declared on 4 May 2017 and paid on 30 June 2017.

(c)  The final dividend in respect of the ***year*** ended 31 December 2016 of 9.00p per share, declared on 23 February 2017 and paid on 12 May 2017; 1st interim dividend for the ***year*** ended 31 December 2017 of 3.00p per share, declared on 4 May 2017 and paid on 30 June 2017; 2nd interim dividend for the ***year*** ended 31 December 2017 of 3.00p per share, declared on 10 August 2017 and paid on 15 September 2017; and 3rd interim dividend for the ***year*** ended 31 December 2017 of 3.00p per share, declared on 10 November 2017 and paid on 22 December 2017.

The transaction costs relating to the acquisition and disposal of investments amounted to £294,000 and £104,000 respectively for the period ended 30 June 2018 (six months ended 30 June 2017: £155,000 and £128,000; ***year*** ended 31 December 2017: £392,000 and £289,000).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Notes | 30 June 2018  £'000  (unaudited) | 30 June 2017  £'000  (unaudited) | 31 December 2017  £'000  (audited) |
| **Non current assets** |  |  |  |  |
| Investments held at fair value through profit or loss | 10 | 903,361 | 759,329 | 906,479 |
| **Current assets** |  |  |  |  |
| Other receivables |  | 2,097 | 1,734 | 2,567 |
| Cash collateral held with brokers |  | 678 | 2,013 | 1,983 |
| Cash and cash equivalents |  | 11,501 | 137 | 693 |
|  |  | -------- | -------- | -------- |
|  |  | 14,276 | 3,884 | 5,243 |
|  |  | -------- | -------- | -------- |
| **Total assets** |  | 917,637 | 763,213 | 911,722 |
|  |  | -------- | -------- | -------- |
| **Current liabilities** |  |  |  |  |
| Other payables |  | (13,770) | (10,816) | (4,873) |
| Derivative financial liabilities held at fair value through profit or loss | 10 | (236) | (522) | (604) |
| Bank overdraft |  | (5,905) | (3,229) | (12,249) |
| Bank loans |  | (110,892) | (92,382) | (88,708) |
|  |  | -------- | -------- | -------- |
|  |  | (130,803) | (106,949) | (106,434) |
|  |  | -------- | -------- | -------- |
| **Net assets less current liabilities** |  | 786,834 | 656,264 | 805,288 |
|  |  | -------- | -------- | -------- |
| **Non current liabilities** |  |  |  |  |
| Deferred tax liability |  | (215) | (115) | (641) |
|  |  | -------- | -------- | -------- |
| **Net assets** |  | 786,619 | 656,149 | 804,647 |
|  |  | -------- | -------- | -------- |
| **Equity attributable to equity holders** |  |  |  |  |
| Called up share capital | 9 | 9,651 | 9,651 | 9,651 |
| Share premium account |  | 127,155 | 127,155 | 127,155 |
| Capital redemption reserve |  | 22,779 | 22,779 | 22,779 |
| Special reserve |  | 114,589 | 114,589 | 114,589 |
| Capital reserves |  | 478,920 | 350,621 | 496,401 |
| Revenue reserve |  | 33,525 | 31,354 | 34,072 |
|  |  | -------- | -------- | -------- |
| **Total equity** |  | 786,619 | 656,149 | 804,647 |
|  |  | -------- | -------- | -------- |
| **Net asset value per ordinary share (pence)** | 8 | 445.79 | 371.85 | 456.01 |
|  |  | ======== | ======== | ======== |

CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2018

|  |  |  |  |
| --- | --- | --- | --- |
|  | Six months ended  30 June 2018  £'000  (unaudited) | Six months ended  30 June 2017  £'000  (unaudited) | ***Year*** ended  31 December 2017  £'000  (audited) |
| **Operating activities** |  |  |  |
| Net (loss)/profit before taxation | (741) | 795 | 161,242 |
| Add back finance costs | 1,423 | 931 | 2,047 |
| Net loss/(profit) on investments held at fair value through profit or loss (including transaction costs) | 12,915 | 17,491 | (127,963) |
| Net loss/(profit) on foreign exchange | 1,994 | (4,860) | (8,414) |
| Sales of investments held at fair value through profit or loss | 102,315 | 121,786 | 232,049 |
| Purchases of investments held at fair value through profit or loss | (112,480) | (138,773) | (250,649) |
| Decrease in other receivables | 370 | 3,444 | 2,946 |
| Increase in other payables | 1,676 | 1,325 | 2,029 |
| Decrease/(increase) in amounts due from brokers | 100 | (25) | (360) |
| Increase in amounts due to brokers | 7,320 | 6,497 | 74 |
| Net movement in cash collateral held with brokers | 1,305 | 399 | 429 |
|  | -------- | -------- | -------- |
| **Net cash inflow from operating activities before interest and taxation** | 16,197 | 9,010 | 13,430 |
|  | -------- | -------- | -------- |
| Taxation paid | (558) | (514) | (1,215) |
| Taxation on investment income included within gross income | (314) | (492) | (852) |
|  | -------- | -------- | -------- |
| **Net cash inflow from operating activities** | 15,325 | 8,004 | 11,363 |
|  | -------- | -------- | -------- |
| **Financing activities** |  |  |  |
| Drawdown of loans | 20,000 | 11,914 | 11,900 |
| Interest paid | (1,423) | (931) | (2,047) |
| Dividends paid | (16,940) | (21,175) | (31,762) |
|  | -------- | -------- | -------- |
| **Net cash inflow/(outflow) from financing activities** | 1,637 | (10,192) | (21,909) |
|  | -------- | -------- | -------- |
| **Increase/(decrease) in cash and cash equivalents** | 16,962 | (2,188) | (10,546) |
|  | -------- | -------- | -------- |
| Cash and cash equivalents at start of the period | (11,556) | (1,256) | (1,256) |
| Effect of foreign exchange rate changes | 190 | 352 | 246 |
|  | -------- | -------- | -------- |
| **Cash and cash equivalents at end of the period** | 5,596 | (3,092) | (11,556) |
|  | -------- | -------- | -------- |
| **Comprised of:** |  |  |  |
| Cash and cash equivalents | 11,501 | 137 | 693 |
| Bank overdraft | (5,905) | (3,229) | (12,249) |
|  | -------- | -------- | -------- |
|  | 5,596 | (3,092) | (11,556) |
|  | ======== | ======== | ======== |

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2018

1. PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010.

The principal activity of the subsidiary, BlackRock World Mining Investment Company Limited, is investment dealing.

2. BASIS OF PREPARATION

The accounting policies applied, including those arising from the adoption of IFRS 9 and IFRS 15 on 1 January 2018, are consistent with those described in the Group's annual financial statements for the ***year*** ended 31 December 2017.

The half ***yearly*** financial statements for the period ended 30 June 2018 have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting, as adopted by the European Union. The half ***yearly*** financial statements should be read in conjunction with the Company's Annual Report and Financial Statements for the ***year*** ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts issued by the Association of Investment Companies (AIC), issued in November 2014 and updated in January 2017 is compatible with IFRS, the financial statements have been prepared in accordance with guidance set out in the SORP.

The taxation charge has been calculated by applying an estimate of the annual effective tax rate to any profit for the period.

3. INCOME

|  |  |  |  |
| --- | --- | --- | --- |
|  | Six months ended  30 June 2018  £'000  (unaudited) | Six months ended  30 June 2017  £'000  (unaudited) | ***Year*** ended  31 December 2017  £'000  (audited) |
| **Investment income:** |  |  |  |
| UK listed dividends | 5,940 | 4,438 | 9,071 |
| Overseas listed dividends | 5,987 | 6,646 | 10,495 |
| Overseas listed special dividends | 266 | - | 628 |
| Income from contractual rights (Avanco Royalty) | 1,219 | 940 | 2,438 |
| Fixed interest | 2,845 | 2,460 | 5,385 |
|  | -------- | -------- | -------- |
|  | 16,257 | 14,484 | 28,017 |
|  | -------- | -------- | -------- |
| **Other income:** |  |  |  |
| Option premium income | 2,963 | 3,229 | 6,093 |
| Deposit interest | 7 | 3 | 5 |
| Underwriting commission | - | - | 35 |
| Stock lending income | 62 | 11 | 19 |
|  | -------- | -------- | -------- |
|  | 3,032 | 3,243 | 6,152 |
|  | -------- | -------- | -------- |
| **Total income** | 19,289 | 17,727 | 34,169 |
|  | ======== | ======== | ======== |

During the period, the Group received option premium income totalling £2,755,000 (six months ended 30 June 2017: £3,007,000; ***year*** ended 31 December 2017: £6,140,000) for writing put and covered call options for the purposes of revenue generation. Option premiums of £2,963,000 (six months ended 30 June 2017: £3,229,000; ***year*** ended 31 December 2017: £6,093,000) were amortised to income. At 30 June 2018 there were 2 open positions (30 June 2017: 1; 31 December 2017: 3) with an associated liability of £236,000 (30 June 2017: £522,000; 31 December 2017: £604,000).

Dividends and interest received in cash in the six months ended 30 June 2018 amounted to £12,835,000 and £2,606,000 (six months ended 30 June 2017: £14,061,000 and £2,790,000 and ***year*** ended 31 December 2017: £21,538,000 and £5,964,000) respectively.

There were no special dividends recognised in capital for the six months ended 30 June 2018 (six months ended 30 June 2017: £nil; ***year*** ended 31 December 2017: £nil).

4. INVESTMENT MANAGEMENT FEE

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Six months ended  30 June 2018  (unaudited) | Six months ended  30 June 2017  (unaudited) | ***Year*** ended  31 December 2017  (audited) |  |  |  |  |  |  |
|  | Revenue  £'000 | Capital   £'000 | Total  £'000 | Revenue  £'000 | Capital   £'000 | Total  £'000 | Revenue  £'000 | Capital   £'000 | Total  £'000 |
| Investment management fee | 768 | 2,414 | 3,182 | 687 | 2,171 | 2,858 | 1,500 | 4,774 | 6,274 |
|  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
|  | 768 | 2,414 | 3,182 | 687 | 2,171 | 2,858 | 1,500 | 4,774 | 6,274 |
|  | ======== | ======== | ======== | ======== | ======== | ======== | ======== | ======== | ======== |

The management fee (which includes all services provided by BlackRock) is 0.8% of the Company's net assets. However, in the event that the NAV per share increases on a quarter-on-quarter basis, the fee will then be paid on gross assets at the end of the quarter. During the period £2,971,000 (30 June 2017: £2,688,000; 31 December 2017: £5,707,000) of the investment management fee was generated from net assets and £211,000 (30 June 2017: £170,000; 31 December 2017: £567,000) from the gearing effect on gross assets. The average of the net assets under management during the period ended 30 June 2018 was £787,211,000 (30 June 2017: £713,036,000; 31 December 2017: £727,890,000).

The fee is allocated 25% to the revenue column and 75% to the capital column of the Consolidated Statement of Comprehensive Income.

5. OTHER OPERATING EXPENSES

|  |  |  |  |
| --- | --- | --- | --- |
|  | Six months ended  30 June 2018  £'000  (unaudited) | Six months ended  30 June 2017  £'000  (unaudited) | ***Year*** ended  31 December 2017  £'000  (audited) |
| **Allocated to revenue:** |  |  |  |
| Custody fee | 68 | 57 | 115 |
| Auditors' remuneration: |  |  |  |
| - audit services | 15 | 12 | 31 |
| - other assurance services | 6 | 6 | 6 |
| Registrar's fee | 42 | 38 | 78 |
| Directors' emoluments | 108 | 110 | 217 |
| Broker fees | 12 | 12 | 25 |
| Depositary fees | 44 | 40 | 82 |
| Marketing fees | 73 | 59 | 93 |
| Bank facility fees | 36 | 103 | 154 |
| Other administration costs | 105 | 73 | 178 |
|  | -------- | -------- | -------- |
|  | 509 | 510 | 979 |
|  | -------- | -------- | -------- |
| **Allocated to capital:** |  |  |  |
| Custody transaction charges | 7 | 2 | 4 |
|  | -------- | -------- | -------- |
|  | 516 | 512 | 983 |
|  | -------- | -------- | -------- |

6. FINANCE COSTS

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Six months ended  30 June 2018  (unaudited) | Six months ended  30 June 2017  (unaudited) | ***Year*** ended  31 December 2017  (audited) |  |  |  |  |  |  |
|  | Revenue  £'000 | Capital  £'000 | Total  £'000 | Revenue  £'000 | Capital  £'000 | Total  £'000 | Revenue  £'000 | Capital  £'000 | Total  £'000 |
| Interest on bank loans | 340 | 1,016 | 1,356 | 226 | 693 | 919 | 495 | 1,484 | 1,979 |
| Interest on bank overdraft | 17 | 50 | 67 | 3 | 9 | 12 | 17 | 51 | 68 |
|  | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| **Total** | 357 | 1,066 | 1,423 | 229 | 702 | 931 | 512 | 1,535 | 2,047 |
|  | ======== | ======== | ======== | ======== | ======== | ======== | ======== | ======== | ======== |

7. DIVIDENDS

The final dividend of 6.60p per share for the ***year*** ended 31 December 2017 was paid on 10 May 2018. The Board has declared a first quarterly interim dividend of 3.00p per share for the quarter ended 31 March 2018, paid on 29 June 2018 to shareholders on the register on 1 June 2018. Dividends are debited directly to reserves.

The Board has declared a second quarterly interim dividend of 3.00p per share for the quarter ended 30 June 2018 which will be paid on 21 September 2018 to shareholders on the register on 24 August 2018. This dividend has not been accrued in the financial statements for the six months ended 30 June 2018 as, under IFRS, interim dividends are not recognised until paid.

It is expected that the third quarterly interim dividend and final dividend for the ***year*** ending 31 December 2018 will be declared on 8 November 2018 and 21 February 2019 respectively.

Dividends on equity shares paid during the period were:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Six months ended  30 June 2018  £'000  (unaudited) | Six months ended  30 June 2017  £'000  (unaudited) | ***Year*** ended  31 December 2017  £'000  (audited) |
| Final dividend for the ***year*** ended 31 December 2017 of 6.60p per share (2016: 9.00p) | 11,646 | 15,881 | 15,881 |
| First quarterly interim dividend for the ***year*** ending 31 December 2018 of 3.00p per share (2017: 3.00p) | 5,294 | 5,294 | 5,294 |
| Second quarterly interim dividend for the ***year*** ended 31 December 2017 of 3.00p per share (2016: nil) | - | - | 5,293 |
| Third quarterly interim dividend for the ***year*** ended 31 December 2017 of 3.00p per share (2016: nil) | - | - | 5,294 |
|  | -------- | -------- | -------- |
|  | 16,940 | 21,175 | 31,762 |
|  | ======== | ======== | ======== |

8. CONSOLIDATED EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

Total revenue and capital returns per share are shown below and have been calculated using the following:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Six months ended  30 June 2018  (unaudited) | Six months ended  30 June 2017  (unaudited) | ***Year*** ended  31 December 2017  (audited) |
| Net revenue profit attributable to ordinary shareholders (£'000) | 16,393 | 14,788 | 28,093 |
| Net capital (loss)/profit attributable to ordinary shareholders (£'000) | (17,481) | (15,010) | 130,770 |
|  | -------- | -------- | -------- |
| Total (loss)/profit attributable to ordinary shareholders (£'000) | (1,088) | (222) | 158,863 |
|  | -------- | -------- | -------- |
| Equity shareholders' funds (£'000) | 786,619 | 656,149 | 804,647 |
|  | -------- | -------- | -------- |
| The weighted average number of ordinary shares in issue during each period, on which the return per ordinary share was calculated was: | 176,455,242 | 176,455,242 | 176,455,242 |
|  | -------- | -------- | -------- |
| The actual number of ordinary shares in issue (excluding treasury shares) at the period end, on which the net asset value was calculated was: | 176,455,242 | 176,455,242 | 176,455,242 |
|  | -------- | -------- | -------- |
| **Returns per share** |  |  |  |
| Revenue earnings per share (pence) | 9.29 | 8.38 | 15.92 |
| Capital (loss)/earnings per share (pence) | (9.91) | (8.51) | 74.11 |
|  | -------- | -------- | -------- |
| Total (loss)/earnings per share (pence) | (0.62) | (0.13) | 90.03 |
|  | -------- | -------- | -------- |
|  |  |  |  |
|  | As at  30 June 2018  (unauditied) | As at  30 June 2017  (unauditied) | As at  31 December 2017  (audited) |
| Net asset value per ordinary share (pence) | 445.79 | 371.85 | 456.01 |
|  | -------- | -------- | -------- |
| Ordinary share price (pence) | 386.50 | 333.50 | 397.75 |
|  | ======== | ======== | ======== |

9. CALLED UP SHARE CAPITAL

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Ordinary  shares  in issue  (number) | Treasury  shares  (number) | Total  shares  (number) | Nominal  value  £'000 |
| **Allotted, called up and fully paid share capital comprised:** |  |  |  |  |
| **Ordinary shares of 5 pence each:** |  |  |  |  |
| At 31 December 2017 and 30 June 2018 | 176,455,242 | 16,556,600 | 193,011,842 | 9,651 |
|  | ======== | ======== | ======== | ======== |

During the period to 30 June 2018, no ordinary shares were issued, purchased or cancelled (six months ended 30 June 2017: nil; ***year*** ended 31 December 2017: nil).

Since 30 June 2018 and up to the date of this report, no ordinary shares have been issued or repurchased.

10. VALUATION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are either carried in the Consolidated Statement of Financial Position at their fair value (investment and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Group are explained in the accounting policies note 2(h), as set out in the Group's Annual Report and Financial Statements for the ***year*** ended 31 December 2017.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows.

The fair value hierarchy has the following levels:

Level 1 - Quoted prices for an identical instrument in an active market

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group does not adjust the quoted price for these instruments.

Level 2 - Valuation techniques using observable inputs

This category includes instruments valued using quoted prices for similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

Level 3 - Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation technique includes inputs not based on observable market data and these inputs could have a significant impact on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Over-the-counter derivative option contracts have been classified as Level 2 investments as their valuation has been based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Group.

There has been no change to the valuation techniques during the period under review or as at the date of this report.

The table below sets out fair value measurements using the IFRS 13 fair value hierarchy.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial assets/(liabilities) at fair value through profit or loss at 30 June 2018  (unaudited) | Level 1  £'000 | Level 2  £'000 | Level 3  £'000 | Total  £'000 |
| **Assets:** |  |  |  |  |
| Equity investments | 806,595 | 509 | - | 807,104 |
| Investment in contractual rights | - | - | 19,147 | 19,147 |
| Fixed interest securities | 73,952 | 3,158 | - | 77,110 |
|  | -------- | -------- | -------- | -------- |
|  | 880,547 | 3,667 | 19,147 | 903,361 |
|  | -------- | -------- | -------- | -------- |
| **Liabilities:** |  |  |  |  |
| Derivative financial instruments - written options | - | (236) | - | (236) |
|  | -------- | -------- | -------- | -------- |
|  | 880,547 | 3,431 | 19,147 | 903,125 |
|  | ======== | ======== | ======== | ======== |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial assets/(liabilities) at fair value through profit or loss at 30 June 2017  (unaudited) | Level 1  £'000 | Level 2  £'000 | Level 3  £'000 | Total  £'000 |
| **Assets:** |  |  |  |  |
| Equity investments | 667,294 | - | 6,708 | 674,002 |
| Investment in contractual rights | - | - | 18,765 | 18,765 |
| Fixed interest securities | 66,562 | - | - | 66,562 |
|  | -------- | -------- | -------- | -------- |
|  | 733,856 | - | 25,473 | 759,329 |
|  | -------- | -------- | -------- | -------- |
| **Liabilities:** |  |  |  |  |
| Derivative financial instruments - written options | - | (522) | - | (522) |
|  | -------- | -------- | -------- | -------- |
|  | 733,856 | (522) | 25,473 | 758,807 |
|  | ======== | ======== | ======== | ======== |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial assets/(liabilities) at fair value through profit or loss at 31 December 2017  (audited) | Level 1  £'000 | Level 2  £'000 | Level 3  £'000 | Total  £'000 |
| **Assets:** |  |  |  |  |
| Equity investments | 817,259 | 2,605 | - | 819,864 |
| Investment in contractual rights | - | - | 18,943 | 18,943 |
| Fixed interest securities | 64,991 | 2,681 | - | 67,672 |
|  | -------- | -------- | -------- | -------- |
|  | 882,250 | 5,286 | 18,943 | 906,479 |
|  | -------- | -------- | -------- | -------- |
| **Liabilities:** |  |  |  |  |
| Derivative financial instruments - written options | - | (604) | - | (604) |
|  | -------- | -------- | -------- | -------- |
|  | 882,250 | 4,682 | 18,943 | 905,875 |
|  | ======== | ======== | ======== | ======== |

A reconciliation of fair value measurement in Level 3 is set out below.

|  |  |  |  |
| --- | --- | --- | --- |
| Level 3 Financial assets at fair value through profit or loss | Six months ended  30 June 2018  £'000  (unaudited) | Six months ended  30 June 2017  £'000  (unaudited) | ***Year*** ended  31 December 2017  £'000  (audited) |
| Opening fair value | 18,943 | 33,550 | 33,550 |
| Purchases at cost | - | 6,708 | - |
| Return of capital - royalty | (286) | (474) | - |
| Preference shares converted to equity and ***transferred*** to Level 1 | - | (7,236) | (13,482) |
| Disposals - preference shares previously in Level 3 redeemed for cash | - | (6,397) | (6,396) |
| Total gains or losses included in gains/(losses) on investments in the Consolidated Statement of Comprehensive Income: |  |  |  |
| - assets disposed during the period | - | - | 6,245 |
| - assets held at the end of the period | 490 | (678) | (974) |
|  | -------- | -------- | -------- |
| Closing balance | 19,147 | 25,473 | 18,943 |
|  | ======== | ======== | ======== |

The Level 3 investments as at 30 June 2018 in the table below relate to the Avanco Royalty and, in accordance with IFRS 13, this investment was categorised as Level 3. In arriving at the fair value of this investment, the key inputs are the underlying commodity prices and illiquidity discount.

The Level 3 valuation process and techniques used by the Company are explained in the accounting policies in notes 2(h) and 2(p) and a detailed explanation of the techniques is also available on page 79 under 'Valuation process and techniques' in the Company's Annual Report and Financial Statements for the ***year*** ended 31 December 2017.

Quantitative information of significant unobservable inputs - Level 3

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Description | Six months ended  30 June 2018  £'000  (unaudited) | Six months ended  30 June 2017  £'000  (unaudited) | ***Year*** ended  31 December 2017  £'000  (audited) | Valuation  technique | Unobservable  input |
| Kennady Diamonds | - | 2,649 | - | Discount to quoted prices | Illiquidity  discount |
| Trevali Mining | - | 4,059 | - | Discount to quoted prices | Illiquidity  discount |
| Avanco Royalty\* | 19,147 | 18,765 | 18,943 | Discounted cash flows | Discount rate - weighted  average cost of capital  Average gold and copper prices |
| Total | 19,147 | 25,473 | 18,943 |  |  |
|  | -------- | -------- | -------- |  |  |

\*     Adjusted for changes in currency movements and return of capital.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy, together with an estimated quantitative sensitivity analysis, as at 30 June 2018 are as shown below.

|  |  |  |  |
| --- | --- | --- | --- |
| Description | Input | Estimated sensitivity used\* | Impact on fair value |
| Avanco Royalty | Discount rate - weighted  average cost of capital | 1% | £2.2m |
| Average gold and copper prices | 10% | £4.8m |  |

\*     The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

The sensitivity impact on fair value is calculated based on the sensitivity estimates set out by the independent valuer in its report on the valuation of contractual rights. Significant increases/(decreases) in estimated commodity prices and discount rates in isolation would result in a significantly higher/(lower) fair value measurement. Generally, a change in the assumption made for the estimated value is accompanied by a directionally similar change in commodity prices and discount rates.

11. TRANSACTIONS WITH THE AIFM AND THE INVESTMENT MANAGER

BlackRock Fund Managers Limited (BFM) is the Company's Alternative Investment Fund Manager (AIFM). BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)).

The investment management fee due to BFM for the six months ended 30 June 2018 amounted to £3,182,000 (six months ended 30 June 2017: £2,858,000; ***year*** ended 31 December 2017: £6,274,000). At the period end £4,896,000 was outstanding in respect of the investment management fee (six months ended 30 June 2017: £2,858,000; ***year*** ended 31 December 2017: £3,515,000).

In addition to the above services, BlackRock has provided the Company with marketing services. The total fees paid or payable for these services for the period ended 30 June 2018 amounted to £73,000 excluding VAT (six months ended 30 June 2017: £37,000; ***year*** ended 31 December 2017: £93,000). Marketing fees of £73,000 were outstanding as at 30 June 2018 (30 June 2017: £37,000; 31 December 2017: £93,000).

12. RELATED PARTY DISCLOSURE: DIRECTORS' EMOLUMENTS

The Board consists of six non-executive Directors, all of whom are considered to be independent of the Manager by the Board. None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £45,000, the Chairman of the Audit & Management Engagement Committee/Senior Independent Director receives an annual fee of £37,500 and each of the other Directors receives an annual fee of £30,000.

As at 30 June 2018 no amounts (30 June 2017: £nil; 31 December 2017: £16,875) were outstanding in respect of Directors' fees.

At the period end members of the Board held ordinary shares in the Company as set out below:

|  |  |
| --- | --- |
|  | Ordinary shares |
| Ian Cockerill1 | 60,789 |
| Colin Buchan2 | 29,000 |
| David Cheyne | 24,000 |
| Russell Edey | 20,000 |
| Jane Lewis | 2,429 |
| Judith Mosely | 7,400 |
|  | -------- |

1.   Chairman.

2.   Chairman of the Audit & Management Engagement Committee and Senior Independent Director.

Since the period end and up to the date of this report there have been no changes in Directors' holdings.

13. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2018 (six months ended 30 June 2017: nil; ***year*** ended 31 December 2017: nil).

14. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information contained in this half ***yearly*** report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the six months ended 30 June 2018 and 30 June 2017 has been reviewed by the Company's auditors.

The information for the ***year*** ended 31 December 2017 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies, unless otherwise stated. The report of the auditors on those accounts contained no qualification or statement under sections 498(2) or (3) of the Companies Act 2006.

15. ANNUAL RESULTS

The Board expects to announce the annual results for the ***year*** ending 31 December 2018, as prepared under IFRS, in February 2019.

Copies of the results announcement can be obtained from the Secretary on 020 7743 3000 or [*atcosec@blackrock.com*](mailto:atcosec@blackrock.com) The Annual Report should be available by the beginning of March 2019, with the Annual General Meeting being held in May 2019.

INDEPENDENT REVIEW REPORT TO BLACKROCK WORLD MINING TRUST PLC

Report on the financial statements

OUR CONCLUSION

We have reviewed BlackRock World Mining Trust plc's Financial Statements (the 'interim financial statements') in the Half ***Yearly*** Financial Report of BlackRock World Mining Trust plc for the six month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

WHAT WE HAVE REVIEWED

The interim financial statements comprise:

Counterparty;Counterparty;Counterparty;Counterparty;Counterparty;

The interim financial statements included in the Half ***Yearly*** Financial Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

The Half ***Yearly*** Financial Report, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half ***Yearly*** Financial Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half ***Yearly*** Financial Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

WHAT A REVIEW OF INTERIM FINANCIAL STATEMENTS INVOLVES

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half ***Yearly*** Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLPChartered Accountants

London

16 August 2018

ENDS

The half ***yearly*** financial report will also be available on the BlackRock website at blackrock.co.uk/brwm. Neither the contents of the Manager's website nor the contents of any website accessible from hyperlinks on the Manager's website (or any other website) is incorporated into, or forms part of, this announcement.

For further information, please contact:

Simon White, Managing Director, Investment Trusts, BlackRock Investment Management (UK) Limited -

Tel: 020 7743 5284

Evy Hambro, Fund Manager, BlackRock Investment Management (UK) Limited -

Tel: 020 7743 3000

Press enquiries:

Lucy Horne, Lansons Communications - Tel:  020 7294 3689

E-mail: [*lucyh@lansons.com*](mailto:lucyh@lansons.com)

12 Throgmorton Avenue

London EC2N 2DL

16 August 2018

**Load-Date:** August 16, 2018

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ICIS Chemical Business

March 30, 2018

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**Section:** NEWS IN BRIEF

**Length:** 14047 words

**Byline:** Will Beacham

**Body**

Europe

OMV Petrom mulls return to petrochemicals

OMV Petrom is looking at reestablishing petrochemicals as part of its production portfolio, the Romanian company said on 23 March. In line with the strategy to 2025 announced by Austrian parent company OMV on 13 March, OMV Petrom said it had adopted its own “2021+” strategy that would examine pursuing investments in niche petrochemical and aromatics plants.

INEOS starts FEED studies for European VAM plant

INEOS has started up front end engineering design (FEED) studies for its planned 300,000 tonne/***year*** vinyl acetate monomer (VAM) plant in Europe, the chemical major said on 23 March. The company said it had signed a memorandum of understanding (MoU) with an “as yet unnamed commercial partner” for the VAM plant, which will be located either at its facilities in Hull, UK, or in Antwerp, Belgium.

Stalling growth, costs may trouble chems

Rising staff costs as a percentage of revenue is a cause for concern for chemical firms at a time when lead economic indicators are starting to stumble, according to analysts at investment bank UBS. According to UBS, employee costs as a percentage of revenue have increased 120bps between 2014 and 2017, a period benefiting from a strong macroeconomic backdrop. However, with lead macro indicators falling, UBS expressed concern that wage costs as a percentage of sales are at the highest level for at least four ***years***.

New Tikkurila CEO to begin duties in April

Elisa Markula, Tikkurila’s new president and CEO, will assume her duties on 12 April, the Finland-headquartered chemicals producer said on 26 March. Markula, who was named as the company’s new chief last month, joins from local coffee and cocoa maker Paulig. She replaces Jukka Havia, who has served as interim CEO since September 2017, following the sudden departure of chief Erkki Jarvinen after nine ***years*** in the role.

Arkema and Hexcel pair for thermoplastics

Arkema has signed a strategic alliance agreement with US advanced composites firm Hexcel to develop thermoplastic composite solutions for the aerospace sector, the French specialty chems company said on 26 March. The partnership will combine Arkema’s expertise in poly-ether-ketone-ketone (PEKK) and Hexcel’s in carbon fibre to develop carbon fibre-reinforced thermoplastic tapes to produce lightweight parts for future generations of aircraft, Arkema said.

AkzoNobel introduces safer peroxides for PVC

AkzoNobel is to start supplying emulsion-based organic peroxides in the US for the manufacture of polyvinyl chloride (PVC), which are said to be safer alternatives to solvent-based peroxides, the Dutch specialties producer said on 26 March. Akzo polymer chemistry division’s director of sales for the Americas Rob van de Graaf said that the emulsions contain water, which significantly reduces the chance of combustion, thus increasing the safety of transport, storage and handling.

Unipetrol starts turnaround after blast

Unipetrol said on 27 March that it has without delay commenced a scheduled major turnaround of its refinery and petrochemical complex at Kralupy nad Vltavou refinery north of Prague following the deaths at the site of several workers in an oil storage tank explosion. The maintenance and upgrade stoppage, which will apply to the refinery and plants including a 60,000 tonne/***year*** polymer-grade propylene unit, is expected to last until 9 May.

ADM suspends Mainz, Germany, biodiesel for Q2

Archer Daniels Midland (ADM) is halting biodiesel production at its plant in Mainz, Germany, for the second quarter of 2018, the company confirmed. A company statement attributed the suspension of production to increased biodiesel imports into the European Union in recent months. It said: “Since September 2017, the European Union has seen an influx of imported biodiesel which has placed significant pressure on the local market, impacting profitability for European-based producers.

ammonia off line on technical issues

Croatian fertilizer manufacturer Petrokemija Kutina on 27 March announced an unscheduled temporary shutdown of its ammonia plant due to a “technical failure”, adding downstream production units remain in operation. The 450,000 tonne/***year*** facility in central Croatia went off line, but “is expected to resume operation following the technical fault assessment and repair”, the company said in short filing to the country’s stock exchange.

Stolt-Nielsen appoints new CFO

Stolt-Nielsen has appointed Jens Gruner-Hegge as its new chief financial officer, with effect from 2 April, the Norwegian firm said on 27 March. Gruner-Hegge, who was vice president of corporate finance since 2007, succeeds Jan Engelhardtsen, who has been appointed to the company’s board of directors. “Having worked in our corporate finance division since 2007, and given his extensive experience with Stolt Tankers and knowledge of the Group, Jens comes well prepared for his new position as CFO,” said CEO Niels Stolt-Nielsen.

americas

Fluor awarded contract for Freeport MEG

Fluor received the mechanical construction contract for MEGlobal’s new monoethylene glycol (MEG) facility in Freeport, Texas, the engineering firm said. The scope of Fluor’s project includes equipment installation, steel and piping for the MEG process unit. The contract was awarded for an undisclosed value. About a 1,000 of Fluor’s workers are expected at peak construction of the project. MEGlobal has begun construction of the 750,000 tonnes/***year*** plant. Start-up is expected in the second half of 2019.

Mallard Creek acquires Ecronova Polymer IP

Mallard Creek Polymers (MCP) has agreed to acquire the intellectual property of Ecronova Polymer GmbH for an undisclosed sum, the US water-based specialty polymers company said. Mallard Creek said it will offer a limited number of products based on Ecronova recipes, adding it plans to reestablish the broad product line in the long-term for customers across Europe. It also plans to add its North American products to its European portfolio and introduce Ecronova grades for customers in North America.

TOPAS merging with Polyplastics USA

TOPAS Advanced Polymers will be merged into Polyplastics USA effective 1 April, Polyplastics said. The merger will add TOPAS cyclic olefin copolymer (COC) resins to Polyplastics USA’s existing portfolio of POM (acetal), polybutylene terephthalate (PBT), and polyphenylene sulfide (PPS) engineering polymers, the company said. The combined business will be headquartered at Polyplastics USA’s offices in Michigan, the company said. Polyplastics noted it has had an ownership stake in TOPAS Advanced Polymers GmbH (TAP GmbH) for over a decade.

Economic growth to pick-up through 2018

Economic forecasters are more optimistic about the US economy in 2018 than they were three months prior – particularly for industrial sector, based on a survey by the National Association for Business Economics (NABE). In addition, 76% of panelists believe that risks are weighted to the upside NABE vice president Kevin Swift said. The median forecast for the end-of-***year*** 2018 midpoint for the federal funds target range is 2.125%, the survey said, with 2019 forecasts split between two and three rate hikes and a ***year***-end rate of 2.75%.

Ethylene could remain long through much of ‘18

Length in the US ethylene market due to cracker start-ups and downstream disruptions will likely continue through much of 2018, a market source said. With ethylene production strong and more new capacity coming online, ethylene length could continue through the second and third quarters, the source said. The ethylene market may become more balanced in the fourth quarter once new polyethylene (PE) capacity has ramped up and once PE projects planned for this ***year*** have started and ramped up, the source said.

Koch Supply and Trading exits US aromatics

Koch Supply and Trading has exited the US aromatics markets, multiple sources confirmed. Koch Supply and Trading is the trading arm of Koch Industries and is active in a variety of markets including crude oil, refined products, ethanol, olefins and natural gas liquids (NGLs). Koch Industries subsidiary Flint Hills Resources (FHR) is independently marketing aromatics products produced at their facilities. FHR can produce 4.9bn lb (approximately 2.2m tonnes) per ***year*** of aromatics and derivatives at its facilities in Corpus Christi and Port Arthur, Texas. These products include benzene, toluene, xylenes, cumene, paraxylene (PX) and orthoxylene (OX).

Adams receives Petro-chemical Heritage Award

Gary Adams received the Petrochemical Heritage Award, in recognition for his ***years*** as a consultant. Adams started his career at Union Carbide, where he worked for 15 ***years*** before becoming a partner at CMAI in 1994. He became president of the company in 1997 before joining IHS in 2011 after it acquired CMAI. Adams has seen profound changes in the North American petrochemical industry throughout his career.

Stepan completes acquisition of BASF

Stepan Company has closed on the acquisition of BASF Mexicana’s surfactant production facility and a portion of their associated surfactants business, the US-based specialty and intermediate chemicals manufacturer said on Tuesday. The facility near Mexico City has more than 50,000 tonnes of capacity, the company said. The acquisition is expected to be slightly accretive to earnings during the remainder of 2018, CEO F Quinn Stepan Jr said.

asia

Alpek, Indorama acquire M&G PTA-PET

A consortium led by Alpek and Indorama Ventures has agreed to purchase M&G USA Corp’s purified terephthalic acid (PTA) and polyethylene terephthalate (PET) plant in Corpus Cristi, Texas, for a purchase price of $1.125bn. Expected to be the largest integrated PTA-PET plant in the world when construction work is completed, the plant is to be acquired by a newly-formed joint venture known as CC Polymers, including Alpek, Indorama and partner Far Eastern Investment, a subsidiary of Taiwan-based polyester producer Far Eastern New Century.

Saudi Aramco completes talks with PETRONAS

The negotiations on Saudi Aramco’s $7bn investment in PETRONAS’ Refinery and Petrochemical Integrated Development (RAPID) project at Pengerang in southern Malaysia have been concluded. Minister in the prime minister’s department Abdul Rahman Dahlan was quoted by state news agency Bernama that the investment is expected “to be in by the end of this month”, but did not elaborate further. Saudi Aramco had earlier in February 2017 signed a deal with PETRONAS for a 50% stake in the Rapid project.

Borealis, UCC to build cracker, Kazakhstan

Borealis plans to build a joint venture world-scale polyethylene (PE) project with an integrated ethane cracker in Kazakhstan, with local firm United Chemical Company (UCC). The project involves the building of an ethane cracker and two Borstar PE plants with 1.25m tonnes/***year*** in total capacity. The final investment decision is expected to be taken in 2020 and start-up would be scheduled for 2025.

China launches its crude futures

Business was brisk on the first day of trading of China’s new crude futures contract on Shanghai International Energy Exchange (INE) on 26 March. The new contract, which is denominated in Chinese yuan rather than the US dollar, is for crude delivered to selected bonded storage facilities mostly in eastern China.

tariff on US ethanol threatens supply

China’s latest proposal on hiking tariffs on US ethanol has raised supply concerns on the product as the US is currently one of China’s top ethanol suppliers, industry sources said. In responding to US tariffs plans, which are targeting up to $60bn in Chinese goods, China’s Ministry of Commerce on Friday last week said that it would consider increasing tariffs on 128 US products, including fruit, pork, steel pipes and modified ethanol, among others. The tariff on US ethanol is proposed to rise to 45% from the present 30%.

BASF lifts Chongqing MDI force majeure

BASF has lifted the force majeure on its methylene di-phenylene isocyanate (MDI) production in Chongqing, China, in the week of 19 March. The 400,000 tonne/***year*** Chongqing unit was restarted on 22 March following the resumption of natural gas supply from its syngas supplier, BASF said. The force majeure on its Chongqing MDI supply was declared on 12 December 2017 due to natural gas shortage from its supplier.

Evonik completes TAA expansion in China

Evonik has expanded its production capacity for triacetonamine (TAA) derivatives in Liaoyang, China, by 50%. The company did not disclose the expanded TAA capacity at Liaoyang. TAA derivatives are essential precursors for the manufacture of hindered amine light stabilizers (HALS), which are used in plastics and polymers. Construction work for the expansion began in 2017 and was successfully completed in March 2018.

China begins ADD probe on phenol

China has started investigations for antidumping duties (ADDs) on phenol imports from the US, the European Union (EU), South Korea, Japan and Thailand from 26 March, the Ministry of Commerce said on 26 March. The step was taken in response to requests from representative domestic producers, including Petro-China Jilin Petrochemical, Changshu Changchun, CEPSA Shanghai, Sinopec Mitsui Chemicals, Bluestar Harbin Petrochemical, Yangzhou Shiyou and Huizhou Zhongxin.

Shanghai Petrochemical restarts LDPE

Shanghai Petrochemical has restarted its 100,000 tonne/***year*** Low density polyethylene (LDPE) plant located at Shanghai, China. Regular maintenance took place from 26 February until 26 March.

Matthew Chattle/REX/Shutterstock

US economy set to grow

JOURNAL : Farmers Weekly

UK dairy processor Müller has hinted at introducing a fixed price element to its existing milk contract after signing a three-***year*** milk supply deal with retailer Lidl.

The fixed price option was alluded to by managing director of Müller Milk & Ingredients’ Andrew McInnes in a statement following the Lidl deal.

See also:  Dairy farmers are heading for cashflow crisis again

Mr McInnes said: “Locking a portion of [producers’] milk supply at a fixed price will significantly lower exposure to milk price volatility and we are confident that this move will be welcomed.”

Farmers Weekly understands that the deal could allow Müller’s 650 Muller Direct suppliers to lock in a proportion of milk at 28p/litre for a three-***year*** period.

(function(d,s,id){var js,fjs=d.getElementsByTagName(s)[0];if(d.getElementById(id))return;js=d.createElement(s);js.id=id;js.src='[*https://embed.playbuzz.com/sdk.js*](https://embed.playbuzz.com/sdk.js)';fjs.parentNode.insertBefore(js,fjs);}(document,'script','playbuzz-sdk'));

At present, UK processor Lactalis offers its 140 producers a 12-month fixed deal at 27.5p/litre, while Irish processor Glanbia has a five-***year*** fixed price offering for its producers worth around 28p/litre.

Substantial announcement

NFU national dairy board chairman Michael Oakes said that the deal looks like a substantial announcement by Lidl and Müller.

“It’s the first time a milk buyer and retailer have brought in a long-term fixed price option,” he said.

“However, we need to see more detail to be able to comment further as to what this actually means as so far there is no data on the actual fixed price or fixed term.

“The NFU has been urging milk buyers and their customers to look at ways of helping farmers manage milk price volatility, as not many farmers want to ride the extreme rollercoaster that we have been on in recent ***years***.”

Mr Oakes said that more price stability is good for farmers, milk buyers and, ultimately, consumers.

“We will be meeting with Lidl and Müller in the near future to discuss this new partnership and what it means for suppliers going forward.”

Graham’s deal

Lidl also announced a three-***year*** deal with Scottish processor Graham’s Family Dairy, which will supply all of the retailer’s Scottish stores with fresh milk and cream until 2021.

However, Graham’s said it is not in a position to give out information as to whether its deal with Lidl involved a fix priced element.

JOURNAL : Farmers Weekly

Almost half of Scotland’s horticultural businesses say they will have to downsize their farming operations if they do not have access to the same migrant labour pool after Brexit.

A report by Scotland’s Rural College, which investigated the use of seasonal workers in Scotland’s soft fruit and vegetable sector, estimates 9,255 migrant workers were employed during 2017 to help pick and pack produce.

Employers report there has been a long-term decline in the availability and willingness of the local Scottish and wider UK labour pool to work seasonally on farms, so they have substituted with non-UK workers.

See also: NFU tackle labour shortfall with 10-point plan

Almost 60% of these workers are from Bulgaria and Romania, with this seasonal workforce generally regarded as “motivated, reliable, hard-working and honest”.

The report noted there was a shortage of seasonal migrant farmworkers last ***year***, as the effect of Brexit started to be felt.

A survey of migrant workers showed while 40% of them intended to return to Scotland to work on farms in 2018, 46% were unsure whether they wanted to.

Switch activities

Nearly two-thirds of farmers questioned as part of the investigation said without access to their migrant workforce, they were likely to switch to other ***agricultural*** activities.

More than half said they would likely diversify their business into non-***agricultural*** activities.

Without access to migrant labour, 47% of horticulture businesses reported a high likelihood that they would either downscale their business or cease production.

More than two-thirds of farms thought there was no real opportunity to substitute labour from the local market.

‘Concerning’

Rural affairs minister Fergus Ewing said the report showed the interests of rural communities would be best served by Scotland remaining in the EU.

“Seasonal migrant labour appear to be positive about working in Scotland, but it’s concerning that our farmers are already struggling to find adequate labour, with the report finding a 10-15% shortage last ***year***,” he said.

“It is vital that the UK government engages with migrant workers affected by Brexit, to ensure their valid concerns are reflected in ongoing negotiations.

“They must be reassured that Scotland and the whole of the UK remains an open and welcoming place to live and work.”

The report recommended that both governments made clear commitments expressing support for the horticultural industry and agreed there was an ongoing need for access to sufficient numbers of seasonal migrant workers.

To reduce future labour risks, it was also recommended that the governments, and the horticultural sector as a whole, should strongly consider measures to recruit more labour from countries other than Bulgaria and Romania.

JOURNAL : Farmers Weekly

A 575ha fell farm in Cumbria is seeking a new tenant for the first time in nearly 60 ***years***.

The National Trust’s High Tilberthwaite Farm is located north of Coniston at the head of the Tilberthwaite valley and is being offered on a 15-***year*** farm business tenancy (FBT).

As well as the 575ha of predominantly fell land, the farm offers a landlord’s flock of 479 Herdwick sheep, a Grade II listed three-bedroom farmhouse and a holiday cottage business.

See also: 9 ways to get into farming

John Moffat, general manager for the National Trust in the South Lakes, said: “We want to find a new tenant who is as passionate as we are about exploring nature friendly farming measures and conserving the heritage of the Herdwick breed, which is a huge part of the Lake District’s upland heritage.”

The National Trust intends the farm to be maintained as a viable working unit and the continued development of the Herdwick flock is a priority.

Viewings are by appointment only and will take place on Tuesday 10 and Wednesday 11 April, from 10am to 4pm.

Application and tender forms will be available by request after the viewing days and the closing date for tenders is Friday 11 May at 12pm.

The trust will not accept tenders from applicants who have not visited the farm on the viewing days.

For more information call 01539 435 599, email [*northwestlesttings@nationaltrust.org.uk*](mailto:northwestlesttings@nationaltrust.org.uk)  or visit [*www.nationaltrust.org.uk/features/farms-to-let*](http://www.nationaltrust.org.uk/features/farms-to-let)

JOURNAL : Farmers Weekly

Farmers should be paid to open their land to the public, maintain footpaths and encourage more people to spend more time in the countryside, says a report.

The recommendation is made by a House of Lords committee, which says more should be done to promote public access to the countryside.

Public access should form part of the new system of farm and environmental ***payments*** to be applied following the withdrawal of the UK from the EU, it recommends.

See also: Open Farm Sunday sees big surge in first-time hosts

It says: “We recommend that the government should include ***payments*** for maintenance and enhancement of public access within this new system of public funding, although we note that this could have implications for food production and the natural environment.”

The recommendation is made in a select committee report called The countryside at a crossroads: Is the Natural Environment and Rural Communities Act 2006 still fit for purpose?.

Months of scrutiny

The committee has spent months scrutinising the effectiveness of the Act, which gives government landscape agency Natural England responsibility for promoting access to the countryside.

Published on Thursday (22 March), the committee report says evidence suggests Natural England is dominated by conservation and biodiversity concerns, to the detriment of promoting access.

Diminishing funding and a reduced capacity for publicity and raising awareness has limited the part that Natural England can play in promoting public access to the countryside, it argues.

“This situation needs to be addressed,” says the committee.

But it warns that public access, which is to be “welcomed for many reasons, needs to be balanced against the needs and demands of farming practices, wildlife, natural habitats and biodiversity”.

Resources needed

The committee says it agrees with the NFU that the Countryside Code should be revised, updated and properly promoted to encourage responsible use of the countryside.

Natural England should have sufficient resources to deliver against all elements of its general purpose, says the committee.

The report adds: “It must also have the capacity to undertake effective promotional work and awareness raising activity.”

Encouraging public access to the countryside should be appropriately prioritised by Natural England, with due regard for the protection and management of sensitive wildlife sites.

“As part of this proactive, balanced and responsible approach to promoting public access we also recommend that Natural England should revise and relaunch the Countryside Code.”

JOURNAL : Farmers Weekly

It is almost a ***year*** until the UK officially leaves the EU and many questions remain unanswered about how ***agriculture*** will be affected.

Defra secretary Michael Gove has pledged to keep the £3bn of annual farm support at the same level until 2022. But rewarding farmers for taking care of the environment and capping ***payments*** for larger farmers is the direction of travel.

A Defra consultation is under way on the impact of Brexit on farming and the environment – and farmers are being urged to have their say.

See also: Video – farmers trade blows over Brexit impact

There is still great uncertainty regarding the future of British ***agriculture*** outside of the EU. What will happen to trade, labour, subsidies and red tape?

However, as an industry, the message is clear that change is coming and farmers are being advised to prepare now.

With everything that you have heard so far, how do you feel your farm business will be affected by Brexit?

Take part in our poll.

(function(d,s,id){var js,fjs=d.getElementsByTagName(s)[0];if(d.getElementById(id))return;js=d.createElement(s);js.id=id;js.src='[*https://embed.playbuzz.com/sdk.js*](https://embed.playbuzz.com/sdk.js)';fjs.parentNode.insertBefore(js,fjs);}(document,'script','playbuzz-sdk'));

JOURNAL : Farmers Weekly

UK dairy co-op, First Milk has dropped its April milk price amid a restructuring of how its farmgate milk prices will be reported.

The processor will harmonise its four regional pools into one standard litre milk price, which will stand at 26p/litre from the start of next month.

See also: Arla milk price edges up due to currency smoothing

The drop equates to a fall of about 1p/litre for First Milk’s 900 UK dairy farmers.

The new standard litre will be measured with constituent contents of 4.0% butterfat and 3.3% protein and will combine a flat manufacturing price paid to the Lake District and Haverfordwest and a liquid price paid to its Scottish Mainland and Midlands and East Wales pools.

First Milk say the development was made in response to member feedback and has the full backing of the member council and board.

Disappointing drop

We know that this price drop will be disappointing news for our members and continue to do all that we can to minimise the impact of reductions,” said First Milk farmer director and vice-chairman Jim Baird.

“Whilst in recent weeks we have seen some recovery in the market, unfortunately, the overall global dairy commodity markets remain weaker than last ***year***, which continues to impact on our returns.

“This more simplified and transparent approach on milk prices reflects the requirements of the business today and is a progressive step which unites our members across the country.”

JOURNAL : Farmers Weekly

Keeping children away from dangers at work isn't a problem in most professions, but for those who live on farms and have children, extra awareness is paramount.

It can be acceptable for children to watch farm activities when:

The task itself is not inherently dangerous

The person doing the task is not the same as the person supervising the child

The child is kept in a safe place

Particular care should be taken around equipment and machinery, and no child under the age of 13 can legally accompany their parents across the farm in a tractor cab.

The NFU’s farm safety adviser, Tom Price says that farms may also need to carry out a risk assessment.

“The law requires that employers make sure their risk assessment for young people under the age of 18 takes full account of their inexperience, immaturity and lack of awareness of relevant risks.

See also: Farm fined £10,000 after child loses leg

HSE rules and risks reminder

Machinery

No child under 13 may drive or ride on tractors and other self-propelled machines.

Before allowing over 13s to operate a tractor, conditions must be met which are set out in a free leaflet Preventing accidents to children on farms (PDF)

Children under 16 must not drive, operate, or help to operate:

Towed or self-propelled harvesters or processing machines

Trailers or feed equipment with conveying, loading, unloading or spreading mechanisms

Power-driven machines with cutting, splitting, or crushing mechanisms or power-operated soil-engaging parts

Chemical applicators – mounted, trailed or knapsack sprayers

Handling equipment such as lift trucks, skid steer loaders or all-terrain vehicles

If you carry children or adults on trailers secure seating must be provided along with guard rails

You arrange safe mounting and dismounting

Children are supervised by a responsible adult.

If any machine is left unattended:

Remove the keys

Lock the cab

Leave the controls in neutral

Lower foreloaders to the ground

Apply the parking brake or chock wheels.

Livestock

Check that children or other members of the public:

Cannot enter any yard or pen occupied by potentially dangerous animals.

Do not have access to or use any form of chemicals or veterinary medicines and products, for example, hypodermic syringes. Lock them away.

Do not look after animals or poultry without competent supervision.

Workplace

Make sure you exclude children from potentially dangerous areas, such as:

Chemical stores

Slurry pits and lagoons

Reservoirs or sheep dips

Grain intake pits and grain bins

Stacks of hay or straw

JOURNAL : Farmers Weekly

At last planting has got under way. Conditions in Cheshire are surprisingly good considering the amount of rain the West has had over winter.

Cover crops and using the plough to start the drying process seem to be aiding soil workability.

A check of soil temperatures in mid-March, under fleece, of a small area planted some weeks ago, recorded 8.5C with open ground at 6.5C. With reasonable sunshine along with increased day length, soils should soon warm up.

See also: Tips for controlling weeds without linuron in potatoes

I like to get the fleece on soon after planting, leaving the ridges to settle for a couple of days then applying a residual herbicide, favouring Artist (flufenacet + metribuzin) plus pendimethalin, now linuron has gone. Remember, remaining stocks of linuron must be used by 3 June.

Where possible I like to include some metribuzin in my herbicide ***programmes***, usually with prosulfocarb or pendimethalin, aiming to apply to moist ridges within two weeks of planting, following up with diquat and/or carfentrazone/pyraflufen just prior to emergence.

Where metribuzin cannot be used then metobromuron is preferred, although at 2.5-3 litres/ha, the rate required to be effective, is expensive.

In the north-east, soils are still very fragile, patience will be a virtue if compaction is to be avoided.

I understand planting in other parts of the country has been slow particularly in traditional early areas such as Cornwall, South Wales and Suffolk.

JOURNAL : Farmers Weekly

The Tenant Farmers Association (TFA) has criticised a small minority of land agents for pressing for substantial rent hikes ahead of the UK’s exit from Europe.

The organisation’s chief executive George Dunn said most landlords appreciated it was wrong to negotiate rent rises in the climate of uncertainty surrounding Brexit.

See also: Tenants urged to take the lead on rent negotiations

“With Brexit now just a ***year*** away, the right time to be looking at farm rents would be autumn 2019 or spring 2020,” Mr Dunn said.

But some were taking the opposite view and looking to secure long-term rises of as much as 10-15% before Brexit hit, he said.

Many of these are looking to tie in tenants to high rates until 2021.

‘Unsustainable’

“They are basing claims on increases in residential values but the level is completely unsustainable,” Mr Dunn said.

He also claimed in a small number of cases land agents had been driving a wedge between tenants on large estates by agreeing a rent rise with one and then using it as a comparable figure for the rest.

“It is hugely important for all tenants on an estate to stick together in these circumstances or they will find they are all increasingly pressured to accept rent rises,” Mr Dunn said.

It is hugely important for all tenants on an estate to stick together in these circumstances or they will find they are all increasingly pressured to accept rent rises George Dunn, TFA

He advised anyone faced with a claim for a comparable rent to obtain all the information they could about the other farm.

The TFA has heard some landlords are reluctant to divulge details of the other farm in the comparison.

“But this is unacceptable. It has to be like-for-like to make it a worthwhile comparison and otherwise cannot form the basis of a negotiation,” Mr Dunn said.

Looming dates

The TFA is also urging members not to be pressured into making deals because of a looming rent review date.

“The rent review date is only the point at which either the landlord and tenant have to agree or an application has been made for the appointment of an arbitrator,” Mr Dunn advised.

The application for an appointment of an arbitrator does not mean the dispute will proceed to arbitration.

In well over 90% of the cases where an arbitrator is appointed, rents are still agreed between the parties. The application for the appointment merely extends the time available for thorough negotiations, he suggested.

JOURNAL : Farmers Weekly

The Farmers Weekly ultimate guide to telescopic farm handling and loading machines has been published online for 2018, with many changes from last ***year***’s edition.

The guide provides a quick-reference summary of essential specs and list prices for all makes and models available in Britain, from the smallest to the largest, and whether skid, bendy chassis or multi-wheel steering  gives them the manoeuvrability farmers need.

See also: Pickup buyers guide 2017

A telescopic skid-steer loader is listed in the guide for the first time now that JCB has introduced its Teleskid loader with extending boom, and Manitou has returned to the articulated handler fold with its single MLA-T model – a sector that JCB is also tackling with the TM420 addition to its range.

Kramer now has a full line-up of four-wheel-steer telescopic handlers following the cutting of ties with Claas, whose listing features the initial models of a new Scorpion range built by construction giant Liebherr.

The Case IH, Massey Ferguson and New Holland listings all feature new and uprated models with added performance and refinements, while distributor Finning has slimmed its Caterpillar offering.

Merlo has also presented a much-simplified farm telehandler range, but one that still includes the unique Multifarmer with fully integrated rear three-point linkage and pto for field duties.

For "green" electric drive, the Avant range is the place to look, while for sheer power the new Merlo machines with 170hp FPT engines are the ones to beat.

Download the 2018 telehandler spec table (PDF) or grab a copy of the 30 March edition of Farmers Weekly for a printed version.

JOURNAL : Farmers Weekly

Good levels of early weed control can still be achieved in potato crops despite the loss of a key early-season herbicide, by picking the right mix of alternatives.

Linuron, which has been a significant building block of potato weed control ***programmes*** for more than 25 ***years***, was withdrawn from sale last ***year***, with its on-farm use-up period coming to an end on 3 June 2018.

See also: Why potato blight strategy will need to change in 2018

Without it, growers have to consider other ways of getting the same results from their pre-emergence weed control ***programmes***, something they had plenty of warning about, agronomists say.

“The writing has been on the wall for a while,” says Kevin Knight, an agronomist with Zantra in Kent.

“Ever since the rate was reduced seven ***years*** ago, we knew linuron was likely to disappear sooner rather than later.”

Trials work done to assess the replacements and their compatibilities shows that far from being left high and dry, growers can still get good results with the right combination of other products.

“There is life after linuron, but the trade-off is that it comes at a cost,” Mr Knight adds.

“A number of the alternatives have a heftier price tag – in some cases it will be significantly more for a ***programme*** with comparable performance.”

When considering their use, the challenge is making sure that safe levels of the remaining active ingredients are being targeted at the expected weed spectrum, he advises.

“Linuron was always used in mixes and it is still fair to say that three-way mixes will provide the broadest spectrum of weed control. Of course, weed spectrum, soil type and variety have to be accounted for – there won’t be a standard ***programme*** for all situations.”

Mr Knight highlights the active ingredient metobromuron, which has performed well in pre-emergence mixes since it arrived on the scene three ***years*** ago, having been resurrected by Belchim.

“We’ve seen very good results with it, but it does need a residual tank-mix partner,” he says.

“In particular, when put in a mix with prosulfocarb, it has done everything that was asked of it. That combination is also a very safe mix.”

Budget mix

For those who don’t want to pay extra, he points out that there is a budget treatment mix option, comprising 3 litres/ha of pendimethalin, 2-3 litres/ha of prosulfocarb and up to 250g/ha of clomazone.

Actives

Artist metribuzin + flufenacet

Defy prosulfocarb

Gozai pyraflufen-ethyl

Praxim metobromuron

Shark carfentrazone

Shotput metribuzin

Stomp Aqua pendimethalin

Titus rimsulfuron

“It’s a fairly good, robust starting point, but doesn’t blow the herbicide budget,” he says.

“If the variety and weed spectrum allows – so no chickweed or shepherd’s purse – there’s also the option of replacing the clomazone with Shotput [metribuzin] to further reduce the cost.”

This then makes the follow-up with rimsulfuron a bit less painful on the purse, he says. “Despite best intentions, the residuals often need help to tidy up cleavers, groundsel, mayweed and grassweeds.”

He also recommends using an adjuvant designed for residual herbicides with the pre-emergence treatment, so that the actives are held in the soil and their efficacy is prolonged.

Lancashire-based agronomist John Ball of Agrovista points out that metobromuron is not a like-for-like replacement for linuron, but it is capable of filling the hole left by the older product’s withdrawal.

“It doesn’t have as much contact action as linuron, but offers more residual activity and comes with no aquatic buffer zone. It is also dose-responsive, but experience has shown it’s not worth dropping the rate below 2.5 litres/ha.”

At lower rates, you start running into problems with weeds such as groundsel and knotgrass, he warns.

“Given that it’s going to cost you more this ***year***, you need the pre-emergence treatment to work very hard for you. So use it at 2.5-3litres/ha.”

He has also had very good results with a metobromuron/prosulfocarb mix and has included metribuzin where variety choice has allowed.

“The key is to get the residuals working well, so that you are not reliant on contact action later on. In last ***year***’s dry spring, we found the metobromuron was activated once moisture arrived.”

The Scottish experience

In Scotland, Andrew Sprunt of Agrii is of much the same opinion, pointing out that the most direct replacement for linuron is metobromuron.

“It is very mobile in the soil and it can be used as a partner to other herbicides,” he says.“Of course, it is considerably more expensive.”

He has found that using metobromuron with metribuzin does a good job, covering a whole range of weeds and working well in dry conditions.

“It’s a good foundation. It allows you to control fat hen, redshank and annual meadowgrass, which can be problematic in this part of Scotland. Where there are varieties that prevent the use of metribuzin, it’s a good mixer with prosulfocarb and pendimethalin too.”

While much will depend on the farm and the soil type, there are strengths and weaknesses with the different ***programmes*** and some will struggle in dry conditions, he warns.

“Fortunately, metobromuron is more mobile in the soil than some – it also comes with no varietal or soil type restrictions, so it offers flexibility.”

He believes the extra £25-£35/ha is nothing compared with the total production costs for the potato crop.

“If you have to use a post-emergence treatment of Titus, it wipes out the saving you would have had anyway.

“It is better to achieve the required weed control at the pre-emergence stage and Praxim helps greatly with this, in a mix.”

What about diquat?

Rumours that another mainstay, diquat, will soon be following linuron into the history books mean other products must be assessed and compared, to see where they might fit.

All three agronomists highlight Gozai (pyraflufen-ethyl) and Shark (carfentrazone) as possible replacements, being as good as diquat for broad-leaved weed control.

“Gozai is slightly better on some weeds,” says John Ball. “On its own, it has done well, with the exception of controlling cranesbill and fumitory.”

“There’s still time to look at your pre-emergence ***programme*** and find ways of filling the gaps that Gozai would leave, he points out.

“It’s worth planning ahead by understanding what your weed challenges are.

“Matching products to known issues and having a fallback position is important – the linuron situation has taught us that.”

Burndown

Losing diquat would give challenges for both weed control and burning off, stresses Andrew Sprunt.

“At this stage, we don’t know what is going to happen. It may not be removed completely, but its use could be restricted.”

He agrees that Gozai has looked promising, but highlights annual meadowgrass as a gap that would need plugging.

“It’s a contact herbicide that has to be used on emerged weeds. Residual partner products will still play an important role in controlling annual meadowgrass.”

Diquat’s withdrawal at the desiccation timing would be a bigger loss, he believes.

“That would be a much steeper learning curve, as neither Shark nor Gozai can burn the foliage down as quickly and effectively as diquat does.”

AHDB Spot Farm East – herbicide results

Two tank mixes stood out in the herbicide trial conducted on a sandy soil type at the Elveden Spot farm East site, but both cost more than the standard treatment.

Using 3 litres/ha of Praxim (metobromuron) and 1kg/ha of Artist (metribuzin + flufenacet) gave control of a wide weed spectrum, as did the three-way mix of 2 litres/ha Praxim, 3 litres/ha Defy and 200g/ha of Shotput.

The first mix cost £83/ha, while the second came in at £61/ha.

They were compared with the standard treatment of 1.35 litres/ha of linuron, with 2.2 litres/ha of Stomp Aqua and 200g/ha Shotput, which cost just £34/ha.

JOURNAL : Farmers Weekly

British farmers have nothing to fear from a trade deal between the USA and UK after Brexit, says an adviser to the Washington government.

USDA Foreign ***Agricultural*** Service adviser Steve Knight made the comments during a Deben Farm Club meeting at Ufford, Suffolk, on Thursday (22 March).

Trade was a “two-way street” and the USA wants strong trading partners – including the UK, Mr Knight told the farmers’ meeting at the Ufford Park Hotel.

The way to achieve this was to make sure any relationship was mutually beneficial, he added.

See also: Cheap food imports ‘inevitable’ post Brexit

The US and the UK are the largest investors in each other’s economies – and trade was almost perfectly balanced with goods and services worth $54bn annually flowing in each direction between the two countries.

Transatlantic trade

Of this, the UK imported £3bn of ***agricultural*** products from the USA and £1bn of ***agricultural*** products flowed back across the Atlantic in the other direction, said Mr Knight.

Products traded included wine, snack food, salmon, grain-based products such as animal feed and bread-making wheat, as well as wood pellets.

“As a standalone country, the UK is the fifth largest economy in the world and a significant trading partner,” said Mr Knight.

The USA is seeking to allay concerns that UK farmers could be exposed to food imports produced to lower standards after Brexit, Mr Knight said.

On the subject of chlorine-washed chicken, the USA was not in the game of “pushing certain products”, but it would be seeking to better communicate what it does.

Food safety

Both the USA and the UK have high food standards, said Mr Knight. “The suggestion that US food safety is not as high as the UK is wrong.”

Chlorine wash was a useful tool against issues such as campylobacter, said Mr Knight – but, ultimately, consumers will decide.

“I am sure the USA will be looking to counter some of the negative messaging – to open up the conversation – to explain why we use some technologies,” he said.

“We need to better communicate what we do.”

Lower barriers

It was also more likely that both the USA and UK will concentrate on securing quick wins that can increase existing trade, suggested Mr Knight.

If barriers can be broken down, for example, there is an opportunity for British farmers to increase exports of UK dairy products to the USA.

Equivalency agreements between the USA and the UK – which mutually recognise each other’s standards – could get rid of some of those barriers.

There are also opportunities for the UK to export more beef, added Mr Knight. “The US can’t get enough ground beef,” he said.

Dairy farmers hopeful on cheese imports

UK dairy farmers believe exports of British organic cheese to the USA will increase after Brexit – so long as they can get the paperwork signed off.

Organic Milk Suppliers Cooperative (Omsco) says it is continuing to push governments on both sides of the Atlantic to sign a full equivalency agreement recognising each other’s organic standards so organic cheese exports can continue after Brexit.

In 2015, Omsco became the first EU dairy business to qualify for USDA certified organic status. But the agreement was signed between the USA and the EU – not the UK – and will no longer apply after the UK leaves the European Union.

Last summer, Omsco chairman Nicholas Saphir called for urgent reassurance that exports would still be allowed post-Brexit because it took 18 months for Kingdom cheddar cheese to be produced and matured in the UK and then distributed the USA.

That trade will continue – for the time being at least – following this month’s Brexit transition agreement, which means current rules will remain in place until the end of 2020, rather than ending when the UK leaves the EU in March 2019.

“We are making cheese for next ***year***,” said Mr Saphir.

The alternative to a full longer-term equivalency agreement between the USA and UK would be to secure full American organic certification, he added. Omsco had already embarked on the process and was laying down more cheese now than last ***year***.

JOURNAL : Farmers Weekly

Our ultimate guide to 50hp-plus tractors available in Britain has been published online for 2018 with a host of changes from last ***year***’s edition.

With the removal of discontinued models and ranges, the addition of several new and substantially updated lines and the appearance of a new marque in the shape of the Arbos range, the guide provides a quick-reference summary of all the models available.

See also: Combine buyers guide 2018

In terms of specifics, the Case IH Farmall U range has made way for the Luxxum and among newcomers is the Maxxum with new ActionDrive 8 transmission.

All Challenger entries have been replaced by Fendt tracked tractors, the latest Claas Arion 500 and 600 models feature for the first time and there are four-cylinder additions to the Deutz-Fahr 6-series.

The John Deere, Massey Ferguson, Valtra and Zetor line-ups remain much as before; but a second-generation M7-series features in the Kubota listing and there are new and updated models pretty much across the board for Landini and McCormick.

In the New Holland family, there are new models and transmission upgrades that bring more powershift speeds for the T6 range and seamless CVT for the T9 articulated tractors.

There are also new list prices throughout and, in the topsy-turvy world of farm tractor pricing, some are up and some are down.

List prices rarely reflect the transaction cost of acquiring a new tractor, of course, because the differing amounts of margin dealers have to play with for discounts and trade-in valuations is hidden, but they do provide a starting point for negotiations.

Take a look at and download every manufacturer's offering in the tractor spec tables (PDF).

You can also get it in Farmers Weekly magazine on 30 March.

JOURNAL : Farmers Weekly

A new initiative between a Welsh fire service and farmers has been launched to help combat grass fires this summer following a spate of deliberate arson attacks.

South Wales Fire and Rescue Service is working with farmers and landowners to develop safe and effective “burn plans”.

See also: Farm fires - planning a livestock evacuation

To encourage this, it held its first partnership burn on farmland in the Rhymney Valley on Thursday (22 March) – an area heavily targeted by grass arsonists in previous ***years***.

For example, in 2017, there were 80 accidental and 1,073 deliberate grass fires across south Wales.

It has become such an issue that a multi-agency task force, Dawns Glaw, has been established to educate landowners to raise awareness of the consequences of deliberate grass fires.

Excess vegetation

The thinking behind the controlled burns is that, by asking farmers to remove excess vegetation, the fuel load for fires will be reduced.

Del Llewellyn, landowner engagement  officer for South Wales Fire and Rescue Service, said farmers were mainly being encouraged to burn land with a high concentration of a purple moor grass known as molinia.

Often, due to the amount of grass and its density, livestock get no benefit from grazing this land, he said.

“These poorer species recover quickly from burning, and the new green shoots that appear is what the cattle like.

“This will encourage them towards this land and having animals on this area will keep the grass at a controllable level.”

Benefits

Mr Llewellyn said controlled burning had benefits for both the farmer and the fire service.

He described it as a two-pronged approach - one won’t work without the other.

“The main reason for the danger aspect is that some areas have such large expanses of grass that there are no fire breaks for a considerable distance.

“If we burn and the farmer grazes in a mosaic pattern on his land then, when a fire occurs, we have a much better chance of stopping it spreading, which is both good for us and the farmer.”

The magnitude of a wildfire is determined by a number of factors, including the amount of fuel available to burn, he added.

“By removing this fuel, and working with farmers and landowners, this process can be done in a safe and controlled manner."

Controlled burning advice

Complete a burn plan

Have sufficient people and equipment to control the fire

Always inform the fire service beforehand to avoid false alarms and crews being dispatched unnecessarily; this also ensures the service is ready to respond if a burn gets out of control

Check wind strength and direction, and ensure there is no risk to property, roads and wildlife

Contact the fire service immediately if a fire gets out of control, giving details of location and access

Always ensure a fire is completely extinguished before it is left and check the following day to ensure it has not reignited; it is illegal to leave a fire unattended or to have too few people to control it

Source: South Wales Fire and Rescue Service

JOURNAL : Farmers Weekly

The sheep sector is a major contributor to the UK economy and remains invaluable to the South West – but Brexit could put it in a “very vulnerable position”, a report has warned.

The Rural Business School at Duchy College was commissioned by the NFU to produce a report highlighting the value of the sheep industry to the wider economy.

The UK produced 300,200 tonnes of mutton and lamb in 2015. England has more than 15 million sheep, 45% of the UK sheep flock, which produce 66% of the UK’s total sheepmeat.

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The college’s report focused on the three largest sheep-producing regions in England: the North East (including Yorkshire and Humber), the South West and the North West. Together they represent two-thirds of England’s sheep production.

See also: How to review your farm business to prepare for Brexit

The NFU’s South West team have used the report to “count the value” of their sheep industry, which remains a vital part of the region’s economy and important to the environment.

Across the South West there are 7,389 sheep farms, with a total of about 3.1 million sheep, 21% of England’s sheep. The South West produces 40,600 tonnes of sheepmeat and offal.

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These farms employ 7,000 people directly and there are almost 23,000 other jobs linked to the industry, contributing nearly £60m to the economy in terms of employment.

The report highlights how much sheep farming can help the environment. The sheep industry in the South West has provided 107,000ha of land managed under entry-level stewardship, 28,000ha of land managed under higher-level stewardship, 184ha of newly planted or restocked woodland, and 627km of newly planted or restored hedgerows.

[*https://twitter.com/NFUsouthwest/status/978534586153160705*](https://twitter.com/NFUsouthwest/status/978534586153160705)

Brexit risk

The report also warned that Brexit poses a risk to the future of sheep farming, a sector that has high reliance on support in the form of direct ***payments*** and subsidies.

According to the authors, Brexit could put the sector in a “very vulnerable position” because of the likelihood of the reduction or removal of direct subsidies, and lower prices for sheepmeat, as a result of increased domestic supply if less is exported to the EU. Exports are important to the sector and currently 95% go to EU countries.

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In order to keep the industry healthy, the report concludes, there is a need for “more transparency” further down the food chain, by encouraging a greater proportion of product to meet market specification through price incentives, and producers developing their business models on a margin-driven basis, encompassing innovation, product quality and consistency.

Colin Rowland, Devon sheep farmer and chairman of the NFU South West livestock board, said that although the report made it clear sheep farming has a great deal to offer, the sector also has the potential to be the hardest hit by Brexit.

He added: “Ultimately, we want to see a thriving and profitable sheep sector that delivers environmental, social and economic benefits.”

JOURNAL : Farmers Weekly

Having the right tool, gadget or knick-knack at hand can take some stress out of the most frustrating farm tasks.

Here the Farmers Weekly Machinery team presents 20 potential gems – some old-school, others quirky newcomers – that won’t break the bank.

Watch the video and read the report below.

Gocableties releasable cable ties

Price: £19.71 for a 100-pack of 450x9mm

There are various types of reusable cable ties on the market.

Some (like the ones we had) look very similar to a standard plastic zip and have a very small tab that needs a long nail or pen knife to lift it.

For jobs where you would like to remove them time and again, we would recommend something such as a heavy-duty Speedy Tie.

A quick Google search will find them – they’re yellow in colour and have a much bigger thumb-release tab.

They’re also a bit more expensive – £9.21 for a bag of five – but should last a long time provided you’re careful not to grind down the plastic teeth.

Most come from wholesalers so the more you buy, the cheaper they get, and they’re available in widths up to about 13mm.

See also: Six best-selling impact drivers on test

Screwfix Multi-Fix concrete screws

Price: £10.41 for a 100-pack of 7.5x100mm

Attaching timber to masonry usually involves pushing plugs or expansion anchors into the wall first.

However, you’ll now find a pretty decent selection of concrete screws from any reputable merchant – ours came from Screwfix and included a T30 driver bit.

All they require in terms of preparation is a pilot hole (usually 1mm or so narrower than the screw) before they can be wound straight in.

The tougher the material you’re screwing into, the better as the high/low threads of the screw winds themselves in but they should happily bite into concrete, brick, stone, block or wood.

We found mortar a bit loose to get a decent fix.

CK self-adjusting wire stripper

Price: £14.30

Our favourite tool is the self-adjusting wire stripper. This one is made by CK (sourced from Toolstation) and will pull the coating off flat and round wires.

It’s a doddle to use – simply slot the electrical wire across the jaws and, as you squeeze the handles, they’ll clamp the wire and whip off the plastic insulation.

Its limit is apparently 6mm, but we found it worked well on the outer of much thicker twin and earth cable too.

Once the grey outer is removed, you can also bung the live and neutral wires in the block at the same time and it will strip them both.

A depth stop can be slid in and out to determine how much of the wire is stripped and there are also crimping and wire-cutting jaws, along with a little adjustment knob for stripping really thin wire.

Halford’s assorted heat-shrink tubing

Price: £6.66

Heat-shrink tubing might have been around for ***years*** but having a decent selection in stock will mean you can finish soldered wire joins or cover small components such as resistors with a more weatherproof, insulated and longer-lasting finish than a few tatty loops of insulation tape can offer.

They’re also far more convenient than buying long lengths of tube and cutting them to size.

In case you haven’t used them before, simply slip the wire through the tube and then wave a lighter, soldering iron or heater around it – any sort of heat should be enough to make it contract.

Ours came from Halfords but it could have done with a few extra smaller tubes as they are used far more frequently. You can pick up similar kits from other retailers – a quick internet search found prices as low as £2.30.

Draper strap wrench

Price: £4.08

Strap wrenches come in all shapes and sizes.

Some use rubber bands – particularly useful for plumbing jobs – others use chains and the one we’ve picked has a nylon strap joined to an attachment for a 1/2in drive or 21mm socket.

There’s nothing high-tech about its operations; just get a ratchet on the socket drive and crank it round – the webbed strap will gradually tighten and twist the filter loose.

Nylon straps tend to work better than steel three-jaw grippers that have a habit of twisting awkwardly, or 12in adjustable oil filter pliers.

The Tyre Equipment Company heavy-duty puncture kit

Price: £49

For a quick in-field puncture fix, something like this Black Jack kit will get a tubeless tyre air-tight in just five minutes without having to take off the wheel.

You can pay as little as £5 for a string insert kit, but we’ve gone for one at the pukka end of the market.

For that, you get a spiral rasp tool that should be slid in and out to roughen and clean out the wound and a split-eye needle to insert the sticky strings.

Push them roughly two-thirds of the way in and then slice off excess material with the razor blade provided.

The kit comes with strings of different thicknesses and lengths to suit the size of the hole, which can be replaced pretty cheaply.

There’s no need for any glue either, but bear in mind that it should only be used as a temporary fix.

Evolution Rage mitre saw multi-blade 255mm

Price: £24.98 (blade only)

If you’re chopping through nail-ridden timber regularly then Evolution’s Rage blade is the tool for the job.

It runs on the British firm’s mitre saw and the same 24-tooth blade will slice its way through steel, aluminium, plastic and wood.

It carries tungsten carbide tips that can operate at much higher temperatures and spinning speeds than high-speed steel equivalents.

It comes in a few different sizes – we had the 255mm diameter blade with 25.4mm bore – and spins at about 2,500rpm to produce a burr-free finish on box-section steel.

We found the whole rig online for £112.49 and, given its versatility, we reckon it’s a shrewd investment for anyone that currently does without a regular circular saw and bandsaw.

Bosch drill bit sharpener

Price: £54.19

If you’ve got a tray-full of blunt drill bits lying around the workshop then it’s probably worth breathing new life into them with a sharpener.

Most of the cheap kits are multi-tool arrangements that spin a grinding wheel and come with different plastic attachments to sharpen chisels, scissors, knives and drill bits.

They’re a bit toy-cracker quality, come with more complicated instructions and have a reputation for burning out the motors when pushed hard, but if you can find a cheapy then it could still be considered money well spent.

We’ve gone for Bosch’s purpose-built bit sharpener, which is at the more expensive end of the market.

It slides over the spindle collar of an electric drill with an M8 bolt in the chuck to ***transfer*** the drive to the grinding wheel. Once it’s spinning, just push the drill bit into the appropriate hole the other end, twisting it quickly. It doesn’t take long to sharpen them up, but this one is limited to a maximum bit size of 10mm.

Of course, you can also use a standard bench grinder, but there’s a bit more skill involved.

Heller cobalt drill bit set

Price: £9.93

This six-piece set of cobalt drill bits from Toolstation runs from 2mm to 8mm and doesn’t cost a whole lot more than a standard HSS set.

The 135deg point angle gets going pretty easily and accurately, and should last far longer when working through stainless or high-alloy steels. In reality, we’d probably get the bigger set – expect to pay about £30 for the 19-piecer.

Teng Tools nut splitter

Price: £26.50

When a nut is rusted on and refusing to budge with the socket set, these nut splitters might be the answer.

They’re better for getting into awkward places than a grinder or hacksaw and more delicate than clumping the troublespot with a hammer and chisel.

They should also keep the bolt threads in half-decent nick if you need to wind another nut on.

This Teng Tools kit comes with two crackers – one for 5-20mm nuts and the other for 14-27mm – that use a tough blade that is wound through the wall of the nut.

Sometimes it cracks straight off under the pressure, but often it needs a bit of light encouragement.

It’s definitely worth shelling out a few extra quid for a decent brand, otherwise the blades will go blunt. If you’re doing a lot of this type of stuff then you can get hydraulic nut splitters from Sykes-Pickavant – a new one costs close to £200.

Where we shopped

We picked up all of the bits featured on these pages from our local tool shops and mainstream online retailers. We tried to shop around to find the best prices (ex VAT), but they may have changed since we assembled our collection in March.

Siegen magnetic parts tray

Price: £12.95

It may seem simple but lots of people go without magnetic trays and end up losing parts in engine bays or tractor back-ends.

This twin-magnet tray measures 240x140mm and will hold nuts, bolts, washers and sockets, even when it’s hanging upside down.

You’ll probably find far cheaper ones if you shop around – down to about £3 for a single-magnet set-up.

Trojan eight-in-one rotational socket wrench

Price: £8.33

This is far from being a top-quality tool but, with eight sockets set on one handle, it’s the ideal thing to lob into a tractor toolbox.

It means you can keep your workshop spanners where they should be while still carting around all the main sizes from 8-21mm.

Faithfull flexible drill drive shaft

Price: £26.89

The flexible, anti-kink shaft slots into the chuck of any electric drill and extends the drive by 1.1m to a second 6mm keyless chuck.

It’s potentially handy and can be threaded/poked through awkward channels, but the solid plastic handle is still 175mm long, so isn’t quite as versatile as you might imagine.

It can run all the usual items – drill bits, wire brushes and grinding wheels to name a few – but for working between joists, you might be better off getting an attachment to turn the drive on a standard drill through 90deg (or buy a specialist right-angle drill).

Irwin bolt grip sockets

Price: £15.82

When you’ve chewed a nut so much that a spanner simply won’t grip, these reverse spiral flutes bite in to give you one last chance of removing it cleanly.

Like the nut crackers, it’s worth splashing out on a decent brand for this type of thing – poor-quality metal will get mushed up pretty quickly.

We found they needed a decent tap with the hammer to make sure they grip the nut tight.

Once you’ve locked on and started turning, the spiral flutes bite down harder on the nut.

Each socket will take a 3/8in square drive for an impact driver or there are hexagonal flats for sockets and mole grips.

They’re nicely made, but there’s not a wide enough selection of socket sizes in the five-piece pack we bought (it ranged from 3/8in to 5/8in) and we reckon there are a few better options for shifting rounded-off, rusted-over or painted-on nuts.

Recoil M8x1.25 helicoil thread kit

Price: £29.99

These recoil kits solve the problem of wrecked threads by ripping out and re-building the old ridges with a nifty coil that returns the cylindrical hole to its original size.

We bought the M8 kit – a popular farm bolt – but if it’s going to be a store cupboard item then it’s probably better to get one of the multi-size packs.

To use them, clear the old threads with a drill bit, then retap the hole (both the bit and tap are provided in the kit). You can then wind the coils – made of stainless steel wire rolled into a diamond-shaped cross-section – into the threads to finish the job.

There’s a huge range of kits out there. They’re not particularly cheap but it’s a clever way of solving a headache-inducing problem and once you’ve got the tap, bit and insertion tool, you can just buy bags of inserts – they tend to be about £5 for a bag of 10.

SIP 3/16in professional air-powered riveter

£68.52

The air-powered riveter is another one of our favourites.

Obviously, you need to be doing a fair bit of tinwork to justify the expense but it’s seriously satisfying to use compared with a manual gun (which you can pick up from somewhere such as Euro Car Parts for £7).

It works quietly too, and can keep on going without a break provided there is a reliable 6.3bar (90psi) pressure in the airline.

The model we used was bought a couple of ***years*** ago but the design hasn’t really changed.

Draper Expert digital vernier calipers

Price: £28.72

Vernier calipers are a workshop essential for anyone wanting to build to a more accurate level than an old tape measure will allow.

However, on manual read-out versions the numbers aren’t that easy to read – particularly for those with poor eyesight – so for a few quid extra, you can have a digital version that spells out the measurement much more clearly on an LCD display.

Gunsons Eezibleed auto brake/clutch bleeding kit

Price: £15.40

Gunsons well-known bleeding kit has been knocking around for a few ***years*** now.

It uses air pressure – provided by a spare wheel in the case of cars – through a 2m tube to force fluid through the system.

There is a selection of caps that should fit most machines with a screw-cap reservoir and that joins via a 600mm reservoir tube to the pressure vessel.

The key is to get the cap sealing tightly to avoid spilling brake fluid everywhere and wrecking the paintwork.

Lifting Equipment Store endless lifting straps

Price: £20.38

Lightweight lifting kit isn’t as expensive as you might think and can have the sort of capacity to outdo the old-school chain and hook

The lifting straps we picked were rated to 8t but there are all sorts of sizes and lengths depending on the sorts of jobs you have planned. The LES range kicks off at 1t (starting at £1.48) and goes to 15t (starting at £113.15) for the smallest circumferences.

It’s also worth bearing in mind the lift capacities vary depending on how they’re used – our set can carry up to 16t when used as a standard U-shaped sling.

Owners also have to treat the straps with far more care than you would with old chains, as pinching and tearing the webbing can seriously affect lift capacity.

Spax wood screws

Price: £17.86 for a 100-pack of 6x100mm

Star-headed torx screws make a better job of maintaining the drive from the drill without mushing-up the head. The extra ribs increase the contact area between the driver and the head and the bit uses a blunt point.

You can pick them up from most wood merchants. We got ours from Walford Timber and they came with a wirox coating to make them corrosion resistant – just the job for external timber.

Got any suggestions?

There are thousands of quirky tools out there we and many other farmers will never have thought of using (and may never have heard of). If you can think of any that are reasonably priced then please get in touch – we’re keen to run another story looking at more of these handy items.

The quickest way is to send a text to 07717 660 034 – you can do it while you’re reading this – but you can also email [*oliver.mark@rbi.co.uk*](mailto:oliver.mark@rbi.co.uk)

JOURNAL : Farmers Weekly

Farmers filling out their Basic ***Payment*** Scheme claim forms are being warned to take care not to inadvertently claim peas and beans as an ecological focus areas (EFA) if they are not using it as EFA.

Andrew Wraith, a director in the food and farming department of Savills, said the online application system is such that any land use code eligible for EFA will put a default EFA value against it within the BPS application.

This is most likely to affect farmers growing pulses using plant protection products, as new greening rules mean they are no longer eligible as an EFA.

See also: Significant errors found in BPS hedging data

“If you complete the form and include vining peas or another sort of legume then it automatically picks it up as an EFA,” he said.

“You have to actively deactivate it to stop it from appearing as EFA [if it is not eligible as an EFA because the crop will be sprayed].

“It is one of those quirks in the system that we seem to find every ***year***.”

It is one of those quirks in the system that we seem to find every ***year*** Andrew Wraith, Savills

Mr Wraith said the danger was some growers might think they had met their EFA obligation when actually they hadn’t, which could lead to ***payment*** penalties when the claim was processed.

There was also the potential for an inspector to impose penalties because land had been incorrectly declared as eligible for greening when it was not.

Growers will need to find the “Use less EFA than available” section within their application, to check which land is being used against their EFA obligation and to remove any parcels which they do not wish to claim as EFA.

JOURNAL : Farmers Weekly

Virtually all of Andrew Robinson’s milling wheat has met breadmaking quality over the past four ***years***, while giving bumper yields of between 11 and 12t/ha.

Managing 1,150ha across two farms, Mr Robinson of Heathcote Farms says the better returns from milling wheats convinced him to commit his entire wheat area to breadmaking varieties a few ***years*** ago.

“Our highest gross margin has consistently come from milling wheats, so that’s what we grow,” says the Bedfordshire farm manager.

See also: How to hit the right protein content for your milling wheat

Over the past four ***years***, 96% of his milling wheat crops have made full breadmaking specification – hitting 13% protein, 76kg/hl specific weight and 250 Hagberg quality targets.

He intends to stick with milling wheats providing that there are “sensible” premiums in the future, and by sensible he means a minimum of £15/t as there are greater risks from growing milling wheats so he needs the rewards.

Varieties

On-farm variety trials, hosted on behalf of farming co-operative Openfield but managed independently, have helped to confirm this commitment, as well as allowing him to assess up-and-coming varieties and the use of different agronomic approaches.

As a result, Mr Robinson is convinced that newer varieties are playing a central role in his results.

“There’s no doubt that these quality Group 1 and 2 varieties are giving us something extra. They’ve been a step forwards,” he says.

At his Toddington heavy land site, where Group 1 varieties Crusoe and Zyatt are being grown alongside Group 2 Siskin, there is a five-***year*** average yield of 11.49t/ha, with the 2017 harvest coming in even higher, at 11.79t/ha.

The other farm, on lighter land at Lidlington, has a five-***year*** figure of 11.07t/ha, with the 2017 harvest hitting 11.42t/ha. In the ground this ***year*** is Siskin.

Six-point plan

When it comes to the agronomy of his milling wheat, Mr Robinson has identified six key areas that make a difference.

1. Soil management

Drainage is an essential component of soil management, as everything else is compromised without adequate water removal.

“If it’s too wet, weed control is more challenging, nutrient uptake is limited and the crops are under more stress,” he says.

He follows four basic steps to ensure he gets the right results – preventing and/or removing compaction, ensuring good tillage practice, carrying out regular rotational mole ploughing in summer and field drain inspections in winter, and increasing soil organic matter with composts and biosolids.

“Since we started using compost there’s been an increase in the workability of our soils, as well as an improvement in their moisture retention. It has added to our workload, but it’s been worth it,” he says.

“We also use sewage sludge, ahead of winter oilseed rape, to help build soil organic matter,” Mr Robinson adds.

Heathcote Farming: An overview

1,150ha in Bedfordshire

Two farms, nine miles apart

930ha Toddington (heavy land)

220ha Lidlington (light land)

Other enterprises – composting, residential and commercial properties

Two full-time, fully engaged staff

Percentage of milling wheat achieving full specification – 2004-2012: 89%, 2013-2017: 96%

2. Seed and seedbed management

Seed crops are grown and treated on the farm, to ensure seed quality and remove the variability that had been creeping in with bought in seed. The aim is to have thousand grain weights in excess of 50g.

Wheat drilling commences in mid-September, so that the whole operation can be completed by the second week of October, with seed rates starting at around 325 seeds/sq m and varied according to soil zones.

“Having a good seedbed is vital. It makes a difference to germination and blackgrass control, as well as giving the crop every chance of fulfilling its potential, right from day one,” says Mr Robinson.

3. Fungicides

The introduction of varieties with better disease resistance has started to change the fungicide ***programmes*** on the farm. While good responses are seen from fungicides in most ***years***, there was a marked difference in cost between ***programmes*** used last ***year***.

The typical four-spray ***programme***, based on two SDHIs, worked out at £105.95/ha and was applied to Crusoe, Gallant, Siskin and Zyatt. An area of Siskin, however, received a low-input ***programme***, which still contained four sprays but cost just £41.15/ha.

“There was no yield difference between the two, but there was a £64/ha saving. Admittedly, it was a low disease ***year*** until late season, but it showed us what is possible,” recalls Mr Robinson.

4. Fertiliser and PGRs

Liquid fertilisers are used on the farms, with sulphur considered vital and added to every nitrogen application.

A total of 250kg/ha of nitrogen is applied to milling wheats, in three splits, with some varieties receiving an extra 40kg at GS71/73.

“That late application is variety specific – we find that Crusoe doesn’t need it,” he says.

The three main applications take place at GS30, GS31/32 and GS37, with 75kg, 100kg and 75kg being applied respectively.

Variable rate nitrogen work has been done, based on boom sensors, but the results have been inconclusive. Last ***year***, Mr Robinson achieved more promising results with a different system, so he will be repeating that work this ***year***.

Otherwise, a comprehensive plant growth regulator ***programme*** is also used, based on the three actives chlormequat, trinexapac-ethyl and mepiquat.

5. Micronutrient management

Micronutrients are considered essential by Mr Robinson, who points out that their role in plant health and disease control allows crops to maximise their potential.

Manganese, magnesium, boron, zinc and copper are applied, along with amino acids and growth stimulants.

Each wheat variety is tested four times during the growing season, so that the right trace elements can be applied according to need.

In 2017, he spent twice as much on trace elements, at £32/ha, due to the dry conditions, but in a more normal ***year***, he spends about £16/ha.

6. Pre and post-harvest management

Storing and delivering high-quality grain relies on good grain store management, stresses Mr Robinson.

With such a large area of milling wheat, he aims for an early harvest and has no issues with combining at 24-25% moisture, to avoid putting grain quality at risk.

“That means we have been a big user of pre-harvest glyphosate. We are aware that we may not be able to continue with that approach”, he acknowledges.

Lorries entering the farm’s weighbridge are identified and cross-checked against the loading out sheet.

“It is essential that we are loading the right variety and meeting our customers’ requirements,” he says.

The future

Mr Robinson believes that the future looks very exciting for arable farmers, and with a large number of trials on the farm, he is assessing new fungicides and biostimulants, as well as looking at how varieties germinate at different rates.

He highlights that artificial intelligence also has promise for the business, as does new camera drone technology, which allows more accurate plant counts and the ability to see disease before it becomes visible to the naked eye.

He would also like to see closer liaison with local mills and the development of mutually beneficial relationships, based on a two-way flow of information.

“I’d like to see millers coming onto the farm every 4-5 ***years*** and grower groups visiting mills every ***year***. We all need to work together,” he says.

JOURNAL : Farmers Weekly

It has been a long winter. Usually by March spring has already kicked off and the crops have started to grow again, but it’s been a different story this ***year***.

At the end of February we experienced some of the heaviest snow we have seen for decades. Several main roads were closed and anyone without a 4x4 was left stranded.

The combination of puffy snow and high winds created massive snowdrifts and suddenly farmers became a lot more popular.

See also: More Will’s Way farming columns

Everywhere you looked, they were pulling people’s cars out of the snow and digging out roads that had become impassable.

If Michael Gove needs help identifying farmers’ contribution to the public good, then this was a perfect example.

Watch Will's video dairy update below.

Tipple goes missing

The weather hasn’t been the only recent drama on the farm. Our black Labrador, Tipple, gave us all a scare when he went missing during a walk.

We spent most of the night looking for him with no luck, but he finally turned up the next day at a vet’s about 20 miles away.

Apparently he had been picked up by a concerned couple near our house and handed in at their local vets. I was so worried about him and it was a huge relief when we found out he was safe.

He certainly seemed happy to be home and was extremely obedient when I took him for a walk. I think the experience must have given him a bit of a shock and hopefully it’ll put him off going walkabout again.

There is quite a lot of focus on dogs in our house at the moment. Very soon we’ll be adding a new edition to the family – a black Labrador puppy called Winston.

It has been many ***years*** since I’ve had a puppy in the house, so it will be interesting to see how it goes. My wife and our two-***year***-old daughter are very excited, so I think it’ll be good fun having him around.

One of the nicest things about living in the countryside is feeling part of a community and I’ve started to do my bit by joining the parish council.

My dad decided to step down after almost thirty ***years***' service and luckily for me, the other councillors were happy to let me join their club.

As a local landowner, it is really important to have a voice on the council and I’m looking forward to getting stuck in over the next few months.

Society speech

I really enjoy writing for Farmers Weekly and every now and again it gets you an unexpected bit of recognition.

A few months ago I was approached by the Stoke Ferry ***Agricultural*** Society to make a speech at their annual dinner. It seems they had been reading my column and thought I might be able to offer something interesting.

They’re an active group that usually book fairly high-profile speakers, so I felt slightly under pressure to make an impression – especially when I was told more than one hundred people were going to be in the audience.

I’m pleased to say that overall I think it went reasonably well. There wasn’t any heckling and several people complimented me on the speech afterwards.

It’s always difficult to get the tone right with things like this, but I think I just about got away with it. Maybe I’ll get the chance to do some more in the future.

Will Sargent farms in south Norfolk, alongside his father, David, and uncle, Christopher. The estate covers about 800ha and is made up of arable land, a large duck-rearing site and several residential and commercial properties.

JOURNAL : Farmers Weekly

Young farmers are helping to promote British food in the run-up to Easter, using social media to get the message across about the high standards that exist in the industry.

Organised by food advocacy organisation, Love British Food, some 14 young farmers are spearheading the “My name is” campaign, posting details about themselves on Twitter and Instagram under the hashtag #BritishFoodisGreat.

The tweets include a photograph or video of the young farmer involved, a quick introduction about who they are and what they produce.

My name is Georgie, I farm sheep in Shropshire, and I'm really looking forward to showing off how fantastic all that British farmers produce is. @LoveBritishFood #BritishFoodIsGreat pic.twitter.com/lJOCmqlZtk

Georgina Gater-Moore (@georgielmgm) March 19, 2018

Some participants are also using the campaign to say something about the high standards they adhere to, and to give a flavour of farming life.

[*https://twitter.com/\_hannahbinns/status/974320784419278848*](https://twitter.com/_hannahbinns/status/974320784419278848)

One young farmer taking part is Richard Bower, who recently stood as a candidate for vice-president at the NFU – the youngest farmer ever to do so.

In a video posted on the #BritshFoodisGreat twitter feed, he explains how proud he is to be part of a vibrant farming community, and urges consumers to continue to “Buy British” to secure high standards for the future.

“Great British food is quite simply some of the best quality food in the world produced today,” he says.

[*https://www.youtube.com/watch?v=5IfAcYYce\_M*](https://www.youtube.com/watch?v=5IfAcYYce_M)

The campaign was launched in London on Thursday 22 March, and was attended by Defra secretary Michael Gove, plus Love British Food ambassadors including top chef Raymond Blanc, Great British Bake Off star Candice Brown and former cosmetics entrepreneur Liz Earle.

[*https://twitter.com/woesofwellies/status/977954013986607104*](https://twitter.com/woesofwellies/status/977954013986607104)

Speaking at the launch, Mr Gove said British food was going through an “amazing renaissance”.

The fact we are exporting tea to China, chocolate to Belgium and cheese to France reflected the “incredibly high standards” delivered by British food manufacturers and farmers.

“Animal welfare and environmental quality, but also taste and provenance, are hallmarks of British food,” he said.

‘Bright future’

Mr Gove predicted a bright future for food based on quality, noting there was growing demand for British produce from pubs, restaurants, artisan shops and butchers, while farm shops and farmers markets provided further outlets.

Also speaking at the launch was Love British Food founder Alexia Robinson, who said that, if “British Food” was a brand, it would have a TV and marketing campaign to back it.

She added: “But what it does have is a network of superb, inspirational, young farmers across the country who are increasingly taking it upon themselves to do what they can to promote their industry whether via social media or through the deep reach they have in their communities.

“We want to tap into their energy and get them all to be walking, talking advertisements for British food.”

**Load-Date:** March 30, 2018

**End of Document**



[***FEDERAL REGISTER: De Minimis Exception to the Swap Dealer Definition Pages 27444 - 27484 [FR DOC # 2018-12362]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SJB-90X1-F0YC-N2N0-00000-00&context=1516831)

Impact News Service

June 12, 2018 Tuesday

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**Length:** 55141 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

Commodity Futures Trading Commission ----------------------------------------------------------------------- 17 CFR Part 1 De Minimis Exception to the Swap Dealer Definition; Proposed Rule Federal Register / Vol. 83 , No. 113 / Tuesday, June 12, 2018 / Proposed Rules [[Page 27444]] ----------------------------------------------------------------------- COMMODITY FUTURES TRADING COMMISSION 17 CFR Part 1 RIN 3038-AE68 De Minimis Exception to the Swap Dealer Definition AGENCY: Commodity Futures Trading Commission. ACTION: Notice of proposed rulemaking. ----------------------------------------------------------------------- SUMMARY: The Commodity Futures Trading Commission (``Commission'' or ``CFTC'') is proposing to amend the de minimis exception within the ``swap dealer'' definition in the Commission's regulations by: Setting the aggregate gross notional amount threshold for the de minimis exception at $8 billion in swap dealing activity entered into by a person over the preceding 12 months; excepting from consideration when calculating the aggregate gross notional amount of a person's swap dealing activity for purposes of the de minimis threshold: Swaps entered into with a customer by an insured depository institution in connection with originating a loan to that customer; swaps entered into to hedge financial or physical positions; and swaps resulting from multilateral portfolio compression exercises; and providing that the Commission may determine the methodology to be used to calculate the notional amount for any group, category, type, or class of swaps, and delegating to the Director of the Division of Swap Dealer and Intermediary Oversight (``DSIO'') the authority to make such determinations (collectively, the ``Proposal''). In addition, the Commission is seeking comment on the following additional potential changes to the de minimis exception: Adding a minimum dealing counterparty count threshold and a minimum dealing transaction count threshold; excepting from consideration when calculating the aggregate gross notional amount for purposes of the de minimis threshold swaps that are exchange-traded and/or cleared; and excepting from consideration when calculating the aggregate gross notional amount for purposes of the de minimis threshold swaps that are categorized as non- deliverable forward transactions.

DATES: Comments must be received on or before August 13, 2018. ADDRESSES: You may submit comments, identified by RIN 3038-AE68, by any of the following methods:  CFTC Comments Portal: [*https://comments.cftc.gov*](https://comments.cftc.gov) Select the ``Submit Comments'' link for this rulemaking and follow the instructions on the Public Comment Form.      Mail: Send to Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581.      Hand Delivery/Courier: Follow the same instructions as for Mail, above.     Please submit your comments using only one of these methods. To avoid possible delays with mail or in-person deliveries, submissions through the CFTC Comments Portal are encouraged.     All comments must be submitted in English, or if not, accompanied by an English translation. Comments will be posted as received to   [*https://comments.cftc.gov*](https://comments.cftc.gov) You should submit only information that you wish to make available publicly. If you wish for the Commission to consider information that is exempt from disclosure under the Freedom of Information Act (``FOIA''),\1\ a petition for confidential treatment of the exempt information may be submitted according to the procedures set forth in Sec.  145.9 of the Commission's regulations.\2\ ---------------------------------------------------------------------------

    \1\ 5 U.S.C 552.     \2\ 17 CFR 145.9 Commission regulations referred to herein are found at 17 CFR chapter I. ---------------------------------------------------------------------------

    The Commission reserves the right, but shall have no obligation, to review, pre-screen, filter, redact, refuse, or remove any or all of your submission from [*https://comments.cftc.gov*](https://comments.cftc.gov) that it may deem to be inappropriate for publication, such as obscene language. All submissions that have been redacted or removed that contain comments on the merits of the rulemaking will be retained in the public comment file and will be considered as required under the Administrative Procedure Act and other applicable laws, and may be accessible under FOIA.

FOR FURTHER INFORMATION CONTACT: Matthew Kulkin, Director, 202-418- 5213, [*mkulkin@cftc.gov*](mailto:mkulkin@cftc.gov), Erik Remmler, Deputy Director, 202-418-7630, [*eremmler@cftc.gov*](mailto:eremmler@cftc.gov), Rajal Patel, Associate Director, 202-418-5261, [*rpatel@cftc.gov*](mailto:rpatel@cftc.gov), or Jeffrey Hasterok, Data and Risk Analyst, 646-746- 9736, [*jhasterok@cftc.gov*](mailto:jhasterok@cftc.gov), Division of Swap Dealer and Intermediary Oversight; Bruce Tuckman, Chief Economist, 202-418-5624, [*btuckman@cftc.gov*](mailto:btuckman@cftc.gov) or Scott Mixon, Associate Director, 202-418-5771, [*smixon@cftc.gov*](mailto:smixon@cftc.gov), Office of the Chief Economist; Mark Fajfar, Assistant General Counsel, 202-418-6636, [*mfajfar@cftc.gov*](mailto:mfajfar@cftc.gov), Office of General Counsel, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581.

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I. Background

A. Statutory Authority

    The Dodd-Frank Wall Street Reform and Consumer Protection Act (``Dodd-Frank Act'') was signed into law on July 21, 2010.\3\ Title VII of the Dodd-Frank Act established a statutory framework to reduce risk, increase transparency, and promote market integrity within the

[[Page 27445]]

financial system by regulating the swap market. Among other things, the Dodd-Frank Act amended the Commodity Exchange Act (``CEA'') \4\ to provide for the registration and regulation of swap dealers (``SDs'').\5\ The Dodd-Frank Act directed the CFTC and the U.S Securities and Exchange Commission (``SEC'' and together with the CFTC, ``Commissions'') to jointly further define, among other terms, the term ``swap dealer,'' \6\ and to exempt from designation as an SD a person that engages in a de minimis quantity of swap dealing.\7\ ---------------------------------------------------------------------------

    \3\ Public Law 111-203, 124 Stat. 1376 (2010), available at [*https://www.cftc.gov/idc/groups/public/@swaps/documents/file/hr4173\_enrolledbill.pdf*](https://www.cftc.gov/idc/groups/public/@swaps/documents/file/hr4173_enrolledbill.pdf)     \4\ The CEA is found at 7 U.S.C 1, et seq.     \5\ See 7 U.S.C 6s(a)(1).     \6\ Dodd-Frank Act section 712(d)(1). See the definitions of ``swap dealer'' in CEA section 1a(49) and Sec.  1.3 of Commission regulations. 7 U.S.C 1a(49); 17 CFR 1.3     \7\ See Dodd-Frank Act section 721. ---------------------------------------------------------------------------

    CEA section 1a(49) defines the term ``swap dealer'' to include any person who: (1) Holds itself out as a dealer in swaps; (2) makes a market in swaps; (3) regularly enters into swaps with counterparties as an ordinary course of business for its own account; or (4) engages in any activity causing the person to be commonly known in the trade as a dealer or market maker in swaps (collectively referred to as ``swap dealing,'' ``swap dealing activity,'' or ``dealing activity'').\8\ The statute also requires the Commission to promulgate regulations to establish factors with respect to the making of a determination to exempt from designation as an SD an entity engaged in a de minimis quantity of swap dealing.\9\ CEA section 1a(49) further provides that in no event shall an insured depository institution be considered to be an SD to the extent it offers to enter into a swap with a customer in connection with originating a loan with that customer.\10\ ---------------------------------------------------------------------------

    \8\ 7 U.S.C 1a(49)(A). In general, a person that satisfies any one of these prongs is deemed to be engaged in swap dealing activity.     \9\ 7 U.S.C 1a(49)(D).     \10\ 7 U.S.C 1a(49)(A). ---------------------------------------------------------------------------

B. Regulatory History

    Pursuant to the statutory requirements, in December 2010, the Commissions issued a proposing release further defining, among other things, the term ``swap dealer'' (``SD Definition Proposing Release'').\11\ Subsequently, in May 2012, the Commissions issued an adopting release (``SD Definition Adopting Release'') \12\ further defining, among other things, the term ``swap dealer'' in Sec.  1.3 of the CFTC's regulations (the ``SD Definition'') and providing for a de minimis exception in paragraph (4) therein.\13\ The de minimis exception states that a person shall not be deemed to be an SD unless its swaps connected with swap dealing activities exceed an aggregate gross notional amount (``AGNA'') threshold of $3 billion (measured over the prior 12-month period), subject to a phase-in period during which the AGNA threshold is set at $8 billion.\14\ The phase-in period was originally scheduled to terminate on December 31, 2017, and the de minimis threshold was scheduled to decrease to $3 billion at that time. However, as discussed below, pursuant to paragraph (4)(i)(D) of the SD Definition, the Commission issued two successive orders to set new termination dates, and the phase-in period is currently scheduled to terminate on December 31, 2019.\15\ ---------------------------------------------------------------------------

    \11\ Further Definition of ``Swap Dealer,'' ``Security-Based Swap Dealer,'' ``Major Swap Participant,'' ``Major Security-Based Swap Participant'' and ``Eligible Contract Participant,'' 75 FR 80174 (proposed Dec. 21, 2010).     \12\ Further Definition of ``Swap Dealer,'' ``Security-Based Swap Dealer,'' ``Major Swap Participant,'' ``Major Security-Based Swap Participant'' and ``Eligible Contract Participant,'' 77 FR 30596 (May 23, 2012).     \13\ See 17 CFR 1.3, Swap dealer. As discussed in more detail in section II, the Commission notes that a joint rulemaking with the SEC is not required to amend the de minimis exception, pursuant to paragraph (4)(v) of the SD Definition. See 17 CFR 1.3, Swap dealer, paragraph (4)(v); 77 FR at 30634 n.464     \14\ 17 CFR 1.3, Swap dealer, paragraph (4)(i)(A). Paragraph (4)(i)(A) also provides for a de minimis threshold of $25 million with regard to swaps in which the counterparty is a ``special entity'' (excluding ``utility special entities'' as provided in paragraph (4)(i)(B) of the SD Definition) as defined in CEA section 4s(h)(2)(C), 7 U.S.C 6s(h)(2)(C). This proposal would not change the de minimis threshold for swaps with special entities.     \15\ See Order Establishing De Minimis Threshold Phase-In Termination Date, 81 FR 71605 (Oct. 18, 2016); Order Establishing a New De Minimis Threshold Phase-In Termination Date, 82 FR 50309 (Oct. 31, 2017). ---------------------------------------------------------------------------

    When the $3 billion de minimis exception threshold was established, the Commissions explained that the information then available regarding certain portions of the swap market was limited, and that they expected more information to be available in the future (following the implementation of swap data reporting), which would enable the Commissions to make a more informed assessment of the proper level for the de minimis exception and to revise it as appropriate.\16\ In establishing the AGNA threshold of $3 billion, the Commissions stated that ``there may be some uncertainty regarding the exact level of swap dealing activity, measured in terms of a gross notional amount of swaps that should be regarded as de minimis.'' \17\ In light of this uncertainty, the Commissions provided for the phase-in period during which the de minimis threshold was set at $8 billion, explaining that this would: (1) Permit market participants and the Commissions to become familiar with the application of the SD Definition and regulatory requirements; (2) afford the Commissions time to study the swap market as it evolved and to consider new information about the swap market that became available (e.g , through swap data reporting); (3) provide potential SDs that engage in smaller amounts of activity additional time to adjust their business practices, while at the same time preserving a focus on the regulation of the largest and most significant SDs; and (4) address comments suggesting that the de minimis threshold be set higher initially to provide for efficient use of regulatory resources and that implementation of SD requirements in general be phased.\18\ ---------------------------------------------------------------------------

    \16\ See 77 FR at 30632-34. In making their determination, the Commissions considered the limited and incomplete swap market data that was available at that time and concluded that the $3 billion level appropriately considers the relevant regulatory goals. Id. at 30632. The Commissions found merit in determining the threshold by multiplying the estimated size of the domestic swap market by a 0.001 percent ratio suggested by several commenters. Id. at 30633.     \17\ Id. at 30633.     \18\ See id. at 30633-34. ---------------------------------------------------------------------------

    In recognition of these limitations and in anticipation of additional swap market data becoming available to the CFTC through the reporting of transactions to swap data repositories (``SDRs''), paragraph (4)(ii)(B) of the SD Definition was adopted, which directed CFTC staff to complete and publish for public comment a report on topics relating to the definition of the term ``swap dealer'' and the de minimis threshold as appropriate, based on the availability of data and information.\19\ Paragraph (4)(ii)(C) of the SD Definition provided that after giving due consideration to the staff report and any associated public comment, the CFTC may either set a termination date for the phase-in period or issue a notice of proposed rulemaking to modify the de minimis exception.\20\ ---------------------------------------------------------------------------

    \19\ 17 CFR 1.3, Swap dealer, paragraph (4)(ii)(B).     \20\ 17 CFR 1.3, Swap dealer, paragraph (4)(ii)(C). ---------------------------------------------------------------------------

    In the interest of providing ample opportunity for public input on the relevant policy considerations, as well as on staff's preliminary analysis of the SDR data, and to ensure that the Commission had as much information and data as practicable for purposes of its determinations with respect to the de minimis exception, in November 2015 staff issued a preliminary report concerning the de minimis exception (``Preliminary Staff Report'').\21\ The

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Preliminary Staff Report sought to analyze the available swap data, in conjunction with relevant policy considerations, to assess the $8 billion AGNA de minimis threshold and potential alternatives to the AGNA de minimis exception.\22\ Commission staff received 24 comment letters responsive to the Preliminary Staff Report.\23\ ---------------------------------------------------------------------------

    \21\ See Swap Dealer De Minimis Exception Preliminary Report (Nov. 18, 2015), available at [*http://www.cftc.gov/idc/groups/public/@swaps/documents/file/dfreport\_sddeminis\_1115.pdf*](http://www.cftc.gov/idc/groups/public/@swaps/documents/file/dfreport_sddeminis_1115.pdf)     \22\ For the Preliminary Staff Report, staff analyzed data from April 1, 2014 through March 31, 2015.     \23\ The comment letters are available on the Commission website at   [*http://comments.cftc.gov/PublicComments/CommentList.aspx?id=1634*](http://comments.cftc.gov/PublicComments/CommentList.aspx?id=1634). ---------------------------------------------------------------------------

    After consideration of the public comments received in response to the Preliminary Staff Report, and further data analysis, in August 2016 staff issued a final staff report \24\ concerning the de minimis exception (``Final Staff Report,'' and together with the Preliminary Staff Report, ``Staff Reports''). The Final Staff Report refreshed much of the analysis conducted in the Preliminary Staff Report for a subsequent review period,\25\ and similar to the Preliminary Staff Report, discussed observations with respect to the $8 billion de minimis threshold, as well as the de minimis exception alternatives considered in the Preliminary Staff Report, in light of refreshed data and comments received. ---------------------------------------------------------------------------

    \24\ See Swap Dealer De Minimis Exception Final Staff Report (Aug. 15, 2016), available at [*http://www.cftc.gov/idc/groups/public/@swaps/documents/file/dfreport\_sddeminis081516.pdf*](http://www.cftc.gov/idc/groups/public/@swaps/documents/file/dfreport_sddeminis081516.pdf)     \25\ For the Final Staff Report, staff analyzed data from April 1, 2015 through March 31, 2016. ---------------------------------------------------------------------------

    The data analysis in the Staff Reports provided some insights into the effectiveness of the de minimis exception as currently implemented. For example, staff analyzed the number of swap transactions involving at least one registered SD,\26\ which is indicative of the extent to which swaps are subject to SD regulation at the current $8 billion threshold. Data reviewed for the Final Staff Report indicated that approximately 96 percent of all reported swap transactions involved at least one registered SD.\27\ ---------------------------------------------------------------------------

    \26\ Given that all of the CEA section 4s requirements have not yet been implemented by regulation, the term ``registered SD'' refers to an entity that is a provisionally registered SD. See 17 CFR 3.2(c)(3)(iii).     \27\ See section II.A below for additional discussion regarding the Staff Reports. ---------------------------------------------------------------------------

    To provide additional time for more information to become available to reassess the de minimis exception, in October 2016 the Commission issued an order, pursuant to paragraph (4)(ii)(C)(1) of the SD Definition, establishing December 31, 2018, as the new termination date for the $8 billion phase-in period.\28\ As noted above, absent any action, the phase-in period would have terminated, and the de minimis threshold would have decreased to $3 billion, on December 31, 2017. To enable staff to conduct additional analysis, in October 2017 the Commission further extended the phase-in period to December 31, 2019.\29\ Generally, the extensions provided additional time for Commission staff to conduct more complete data analysis regarding the de minimis exception, and gave market participants additional time to begin preparing for a change, if any, to the de minimis exception threshold. ---------------------------------------------------------------------------

    \28\ 81 FR 71605.     \29\ 82 FR 50309. ---------------------------------------------------------------------------

C. Policy Considerations

1. Swap Dealer Registration Policy Considerations     In adopting the SD Definition, the Commissions identified the policy goals underlying SD registration and regulation generally to include reducing systemic risk, increasing counterparty protections, and increasing market efficiency, orderliness, and transparency.     Reducing systemic risk: The Dodd-Frank Act was enacted in the wake of the financial crisis of 2008, in significant part, to reduce systemic risk, including the risk to the broader U.S financial system created by interconnections in the swap market.\30\ Pursuant to the Dodd-Frank Act, the Commission has adopted regulations designed to mitigate the potential systemic risk inherent in the previously unregulated swap market.\31\ ---------------------------------------------------------------------------

    \30\ Dodd-Frank Act, Preamble (indicating that the purpose of the Dodd-Frank Act was to promote the financial stability of the United States by improving accountability and transparency in the financial system, to end ``too big to fail,'' to protect the American taxpayer by ending bailouts, to protect consumers from abusive financial services practices, and for other purposes).     \31\ For example, registered SDs have specific requirements for risk management ***programs*** and margin. See, e.g , 17 CFR 23.600; 17 CFR 23.150-23.161 ---------------------------------------------------------------------------

    Increasing counterparty protections: Providing regulatory protections for swap counterparties who may be less experienced or knowledgeable about the swap products offered by SDs (particularly end- users who use swaps for hedging or investment purposes) is a fundamental policy goal advanced by the regulation of SDs.\32\ The Commissions recognized that a narrower or smaller de minimis exception would increase the number of counterparties that could potentially benefit from those regulatory protections.\33\ ---------------------------------------------------------------------------

    \32\ For example, registered SDs are subject to rigorous external business conduct standard regulations designed to provide counterparty protections. See, e.g , 17 CFR 23.400-23.451     \33\ 77 FR at 30628 (``On the one hand, a de minimis exception, by its nature, will eliminate key counterparty protections provided by Title VII for particular users of swaps and security-based swaps.''). ---------------------------------------------------------------------------

    Increasing market efficiency, orderliness, and transparency: Increasing swap market efficiency, orderliness, and transparency is another goal of SD regulation.\34\ Regulations requiring SDs, for example, to keep detailed daily trading records, report trade information, and engage in portfolio reconciliation and compression exercises help achieve these market benefits.\35\ ---------------------------------------------------------------------------

    \34\ Id. at 30629 (``The statutory requirements that apply to [SDs] . . . include requirements . . . aimed at helping to promote effective operation and transparency of the swap . . . markets.''). See also id. at 30703 (``Those who engage in swaps with entities that elude [SD] or major swap participant status and the attendant regulations could be exposed to increased counterparty risk; customer protection and market orderliness benefits that the regulations are intended to provide could be muted or sacrificed, resulting in increased costs through reduced market integrity and efficiency. . . .'').     \35\ See, e.g , 17 CFR 23.200-23.205; 17 CFR part 45; 17 CFR 23.502-23.503 ---------------------------------------------------------------------------

2. De Minimis Exception Policy Considerations     The Commissions also recognized that, consistent with Congressional intent, ``an appropriately calibrated de minimis exception has the potential to advance other interests.'' \36\ The Commissions explained that these interests include increasing efficiency, allowing limited swap dealing in connection with other client services, encouraging new participants to enter the market, and focusing regulatory resources.\37\ The policy objectives underlying the de minimis exception are designed to encourage participation and competition by allowing persons to engage in a de minimis amount of dealing without incurring the costs of registration and regulation.\38\ ---------------------------------------------------------------------------

    \36\ See 77 FR at 30628.     \37\ See 77 FR at 30628-30, 30707-08.     \38\ In considering the appropriate de minimis threshold, the Commissions stated that ``exclud[ing] entities whose dealing activity is sufficiently modest in light of the total size, concentration and other attributes of the applicable markets can be useful in avoiding the imposition of regulatory burdens on those entities for which dealer regulation would not be expected to contribute significantly to advancing the customer protection, market efficiency and transparency objectives of dealer regulation.'' Id. at 30629-30. ---------------------------------------------------------------------------

    Increasing efficiency: A de minimis exception based on an objective test with a limited degree of complexity enables entities to engage in a lower level of swap dealing with limited concerns about whether their activities

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would require registration.\39\ The de minimis exception thereby fosters efficient application of the SD Definition. Additionally, the Commission is of the view that the potential for regular or periodic changes to the de minimis threshold may reduce its efficacy by making it challenging for persons to calibrate their swap dealing activity as appropriate for their business models. Further, the existing de minimis exception reduces regulatory uncertainty and increases efficiency by establishing a simple threshold test for all of a person's swaps connected with swap dealing activity. Conversely, the more variables included in the de minimis calculation, the more complex the determination of whether a person must register, potentially resulting in less efficiency.\40\ ---------------------------------------------------------------------------

    \39\ Id. at 30628-29 (``[T]he de minimis exception may further the interest of regulatory efficiency when the amount of a person's dealing activity is, in the context of the relevant market, limited to an amount that does not warrant registration . . . . In addition, the exception can provide an objective test . . . .'').     \40\ Id. at 30707-08 (``On the other hand, requiring market participants to consider more variables in evaluating application of the de minimis exception would likely increase their costs to make this determination.''). ---------------------------------------------------------------------------

    Allowing limited ancillary dealing: A de minimis exception allows persons to accommodate existing clients that have a need for swaps (on a limited basis) along with other services.\41\ This interest enables end-users to continue transacting within existing business relationships, for example to hedge interest rate or currency risk. ---------------------------------------------------------------------------

    \41\ Id. at 30629, 30708. ---------------------------------------------------------------------------

    Encouraging new participants: A de minimis exception also promotes competition by allowing a person to engage in some swap dealing activities without immediately incurring the regulatory costs associated with SD registration and regulation.\42\ Without a de minimis exception, SD regulation could become a barrier to entry that may stifle competition. An appropriately calibrated de minimis exception could lower the barrier to entry of becoming an SD by allowing smaller participants to gradually expand their business until the scope and scale of their activity warrants regulation (and the costs involved with compliance). ---------------------------------------------------------------------------

    \42\ Id. at 30629. ---------------------------------------------------------------------------

    Focusing regulatory resources: Finally, the de minimis exception also increases regulatory efficiency by enabling the Commission to focus its limited resources on entities whose swap dealing activity is sufficient in size and scope to warrant oversight.\43\ ---------------------------------------------------------------------------

    \43\ Id. at 30628-29. ---------------------------------------------------------------------------

    The Commissions explained that ``implementing the de minimis exception requires a careful balancing that considers the regulatory interests that could be undermined by an unduly broad exception as well as those regulatory interests that may be promoted by an appropriately limited exception.'' \44\ A narrower de minimis exception would likely mean that a greater number of entities would be required to register as SDs and become subject to the regulatory framework applicable to registered SDs. However, a de minimis exception that is too limited could, for example, discourage persons from engaging in swap dealing activity in order to avoid the burdens associated with SD regulation. ---------------------------------------------------------------------------

    \44\ Id. at 30628. See also SD Definition Proposing Release, 75 FR at 80179 (The de minimis exception ``should apply only when an entity's dealing activity is so minimal that applying dealer regulations to the entity would not be warranted.''). ---------------------------------------------------------------------------

D. De Minimis Calculation

    Whether a person's activities constitute swap dealing is based on a facts and circumstances analysis. Generally, a person must count towards its AGNA de minimis threshold all swaps it enters into for dealing purposes over any rolling 12-month period. In addition, each person whose own swaps do not exceed the de minimis threshold must also include in its de minimis calculation the AGNA of swaps of any other unregistered affiliate controlling, controlled by, or under common control with that person (referred to as ``aggregation'').\45\ ---------------------------------------------------------------------------

    \45\ 17 CFR 1.3, Swap dealer, paragraph (4)(i)(A); Interpretive Guidance and Policy Statement Regarding Compliance With Certain Swap Regulations, 78 FR 45292, 45323 (July 26, 2013). ---------------------------------------------------------------------------

    Pursuant to various CFTC regulations, certain swaps, subject to specific conditions, need not be considered in determining whether a person is an SD, including: (1) Swaps entered into by an insured depository institution (``IDI'') with a customer in connection with originating a loan to that customer; \46\ (2) swaps between affiliates; \47\ (3) swaps entered into by a cooperative with its members; \48\ (4) swaps hedging physical positions; \49\ (5) swaps entered into by floor traders; \50\ (6) certain foreign exchange (``FX'') swaps and FX forwards; \51\ and (7) commodity trade options.\52\ In addition, certain cross-border swaps \53\ and swaps resulting from multilateral portfolio compression exercises \54\ need not be counted towards the person's de minimis threshold, subject to certain conditions, pursuant to CFTC interpretive guidance and staff letters. Further, certain inter-governmental or quasi-governmental international financial institutions are not included within the term ``swap dealer.'' \55\ ---------------------------------------------------------------------------

    \46\ See 17 CFR 1.3, Swap dealer, paragraph (5); 77 FR at 30620- 24.     \47\ See 17 CFR 1.3, Swap dealer, paragraph (6)(i); 77 FR at 30624-25.     \48\ See 17 CFR 1.3, Swap dealer, paragraph (6)(ii); 77 FR at 30625-26.     \49\ See 17 CFR 1.3, Swap dealer, paragraph (6)(iii); 77 FR at 30611-14.     \50\ See 17 CFR 1.3, Swap dealer, paragraph (6)(iv); 77 FR at 30614. The floor trader exclusion was also addressed in no-action relief. See CFTC Staff Letter No. 13-80, No-Action Relief from Certain Conditions of the Swap Dealer Exclusion for Registered Floor Traders (Dec. 23, 2013), available at [*https://www.cftc.gov/idc/groups/public/@lrlettergeneral/documents/letter/13-80.pdf*](https://www.cftc.gov/idc/groups/public/@lrlettergeneral/documents/letter/13-80.pdf)     \51\ See Determination of Foreign Exchange Swaps and Foreign Exchange Forwards Under the Commodity Exchange Act, 77 FR 69694, 69704-05 (Nov. 20, 2012); Further Definition of ``Swap,'' ``Security-Based Swap,'' and ``Security-Based Swap Agreement''; Mixed Swaps; Security-Based Swap Agreement Recordkeeping, 77 FR 48208, 48253 (Aug. 13, 2012).     \52\ 17 CFR 32.3; Commodity Options, 77 FR 25320, 25326 n.39 (Apr. 27, 2012).     \53\ See 78 FR 45292; CFTC Staff Letter No. 12-61, No-Action Relief: U.S Bank Wholly Owned by Foreign Entity May Calculate De Minimis Threshold Without Including Activity From Its Foreign Affiliates (Dec. 20, 2012), available at   [*https://www.cftc.gov/sites/default/files/idc/groups/public/@lrlettergeneral/documents/letter/12-61.pdf;*](https://www.cftc.gov/sites/default/files/idc/groups/public/@lrlettergeneral/documents/letter/12-61.pdf;) CFTC Staff Letter No. 12-71, No-Action Relief: U.S Bank Wholly Owned by Foreign Entity May Calculate De Minimis Threshold Without Including Activity From Its Foreign Affiliates (Dec. 31, 2012), available at   [*https://www.cftc.gov/idc/groups/public/%40lrlettergeneral/documents/letter/12-71.pdf;*](https://www.cftc.gov/idc/groups/public/%40lrlettergeneral/documents/letter/12-71.pdf;) and CFTC Letter No. 18-13, No-Action Position: Relief for Certain Non-U.S Persons from Including Swaps with International Financial Institutions in Determining [SD] and Major Swap Participant Status (May 16, 2018), available at   [*https://www.cftc.gov/sites/default/files/idc/groups/public/%40lrlettergeneral/documents/letter/2018-05/18-13.pdf*](https://www.cftc.gov/sites/default/files/idc/groups/public/%40lrlettergeneral/documents/letter/2018-05/18-13.pdf)     \54\ CFTC Staff Letter No. 12-62, No-Action Relief: Request that Certain Swaps Not Be Considered in Calculating Aggregate Gross Notional Amount for Purposes of the Swap Dealer De Minimis Exception for Persons Engaging in Multilateral Portfolio Compression Activities (Dec. 21, 2012), available at   [*https://www.cftc.gov/idc/groups/public/@lrlettergeneral/documents/letter/12-62.pdf*](https://www.cftc.gov/idc/groups/public/@lrlettergeneral/documents/letter/12-62.pdf)     \55\ See 77 FR at 30693. ---------------------------------------------------------------------------

II. The Proposal

    Given the more complete information now available regarding certain portions of the swap market, the data analytical capabilities developed since the SD regulations were adopted, and five ***years*** of implementation experience, the Commission believes that modifications to the de minimis exception are necessary to increase efficiency, flexibility, and clarity in the application of the SD Definition.     Additionally, in March 2017, Chairman Giancarlo initiated an agency-wide internal review of CFTC regulations and practices to identify those areas that could be simplified to make them less burdensome and costly

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(``Project KISS'').\56\ The Commission subsequently published in the Federal Register a Request for Information soliciting suggestions from the public regarding how the Commission's existing rules, regulations, or practices could be applied in a simpler, less burdensome, and less costly manner.\57\ As discussed below, a number of responses submitted pursuant to the Project KISS Request for Information also support modifications to the de minimis exception.\58\ ---------------------------------------------------------------------------

    \56\ See Remarks of then-Acting Chairman J. Christopher Giancarlo before the 42nd Annual International Futures Industry Conference in Boca Raton, FL (Mar. 15, 2017), available at [*https://www.cftc.gov/PressRoom/SpeechesTestimony/opagiancarlo-20*](https://www.cftc.gov/PressRoom/SpeechesTestimony/opagiancarlo-20).     \57\ Project KISS, 82 FR 21494 (May 9, 2017), amended by 82 FR 23765 (May 24, 2017). The Federal Register Request for Information, and the suggestion letters filed by the public are available at   [*https://comments.cftc.gov/KISS/KissInitiative.aspx*](https://comments.cftc.gov/KISS/KissInitiative.aspx)     \58\ See Letters from BP Energy Company and BP Products North America Inc. (collectively, ``BP'') (Sep. 29, 2017); Chatham Financial Corp. (``Chatham'') (Sep. 29, 2017); Coalition for Derivatives End-Users (``CDE'') (Sep. 29, 2017); The Commercial Energy Working Group (``CEWG'') (Sep. 30, 2017); Commodity Markets Council (``CMC'') (Sep. 29, 2017); EDF Trading North America, LLC (``EDF'') (Sep. 29, 2017); Edison Electric Institute and the Electric Power Supply Association (collectively, ``EEI/EPSA'') (Sep. 29, 2017); Financial Services Roundtable (``FSR'') (Sep. 30, 2017); Futures Industry Association (``FIA'') (Sep. 28, 2017); Institute of International Bankers (``IIB'') (Sep. 29, 2017); International Energy Credit Association (``IECA'') (Sep. 30, 2017); International Swaps and Derivatives Association, Inc. (``ISDA'') (Sep. 29, 2017); Natural Gas Supply Association (``NGSA'') (Sep. 29, 2017); Northern Trust Company (``Northern Trust'') (Sep. 21, 2017); Securities Industry and Financial Markets Association (``SIFMA'') (Sep. 29, 2017); Custom House USA, LLC and Western Union Business Solutions (USA), LLC (collectively, ``Western Union'') (Sep. 25, 2017); and Custom House USA, LLC, Western Union Business, GPS Capital Markets, Inc., and Associated Foreign Exchange, Inc. (collectively, ``WU/GPS/ AFEX'') (Sep. 29, 2017). ---------------------------------------------------------------------------

    The amendments proposed herein support a clearer and more streamlined application of the SD Definition. They also provide greater clarity regarding which swaps need to be counted towards the de minimis threshold and consider the practical application of swaps in different circumstances. This Proposal includes amendments regarding: (1) The appropriate de minimis threshold level; and (2) the swap transactions that are not required to be counted towards that threshold.     With respect to the appropriate threshold level, the Commission is proposing to amend the de minimis exception in paragraph (4) of the SD Definition by setting the AGNA threshold at $8 billion in swap dealing activity. Additionally, to complement the Commission's definitions of the types of activities that do not constitute swap dealing, the Commission is proposing to add specific exceptions from the de minimis threshold calculation for certain swaps entered into: (1) By IDIs in connection with loans to customers; and (2) to hedge financial or physical positions.\59\ Additionally, the Commission is proposing to except from a person's de minimis threshold calculation swaps that result from multilateral portfolio compression exercises, in a manner consistent with relief granted in a 2012 DSIO staff no-action letter.\60\ Lastly, the Commission is proposing to provide that, for purposes of paragraph (4) of the SD Definition, the Commission may determine the methodology to be used to calculate the notional amount for any group, category, type, or class of swaps. The Commission is also proposing to delegate authority to the Director of DSIO to make such determinations. ---------------------------------------------------------------------------

    \59\ These proposed exceptions would be in addition to the existing exclusions in paragraphs (5) and (6)(iii) of the SD Definition for swaps entered into by IDIs and swaps entered into for the purpose of hedging physical positions, respectively.     \60\ See CFTC Staff Letter No. 12-62, supra note 54. ---------------------------------------------------------------------------

    The proposed rule changes would amend the de minimis exception provision in paragraph (4) of the SD Definition, pursuant to the Commission's authority under CEA section 1a(49), which requires the Commission to promulgate regulations to establish factors with respect to the making of this determination to exempt a de minimis quantity of swap dealing.\61\ The Commissions issued the SD Definition Adopting Release pursuant to section 712(d)(1) of the Dodd-Frank Act, which requires the CFTC and SEC to jointly adopt rules regarding the definition of, among other things, the term ``swap dealer.'' The CFTC continues to coordinate with the SEC on SD and security-based swap dealer regulations. However, as discussed in the SD Definition Adopting Release, a joint rulemaking is not required with respect to the de minimis exception-related factors.\62\ The Commission notes that it is consulting with the SEC and prudential regulators regarding the changes to the SD Definition discussed in this Proposal.\63\ ---------------------------------------------------------------------------

    \61\ 7 U.S.C 1a(49)(D). See also 17 CFR 1.3, Swap dealer, paragraph (4)(v).     \62\ 77 FR at 30634 n.464 (``We do not interpret the joint rulemaking provisions of section 712(d) of the Dodd-Frank Act to require joint rulemaking here, because such an interpretation would read the term ``Commission'' out of CEA section 1a(49)(D) (and Exchange Act section 3(a)(71)(D)), which themselves were added by the Dodd-Frank Act.'').     \63\ As required by Sec.  712(a)(1) of the Dodd-Frank Act. ---------------------------------------------------------------------------

    Although this Proposal includes several potential rule amendments in a single notice, the CFTC may in the future issue separate adopting releases for any aspect of this Proposal that is finalized.\64\ ---------------------------------------------------------------------------

    \64\ See ICI v. CFTC, 720 F.3d 370, 379 (D.C Cir. 2013) (``[A]s the Supreme Court has emphasized, `[n]othing prohibits federal agencies from moving in an incremental manner.' '') (quoting FCC v. Fox Television Stations, Inc., 556 U.S 502, 522 (2009)). ---------------------------------------------------------------------------

A. $8 Billion De Minimis Threshold

    As discussed above, the de minimis threshold for the AGNA of a person's swap dealing activity is scheduled to decrease to $3 billion on December 31, 2019, requiring persons to begin calculating towards the lower threshold on January 1, 2019. Based on the data and analysis described below, the Commission is proposing to amend paragraph (4)(i)(A) of the SD Definition by setting the de minimis threshold at $8 billion. For added clarity, the Commission is also proposing to change the term ``swap positions'' to ``swaps'' in paragraph (4)(i)(A). Additionally, the Commission is proposing to delete a parenthetical clause in paragraph (4)(i)(A) referring to the period after adoption of the rule further defining the term ``swap,'' and to remove and reserve paragraph (4)(ii) of the SD Definition, which addresses the phase-in procedure and staff report requirements of the de minimis exception (discussed above in section I.B), since both of those provisions would no longer be applicable.     The Commission recognizes the benefits and drawbacks of an SD Definition that relies upon AGNA for SD registration purposes. The Commission is aware of potential viable alternative metrics and remains open to the possibility of relying on a different approach in the future, such as a threshold based on entity-netted notional amounts \65\ or other risk metrics, including, but not limited to, initial margin, open positions, material swaps exposure, net current credit exposure, gross negative or positive fair value, potential future exposure, value-at-risk, or expected shortfall. However, at this time, the Commission continues to believe that the de minimis exception should include an AGNA threshold component. As noted in the SD Definition Adopting Release, a notional value test is useful to measure the relative amount of an entity's swap dealing activity, and it avoids potential

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distorting effects from measures that reflect netting or collateral offsets.\66\ ---------------------------------------------------------------------------

    \65\ See Introducing ENNs: A Measure of the Size of Interest Rate Swap Markets (Jan. 2018), available at [*http://www.cftc.gov/idc/groups/public/@economicanalysis/documents/file/oce\_enns0118.pdf;*](http://www.cftc.gov/idc/groups/public/@economicanalysis/documents/file/oce_enns0118.pdf;) Remarks of Chairman J. Christopher Giancarlo before Derivcon 2018, New York City, NY (Feb. 1, 2018), available at   [*https://www.cftc.gov/PressRoom/SpeechesTestimony/opagiancarlo35*](https://www.cftc.gov/PressRoom/SpeechesTestimony/opagiancarlo35).     \66\ 77 FR at 30630. ---------------------------------------------------------------------------

1. Methodology (i) Filters and Assumptions     For this Proposal, CFTC staff conducted an analysis of SDR data from January 1, 2017, through December 31, 2017 (the ``review period'').\67\ Generally, employing methodologies similar to those used for purposes of the Staff Reports, staff attempted to calculate persons' swaps activity in terms of AGNA to assess how the swap market might be impacted by potential changes to the current de minimis exception. ---------------------------------------------------------------------------

    \67\ The data used in this Proposal was sourced from data reported to the four registered SDRs: BSDR LLC, Chicago Mercantile Exchange Inc., DTCC Data Repository, and ICE Trade Vault. ---------------------------------------------------------------------------

    Given improvements in the quality of data being reported to SDRs since the Staff Reports were issued, Commission staff was able to analyze the AGNA of swaps activity for interest rate swaps (``IRS''), credit default swaps (``CDS''), FX swaps,\68\ and equity swaps (while by comparison, in the Staff Reports, AGNA analysis was limited to IRS and CDS).\69\ However, given certain limitations discussed below, AGNA data was not available for non-financial commodity (``NFC'') swaps. In addition to now-available AGNA information for FX swaps and equity swaps, there were also continued improvements in the consistency of legal entity identifier (``LEI'') and unique swap identifier reporting. However, as explained in the Staff Reports, the SDR data lacks: (1) A reporting field to indicate whether a swap was entered into for dealing purposes (as opposed to hedging, investing, or proprietary trading); and (2) a reporting field to indicate whether a specific swap need not be considered in determining whether a person is an SD or need not be counted towards the person's de minimis threshold, pursuant to one of the exclusions or exceptions identified above in section I.D \70\ These constraints limited the usefulness of the SDR data to identify which swaps should be counted towards a person's de minimis threshold, and the ability to precisely assess the current de minimis threshold or the impact of potential changes to the current exclusions. ---------------------------------------------------------------------------

    \68\ The term ``FX swaps'' is used in this Proposal to only describe those FX transactions that are counted towards a person's de minimis calculation. The term ``FX swaps'' does not refer to swaps and forwards that are not counted towards the de minimis threshold pursuant to the exemption granted by the Secretary of the Treasury. See 77 FR at 69704-05; 77 FR at 48253. Section III.C below discusses the Secretary of the Treasury's exemption in more detail in the context of non-deliverable forward transactions.     \69\ See Preliminary Staff Report, supra note 21, at 21-22; Final Staff Report, supra note 24, at 19.     \70\ See Preliminary Staff Report, supra note 21, at 15; Final Staff Report, supra note 24, at 19. ---------------------------------------------------------------------------

    As noted above, for purposes of this Proposal, staff utilized assumptions and methodologies similar to those detailed in the Staff Reports to approximate potential swap dealing activity.\71\ To attempt to account for the various exclusions relevant to the SD Definition, filters were applied to the data to exclude certain transactions and entities from the analysis. The reason an entity enters into a swap (e.g , dealing, hedging, investing, proprietary trading) is not collected under the reporting requirements in part 45 of the Commission's regulations.\72\ Accordingly, staff used filters to identify and exclude certain categories of entities--such as funds, insurance companies, cooperatives, government-sponsored entities, most commercial end-users, and international financial institutions--as potential SDs because these entities generally use swaps for investing, hedging, or proprietary trading and do not seem to be engaged in swap dealing activity, or otherwise enter into swaps that would not be included in determining whether the entity is an SD.\73\ Further, additional filters allowed for the exclusion of inter-affiliate \74\ and non-U.S swap transactions.\75\ ---------------------------------------------------------------------------

    \71\ See Preliminary Staff Report, supra note 21, at 13-21; Final Staff Report, supra note 24, at 4-6, 19-20.     \72\ See 17 CFR part 45 app.1     \73\ See section I.D (discussing the de minimis threshold calculation). The Commission notes that entity-based exclusions are not a determinative means of assessing whether any particular entity is engaged in swap dealing. See Preliminary Staff Report, supra note 21, at 12; Final Staff Report, supra note 24, at 6.     \74\ See 17 CFR 1.3, Swap dealer, paragraph (6)(i).     \75\ See generally 78 FR 45292. ---------------------------------------------------------------------------

    With the benefits of improved data quality and analytical tools, staff was able to conduct a more granular analysis, as compared to the Staff Reports, in order to more accurately identify those entities that, based on their observable business activities, are potentially engaged in swap dealing activity (``In-Scope Entities'') \76\ versus those likely engaged in other kinds of transactions (e.g , entering into swaps for investment purposes). Further, for the purposes of this Proposal, a minimum unique counterparty count of 10 counterparties was utilized to better identify the entities that are likely to be engaged in transactions that have to be considered for the SD Definition. Each distinct, unaffiliated counterparty of a person was regarded as one unique counterparty (hereinafter referred to as ``counterparty'').\77\ A threshold of 10 counterparties was utilized because, after excluding inter-affiliate and non-U.S swap transactions, 83 percent of registered SDs had 10 or more reported counterparties, while approximately 97 percent of unregistered entities had fewer than 10 counterparties. Therefore, this appeared to be a reasonable threshold to better identify entities likely engaged in swap dealing. Adding this filter to the analysis reduced the likelihood of false positives--i.e , reduced the potential that entities likely engaged in hedging or other non-dealing activity would be identified as potential SDs. ---------------------------------------------------------------------------

    \76\ The majority of In-Scope Entities are banks, broker- dealers, non-bank financial entities, and affiliates thereof.     \77\ For example, if Bank A entered into swaps with each of three entities that are all affiliated with Bank B (i.e , Bank A entered into swaps with each of Bank B-1, Bank B-2, and Bank B-3), and also entered into a swap with Bank C, Bank A was considered to have four counterparties (Bank B-1, Bank B-2, Bank B-3, and Bank C). Additionally, each invalid identifier (i.e , an invalid LEI or a non-LEI identifier) was considered its own counterparty. However, it is possible that each invalid identifier does not actually represent a distinct counterparty because one counterparty may be associated with multiple invalid identifiers. ---------------------------------------------------------------------------

    The updated analysis largely confirmed the analysis conducted for the Staff Reports; \78\ however, there is greater confidence in the results given the improved data and refined methodology. Nonetheless, given the lack of a swap dealing indicator for individual swaps, and the lack of an indicator to identify whether a specific swap need not be considered in determining whether a person is an SD or counted towards the person's de minimis threshold, staff's analysis is based on a person's AGNA of swaps activity, as opposed to AGNA of swap dealing activity. ---------------------------------------------------------------------------

    \78\ See generally Final Staff Report, supra note 24; Preliminary Staff Report, supra note 21. ---------------------------------------------------------------------------

    With respect to NFC swaps, Commission staff encountered a number of challenges in calculating notional amounts. These included: (1) The vast array of underlying commodities with differing characteristics; (2) the multiple types of swaps (e.g , fixed-float, basis, options, multi-leg, exotic); (3) the variety of data points required to calculate notional amounts (e.g , price, quantity, quantity units, location, grades, exchange rate); (4) locality-specific terms; and (5) lack of industry standards for notional amount-equivalent calculations.\79\ However,

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given the limitations in the AGNA data, counterparty counts and transaction counts were used to analyze likely swap dealing activity for participants in the NFC swap market. ---------------------------------------------------------------------------

    \79\ Compare Letter from American Petroleum Institute, Commodity Markets Council, Edison Electric Institute, Electric Power Supply Association, Independent Petroleum Association of America, and Natural Gas Supply Association (Sep. 20, 2012) (stating that ``The notional amount for options should be based on the absolute value of the product of the notional quantity of the option (without adjustment for the option delta) multiplied by the transaction value for the option (i.e , the premium).''), attached to a 2016 comment letter available at [*https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=60595&SearchText*](https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=60595&SearchText), with Letter from Futures Industry Association Principal Traders Group (Dec. 20, 2012) (proposing a methodology that does not utilize premium value or the strike price, but does include option delta in the calculation), available at   [*https://ptg.fia.org/file/487/download?token=HSUPcHmL*](https://ptg.fia.org/file/487/download?token=HSUPcHmL). See also Ernst & Young, Notional value under Dodd-Frank: survey of energy commodities participants (2013) (``While the term notional value is commonly used in industry, in practice there isn't a single accepted definition.''), available at   [*http://www.ey.com/Publication*](http://www.ey.com/Publication)/ vwLUAssets/Notional\_value\_-\_under\_Dodd-Frank/$FILE/ Notional\_value\_under\_Dodd\_Frank.pdf ---------------------------------------------------------------------------

(ii) Regulatory Coverage Analysis     To assess the relative impact on the swap market of potential changes to the de minimis exception, CFTC staff analyzed the extent to which the swap market was subject to SD regulation during the review period because at least one counterparty to a swap was a registered SD (``2017 Regulatory Coverage''). For purposes of this analysis, any person listed as a provisionally registered SD on December 31, 2017, was considered to be a registered SD. Specifically, with regard to 2017 Regulatory Coverage, staff identified the extent to which: (1) Swaps activity, measured in terms of AGNA, was subject to SD regulation during the review period because at least one counterparty to a swap was a registered SD (``2017 AGNA Coverage''); (2) swaps activity, measured in terms of number of transactions, was subject to SD regulation during the review period because at least one counterparty to a swap was a registered SD (``2017 Transaction Coverage''); and (3) swaps activity was subject to SD regulation during the review period, measured in terms of number of counterparties who transacted with at least one registered SD (``2017 Counterparty Coverage'').     Additionally, staff estimated regulatory coverage by assessing the extent to which the swap market would have been subject to SD regulation at different de minimis thresholds because at least one counterparty to a swap was identified as a ``Likely SD'' (``Estimated Regulatory Coverage''). For purposes of this analysis, the term ``Likely SD'' refers to an In-Scope Entity that exceeds a specified AGNA threshold level, and trades with at least 10 counterparties. With regard to Estimated Regulatory Coverage, staff identified the extent to which: (1) Swaps activity, measured in terms of AGNA, would have been subject to SD regulation during the review period, at a specified de minimis threshold, because at least one counterparty to a swap was identified as a Likely SD at that de minimis threshold (``Estimated AGNA Coverage''); (2) swaps activity, measured in terms of number of transactions, would have been subject to SD regulation during the review period, at a specified de minimis threshold, because at least one counterparty to a swap was identified as a Likely SD at that de minimis threshold (``Estimated Transaction Coverage''); and (3) counterparties in the swap market would have transacted with at least one Likely SD during the review period, at a specified de minimis threshold (``Estimated Counterparty Coverage''). 2. Data and Analysis     For this Proposal, the Commission considered reducing the AGNA de minimis threshold to $3 billion, maintaining the threshold at $8 billion, or increasing the threshold. Based on the data and related policy considerations discussed below, the Commission is of the view that maintaining the current $8 billion AGNA de minimis threshold is appropriate. The policy objectives underlying SD regulation--reducing systemic risk, increasing counterparty protections, and increasing market efficiency, orderliness, and transparency--would not be significantly advanced if the threshold were to decrease to $3 billion or to increase from the current $8 billion level.\80\ Nor does the Commission believe that the policy objectives furthered by a de minimis exception--increasing efficiency, allowing limited ancillary dealing, encouraging new participants, and focusing regulatory resources--would be significantly advanced if the threshold were to be changed.\81\ ---------------------------------------------------------------------------

    \80\ As discussed below, the analysis explored the hypothetical effects on the swap market of changing the AGNA threshold to various amounts between $3 billion and $100 billion.     \81\ The Commission also notes that setting the threshold at $8 billion would be consistent with a non-binding Congressional Directive stating that the Commission should establish a de minimis threshold of $8 billion or greater within 60 days of enactment of the Consolidated Appropriations Act of 2016. See Accompanying Statement to the Consolidated Appropriations Act of 2016, Explanatory Statement Division A at 32 (Dec. 2015), available at [*http://docs.house.gov/meetings/RU/RU00/20151216/104298/HMTG-114-RU00-20151216-SD002.pdf;*](http://docs.house.gov/meetings/RU/RU00/20151216/104298/HMTG-114-RU00-20151216-SD002.pdf;) H.Rpt 114-205 at 76 (July 14, 2015), available at   [*https://www.congress.gov/114/crpt/hrpt205/CRPT-114hrpt205.pdf*](https://www.congress.gov/114/crpt/hrpt205/CRPT-114hrpt205.pdf) ---------------------------------------------------------------------------

    Analysis of the data indicates that: (1) The current $8 billion threshold subjects almost all swap transactions (as measured by AGNA or transaction count) to SD regulations; \82\ (2) at a lower threshold of $3 billion, there would only be a small amount of additional AGNA and swap transactions subject to SD regulation, and potentially reduced liquidity in the swap market, as compared to the $8 billion threshold; (3) counterparty protections may be reduced at higher thresholds; and (4) a lower threshold could lead to reduced liquidity for NFC swaps, negatively impacting end-users and commercial entities who utilize NFC swaps for hedging purposes. Additionally, the Commission expects that maintaining an $8 billion threshold would foster the efficient application of the SD Definition by providing continuity and addressing the uncertainty associated with the end of the phase-in period. ---------------------------------------------------------------------------

    \82\ SD regulations include, among other things, registration, internal and external business conduct standards, reporting, recordkeeping, risk management, margin, and chief compliance officer requirements. However, the requirement to report a swap to an SDR applies regardless of whether an SD is a counterparty to the swap. ---------------------------------------------------------------------------

    The analysis below is based on a January 1, 2017, through December 31, 2017, review period, and includes swap transactions reported to SDRs, excluding inter-affiliate and non-U.S transactions.\83\ The total size of the swap market that was analyzed, after excluding inter- affiliate and non-U.S transactions, was approximately $221.1 trillion in AGNA of swaps activity (excluding NFC swaps), approximately 4.4 million transactions, and 39,107 counterparties. ---------------------------------------------------------------------------

    \83\ See section II.A.1 above for additional discussion regarding the methodology utilized to conduct the analysis. ---------------------------------------------------------------------------

(i) Regulatory Coverage at $8 Billion Threshold     As shown below, the data indicates that, at the $8 billion threshold, there was nearly complete 2017 Regulatory Coverage as measured by 2017 AGNA Coverage and 2017 Transaction Coverage.

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                                     Table 1--Swaps Subject to SD Regulation                                             2017 Transaction Coverage ----------------------------------------------------------------------------------------------------------------                                                                                    Number of                                                                                   transactions         2017                          Asset class                           Total number of    including at     transaction                                                                  transactions      least one       coverage (%)                                                                                  registered SD ---------------------------------------------------------------------------------------------------------------- IRS..........................................................          945,593          937,975            99.19 CDS..........................................................          133,570          132,899            99.50 FX swaps.....................................................        2,443,659        2,435,537            99.67 Equity swaps.................................................          281,219          281,211           >99.99 NFC swaps....................................................          633,943          546,823            86.26                                                               --------------------------------------------------     Total....................................................        4,437,984        4,334,445            97.67 ----------------------------------------------------------------------------------------------------------------

    As seen in Table 1, at the $8 billion threshold, almost all swap transactions involved at least one registered SD as a counterparty, greater than 99 percent for IRS, CDS, FX swaps, and equity swaps. For NFC swaps, approximately 86 percent of transactions involved at least one registered SD as a counterparty. As discussed in more detail in section II.A.2.iv, although that percentage is lower than the approximately 99 percent for the other asset classes, the Commission is of the view that with respect to NFC swaps, lower SD regulatory coverage is acceptable given the unique characteristics of the NFC swap market. Overall, approximately 98 percent of transactions involved at least one registered SD.

                                     Table 2--Swaps Subject to SD Regulation                                                2017 AGNA Coverage ----------------------------------------------------------------------------------------------------------------                                                                                  AGNA including                                                                   Total AGNA      at least one      2017 AGNA                          Asset class                                ($Bn)        registered SD     coverage (%)                                                                                      ($Bn) ---------------------------------------------------------------------------------------------------------------- IRS..........................................................          182,961          182,847            99.94 CDS..........................................................            7,527            7,490            99.51 FX swaps.....................................................           28,794           28,775            99.93 Equity swaps \84\............................................            1,850            1,850            99.99                                                               --------------------------------------------------     Total....................................................          221,132          220,963            99.92 ----------------------------------------------------------------------------------------------------------------

    As seen in Table 2, at the $8 billion threshold, almost all AGNA of swaps activity included at least one registered SD, greater than 99 percent for IRS, CDS, FX swaps, and equity swaps. ---------------------------------------------------------------------------

    \84\ Coverage is approximately 99.99 percent due to rounding. ---------------------------------------------------------------------------

    The 2017 Transaction Coverage and 2017 AGNA Coverage ratios indicate that SD regulations covered nearly all swaps in these asset classes, signifying that nearly all swaps already benefited from the policy considerations discussed above (e.g , reducing systemic risk, increasing counterparty protections, and increasing market efficiency, orderliness, and transparency) at the existing $8 billion threshold.     The Commission notes the 2017 Counterparty Coverage was approximately 83.5 percent--i.e , approximately 16.5 percent of the counterparties in the swap market did not transact with at least one registered SD on at least one swap (6,440 counterparties out of a total of 39,107), and therefore potentially did not benefit from the counterparty protection aspects of SD regulations.\85\ However, given the 2017 AGNA Coverage and 2017 Transaction Coverage statistics, these 6,440 entities overall had limited swaps activity. Collectively, the 6,440 entities entered into 77,333 transactions, an average of approximately 12 transactions per entity, and represented only approximately 1.7 percent of the overall number of transactions during the review period. Additionally, collectively, the 6,440 entities had an AGNA of approximately $68 billion in swaps activity, an average of approximately $10.6 million per entity, and they represented only approximately 0.03 percent of the overall AGNA of swaps activity during the review period in IRS, CDS, FX swaps, and equity swaps. ---------------------------------------------------------------------------

    \85\ The actual number of entities without a single transaction with a registered SD is likely lower than 6,440. Of the 6,440 entities, 1,780 have invalid identifiers that staff was unable to manually replace with a valid LEI. It is possible that these 1,780 invalid identifiers actually represent fewer than 1,780 distinct counterparties because one counterparty may be associated with multiple invalid identifiers. ---------------------------------------------------------------------------

    The Commission also believes that this limited activity indicates that, to the extent these 6,440 entities are engaging in swap dealing activities, such activity is likely ancillary and in connection with other client services, potentially advancing the policy rationales behind a de minimis exception. For example, of the 6,440 entities, 5,302 are active in IRS, indicating that these entities may be entering into loan-related swaps with banks. These banks may be entering into an outright amount of swap dealing activity at a level below the de minimis threshold, or do not have to register because of the exclusion for swaps entered into by IDIs in connection with originating loans.\86\ ---------------------------------------------------------------------------

    \86\ See 17 CFR 1.3, Swap dealer, paragraph (5). ---------------------------------------------------------------------------

    Generally, the Commission is of the view that the policy considerations underlying SD regulation--reducing systemic risk, increasing counterparty protections, and increasing market efficiency, orderliness, and

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transparency--are being appropriately advanced at the current $8 billion threshold given the regulatory coverage statistics discussed above. Only a low percentage of swaps activity is not currently covered by SD regulation-related requirements,\87\ indicating that the current threshold is appropriate. Additionally, as discussed below in sections II.A.2.ii and II.A.2.iv, a reduction in the de minimis threshold could negatively affect the policy considerations underlying the de minimis exception, as compared to the current $8 billion threshold. ---------------------------------------------------------------------------

    \87\ Transactions that do not include at least one registered SD as a counterparty would generally not be subject to SD-specific regulations (e.g , margin, business conduct standard, and risk management requirements). However, such transactions would still be subject to swap reporting requirements (e.g , 17 CFR part 45), among other regulations. ---------------------------------------------------------------------------

(ii) Regulatory Coverage at Lower Threshold     Given the high percentage of swaps that were subject to SD regulation at the existing $8 billion threshold during the review period, a lower threshold of $3 billion would result in only a small amount of additional activity being directly subjected to SD regulation. To estimate the effect of a lower de minimis threshold during the review period, staff compared the number of Likely SDs and the Estimated AGNA Coverage, Estimated Transaction Coverage, and Estimated Counterparty Coverage at $8 billion and $3 billion thresholds.     Table 3 estimates the percentage of IRS, CDS, FX swaps, and equity swaps that would involve at least one Likely SD at de minimis thresholds of $3 billion and $8 billion. To make these calculations, staff used the methodology described in section II.A.1 to determine Likely SDs at the indicated thresholds.\88\ Because SDR data does not include information indicating the underlying purposes of a swap,\89\ the analysis likely includes swaps that were not required to be counted under the SD Definition (e.g , swaps entered into for hedging, investing, or proprietary trading purposes). Therefore, the estimates of the number of Likely SDs at various AGNA thresholds may differ from the actual number of entities that would be required to register at those thresholds. For example, Table 3 shows that an estimated 108 entities could be required to register as SDs at the $8 billion threshold, whereas the figures in Table 1 are based on the 100 actual registered SDs.\90\ Nevertheless, the Commission believes that Table 3 presents a reasonably accurate estimate of how the number of SDs that are required to register will fluctuate with changes in the threshold. ---------------------------------------------------------------------------

    \88\ The term ``Likely SD'' refers to an In-Scope Entity that exceeds a notional threshold test, and trades with at least 10 counterparties.     \89\ See 17 CFR part 45 app. 1.     \90\ Some registered SDs were not captured in the Estimated Regulatory Coverage analysis since they primarily are involved in the NFC swap market, which is excluded from this AGNA-based analysis. In addition, some of the existing registered SDs reported AGNA of swaps activity below $8 billion in 2017 but remained registered SDs.

                         Table 3--Number of Likely SDs and Estimated Regulatory Coverage                                       IRS, CDS, FX Swaps, and Equity Swaps                                            [Minimum 10 counterparties] ----------------------------------------------------------------------------------------------------------------                                                      Likely SD                                      Number of     count change   Estimated AGNA     Estimated       Estimated       AGNA threshold ($Bn)          likely SDs       vs. $8 Bn     coverage (%)     transaction    counterparty                                                      threshold                     coverage (%)    coverage (%) ---------------------------------------------------------------------------------------------------------------- 1                                              2               3               4               5               6 ---------------------------------------------------------------------------------------------------------------- 3...............................             121              13           99.96           99.83           90.75 8...............................             108  ..............           99.95           99.77           88.80 ----------------------------------------------------------------------------------------------------------------

    Column 1 of Table 3 lists the AGNA thresholds for which information is being presented. Column 2 is the number of Likely SDs at each given threshold as determined using the methodology described above, including a 10 counterparty minimum. Column 3 is the change in the number of Likely SDs, as compared to the current $8 billion threshold. Columns 4, 5, and 6 illustrate the Estimated Regulatory Coverage, in percentage terms, for the $3 billion and $8 billion de minimis thresholds during the review period. The percentages are based on a total market size in IRS, CDS, FX swaps, and equity swaps of approximately $221.1 trillion in AGNA of swaps activity, 3.8 million transactions, and 34,774 counterparties, after excluding inter- affiliate and non-U.S transactions.\91\ ---------------------------------------------------------------------------

    \91\ Note that the market totals of 3.8 million transactions and 34,774 counterparties exclude NFC swaps, whereas the market totals, in section II.A.2.i above, of 4.4 million transactions and 39,107 counterparties include NFC swaps. ---------------------------------------------------------------------------

    As columns 2 and 3 indicate, the number of Likely SDs increases from 108 at an $8 billion AGNA threshold to 121 at a $3 billion AGNA threshold--an increase of 13 entities. However, as columns 4 through 6 indicate, and as explained in more detail below in Tables 4 through 6, if these 13 entities were all registered as SDs, the increase in Estimated Regulatory Coverage would be small.

                               Table 4--Estimated AGNA Coverage ($3 Bn and $8 Bn)                                       IRS, CDS, FX Swaps, and Equity Swaps                                            [Minimum 10 counterparties] ----------------------------------------------------------------------------------------------------------------                                                                      Change in                                                   Estimated AGNA  estimated AGNA  Estimated AGNA     Change in               AGNA threshold ($Bn)                 coverage (%)   coverage (pct.  coverage ($Bn)  estimated AGNA                                                                       point)                      coverage ($Bn) ---------------------------------------------------------------------------------------------------------------- 3...............................................           99.96            0.01         221,039              19 8...............................................           99.95  ..............         221,020  .............. ----------------------------------------------------------------------------------------------------------------

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    As seen in Table 4, at a $3 billion threshold, the Estimated AGNA Coverage would have increased from approximately $221,020 billion (99.95 percent) to $221,039 billion (99.96 percent)--an increase of $19 billion (a 0.01 percentage point increase).

                            Table 5--Estimated Transaction Coverage ($3 Bn and $8 Bn)                                       IRS, CDS, FX Swaps, and Equity Swaps                                            [Minimum 10 counterparties) ----------------------------------------------------------------------------------------------------------------                                                                                                      Change in                                                                      Change in       Estimated       estimated                                                      Estimated       estimated      transaction     transaction               AGNA threshold ($Bn)                  transaction     transaction      coverage        coverage                                                    coverage (%)   coverage (pct.    (number of      (number of                                                                       point)          trades)         trades) ---------------------------------------------------------------------------------------------------------------- 3...............................................           99.83            0.06       3,797,734           2,404 8...............................................           99.77  ..............       3,795,330  .............. ----------------------------------------------------------------------------------------------------------------

    As seen in Table 5, at a $3 billion threshold, the Estimated Transaction Coverage would have increased from 3,795,330 trades (99.77 percent) to 3,797,734 trades (99.83 percent)--an increase of 2,404 trades (a 0.06 percentage point increase).

                           Table 6--Estimated Counterparty Coverage ($3 Bn and $8 Bn)                                       IRS, CDS, FX Swaps, and Equity Swaps                                            [Minimum 10 counterparties] ----------------------------------------------------------------------------------------------------------------                                                                                                     Change in                                                                    Change in       Estimated        estimated                                                    Estimated       estimated      counterparty     counterparty              AGNA threshold ($Bn)                counterparty    counterparty       coverage         coverage                                                  coverage (%)   coverage (pct.     (number of       (number of                                                                     point)      counterparties)  counterparties) ---------------------------------------------------------------------------------------------------------------- 3.............................................           90.75            1.96           31,559              680 8.............................................           88.80  ..............           30,879  ............... ----------------------------------------------------------------------------------------------------------------

    As seen in Table 6, at a $3 billion threshold, the Estimated Counterparty Coverage would have increased from 30,879 counterparties (88.80 percent) to 31,559 counterparties (90.75 percent)--an increase of 680 counterparties (a 1.96 percentage point increase).     The Commission is of the view that these small increases in Estimated AGNA Coverage, Estimated Transaction Coverage, and Estimated Counterparty Coverage indicate that the systemic risk mitigation, counterparty protection, and market efficiency benefits of SD regulation would be enhanced in only a very limited manner if the de minimis threshold decreased from $8 billion to $3 billion. Additionally, the limited regulatory and market benefits of a $3 billion threshold should be considered in conjunction with the costs associated with a lower threshold. In particular, the persons required to register would incur the likely significant costs of implementing, among other things, policies and procedures, technology systems, and training ***programs*** to address requirements imposed by SD regulations.\92\ ---------------------------------------------------------------------------

    \92\ Registered SDs are subject to a broad range of regulatory requirements. See, e.g , supra note 82. ---------------------------------------------------------------------------

    Further, if the de minimis threshold decreases to $3 billion, it is possible that the number of Likely SDs would be smaller than estimated because the analysis includes swaps that would not be required to be counted under the SD Definition (e.g , swaps entered into for hedging, investing, or proprietary trading purposes). Further, persons engaged in swap dealing in amounts between $3 billion and $8 billion may also reduce their swap dealing activity to remain under a lower threshold, thus further reducing the actual incremental change.     To more fully understand the potential market impact of a lower threshold, the Commission also analyzed the 13 entities that were identified as Likely SDs at a $3 billion threshold but not at an $8 billion threshold. ---------------------------------------------------------------------------

    \93\ ``Other'' refers to commercial entities, such as consumers, merchants, producers, or traders of physical commodities, who appear to be engaging in some swap dealing activity.

                               Table 7--Categories of Likely SDs ($3 Bn and $8 Bn)                                       IRS, CDS, FX Swaps, and Equity Swaps                                            [Minimum 10 counterparties] ----------------------------------------------------------------------------------------------------------------                             Category                                   $3 Bn           $8 Bn        Difference ---------------------------------------------------------------------------------------------------------------- Bank/Bank subsidiary/Bank affiliate.............................             105              95              10 Non-bank financial..............................................              14              11               3 Other \93\......................................................               2               2               0                                                                  -----------------------------------------------     Total.......................................................             121             108              13 ----------------------------------------------------------------------------------------------------------------

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    As seen in Table 7, for IRS, CDS, FX swaps, and equity swaps, entities that would potentially have to register at a lower threshold primarily include banks or bank affiliates, 10 of the 13 entities in total. In the aggregate, these 13 entities have only approximately $19 billion in AGNA of swaps activity (approximately 0.01 percent of the overall market) and 2,406 transactions (approximately 0.06 percent of the overall market) with currently unregistered market participants, further indicating that decreasing the threshold to $3 billion would yield only a small increase in Estimated Regulatory Coverage. After reviewing the list of the 10 banking entities' counterparties, it is also likely that some of the activity for the 10 banking entities consists of swaps that would be excluded from the de minimis calculation pursuant to the exclusion for swaps entered into by IDIs in connection with loans to customers (as provided for in paragraph (5) of the SD Definition), potentially reducing the likelihood that all or some of these entities would be required to register at a lower threshold.     In addition to a negligible increase in the AGNA or number of transactions that would be subject to SD regulation at a $3 billion threshold, policy considerations may indicate that lowering the threshold would not be beneficial to the market. A number of Project KISS suggestions addressed these policy-related concerns.\94\ ---------------------------------------------------------------------------

    \94\ See Letters from BP, Chatham, CDE, CMC, EDF, EEI/EPSA, FSR, IIB, IECA, ISDA, NGSA, SIFMA, Western Union, and WU/GPS/AFEX, supra note 58. ---------------------------------------------------------------------------

    The Commission believes that a $3 billion AGNA de minimis threshold could lead certain entities to reduce or cease swap dealing activity to avoid registration and its related costs. Generally, the costs associated with registering as an SD may exceed the revenue from dealing swaps for many small or mid-sized banks and non-financial entities. Additionally, some persons engaged in swap dealing activities below the current $8 billion threshold have indicated that swap dealing is not a major source of revenue and is only complementary to other client-facing businesses, suggesting that these smaller dealing entities could reduce or eliminate their swap dealing activities if the threshold is lowered. Although the magnitude of this effect is not certain, reduced swap dealing activity could lead to increased concentration in the swap dealing market, reduced availability of potential swap counterparties, reduced liquidity, increased volatility, higher fees, wider bid/ask spreads, or reduced competitive pricing. The end-user counterparties of these smaller swap dealing entities may be adversely impacted by the above consequences and could face a reduced ability to use swaps to manage their business risks.\95\ ---------------------------------------------------------------------------

    \95\ See generally Letters from BP, Chatham, CDE, CMC, EDF, EEI/ EPSA, FSR, IIB, IECA, ISDA, NGSA, SIFMA, Western Union, and WU/GPS/ AFEX, supra note 58; Final Staff Report, supra note 24, at 11-12 (citing comment letters submitted in response to Preliminary Staff Report, supra note 21). ---------------------------------------------------------------------------

    Based on the likely small increase in regulatory coverage, and the potential negative market effects of a $3 billion de minimis threshold, the Commission is of the view that, on balance, the overall policy goals of SD registration and the de minimis exception would not be advanced by lowering the threshold from $8 billion. (iii) Regulatory Coverage at Higher Thresholds     To assess the effect of a higher de minimis threshold, staff compared the number of Likely SDs and the Estimated AGNA Coverage, Estimated Transaction Coverage, and Estimated Counterparty Coverage at $8 billion, $20 billion, $50 billion, and $100 billion thresholds. As with the analysis above regarding $3 billion and $8 billion thresholds, to make these calculations, staff used the methodology described in section II.A.1 to determine Likely SDs at the indicated thresholds.\96\ As discussed, if a swap transaction includes at least one Likely SD, that transaction would theoretically be subject to SD-related regulations. ---------------------------------------------------------------------------

    \96\ Additionally, as discussed in section II.A.2.ii, the percentages are based on a total market size in IRS, CDS, FX swaps, and equity swaps of approximately $221.1 trillion in AGNA of swaps entered into, 3.8 million transactions, and 34,774 counterparties, after excluding inter-affiliate and non-U.S transactions.

                              Table 8--Number of Likely SDs and Regulatory Coverage                                       IRS, CDS, FX Swaps, and Equity Swaps                                            [Minimum 10 counterparties] ----------------------------------------------------------------------------------------------------------------                                                      Likely SD                                      Number of     count change   Estimated AGNA     Estimated       Estimated       AGNA threshold ($Bn)          likely SDs       vs. $8 Bn     coverage (%)     transaction    counterparty                                                      threshold                     coverage (%)    coverage (%) ---------------------------------------------------------------------------------------------------------------- 1                                              2               3               4               5               6 ---------------------------------------------------------------------------------------------------------------- 8...............................             108  ..............           99.95           99.77           88.80 20..............................              93            (15)           99.94           99.72           86.00 50..............................              81            (27)           99.91           99.35           83.09 100.............................              72            (36)           99.88           99.20           81.19 ----------------------------------------------------------------------------------------------------------------

    As seen in Table 8, the number of Likely SDs decreases from 108 at an $8 billion AGNA threshold to 93, 81, and 72 Likely SDs, at the $20 billion, $50 billion, and $100 billion thresholds, respectively. As columns 4 and 5 indicate, and as explained in more detail below in Tables 9 and 10, the reduction in the number of Likely SDs would lead to only a relatively small decrease in Estimated AGNA Coverage and Estimated Transaction Coverage at higher AGNA thresholds of up to $100 billion. However, as column 6 indicates, and as explained in more detail below in Table 11, there would potentially be a more pronounced reduction in Estimated Counterparty Coverage at higher AGNA thresholds.

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                      Table 9--Estimated AGNA Coverage ($8 Bn, $20 Bn, $50 Bn, and $100 Bn)                                       IRS, CDS, FX Swaps, and Equity Swaps                                            [Minimum 10 counterparties] ----------------------------------------------------------------------------------------------------------------                                                                      Change in                                                   Estimated AGNA  estimated AGNA  Estimated AGNA     Change in               AGNA threshold ($Bn)                 coverage (%)   coverage (pct.  coverage ($Bn)  estimated AGNA                                                                       point)                      coverage ($Bn) ---------------------------------------------------------------------------------------------------------------- 8...............................................           99.95  ..............         221,020  .............. 20..............................................           99.94          (0.01)         221,005            (15) 50..............................................           99.91          (0.04)         220,935            (85) 100.............................................           99.88          (0.06)         220,877           (143) ----------------------------------------------------------------------------------------------------------------

    As seen in Table 9, at a $100 billion threshold, the Estimated AGNA Coverage would have decreased from approximately $221,020 billion (99.95 percent) to $220,877 billion (99.88 percent)--a decrease of $143 billion (a 0.06 percentage point decrease). The decrease would be lower at thresholds of $20 billion and $50 billion, at 0.01 percentage points and 0.04 percentage points, respectively.

                  Table 10--Estimated Transaction Coverage ($8 Bn, $20 Bn, $50 Bn, and $100 Bn)                                       IRS, CDS, FX Swaps, and Equity Swaps                                            [Minimum 10 counterparties] ----------------------------------------------------------------------------------------------------------------                                                                                                      Change in                                                                      Change in       Estimated       estimated                                                      Estimated       estimated      transaction     transaction               AGNA threshold ($Bn)                  transaction     transaction      coverage        coverage                                                    coverage (%)   coverage (pct.    (number of      (number of                                                                       point)          trades)         trades) ---------------------------------------------------------------------------------------------------------------- 8...............................................           99.77  ..............       3,795,330  .............. 20..............................................           99.72          (0.05)       3,793,454         (1,876) 50..............................................           99.35          (0.42)       3,779,466        (15,864) 100.............................................           99.20          (0.58)       3,773,440        (21,890) ----------------------------------------------------------------------------------------------------------------

    As seen in Table 10, at a $100 billion threshold, the Estimated Transaction Coverage would have decreased from 3,795,330 trades (99.77 percent) to 3,773,440 trades (99.20 percent)--a decrease of 21,890 trades (a 0.58 percentage point decrease). The decrease would be lower at thresholds of $20 billion and $50 billion, at 0.05 percentage points and 0.42 percentage points, respectively.

                 Table 11--Estimated Counterparty Coverage ($8 Bn, $20 Bn, $50 Bn, and $100 Bn)                                       IRS, CDS, FX Swaps, and Equity Swaps                                            [Minimum 10 counterparties] ----------------------------------------------------------------------------------------------------------------                                                                                                     Change in                                                                    Change in       Estimated        estimated                                                    Estimated       estimated      counterparty     counterparty              AGNA threshold ($Bn)                counterparty    counterparty       coverage         coverage                                                  coverage (%)   coverage (pct.     (number of       (number of                                                                     point)      counterparties)  counterparties) ---------------------------------------------------------------------------------------------------------------- 8.............................................           88.80  ..............           30,879  ............... 20............................................           86.00          (2.80)           29,907            (972) 50............................................           83.09          (5.71)           28,893          (1,986) 100...........................................           81.19          (7.61)           28,234          (2,645) ----------------------------------------------------------------------------------------------------------------

    As seen in Table 11, at a $100 billion threshold, the Estimated Counterparty Coverage would have decreased from 30,879 counterparties (88.80 percent) to 28,234 counterparties (81.19 percent)--a decrease of 2,645 counterparties (a 7.61 percentage point decrease). The decrease would be lower at thresholds of $20 billion and $50 billion, at 2.80 percentage points and 5.71 percentage points, respectively.     The small decrease in Estimated AGNA Coverage and Estimated Transaction Coverage at higher thresholds potentially indicates that increasing the threshold to up to $100 billion may have a limited effect on the systemic risk and market efficiency policy considerations of SD regulation. Additionally, a higher threshold could enhance the benefits associated with a de minimis exception, for example by allowing entities to increase ancillary dealing activity. However, the decrease in Estimated Counterparty Coverage indicates that fewer entities would be transacting with registered SDs, and therefore, the counterparty protection benefits of SD regulation might be reduced if the de minimis threshold increased from $8 billion to $20 billion, $50 billion, or $100 billion.

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    Also, the Commission is preliminarily of the view that maintaining the status quo signals long-term stability of the de minimis threshold. This should provide for the efficient application of the SD Definition as it allows for long-term planning based on the current AGNA de minimis threshold. (iv) Regulatory Coverage of NFC Swap Market     As indicated in Table 1 above, approximately 86 percent of NFC swaps involved at least one registered SD. Although that percentage is lower than the approximately 99 percent for other asset classes, as discussed below, the Commission is of the view that lower SD regulatory coverage is acceptable given the unique characteristics of the NFC swap market. Table 12 presents information on the category and SD registration status of In-Scope Entities with at least 10 NFC swap counterparties.

              Table 12--Categories and Registration Status                             In-Scope Entities                      [Minimum 10 NFC counterparties] ------------------------------------------------------------------------                                                            Unregistered                 Category                  Registered SDs     entities ------------------------------------------------------------------------ Bank/Bank subsidiary/Bank affiliate.....              39              12 Non-bank financial entity (e.g , traders               2               8  without physical assets)............... Other (e.g , commercial entities, such                 3              22  as consumers, merchants, producers, or  traders of physical commodities, who  appear to be engaging in some swap  dealing activity)......................                                          -------------------------------     Total...............................              44              42 ------------------------------------------------------------------------

    Analysis of SDR data indicates that were 86 In-Scope Entities with 10 or more NFC swap counterparties during the review period. As seen in Table 12, of these 86 entities, 44 are registered SDs and 42 are unregistered entities. Of the 42 unregistered entities, 22 have a primary business that is non-financial in nature. Specifically, these are commercial entities, such as consumers, merchants, producers, or traders of physical commodities, who appear to be engaging in some swap dealing activity. Moreover, half of the 12 unregistered banks or bank affiliates active in the NFC swap market are small or mid-sized in nature. Further, of the 42 unregistered entities, only seven have AGNA of swaps activity greater than $3 billion in IRS, CDS, FX swaps, and equity swaps, indicating that the majority of these entities are primarily or exclusively active in NFC swaps.\97\ In addition to the fact that entering into NFC swaps is the primary swaps activity for the majority of these 42 entities, a review of these entities' transaction data indicates that they appear to provide NFC swaps generally to smaller end-user counterparties, potentially to permit these counterparties to hedge risks associated with physical commodities. ---------------------------------------------------------------------------

    \97\ Five have greater than $8 billion in AGNA of swaps activity.     \98\ The transaction and counterparty totals are not mutually exclusive, as some of the 44 registered SDs transact with the 42 unregistered entities. The 44 registered SDs also transact with some of the same counterparties as the 42 unregistered entities.

                Table 13--NFC Swap Transaction Statistics                             In-Scope Entities                   [Minimum 10 NFC counterparties] \98\ ------------------------------------------------------------------------                                                            Unregistered                 Statistic                 Registered SDs   entities (42                                             (44 total)        total) ------------------------------------------------------------------------ Transactions:     Mean................................          12,638           2,195     Total...............................         546,656          85,025     Total as Percent of all NFC                      86%             13%      transactions....................... Counterparties:     Mean................................             176              40     Total...............................           4,626           1,207     Total as Percent of all NFC                      83%             22%      counterparties..................... ------------------------------------------------------------------------

    Table 13 indicates that registered SDs with 10 or more counterparties entered into 86 percent of the transactions in the NFC swap market, and faced 83 percent of counterparties in at least one transaction,\99\ indicating that the existing $8 billion de minimis threshold has helped extend the benefits of SD registration to much of the NFC swap market. The trading activity of the 42 unregistered entities represents approximately 13 percent of the overall NFC swap market by transaction count. However, as compared to the existing 44 registered SDs with at least 10 counterparties, these 42 unregistered entities have significantly lower mean transaction and counterparty counts, indicating that they may only be providing ancillary dealing services to accommodate commercial end-user clients, and/or be engaged in non-swap dealing activity, such as hedging activity or proprietary trading. ---------------------------------------------------------------------------

    \99\ Including existing registered SDs with fewer than 10 counterparties would only add 167 trades to the analysis. ---------------------------------------------------------------------------

    Lacking notional-equivalent data for NFC swaps, it is unclear how many of the 42 entities would actually be subject to SD registration at any given de minimis threshold. It is possible that a portion of the swaps activity for some or all of these entities qualifies for the physical hedging exclusion in paragraph (6)(iii) of the SD Definition or is

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otherwise not swap dealing activity, regardless of the de minimis threshold level.\100\ ---------------------------------------------------------------------------

    \100\ Hypothetically, if all 42 entities registered, the percentage of all NFC swaps facing at least one registered SD would rise from approximately 86 percent to 98 percent. ---------------------------------------------------------------------------

    The Commission believes that the available data, related policy considerations, and comments from market participants \101\ demonstrate that maintaining an $8 billion threshold is also appropriate with respect to the NFC swap asset class. ---------------------------------------------------------------------------

    \101\ See Letters from BP, CDE, CMC, EDF, EEI/EPSA, FSR, IIB, IECA, ISDA, NGSA, and SIFMA, supra note 58. ---------------------------------------------------------------------------

    First, a reduced de minimis threshold likely would have negative impacts on NFC swap liquidity. Specifically, some entities may reduce dealing to avoid registration and its related costs. Many of the entities identified in Table 12 that are not registered as SDs are non- financial in nature and trade in physical commodity markets, or are small or mid-sized banks. Based on analysis of data and comments from swap market participants, it is likely that much of the swap dealing by these entities serves small or mid-sized end-users in their localized markets. Often, the end-users served by these entities do not have trading relationships with larger, financial-entity SDs, and the end- users rely on these small to mid-sized and/or non-financial entities to access liquidity provided by larger dealers.     For example, the 42 unregistered In-Scope Entities described above entered into NFC swaps with 1,207 counterparties, 1,174 of which were not registered SDs. Of these 1,174 entities, 705 had no transactions with registered SDs. Almost all of the 705 entities are commercial end- users.\102\ Of the 52,396 NFC swaps that these 705 entities entered into, 48,813 were entered into with the 42 unregistered In-Scope Entities discussed above.\103\ Therefore, it is likely that these 705 entities are generally relying on the 42 unregistered In-Scope Entities for access to the NFC swap market. It is unclear if these 705 entities would be able to establish trading lines with registered SDs if some of the 42 entities reduced or eliminated their NFC swap dealing activities. ---------------------------------------------------------------------------

    \102\ The 705 entities comprise 12.6 percent of the 5,578 counterparties who entered into NFC swaps.     \103\ The 48,413 NFC swaps comprise 7.6 percent of the 633,943 NFC swaps entered into during the review period. ---------------------------------------------------------------------------

    If the de minimis threshold is decreased, the Commission is of the view that this would negatively affect swap market access and liquidity for commercial end-user counterparties of currently unregistered entities that are active in NFC swaps. Specifically, these entities may reduce or stop dealing activity if a lower threshold would subject them to SD registration.\104\ The swap dealing activity of unregistered entities dealing in NFC swaps is likely a smaller part of those entities' overall business activities, and may not support the costs associated with SD registration and compliance.\105\ ---------------------------------------------------------------------------

    \104\ Comments from market participants have specifically indicated that some entities would reduce or stop dealing activity if the de minimis threshold is reduced. See generally Letters from BP, CMC, EDF, IIB, and NGSA; Final Staff Report, supra note 24, at 11-12, 16-17 (citing comment letters submitted in response to Preliminary Staff Report, supra note 21).     \105\ See generally Letters from BP, CDE, CMC, EDF, EEI/EPSA, FSR, IIB, IECA, ISDA, NGSA, and SIFMA, supra note 58; Final Staff Report, supra note 24, at 11-12, 16-17 (citing comment letters submitted in response to Preliminary Staff Report, supra note 21). ---------------------------------------------------------------------------

    Generally, a reduction in the threshold could negatively affect the ability of these entities to provide ancillary services involving swap transactions, a stated benefit for having a de minimis exception. Further, if the threshold is maintained at $8 billion, it is possible that unregistered entities that currently limit trading activity to below $3 billion may increase dealing volumes to levels closer to $8 billion, potentially increasing liquidity in the NFC swap market. As the Commission has stated:

    The futures and swaps markets are essential to our economy and the way that businesses and investors manage risk. Farmers, ranchers, producers, commercial companies, municipalities, pension funds, and others use these markets to lock in a price or a rate. This helps them focus on what they do best: innovating, producing goods and services for the economy, and creating jobs. The CFTC works to ensure these hedgers and other market participants can use markets with confidence.\106\ ---------------------------------------------------------------------------

    \106\ CFTC Responsibilities, available at [*https://www.cftc.gov/About/MissionResponsibilities/index.htm*](https://www.cftc.gov/About/MissionResponsibilities/index.htm)

    Allowing small to mid-sized non-financial entities with a presence in the physical commodity markets to provide ancillary services involving swap transactions helps fulfill this goal.     Second, even if the threshold were decreased, it is unclear if or to what extent the 2017 Counterparty Coverage statistic of 86 percent would increase for NFC swaps since several of those entities likely already have less than $3 billion in AGNA of swap dealing activity. Additionally, as discussed above, many of these entities would likely reduce activity to remain below the SD de minimis threshold, further reducing any increase in Estimated Counterparty Coverage from a lower threshold.     Third, many of the entities engaged in limited swap dealing activity for NFC swaps appear to have a unique role in the market in that their primary business is generally non-financial in nature and the swap dealing activity is ancillary to their primary role in the market. Further, these firms generally pose less systemic risk than financial market SDs.\107\ For these reasons, the Commission believes that there are strong public policy arguments not to require that all of these entities register with the Commission. ---------------------------------------------------------------------------

    \107\ See e.g , Letter from CDE, supra note 58; Final Staff Report, supra note 24, at 12 (citing comment letters submitted in response to Preliminary Staff Report, supra note 21). ---------------------------------------------------------------------------

    Fourth, although it has not conducted an analysis of AGNA activity in NFC swaps,\108\ the Commission is of the preliminary view that increasing the de minimis threshold could potentially lead to fewer entities being required to register as SDs due to their NFC swap market activity. This could reduce the number of entities transacting with registered SDs, and therefore also reduce the benefits of those SD regulations concerned with counterparty protections. ---------------------------------------------------------------------------

    \108\ As discussed above in section II.A.1.i, there were challenges in calculating notional amounts for NFC swaps. ---------------------------------------------------------------------------

    Preliminarily, the Commission does not believe that decreasing or increasing the de minimis threshold would have much benefit for the NFC swap market. Rather, there is a concern that a change in the threshold would cause harm to that market. (v) Setting an $8 Billion Threshold Avoids Potential Administrative Burdens     The Commission notes that setting the de minimis threshold at $8 billion would allow persons to continue to use existing calculation procedures and business processes that are geared towards the $8 billion threshold. Modifying the threshold could require entities to revise monitoring processes, modify internal systems, and amend policies and procedures tied to an $8 billion threshold, leading to increased costs. Further, as discussed, the Commission expects that maintaining an $8 billion threshold would foster the efficient application of the SD Definition by providing continuity and addressing the uncertainty associated with the end of the phase-in period.     Based on the available data and policy considerations discussed above, the Commission proposes to maintain the de minimis threshold for AGNA of swap dealing at $8 billion.

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3. Request for Comments     The Commission requests comments on the following questions. To the extent possible, please quantify the impact of issues discussed in comments, including costs and benefits, as applicable.     (1) Based on the data and related policy considerations, is an $8 billion de minimis threshold appropriate? Why or why not?     (2) Should the de minimis threshold be reduced to $3 billion? Why or why not?     (3) Should the de minimis threshold be increased? If so, to what threshold? Why or why not?     (4) Are the assumptions discussed above regarding a $3 billion de minimis threshold, an $8 billion de minimis threshold, or a higher de minimis threshold accurate, including, but not limited to, compliance costs and market liquidity assumptions?     (5) As an alternative or in addition to maintaining an $8 billion threshold, should the Commission consider a tiered SD registration structure that would establish various exemptions from SD compliance requirements for SDs whose AGNA of swap dealing activity is between the $3 billion and $8 billion?     (6) What is the impact of the de minimis threshold level on market liquidity? Are there entities that would increase their swap dealing activities if the Commission raised the de minimis exception, or decrease their swap dealing activities if the Commission lowered the threshold? How might these changes affect the swap market?     (7) Are there additional policy or statutory considerations underlying SD regulation or the de minimis exception that the Commission should consider?     (8) Have there been any structural changes to the swap market such that the policy considerations have evolved since the adoption of the SD Definition?     (9) Are entities curtailing their swap dealing activity to avoid SD registration at $8 billion or $3 billion thresholds, and if so, what impact is that having on the swap market? Are certain asset classes or product types more affected by such curtailed dealing activity than others?     (10) Does registration as an SD allow persons to substantially increase their swap dealing activity, or is increased swap dealing activity constrained by capital requirements at the firm level and other considerations?     (11) Should an entity's AGNA of swap dealing activity continue to be tested against the de minimis threshold for any rolling 12-month period, only for ***calendar*** ***year*** periods, or for some other regular 12- month period such as quarterly or semi-annual testing?     (12) What are the benefits and detriments to using AGNA of swap dealing activity as the relevant criterion for SD registration, as compared to other options, including, but not limited to, entity-netted notional amounts or credit exposures?

B. Swaps Entered Into by Insured Depository Institutions in Connection With Loans to Customers

1. Background     The CEA provides that in no event shall an IDI be considered to be an SD to the extent it offers to enter into a swap with a customer in connection with originating a loan with that customer.\109\ With respect to the statutory exclusion, the Commissions jointly adopted paragraph (5) of the SD Definition, which allows an IDI to exclude-- when determining whether it is an SD--certain swaps it enters into with a customer in connection with originating a loan to that customer (the ``IDI Swap Dealing Exclusion'').\110\ ---------------------------------------------------------------------------

    \109\ 7 U.S.C 1a(49)(A).     \110\ 17 CFR 1.3, Swap dealer, paragraph (5). ---------------------------------------------------------------------------

    For a swap to be considered to have ``been entered into . . . in connection with originating a loan,'' the IDI Swap Dealing Exclusion requires that: (1) The IDI enter into the swap no earlier than 90 days before and no later than 180 days after execution of the loan agreement (or ***transfer*** of principal); \111\ (2) the rate, asset, liability, or other notional item underlying the swap be tied to the financial terms of the loan or be required as a condition of the loan to hedge risks arising from potential changes in the price of a commodity; \112\ (3) the duration of the swap not extend beyond termination of the loan; \113\ (4) the IDI be the source of at least 10 percent of the principal amount of the loan, or the source of a principal amount greater than the notional amount of swaps entered into by the IDI with the customer in connection with the loan; \114\ (5) the AGNA of swaps entered into in connection with the loan not exceed the principal amount outstanding; \115\ (6) the swap be reported as required by other CEA provisions if it is not accepted for clearing; \116\ (7) the transaction not be a sham, whether or not the transaction is intended to qualify for the IDI Swap Dealing Exclusion; \117\ and (8) the loan not be a synthetic loan, including, without limitation, a loan credit default swap or a loan total return swap.\118\ A swap that meets the above requirements would not be considered when assessing whether a person is an SD. ---------------------------------------------------------------------------

    \111\ 17 CFR 1.3, Swap dealer, paragraph (5)(i)(A).     \112\ 17 CFR 1.3, Swap dealer, paragraph (5)(i)(B).     \113\ 17 CFR 1.3, Swap dealer, paragraph (5)(i)(C).     \114\ 17 CFR 1.3, Swap dealer, paragraph (5)(i)(D).     \115\ 17 CFR 1.3, Swap dealer, paragraph (5)(i)(E).     \116\ 17 CFR 1.3, Swap dealer, paragraph (5)(i)(F).     \117\ 17 CFR 1.3, Swap dealer, paragraph (5)(iii)(A).     \118\ 17 CFR 1.3, Swap dealer, paragraph (5)(iii)(B). ---------------------------------------------------------------------------

    Based on information gained from market participants,\119\ as well as analysis of data submitted to SDRs, the Commission believes that the IDI Swap Dealing Exclusion: (1) Has unnecessarily restrictive conditions; (2) is not clear in certain instances; and (3) limits the ability of IDIs to provide swaps that would allow their customers to properly hedge risks associated with bank loans. In general, these issues make it more difficult for IDIs that are not registered as SDs to provide swaps to loan customers because of the concern that certain swaps would not qualify for the IDI Swap Dealing Exclusion. Certain IDIs are restricting loan-related swaps because of the potential that such swaps would have to be counted towards an IDI's de minimis threshold, leading the IDI to register as an SD and incur registration- related costs. The restrictions on loan-related swaps by IDIs may result in reduced availability of swaps for the loan customers of these IDIs, potentially hampering the ability of end-user borrowers to enter into hedges in connection with their loans. ---------------------------------------------------------------------------

    \119\ See, e.g , Letters from Chatham, FSR, and Northern Trust, supra note 58; Final Staff Report, supra note 24, at 17 (citing comment letters submitted in response to Preliminary Staff Report, supra note 21). ---------------------------------------------------------------------------

    The Commission is not at this time proposing to amend the IDI Swap Dealing Exclusion in paragraph (5) of the SD Definition. As discussed above, pursuant to requirements of section 712(d)(1) of the Dodd-Frank Act, the CFTC and SEC jointly adopted the IDI Swap Dealing Exclusion in paragraph (5) as part of the definition of what constitutes swap dealing activity. Rather than proposing to revise the scope of activity that constitutes swap dealing, the Commission is proposing to amend paragraph (4) of the SD Definition, which addresses the de minimis exception.\120\ In particular, the

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Commission is proposing to add specific factors that an IDI can consider when assessing whether swaps entered into with customers in connection with loans to those customers must be counted towards the IDI's de minimis calculation. The IDI could assess these factors and exclude qualifying swaps from the de minimis calculation regardless of whether the swaps would qualify for the IDI Swap Dealing Exclusion. ---------------------------------------------------------------------------

    \120\ A joint rulemaking is not required with respect to changes to the de minimis exception-related factors. 77 FR at 30634 n.464 (``We do not interpret the joint rulemaking provisions of section 712(d) of the Dodd-Frank Act to require joint rulemaking here, because such an interpretation would read the term ``Commission'' out of CEA section 1a(49)(D) (and Exchange Act section 3(a)(71)(D)), which themselves were added by the Dodd-Frank Act.''). As noted above, pursuant to section 712(a)(1) of the Dodd-Frank Act, the Commission is consulting with the SEC and prudential regulators regarding the changes to the de minimis exception discussed in this Proposal. ---------------------------------------------------------------------------

    Specifically, the Commission is proposing new paragraph (4)(i)(C) of the SD Definition, which would except from the calculation of the de minimis threshold certain loan-related swaps entered into by IDIs (the ``IDI De Minimis Provision''). The IDI De Minimis Provision would have requirements that are similar to the IDI Swap Dealing Exclusion, but would encompass a broader scope of loan-related swaps. The proposed IDI De Minimis Provision includes: (1) A lengthier timing requirement for when the swap must be entered into; (2) an expansion of the types of swaps that are eligible; (3) a reduced syndication percentage requirement; (4) an elimination of the notional amount cap; and (5) a refined explanation of the types of loans that would qualify.     The Commission notes that any swap that meets the requirements of the IDI Swap Dealing Exclusion in paragraph (5) of the SD Definition would also meet the requirements of the proposed IDI De Minimis Provision. However, proposed paragraph (4)(i)(C) provides additional flexibility as to what swaps need to be counted towards an IDI's de minimis calculation. The Commission believes that the broader scope of the proposed IDI De Minimis Provision, described in further detail below, may advance the policy objectives of the de minimis exception by allowing some IDIs to provide swaps to customers in connection with loans without having to register as an SD. In other words, the proposed provision would facilitate swap dealing in connection with other client services and may encourage more IDIs to participate in the swap market--two policy objectives of the de minimis exception. Greater availability of loan-related swaps may also improve the ability of customers to hedge their loan-related exposure. The Commission also believes that the more flexible provisions of the proposed IDI De Minimis Provision may allow for more focused, efficient application of the SD Definition to the activities of IDIs that offer swaps in connection with loans.     Commission staff reviewed data to assess the potential impact of the IDI De Minimis Provision. Table 14 below provides information regarding the AGNA of swaps activity entered into by entities that were identified as IDIs \121\ with at least 10 counterparties in IRS, CDS, FX swaps, and equity swaps.\122\ The table summarizes the AGNA of swaps activity of smaller IDIs within various AGNA ranges from $1 billion to $50 billion. Note that persons that are affiliated with IDIs were not included in this analysis (e.g , broker-dealer subsidiaries, other non- IDI affiliates). ---------------------------------------------------------------------------

    \121\ Based on information on the Federal Deposit Insurance Corporation website, available at [*https://www5.fdic.gov/idasp/advSearch\_warp\_download\_all.asp*](https://www5.fdic.gov/idasp/advSearch_warp_download_all.asp)     \122\ As discussed above in section II.A.1.i, there were challenges in calculating notional amounts for NFC swaps. Therefore, the analysis in this section focuses on the other asset classes.

          Table 14--IDI Activity (Ranges Between $1 Bn and $50 Bn) IRS, CDS, FX Swaps, and Equity Swaps                                            [Minimum 10 counterparties] ----------------------------------------------------------------------------------------------------------------                                           Number of IDIs                   AGNA of swaps activity \123\                                  -------------------------------------------------------------------------------                                                                                                    Total with no  Range of AGNA of swaps activity                                   Total with at   Total with no  registered SDs               ($Bn)                Registered as  Not registered     least one    registered SDs    (percent of                                         SDs           as SDs       registered SD       ($Bn)          overall                                                                        ($Bn)                          market) ---------------------------------------------------------------------------------------------------------------- 1-3.............................               0              13            13.5             8.9           0.004 3-8.............................               0              10            37.5            16.5           0.007 8-20............................               0               4            42.6             6.5           0.003 20-50...........................               2               3           160.7            14.2           0.006 ----------------------------------------------------------------------------------------------------------------

    As seen in Table 14, there are a number of IDIs that have 10 or more counterparties and are active in the swap market at lower AGNAs.\124\ For example, there are 13 IDIs that are not currently registered as SDs and have between $1 billion and $3 billion in AGNA of swaps activity. Based on market participant comments \125\ and review of the trading data, the Commission believes that many of the unregistered entities engaged in $1 billion to $50 billion in AGNA of swaps activity are entering into swaps with customers in connection with loans to those customers. Additionally, many of these IDIs could be restricting their swaps activity because the IDI Swap Dealing Exclusion limits, or is ambiguous regarding, which swaps are considered to be ``in connection with'' originating a loan (and therefore are excluded from the SD analysis). ---------------------------------------------------------------------------

    \123\ The AGNA totals are not mutually exclusive across rows, and therefore cannot be added together without double counting. For example, some IDIs in the $1 billion to $3 billion range transact with IDIs in the $3 billion to $8 billion range. Transactions that involve entities from multiple rows are reported in both rows.     \124\ Although staff did not manually identify the category of every counterparty with less than $1 billion of activity, there are at least 200 entities generally identified as banks, each with AGNA of swaps activity below $1 billion and with at least 10 counterparties.     \125\ See generally supra note 119. ---------------------------------------------------------------------------

    As Table 14 indicates, the AGNA of swaps activity that these unregistered IDIs enter into with other non-registered entities is low relative to the total swap market analyzed. For example, there are 10 IDIs that have between $3 billion and $8 billion each in AGNA of swaps activity--none of which are registered SDs. In aggregate, these IDIs entered into approximately $54.0 billion in AGNA of swaps activity. However, only $16.5 billion of that activity was between two entities not registered as SDs, representing only 0.007 percent of the total AGNA of swaps activity during the review period. Depending on the range of AGNA of swaps activity examined, the level of activity occurring between two entities not registered as SDs (at least one of which is an IDI) varies between only approximately 0.003 percent and 0.007 percent of the total AGNA of swaps activity.     Given those low percentages, the Commission is of the view that the policy benefits of SD regulation likely would not be significantly diminished if the proposed IDI De Minimis Provision

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is adopted and some of the unregistered IDIs marginally expand the number and AGNA of swaps they enter into with customers in connection with loans to those customers. This low percentage of swap activity between two unregistered entities may also indicate that the limits of the IDI Swap Dealing Exclusion are restricting certain IDIs from taking full advantage of the exclusion. Further, though these entities are active in the swap market, the Commission is of the view that their activity poses less systemic risk as compared to larger IDIs because of their limited AGNA of swaps activity as compared to the overall size of the market. Generally, the reduced potential for risk, combined with the potential that end-user loan customers may benefit from increased access to loan-related swaps, provides support for the proposed IDI De Minimis Provision.     The proposed rule text described below may provide greater ability for IDIs to not count loan-related swaps towards their de minimis threshold calculations, potentially increasing the availability of loan-related swaps for their borrowers and advancing the stated policy goals of the de minimis exception. 2. Proposal (i) Timing Requirement     Pursuant to the IDI Swap Dealing Exclusion in paragraph (5) of the SD Definition, if an IDI enters into a swap in connection with originating a loan to a customer, that swap must be entered into no more than 90 days before or 180 days after the date of execution of the loan agreement (or date of ***transfer*** of principal to the customer) for the IDI Swap Dealing Exclusion to apply.\126\ ---------------------------------------------------------------------------

    \126\ 17 CFR 1.3, Swap dealer, paragraph (5)(i)(A). ---------------------------------------------------------------------------

    The Commission is proposing new paragraph (4)(i)(C)(1) of the SD Definition, which, for purposes of an IDI's de minimis calculation, does not include the 180-day restriction. Therefore, an IDI would not have to count towards its de minimis calculation any swap entered into in connection with a loan after the date of execution of the loan agreement (or date of ***transfer*** of principal). Additionally, the Commission is proposing to generally maintain the restriction for swaps entered into more than 90 days before loan funding, except where an executed commitment or forward agreement for the applicable loan exists, in which case the 90-day restriction would not apply.     The Commission believes that the timing restrictions in the IDI Swap Dealing Exclusion limit the ability of IDIs to effectively provide hedging solutions to end-user borrowers. Depending on market conditions or business needs, it is not uncommon for a borrower to wait for a period of time greater than 180 days after a loan is originated to enter into a hedging transaction. For example, if an IDI provides a loan with a 10-***year*** term, and the borrower chooses to wait until 181 days after the loan to hedge interest rate risk underlying that loan, the swap would not qualify for the IDI Swap Dealing Exclusion. However, under the proposed IDI De Minimis Provision, if the borrower entered into the hedge 181 days after execution, the swap would not have to be counted towards an IDI's de minimis calculation. Given that many of the entities that the Commission expects to utilize the IDI De Minimis Provision are small and mid-sized banks, not including this timing restriction could lead to increased swap availability for the borrowing customers that rely on such IDIs for access to swaps (and thereby advance a policy objective of the de minimis exception).     For a swap to be considered ``in connection with'' a loan for the purposes of the IDI De Minimis Provision, the Commission believes there should be a reasonable expectation that the loan will be entered into with a customer. Therefore, the proposed 90-day restriction is suitable because it requires that the swap be entered into within an appropriate period of time prior to the execution of the loan. However, where an executed commitment or forward agreement to loan money exists between the IDI and the borrower prior to the 90-day limit, the Commission believes a reasonable expectation for the loan is demonstrated. Accordingly, for purposes of the IDI De Minimis Provision, the Commission is proposing that an IDI may enter into a swap with a customer, in connection with a loan to that customer, more than 90 days prior to the execution of the loan where there is an executed commitment or forward agreement to loan money. (ii) Relationship of Swap to Loan     The IDI Swap Dealing Exclusion requires that the rate, asset, liability, or other notional item underlying such swap is, or is directly related to, a financial term of such loan or that such swap is required, as a condition of the loan under the insured depository institution's loan underwriting criteria, to be in place in order to hedge price risks incidental to the borrower's business and arising from potential changes in the price of a commodity (other than an excluded commodity).\127\ As explained in the SD Definition Adopting Release, the first category is for ``adjusting the borrower's exposure to certain risks directly related to the loan itself, such as risks arising from changes in interest rates or currency exchange rates,'' and the second category is to ``mitigate risks faced by both the borrower and the lender, by reducing risks that the loan will not be repaid.'' \128\ Therefore, both categories of swaps are directly related to repayment of the loan. ---------------------------------------------------------------------------

    \127\ See 17 CFR 1.3, Swap dealer, paragraph (5)(i)(B); 77 FR at 30622.     \128\ 77 FR at 30622. ---------------------------------------------------------------------------

    The Commission is proposing new paragraph (4)(i)(C)(2), which states that for purposes of the IDI De Minimis Provision, a swap is ``in connection with'' a loan if the rate, asset, liability or other term underlying such swap is, or is related to, a financial term of such loan, or if such swap is required as a condition of the loan, either under the insured depository institution's loan underwriting criteria or as is commercially appropriate, in order to hedge risks incidental to the borrower's business (other than for risks associated with an excluded commodity) that may affect the borrower's ability to repay the loan.     The Commission is of the view that the proposed language would further the policy objectives of the de minimis exception by providing flexibility to reflect the actual market practices of end-users who hedge their risk. The first provision refers to a ``term'' rather than a ``notional item,'' and does not include the word ``directly,'' for added flexibility. Because the second provision in the proposed language allows for swaps that are not explicitly required as a condition of the IDI's underwriting criteria, it provides flexibility for IDIs to enter into certain swaps with borrowers to hedge risks (e.g , commodity price risks) that may not have been evident at the time the loan was entered into or that are determined based on the unique characteristics of the borrower rather than the standard bank underwriting criteria. For example, physical commodity-related hedging decisions may not be made at the time the loan is entered into, but rather at a future point when inventory is purchased or produced. Additionally, in these cases, the underwriting criteria may not explicitly require that the borrower enter into swaps to hedge commodity price risk. This additional flexibility allows IDIs to enter into swaps, as commercially appropriate, with borrowers to hedge risks--in this case,

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commodity price risk--that may affect the borrower's ability to repay the loan without the limitation that such swaps must be contemplated in the original underwriting criteria in order not to be counted towards an IDI's de minimis calculation. The Commission believes that this proposal benefits both IDIs and customers and serves the purposes of the de minimis exception by allowing for greater use of swaps in effective and dynamic hedging strategies. The Commission also believes that this aspect of the proposed new provision would facilitate efficient application of the SD Definition by reducing the concern that ancillary dealing activity may subject the IDI to SD registration- related requirements. (iii) Syndicated Loan Requirement     For a loan-related swap with a notional amount equal to the full principal amount of the loan to qualify for the IDI Swap Dealing Exclusion, an IDI must be responsible for at least 10 percent of a syndicated loan.\129\ In the proposed IDI De Minimis Provision, new paragraph (4)(i)(C)(4)(i) requires an IDI to be, under the terms of the agreements related to the loan, the source of at least five percent of the maximum principal amount under the loan for a related swap not to be counted towards its de minimis calculation.\130\ In addition to this different syndication requirement, proposed paragraph (4)(i)(C)(4)(i) also includes a single provision that consolidates the separate provisions in paragraphs (5)(i)(D)(1) and (5)(i)(D)(2) of the IDI Swap Dealing Exclusion. ---------------------------------------------------------------------------

    \129\ 17 CFR 1.3, Swap dealer, paragraph (5)(i)(D).     \130\ Moreover, as discussed below in section II.B.2.iv, if the IDI is responsible for at least five percent of a syndicated loan, the Commission is proposing to not include the restriction that the AGNA of swaps entered into in connection with the loan not exceed the principal amount outstanding. ---------------------------------------------------------------------------

    For loans that are widely syndicated, lenders may not have control over their final share of the syndication. It is not uncommon for borrowers to enter into negotiations regarding related swaps before the underlying loan has been executed. The need to have at least a 10 percent share of the syndicate can make it more difficult for IDIs to determine, in advance, whether a swap they have negotiated with a borrower will qualify for the IDI Swap Dealing Exclusion. The lower syndication threshold of five percent in this Proposal provides additional flexibility for IDIs to enter into a greater range of loan- related swaps without having those swaps count towards their de minimis calculations.     The Commission is also proposing to add paragraph (4)(i)(C)(4)(ii), which states that if an IDI is a source of less than a five percent of the maximum principal amount of the loan, the notional amount of all swaps the IDI enters into in connection with the financial terms of the loan cannot exceed the principal amount of the IDI's loan in order to qualify for the IDI De Minimis Provision. This provision is similar to existing paragraph (5)(i)(D)(3) of the IDI Swap Dealing Exclusion, except that it uses a five percent participation threshold. (iv) Total Notional Amount of Swaps     The IDI Swap Dealing Exclusion requires that the AGNA of swaps entered into in connection with the loan not exceed the principal amount outstanding.\131\ The Commission is proposing to not include this restriction in the IDI De Minimis Provision in the case of IDIs responsible for at least five percent of the loan principal.\132\ It is not uncommon for an IDI-related loan to have related swaps that hedge multiple categories of exposure. For example, it is possible for a borrower to hedge some combination of interest rate, foreign exchange, and/or commodity risk in connection with a loan. The Commission notes that the AGNA of such swaps entered into in connection with the loan could exceed the principal amount outstanding; therefore, this restriction might unduly restrict the ability of certain IDIs to provide loan-related swaps to their borrowing customers to more effectively allow the customers to hedge loan-related risks. Not including this restriction in the IDI De Minimis Provision would thereby advance the policy objectives of the de minimis exception noted above. ---------------------------------------------------------------------------

    \131\ 17 CFR 1.3, Swap dealer, paragraph (5)(i)(E).     \132\ As discussed above in section II.B.2.iii in connection with proposed paragraph (4)(i)(C)(4)(ii), if an IDI is a source of less than a five percent of the maximum principal amount of the loan, the notional amount of all swaps the IDI enters into in connection with the financial terms of the loan cannot exceed the principal amount of the IDI's loan. ---------------------------------------------------------------------------

(v) Types of Loans     The requirements of the IDI Swap Dealing Exclusion do not account for types of credit financings that are similar to loans (e.g , credit enhanced bonds, letters of credit, leases, revolving credit facilities). When the Commission adopted the IDI Swap Dealing Exclusion, it generally referenced existing common law definitions for the term ``loan,'' \133\ stating that ``[r]ather than examine at this time the many particularized examples of financing transactions cited by some commenters, the term `loan' for purposes of this exclusion should be interpreted in accordance with this settled legal meaning.'' \134\ Additionally, to prevent evasion, the Commission adopted restrictions stating that the term ``loan'' shall not include any synthetic loan, including, without limitation, a loan credit default swap or loan total return swap, and stating that the term ``loan'' does not include sham loans, whether or not intended to qualify for the exclusion from the definition of the term swap dealer in this rule.\135\ ---------------------------------------------------------------------------

    \133\ 77 FR at 30622 n.326 (``To constitute a loan there must be (i) a contract, whereby (ii) one party ***transfers*** a defined quantity of money, goods, or services, to another, and (iii) the other party agrees to pay for the sum or items ***transferred*** at a later date.'' (internal citations omitted)).     \134\ Id. at 30622.     \135\ 17 CFR 1.3, Swap dealer, paragraph (5)(iii). See 77 FR at 30622, 30708. ---------------------------------------------------------------------------

    Similarly, to prevent evasion, the Commission is proposing new paragraph (4)(i)(C)(6), which states that the IDI De Minimis Provision shall not apply to any transaction that is a sham and shall not apply to any synthetic loan. The Commission believes it is appropriate to continue to require that swaps associated with synthetic loans be counted towards the de minimis exception. However, for added simplicity, the Commission has not included the provision specifically listing ``a loan credit default swap or loan total return swap.'' The Commission notes that certain loan credit default swaps and loan total return swaps may be valid loan structures. Nonetheless, to the extent a credit default swap, loan total return swap, or any other financial instrument would be considered a synthetic lending arrangement, swaps entered into in connection with such a synthetic lending arrangement would not qualify for the IDI De Minimis Provision.     The Commission is of the view that swaps entered into in connection with non-synthetic lending arrangements that are commonly known in the market as ``loans'' would generally not need to be counted towards an IDI's de minimis calculation if the other requirements of the IDI De Minimis Provision are also met. Although the Commission is not proposing to assess individual categories of transactions to determine whether they qualify as loans, it recognizes the common law definition cited in the SD Definition Adopting Release. Additionally, the Commission's regulations in part 75 (regarding ``Proprietary Trading and Certain Interests in and Relationships with Covered Funds'') define a loan as any loan, lease, extension of credit, or

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secured or unsecured receivable that is not a security or derivative.\136\ The Commission is of the view that this definition would also apply for purposes of the IDI De Minimis Provision. Generally, allowing swaps entered into in connection with other forms of financing commonly known as loans not to be counted towards the de minimis threshold calculation better reflects the breadth of lending products and credit financings that borrowers often utilize and thereby advances the policy objectives of the de minimis exception noted above. ---------------------------------------------------------------------------

    \136\ 17 CFR 75.2(s). ---------------------------------------------------------------------------

(vi) Additional Requirements     The remaining requirements for the IDI De Minimis Provision are substantively identical to the IDI Swap Dealing Exclusion provisions in paragraph (5) of the SD Definition.     Proposed paragraph (4)(i)(C)(3) is identical to paragraph (5)(i)(C), stating that the termination date of the swap cannot extend beyond termination of the loan.     Proposed paragraph (4)(i)(C)(5) states that a swap is considered to have been entered into in connection with originating a loan to a customer if the IDI: (1) Directly ***transfers*** the loan amount; (2) is part of a syndicate of lenders that is the source of the loan amount; (3) purchases or receives a participation in the loan; or (4) under the terms of the agreements related to the loan, is, or is intended to be, the source of funds for the loan. This provision is similar to paragraph (5)(ii) of the IDI Swap Dealing Exclusion, except that it also encompasses a loan-related swap if the IDI ``is intended to be'' the source of the funds. This difference is consistent with the timing requirement provision, discussed above in section II.B.2.i, which does not include the 90 days before execution of the loan restriction in situations where an executed commitment or forward agreement for the applicable loan exists. 3. Request for Comments     The Commission requests comments on the following questions. To the extent possible, please quantify the impact of issues discussed in the comments, including costs and benefits, as applicable.     (1) Based on the data and related policy considerations, is the proposed IDI De Minimis Provision appropriate? Why or why not?     (2) How will the proposed IDI De Minimis Provision impact IDIs who enter into swaps with customers in connection with loans? Will IDIs enter into more swaps with loan customers as result of the proposed IDI De Minimis Provision?     (3) If the underlying loan is called, put, accelerated, or if it goes into default before the scheduled termination date, should the related swap be required to be terminated to remain eligible for the IDI De Minimis Provision?     (4) Are there circumstances that can be anticipated at the time of loan origination that would support permitting the termination date of the swap to extend beyond termination of the loan?     (5) Does the provision in proposed paragraph (4)(i)(C)(1) referencing ``executed commitment'' or ``forward agreement'' sufficiently reflect market practice regarding how swaps may be entered into in connection with a loan in advance of the loan being executed?     (6) Is it common for an IDI to have as low as five percent participation in a syndicated loan and also provide swaps in connection with the loan?     (7) Is it common for the AGNA of loan-related swaps to exceed the outstanding principal amount of the loan? In what circumstances?     (8) Should the Commission define ``synthetic loan''? How should that term be defined?     (9) Are there circumstances in which a loan credit default swap or loan total return swap would not be considered a synthetic lending arrangement?     (10) If an IDI would have to register as an SD but for the IDI De Minimis Provision, should that IDI be required to provide notice to the Commission, Commission staff, or the National Futures Association? Alternatively, to utilize the proposed IDI De Minimis Provision, should IDIs be required to directly reference the related loan in the written swap confirmation?

C. Swaps Entered Into To Hedge Financial or Physical Positions

1. Background and Proposal     In adopting the SD Definition, the Commission provided that, subject to certain requirements, swaps entered into by a person for purposes of hedging physical positions are not considered in determining whether the person is an SD (the ``Physical Hedging Exclusion'').\137\ However, the regulatory text does not include a specific exclusion for swaps entered into for purposes of hedging financial positions. Rather, the Commission stated that swaps entered into for hedging purposes that did not fall within the SD Definition, including those that qualify for an exclusion in the SD Definition, would not count towards the de minimis threshold.\138\ ---------------------------------------------------------------------------

    \137\ 17 CFR 1.3, Swap dealer, paragraph ] (6)(iii).     \138\ 77 FR at 30631 n.433 (``For purposes of the de minimis exception to the [SD Definition] . . . the relevant question in determining whether swaps count as dealing activity against the de minimis thresholds is whether the swaps fall within the [SD Definition] . . . . If hedging or proprietary trading activities did not fall within the definition, including because of the application of [paragraph (6) of the SD Definition in Sec.  1.3], they would not count against the de minimis thresholds.''). ---------------------------------------------------------------------------

    Based on feedback from swap market participants during implementation of the SD regulations and in connection with Project KISS,\139\ the Commission believes that although there is a specific exclusion for swaps entered into in connection with hedging physical positions, the absence of an explicit exclusion in the regulations for swaps entered into for purposes of hedging financial positions has caused uncertainty in the marketplace regarding whether swaps that hedge, for example, interest rate risk, credit risk, or foreign exchange risk, would also need to be counted towards a person's de minimis threshold. This uncertainty could cause inefficient application of the SD Definition by leading some persons to: (1) Count swaps that they enter into to hedge financial positions as swap dealing activity for purposes of assessing whether the persons would need to register as SDs; or (2) not enter into swaps to hedge financial positions for fear of exceeding the de minimis threshold. ---------------------------------------------------------------------------

    \139\ See Letters from IIB, Western Union, and WU/GPS/AFEX, supra note 58. ---------------------------------------------------------------------------

    The Commission is of the view that an explicit statement of the factors that indicate when a swap entered into to hedge financial or physical positions (``hedging swap'') is excluded from counting towards the de minimis threshold would help swap market participants know with greater certainty what swaps have to be counted towards the de minimis threshold, and thereby help market participants apply the SD Definition more efficiently. The Commission is proposing to add a hedging exception in new paragraph (4)(i)(D) of the SD Definition, permitting entities to not count towards their de minimis calculations hedging swaps, when such swaps meet certain conditions (the ``Hedging De Minimis Provision''). Similar to the proposed IDI De Minimis Provision, the Hedging De Minimis Provision does not revise the scope of activity that constitutes swap dealing. Rather, the new provision would set out explicit factors an entity can consider for purposes of assessing whether hedging swaps must be counted towards the de minimis

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calculation.\140\ The Commission notes that any swap that meets the requirements of the Physical Hedging Exclusion in paragraph (6)(iii) of the SD Definition would also meet the requirements of the proposed Hedging De Minimis Provision, but meeting the requirements of the Physical Hedging Exclusion is not a prerequisite for application of the Hedging De Minimis Provision. In addition, as the Commission noted in the SD Definition Adopting Release, if a swap does not satisfy the criteria of the Hedging De Minimis Provision, this does not mean the swap is necessarily swap dealing activity.\141\ Rather, such hedging activity should then be considered in light of all the other relevant facts and circumstances to determine whether the person is engaging in activity (e.g , market making, accommodating demand) that brings the person within the SD Definition. ---------------------------------------------------------------------------

    \140\ See section II.B.1 As discussed, a joint rulemaking with the SEC is not required under the statute with respect to the de minimis exception-related factors. 77 FR at 30634 n.464     \141\ 77 FR at 30613. ---------------------------------------------------------------------------

    Proposed paragraph (4)(i)(D) states that to qualify for the Hedging De Minimis Provision, a swap must be entered into by a person for the primary purpose of reducing or otherwise mitigating one or more of the specific risks to which it is subject, including, but not limited to, market risk, commodity price risk, rate risk, basis risk, credit risk, volatility risk, correlation risk, foreign exchange risk, or similar risks arising in connection with existing or anticipated identifiable assets, liabilities, positions, contracts or other holdings of the person or any affiliate. Additionally, the person entering into the hedging swap must not: (1) Be the price maker of the hedging swap; (2) receive or collect a bid/ask spread, fee, or commission for entering into the hedging swap; and (3) receive other compensation separate from the contractual terms of the hedging swap in exchange for entering into the hedging swap.     The requirements that the person not be a price maker of the swap or receive compensation for the swap should ensure that the Hedging De Minimis Provision does not improperly exclude swap dealing activity. As discussed in the SD Definition Adopting Release, in connection with swaps that hedge physical positions:

    When a person enters into a swap for the purpose of hedging the person's own risks in specified circumstances, an element of the [SD] definition--the accommodation of the counterparty's needs or demands--is absent. Therefore, consistent with our overall interpretive approach to the definition, the activity of entering into such swaps (in the particular circumstances defined in the rule) does not constitute swap dealing. Providing an exception for such swaps from the [SD] analysis reduces costs that persons using such swaps would incur in determining if they are [SDs].\142\ ---------------------------------------------------------------------------

    \142\ 77 FR at 30710.

    The Commission believes that this rationale applies broadly to swaps that hedge both financial and physical positions. When the person is not the price maker of the hedging swap, or otherwise receiving compensation, the person is not accommodating the needs of a counterparty, such swap is generally not swap dealing activity, and therefore should not be counted for purposes of the de minimis exception. Adding this specific exception as a factor to be considered for purposes of the de minimis calculation provides additional clarity which advances the policy objectives of the de minimis threshold. In particular, the Commission believes that the scope of the Hedging De Minimis Provision would encourage greater use of swaps (i.e , greater participation in the swap market) to hedge risks. Additionally, the proposed rule accounts for circumstances where entities may hedge risks using affiliates. The flexible terms of the Hedging De Minimis Provision should facilitate an efficient application of the SD Definition that is more focused on activity that is covered by the statutory and regulatory definition of swap dealing. As noted below, the Hedging De Minimis Provision contains elements to ensure that it does not improperly exclude swap dealing activity that should be counted against the de minimis threshold.     The SD Definition Adopting Release also states that, generally, swaps that hedge positions that were entered into as part of swap dealing activity would also not need to be counted towards a person's de minimis threshold calculation if they meet the requirements of the proposed exception.\143\ The proposed Hedging De Minimis Provision is consistent with the CFTC's position in the SD Definition Adopting Release. ---------------------------------------------------------------------------

    \143\ The CFTC stated that ``the relevant question in determining whether swaps count as dealing activity against the de minimis thresholds is whether the swaps fall within the [SD Definition] . . . . If hedging or proprietary trading activities did not fall within the definition . . . they would not count against the de minimis thresholds.'' Id. at 30631 n.433 DSIO later stated that back-to-back swaps should each undergo a facts and circumstances analysis to determine if they should be considered swap dealing activity. See Frequently Asked Questions (FAQ)--[DSIO] Responds to FAQs About Swap Entities (Oct. 12, 2012), available at [*https://www.cftc.gov/idc/groups/public/@newsroom/documents/file/swapentities\_faq\_final.pdf*](https://www.cftc.gov/idc/groups/public/@newsroom/documents/file/swapentities_faq_final.pdf) ---------------------------------------------------------------------------

    Lastly, the proposed Hedging De Minimis Provision also includes, in paragraphs (D)(3) through (D)(5), the following requirements that are in the Physical Hedging Exclusion: (1) The swap must be economically appropriate to the reduction of risks that may arise in the conduct and management of an enterprise engaged in the type of business in which the person is engaged; (2) the swap must be entered into in accordance with sound business practices; and (3) the swap is not in connection with activity structured to evade designation as an SD. The Commission believes that these requirements are also appropriate for this broader Hedging De Minimis Provision to ensure that swap dealing activity is not improperly being excluded from a person's de minimis threshold calculation. 2. Request for Comments     The Commission requests comments on the following questions. To the extent possible, please quantify the impact of issues discussed in the comments, including costs and benefits as applicable.     (1) Based on the policy considerations, is the proposed Hedging De Minimis Provision appropriate? Why or why not?     (2) Is the proposed Hedging De Minimis Provision too narrowly or broadly tailored?     (3) How will the proposed Hedging De Minimis Provision impact entities that enter into swaps to hedge financial or physical positions?     (4) The proposed Hedging De Minimis Provision would be used to determine whether a person has exceeded the AGNA threshold set forth in paragraph (4)(i)(A) of the SD Definition, whereas the Physical Hedging Exclusion in paragraph (6)(iii) of the SD Definition addresses when a swap is not considered in determining whether a person is an SD. How might this distinction impact how entities analyze their swap dealing activity and whether they would exceed the de minimis threshold?

D. Swaps Resulting From Multilateral Portfolio Compression Exercises

1. Background and Proposal     The Commission is proposing new paragraph (4)(i)(E) of the SD Definition, which would allow a person to exclude from its de minimis calculation swaps that result from multilateral portfolio compression exercises (``MPCE De

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Minimis Provision'').\144\ The MPCE De Minimis Provision is consistent with DSIO no-action relief issued on December 21, 2012 (``Staff Letter 12-62'').\145\ Specifically, DSIO stated that it would not recommend that the Commission take enforcement action against any person for failure to include in its de minimis calculation the terminations of swaps (in whole or in part) or swaps entered into as replacement swaps as part of a multilateral portfolio compression exercise (as defined in paragraph 23.500(h) of the Commission's regulations). The relief provided was not time-limited. ---------------------------------------------------------------------------

    \144\ Similar to the proposed IDI De Minimis Provision and the Hedging De Minimis Provision, the MPCE De Minimis Provision does not revise the scope of activity that constitutes swap dealing. Rather, the new provision sets out factors an entity can consider for purposes of assessing whether swaps resulting from multilateral portfolio compression exercises need to be counted towards the de minimis calculation.     \145\ CFTC Staff Letter No. 12-62, supra note 54. ---------------------------------------------------------------------------

    The Commission concurs with the position taken in Staff Letter 12- 62. Generally, multilateral portfolio compression allows swap market participants with large portfolios to ``net down'' the size and number of outstanding swaps between them. The Commission is of the view that this advances the policy considerations behind SD regulation by reducing counterparty credit risk, lowering the AGNA of outstanding swaps, and reducing operational risks by decreasing the number of outstanding swaps. The Commission understands that multilateral portfolio compression exercises do not permit participants to provide liquidity or set prices in the market. A participant in a multilateral portfolio compression exercise submits some criteria for its participation in the exercise (e.g , credit or counterparty limits), but the outcome of a compression cycle will depend on several variables that the participants cannot know or control, such as the positions in counterparties' portfolios and the criteria set by other participants. Given this process, the Commission is of the view that multilateral portfolio compression exercise swaps generally do not involve any of the attributes the Commission has identified as indicative of swap dealing activity.\146\ Further, the Commission notes that counting such swaps towards a person's de minimis threshold could discourage participation in multilateral portfolio compression exercises, reducing the market benefit of the risk reduction such exercises provide. ---------------------------------------------------------------------------

    \146\ See, e.g , 77 FR at 30606-19 (e.g , accommodating demand, market making, holding oneself out as a dealer in swaps, seeking to profit by providing liquidity, etc.). ---------------------------------------------------------------------------

    To advance the policy objectives of the de minimis exception discussed above, proposed paragraph (4)(i)(E) would allow a person to exclude from its de minimis calculation swaps that result from multilateral portfolio compression exercises. In particular, the MPCE De Minimis Provision's explicit statement that such swaps do not need to be counted towards the de minimis threshold would facilitate efficient application of the SD Definition. Moreover, adding this proposed exception to the regulatory text would therefore be consistent with the goals of Project KISS. Additionally, to ensure that the scope of this exception is not improperly exceeded, the proposed rule includes an anti-evasion provision. 2. Request for Comments     The Commission requests comments on the following questions. To the extent possible, please quantify the impact of issues discussed in the comments, including costs and benefits, as applicable.     (1) Is the proposed MPCE De Minimis Provision appropriate? Why or why not?     (2) Is the proposed MPCE De Minimis Provision too narrowly or broadly tailored? Are there additional restrictions or conditions that should apply in order for swaps resulting from multilateral portfolio compression exercises to not count towards a person's de minimis threshold?     (3) How will the proposed MPCE De Minimis Provision impact entities that enter into multilateral portfolio compression exercises?

E. Methodology for Calculating Notional Amounts

1. Background and Proposal     Given the potential variety of methods that could be used to calculate the notional amount for certain swaps, particularly for swaps where notional amount is not a contractual term of the transaction (e.g , NFC swaps), the Commission is proposing new paragraph (4)(vii) of the SD Definition, which provides that the Commission may approve or establish methodologies for calculating notional amounts for purposes of determining whether a person exceeds the AGNA de minimis threshold. Further, the Commission is proposing to delegate to the Director of DSIO the authority to make such determinations.     In the SD Definition Adopting Release, the Commission did not prescribe specific calculation methodologies for notional amounts (except for leveraged swaps),\147\ and in the context of calculating notional amounts to determine whether an entity was a major swap participant (``MSP''), the Commission explicitly stated that it ``contemplate[d] the use of industry standard practices.'' \148\ Subsequent to issuance of the SD Definition Adopting Release, DSIO issued interpretive responses to frequently asked questions regarding calculating notional amounts for purposes of the de minimis exception (the ``DSIO FAQ Guidance'').\149\ ---------------------------------------------------------------------------

    \147\ The Commission noted that ``effective notional'' should be used if the swap is leveraged or structurally enhanced. See 17 CFR 1.3, Swap dealer, paragraph (4)(i)(A); 77 FR at 30630.     \148\ 77 FR at 30670 n. 902.     \149\ See Frequently Asked Questions (FAQ)--[DSIO] Responds to FAQs About Swap Entities (Oct. 12, 2012), available at [*https://www.cftc.gov/idc/groups/public/@newsroom/documents/file/swapentities\_faq\_final.pdf*](https://www.cftc.gov/idc/groups/public/@newsroom/documents/file/swapentities_faq_final.pdf) ---------------------------------------------------------------------------

    Further, for purposes of reporting swaps to trade repositories, the Committee on ***Payments*** and Market Infrastructures (``CPMI'') and the Board of the International Organization of Securities Commissions (``IOSCO'') recently issued guidance regarding the definition, format, and usage of key over-the-counter derivative data elements, which included guidance on calculating certain notional amounts (the ``Technical Guidance'').\150\ The calculation methodologies described in the Technical Guidance will be considered for adoption by the Commission in future rulemakings related to swap data reporting.\151\ However, the Commission recognizes that the Technical Guidance does not necessarily address how notional amounts should be calculated for purposes of the de minimis exception under CFTC regulations. ---------------------------------------------------------------------------

    \150\ See CPMI and Board of IOSCO, Technical Guidance-- Harmonisation of critical OTC derivatives data elements (other than UTI and UPI) (Apr. 2018), available at [*https://www.bis.org/cpmi/publ/d175.pdf*](https://www.bis.org/cpmi/publ/d175.pdf)     \151\ See Technical Guidance, supra note 150, at 7 (``The responsibility for issuing requirements for market participants on the reporting of OTC derivative transactions to [trade repositories] falls within the remit of the relevant authorities. Therefore, this document does not represent guidance on which critical data elements will be required to be reported in a given jurisdiction. Rather, if such data elements are required to be reported in a given jurisdiction, this document represents guidance to the authorities in that jurisdiction on the definition, the format and the allowable values that would facilitate consistent aggregation at a global level.''). ---------------------------------------------------------------------------

    The Commission notes that market participants have already requested clarity regarding how notional amounts should be calculated for NFC swaps for purposes of determining whether a person exceeds the AGNA de minimis

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threshold.\152\ Additionally, the notional amount calculation methodologies described in the DSIO FAQ Guidance, the methodologies used by market participants as industry standard practice, and the methodologies described in the Technical Guidance differ from one another in some respects. Thus, the Commission believes additional clarity about the appropriate notional amount calculation methodologies for purposes of the SD de minimis threshold would be beneficial. Further, additional questions may arise regarding notional amount calculations, as it relates to the AGNA de minimis threshold, given the broad array of swaps available across all asset classes and the potential for new types of swap products becoming available in the future. Therefore, the Commission is proposing new paragraph (4)(vii)(A) of the SD Definition, which sets out a mechanism for the Commission, on its own or upon written request by a person, to determine the methodology to be used to calculate the notional amount for any group, category, type, or class of swaps for purposes of whether a person exceeds the AGNA de minimis threshold. The Commission notes that the process for submitting a written request regarding the methodology for notional amount calculations would be consistent with the process described in Sec.  140.99 of the Commission's regulations.\153\ Further, the proposed rule requires that such methodology be economically reasonable and analytically supported, and that any such determination be made publicly available and posted on the CFTC website.\154\ ---------------------------------------------------------------------------

    \152\ See, e.g , Letter from CEWG; Letter from Natural Gas Supply Association (Jan. 15, 2016), available at [*https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=60595&SearchText=*](https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=60595&SearchText=).     \153\ See 17 CFR 140.99     \154\ Pursuant to this proposed rule, it is possible that methodologies for calculating notional amounts for the de minimis calculation could be approved or established that differ from methodologies in the Technical Guidance. However, the purpose of the Technical Guidance was not to consider specific requirements that jurisdictions may have with respect to calculating notional amount for registration purposes. The Commission notes that the proposed approach is similar to one taken by the Canadian Securities Administrators. See Proposed National Instrument 93-102 Derivatives: Registration and Proposed Companion Policy 93-102 Derivatives: Registration (Apr. 19, 2018) (collectively, the ``Proposed Instrument''), available at   [*http://www.albertasecurities.com/Regulatory%20Instruments/5399899%20\_%20CSA%20Notice%2093-102.pdf*](http://www.albertasecurities.com/Regulatory%20Instruments/5399899%20_%20CSA%20Notice%2093-102.pdf) The Proposed Instrument includes an alternative notional calculation methodology--for the purpose of derivative dealer registration thresholds--that differs from the Technical Guidance. See Proposed Instrument at 6-7, 24-26. ---------------------------------------------------------------------------

    From time to time, DSIO issues interpretive guidance or no-action letters to registrants on a variety of issues, often to address uncertainty regarding the application of Commission regulations (e.g , the DSIO FAQ Guidance). Consistent with that practice, the Commission also believes it is important to provide clarity regarding calculation methodologies, as it relates to the AGNA de minimis threshold, to market participants on a timely basis. Doing so would ensure that persons are fully aware of whether their activities could lead to (or presently entail) SD registration requirements in the event of market or regulatory changes. Delegation by the Commission of this function to DSIO should help to provide clarity on a timely basis, and provide certainty that DSIO has the authority to make notional amount calculation determinations. Therefore, the Commission is proposing new paragraph (4)(vii)(B)(i) of the SD Definition, which delegates to the Director of DSIO, or such other employee(s) that the Director may designate, the authority to determine the methodology to be used to calculate the notional amount for any group, category, type, or class of swaps for purposes of whether a person exceeds the AGNA de minimis threshold. Additionally, the Director of DSIO would be able to submit any matter delegated pursuant to proposed paragraph (4)(vii)(A) to the Commission for its consideration. Further, as is the case with existing delegations to staff, the Commission would continue to reserve the right to exercise the delegated authority itself at any time. Consistent with the requirements of proposed paragraph (4)(vii)(A), any determination made pursuant to this proposed delegation must be economically reasonable and analytically supported, and be made publicly available and posted on the CFTC website. As is the case with staff interpretive letters, once a determination is made, either by the Commission or the Director of DSIO, all persons may rely on the determination.     Rather than codifying all permitted notional amount calculation methodologies for purposes of the AGNA de minimis threshold, or requiring other Commission action each time new methodologies are approved, the Commission believes that providing delegated authority gives the Commission and staff appropriate flexibility to promptly respond to future market developments regarding notional amount calculation methodologies. The Commission expects that subsequent to adopting this delegation of authority, either the Commission or the Director of DSIO will determine methodologies for calculating notional amounts for certain categories of swaps. 2. Request for Comments     The Commission welcomes comments on the following questions regarding the proposed process for determining methodologies for calculating notional amounts, and the proposed delegation of authority. To the extent possible, please quantify the impact of issues discussed in the comments, including costs and benefits, as applicable.     (1) Is the proposed process to determine the methodology to be used to calculate the notional amount for any group, category, type, or class of swaps appropriate? Why or why not?     (2) Is the proposed process too narrowly or broadly tailored?     (3) Is the restriction that a methodology be economically reasonable and analytically supported appropriate? Why or why not? What other standards may be appropriate for this purpose?     (4) How will the proposed process impact persons that enter into swaps where notional amount is not a stated contractual term?     (5) Is the proposed delegation of authority too narrowly or broadly tailored?     (6) How will the proposed delegation of authority impact persons that enter into swaps where notional amount is not a stated contractual term?     (7) Is there a better alternative to this proposed process? If so, please describe.     The Commission also welcomes comments on the following questions regarding calculation of notional amounts for purposes of the de minimis exception. Comments regarding the calculation of notional amounts should focus on the de minimis exception (rather than other Commission regulations, such as the reporting requirements in part 45). To the extent possible, please quantify the comments, including costs and benefits, as applicable.     (1) Should the notional amount (either stated or calculated) for transactions with embedded optionality be delta-adjusted by the delta of the underlying options, provided that the methods are economically reasonable and analytically supported? Should delta-adjusted notional amounts be used for all asset classes and product types, or only some?     (2) For swaps without stated contractual notional amounts, should ``price times volume'' generally be used

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as the basis for calculating the notional amount?     (3) What other notional amount calculation methods, aside from ``price times volume,'' could be used for swaps without a stated notional amount that renders a calculated notional amount equivalent more directly comparable to the stated contractual notional amount typically available in IRS, CDS, and FX swaps? \155\ ---------------------------------------------------------------------------

    \155\ ``Price times volume'' is similar to a cash flow calculation, while ``stated contractual notional'' is usually the basis that forms a cash flow calculation when combined with price, strike, fixed rate, coupon, or reference index. Therefore, ``stated contractual notional amount'' may be described as more similar to ``volume'' than ``price times volume.'' For example, for a $100 million interest rate swap, the stated notional amount is typically the basis of the periodic calculated cash flows instead of the actual cash flows, which are calculated using the stated notional amount and the stated ``price'' per leg (such as a fixed or floating rate index). ---------------------------------------------------------------------------

    (4) For swaps without a stated contractual notional amount, does calculation guidance exist in other jurisdictions and/or regulatory frameworks, such as in banking, insurance, or energy market regulations? Should persons be permitted to use such guidance to calculate notional amounts for purposes of a de minimis threshold calculation?     (5) What should be used for ``price'' when calculating notional amounts for swaps without a stated contractual notional? Contractual stated price, such as a fixed price, spread, or option strike? The spot price of the underlying index or reference? The implied forward price of the underlying? A different measure of price not listed here? Should the price of the last available transaction in the commodity at the time the swap is entered into be used for this calculation? Is it appropriate to use a ``waterfall'' of prices to calculate notional amount, depending on the availability of a price type? \156\ ---------------------------------------------------------------------------

    \156\ For example, contractual stated fixed price might be required to be used first. Lacking a stated fixed price in the swap, spot price of the underlying would then be used instead. ---------------------------------------------------------------------------

    (6) What metric should be used for ``price'' for certain basis swaps with no fixed price or fixed spread?     (7) How should the ``price'' of swaps be calculated for swaps with varying prices per leg, such as a predetermined rising or falling price schedule?     (8) What metric should be used for ``volume'' when calculating notional amounts for swaps without a stated contractual notional amount? Should the Commission assume that swaps with volume optionality will be exercised for the full quantity or should volume options be delta-adjusted, too?     (9) Should the total quantity for a ``leg'' be used, or an approximation for a pre-determined time period, such as a monthly or annualized quantity approximation? \157\ ---------------------------------------------------------------------------

    \157\ For an example of ``monthly notional amount approximation'' rather than aggregated total notional quantity, see Proposed Instrument, supra note 154, at 24-26. ---------------------------------------------------------------------------

    (10) How should the ``volume'' of swaps be calculated for swaps with varying notional amount or volume per leg, such as amortizing or accreting swaps?     (11) Should the U.S dollar equivalent notional amount be calculated across all ``legs'' of a swap by calculating the U.S dollar equivalent notional amount for each leg and then calculating the minimum, median, mean, or maximum notional amount of all legs of the swap?     (12) Should the absolute value of a price times volume calculation be used, or should the calculation allow for negative notional amounts?     (13) Given that a derivatives clearing organization (``DCO'') has to mark a swap to market on a daily basis, it may be possible to determine ``implied volatilities'' for swaptions and options that are regularly marked-to-market, such as cleared swaps, in order to delta- adjust them. Should DCO evaluations be used when there are not better market prices available?

III. Other Considerations

    In addition to the proposed rule amendments discussed above, the Commission is seeking comment on other potential considerations for the de minimis threshold, including: (1) Adding a minimum dealing counterparty count and a minimum dealing transaction count threshold; (2) excepting from the de minimis threshold calculation swaps that are exchange-traded and/or cleared; and (3) excepting from the de minimis threshold calculation swaps that are categorized as non-deliverable forwards. The Commission may take into consideration comments received regarding any of these factors in formulating the final rule or may in the future consider proposing an amendment to the SD Definition to reflect any of these factors for purposes of the de minimis threshold calculation.

A. Dealing Counterparty Count and Dealing Transaction Count Thresholds

1. Background     The Commission is re-considering the merits of using AGNA, by itself, to determine if an entity's swap dealing activity is de minimis. Specifically, the Commission is seeking comment on whether an entity should be able to qualify for the de minimis exception if its level of swap dealing activity is below any of the following three criteria: (1) An AGNA threshold, (2) a proposed dealing counterparty count threshold, or (3) a proposed dealing transaction count threshold.     Section 1a(49)(D) of the CEA directs the Commission to exempt from designation as an SD an entity that engages in a de minimis quantity of swap dealing, and provides the Commission with broad discretion to promulgate regulations to establish factors with respect to the making of this determination to exempt.\158\ The SD Definition Proposing Release suggested three possible criteria for determining when an entity engaged in more than a de minimis quantity of dealing activity: AGNA of swap dealing activity, number of dealing transactions, and number of dealing counterparties.\159\ In selecting these three factors as possible appropriate measurements of an entity's ``quantity'' of swap dealing activity, the Commission also noted that ``a range of alternative approaches may be reasonable.'' \160\ The Commission stated that it selected the proposed factors in an effort to focus the de minimis exception on ``entities for which registration would not be warranted from a regulatory point of view in light of the limited nature of their dealing activities.'' \161\ The SD Definition Adopting Release did not include factors beyond an AGNA threshold in the de minimis exception.\162\ ---------------------------------------------------------------------------

    \158\ 7 U.S.C 1a(49)(D).     \159\ SD Definition Proposing Release, 75 FR at 80180.     \160\ Id. (``Thus, while the proposed factors discussed below reflect our attempt to delimit the de minimis exemption appropriately, we recognize that a range of alternative approaches may be reasonable, and we are particularly interested in commenters' suggestions as to the appropriate factors.'').     \161\ Id.     \162\ In reaching this conclusion, the Commissions considered concerns expressed by commenters that ``a standard based on the number of swaps . . . or counterparties can produce arbitrary results by giving disproportionate weight to a series of smaller transactions or counterparties.'' 77 FR at 30630. ---------------------------------------------------------------------------

    The Commission seeks comment on whether and how the inclusion of these additional factors might account for modest variations in an entity's level of dealing activity that occur over time and provide entities with enhanced flexibility to manage their dealing activity below the registration threshold. The Commission also seeks comment on whether these additional criteria could better assist the Commission in identifying those entities whose dealing activity is limited and reduce instances of ``false positives'' of any one measure of activity, such as where an entity's dealing activity may marginally exceed

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the current $8 billion AGNA threshold, but still be so ``limited in nature'' that it does not warrant SD regulation.     For example, the inclusion of dealing counterparty count and dealing transaction count thresholds in the de minimis exception could help account for differences in transaction sizes across asset classes. As commenters have noted, certain asset classes tend to have higher average notional amounts per swap than others.\163\ As a result, a market participant that executes a small number of dealing transactions with only a few counterparties in an asset classes for which the notional amount of each transaction is comparatively large may be required to register, whereas a market participant with the exact same number of dealing transactions and dealing counterparties in an asset class with a smaller average notional amount may not be required to register. Moreover, differences in the average tenor and frequency of swap transactions also exist across asset classes. For example, depending upon the underlying activity that the counterparty is trying to hedge, a person may prefer to enter into a single one-***year***, $1 billion swap, or four consecutive three-month, $1 billion swaps. One hedging strategy results in a calculation of $1 billion for purposes of the de minimis threshold, the other in a calculation of $4 billion for purposes of the threshold. The Commission seeks comment on whether consideration of dealing counterparty count and dealing transaction count could address the impact of such differences and facilitate relatively equal amounts of de minimis dealing across asset classes. ---------------------------------------------------------------------------

    \163\ See, e.g , Preliminary Report, supra note 21, at 52; Letter from American Bankers Association (Jan. 19, 2016) (``Risk mitigating commodity swaps are . . . of a shorter tenor and a smaller average notional size as compared to other asset classes.''), available at [*https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=60596&SearchText=*](https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=60596&SearchText=). ---------------------------------------------------------------------------

    In addition to differences across asset classes, the Commission recognizes that an entity's swap dealing volume may fluctuate over time. For example, as compared to the first quarter of 2017, during the first quarter of 2018, overall IRS notional amount activity rose by approximately 25 percent, while trade count grew by approximately 16 percent.\164\ The Commission seeks comment on whether the inclusion of additional metrics in the de minimis exception could provide market participants with greater flexibility to serve their existing customer base during periods of volatility or economic stress, without the concern that such episodic increases in dealing activity may somehow trigger SD registration. The Commission notes this result could also further one of the policy goals of the de minimis exception, which is to enable end-user counterparties to execute hedging swaps with firms with whom they have ongoing business relationships, rather than forcing such entities to establish separate relationships with registered SDs. It could also potentially provide increased liquidity in the swap market during periods of financial stress. ---------------------------------------------------------------------------

    \164\ Based on historical information from archived CFTC Swaps Reports, available at [*https://www.cftc.gov/MarketReports/SwapsReports/Archive/index.htm*](https://www.cftc.gov/MarketReports/SwapsReports/Archive/index.htm) ---------------------------------------------------------------------------

    The Commission seeks comment on whether including dealing counterparty count and dealing transaction count thresholds in the de minimis exception, in conjunction with an AGNA calculation, would further the policy goals underlying the exception. The Commission also seeks comment on whether adding minimum dealing counterparty count and dealing transaction count thresholds would be consistent with the Commission's goal of ensuring that person's engaged in more than a de minimis level of dealing are subject to SD regulation. 2. Potential Thresholds     The Commission recognizes the importance of appropriately calibrating potential dealing counterparty count and dealing transaction count thresholds in order to further the Commission's interest in identifying and exempting de minimis dealing activity. As part of its preliminary consideration of this approach, the Commission performed an analysis of the counterparty counts and transaction counts of Likely SDs and registered SDs to determine at what thresholds certain entities might be required to register using a multi-factor approach. The Commission notes that it was unable to exclude non- dealing counterparties and non-dealing trades.     As discussed above in section II.A.2.ii, there were 108 Likely SDs at the $8 billion AGNA threshold with at least 10 counterparties (in IRS, CDS, FX swaps, and equity swaps). The median counterparty count for these 108 Likely SDs was 132 counterparties and the median transaction count was 5,233 trades. Of these 108 Likely SDs with at least 10 counterparties, 106 also had at least 100 transactions, and there were 88 Likely SDs that had at least 15 counterparties and 500 transactions.     There were 78 registered SDs that had at least $8 billion in AGNA of swaps activity. The median counterparty count for these 78 entities was 186 counterparties and the median transaction count was 12,004 trades. Of these 78 registered SDs, 72 had at least 10 counterparties and at least 100 transactions. Additionally, 70 of the 78 registered SDs had at least 15 counterparties and 500 transactions.     Based on this preliminary analysis, the Commission is seeking comment on whether it would be appropriate to establish a dealing counterparty count threshold of 10 counterparties and a dealing transaction count threshold of 500 transactions.     For purposes of calculating a person's counterparty count under this approach, the Commission seeks comment on whether it should allow counterparties that are members of a single group of persons under common control to be treated as a single counterparty. In addition, the Commission seeks comment whether it should consider excluding registered SDs and MSPs from an entity's counterparty count. Similar to the current dealing AGNA threshold, the de minimis calculation for counterparty counts and transaction counts could also incorporate aggregation (after application of relevant de minimis calculation- related exclusions) of the counterparty counts and transaction counts of affiliated entities that are not registered SDs.\165\ ---------------------------------------------------------------------------

    \165\ See 17 CFR 1.3, Swap dealer, paragraph (4). ---------------------------------------------------------------------------

    The Commission understands that the use of additional criteria could lead to entities that engage in high levels of AGNA of swap dealing activity not having to register as SDs if they have low counterparty counts or low transaction counts. In order to account for this possibility, the Commission seeks comment on whether it would be appropriate to include an AGNA backstop above which entities would have to register as SDs, regardless of their counterparty counts or transaction counts. For example, under this approach, if an entity exceeds some level of AGNA of dealing activity greater than $8 billion, it would be required to register as an SD, regardless of its number of dealing counterparties or dealing transactions. With respect to a potential AGNA backstop, the Commission seeks comment on whether a $20 billion AGNA threshold would be appropriate.     A minimum dealing counterparty and dealing transaction threshold, in combination with an AGNA amount backstop, might provide a higher AGNA de minimis threshold to small dealers that only plan to occasionally deal swaps with a limited number of counterparties or execute a limited number of transactions. As noted above,

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this higher effective threshold could also provide additional flexibility for small dealers to provide clients with dealing services without the costs of registration, as long as the dealer can structure the business to remain below the counterparty count and transaction count limits and the higher AGNA backstop. Generally, adding additional metrics could potentially serve to better identify the types of entities that are engaged in swap dealing activity. However, as commenters have noted previously, the use of additional metrics could make the de minimis calculation more complex.     Given these considerations, the Commission welcomes comments on the following:     (1) Taking into account the Commission's policy objectives, should minimum dealing counterparty counts and minimum dealing transaction counts be considered in determining an entity's eligibility for the de minimis exception?     (2) Would a dealing counterparty count threshold of 10 dealing counterparties be appropriate? Why or why not? Is another dealing counterparty count threshold more appropriate?     (3) Would a dealing transaction count threshold of 500 dealing transactions be appropriate? Why or why not? Is another dealing transaction count threshold more appropriate?     (4) Under what circumstances might entities have a relatively high AGNA of swap dealing activity, but low dealing counterparty counts or low dealing transaction counts?     (5) Would an AGNA backstop of $20 billion be appropriate? Why or why not? Is another AGNA backstop level more appropriate?     (6) Would adding dealing counterparty count and dealing transaction count thresholds simplify the SD analysis for certain market participants, and if so, how and for which categories of participants?     (7) Would adding dealing counterparty count and dealing transaction count thresholds complicate the SD analysis for certain market participants, and if so, how and for which categories of participants?     (8) Should registered SDs or MSPs be counted towards the dealing counterparty count threshold?     (9) Should dealing counterparty and dealing transaction counts be aggregated across multiple potential swap dealing entities, similar to the existing AGNA aggregation standard? \166\ ---------------------------------------------------------------------------

    \166\ 17 CFR 1.3, Swap dealer, paragraph (4); 78 FR at 45323. ---------------------------------------------------------------------------

    (10) For counterparty count purposes, should counterparties that are all part of one corporate family be counted as distinct counterparties, or as one counterparty?     (11) Should a facts and circumstances analysis apply to determine if an amendment or novation to an existing swap is swap dealing activity that counts towards a person's dealing transaction count? Why or why not?     (12) Would adding dealing counterparty count and dealing transaction count thresholds address the impact of differences in transaction sizes across asset classes?     (13) Would it be more appropriate for a multi-factor threshold to only include a dealing counterparty count threshold or a dealing transaction count threshold, rather than adding both criteria?     (14) Are there other criteria that should be included in the de minimis exception? If so, what are they and how could the Commission efficiently collect, calculate, and track them?

B. Exchange-Traded and/or Cleared Swaps

    The Commission is seeking comment on whether an exception from the de minimis calculation for swaps that are executed on an exchange (e.g , a swap execution facility (``SEF'') or designated contract market (``DCM'')) and/or cleared by a DCO is appropriate,\167\ and may take into consideration comments received regarding possible exceptions based on these factors in formulating the final rule. The Commission is mindful of the need to consider how the existing de minimis exception may be affecting the utilization of exchange trading \168\ and/or clearing in the swap market, as well as the extent to which the policy goals of SD registration and regulation may be advanced through exchange trading and clearing. ---------------------------------------------------------------------------

    \167\ The Commission notes that swap market participants have submitted comments that address this topic. See, e.g , Letters from FIA, FSR, Northern Trust, and SIFMA, supra note 58; Final Staff Report, supra note 24, at 14 (citing comment letters submitted in response to Preliminary Staff Report, supra note 21).     \168\ For example, one of the CEA's objectives is to promote the trading of swaps on swap execution facilities and to promote pre- trade price transparency in the swaps market. 7 U.S.C 7b-3(e). ---------------------------------------------------------------------------

    The Commission believes that excepting such swaps from the de minimis calculation could improve utilization of exchanges and/or clearing.\169\ Generally, systemic risk considerations for SD regulation should be less significant for swaps that are cleared because risk management is handled centrally by the DCO. Counterparties to the swap post margin with the DCO and firms clearing swaps on behalf of customers are registered with the Commission as futures commission merchants and subject to capital requirements.\170\ In addition, clearing would potentially be encouraged if the Commission adds an exception for cleared swaps for purposes of the de minimis threshold calculation, furthering one of the key tenets of the Dodd-Frank Act. ---------------------------------------------------------------------------

    \169\ Swaps subject to a clearing requirement pursuant to CEA section 2(h) must be executed on a SEF or DCM, unless no SEF or DCM makes the swap available to trade or a clearing exception under CEA section 2(h)(7) applies. 7 U.S.C 2(h)(8).     \170\ See CEA section 4d(f), 7 U.S.C 6d(f); 17 CFR 1.17 ---------------------------------------------------------------------------

    Additionally, counterparty protection policy considerations for SD regulation may be less significant for exchange-traded swaps because the counterparty protections and trade terms would generally be provided by the exchange. Through execution of swaps on exchanges, counterparties benefit from viewing the prices of available bids and offers and from having access to transparent and competitive trading systems or platforms. Further, a number of the external business conduct standard requirements otherwise applicable to SDs do not apply when a swap is executed anonymously on an exchange. These requirements are either inapplicable to such transactions by their terms (because, for example, the counterparty is anonymous), or do not apply to the SD because the exchange fulfills the requirements.\171\ However, counterparties could receive reduced levels of protection if trades previously executed over-the-counter move to anonymous trading on exchanges, though this concern is partially mitigated because products traded on exchanges are generally standardized and non-negotiated. ---------------------------------------------------------------------------

    \171\ See, e.g , 17 CFR 23.402 (``know your counterparty'' requirements only apply when the counterparty's identity is known to the SD prior to execution); 17 CFR 23.430 (requirements to verify counterparty eligibility are not applicable when the swap is executed on a DCM, or on a SEF if the identity of the counterparty is not known to the SD), 17 CFR 23.431 (disclosure of material information and scenario analysis is not required when the SD does not know the identity of counterparty prior to initiation of a transaction on a SEF or DCM). ---------------------------------------------------------------------------

    In addition to the benefits described above, the market efficiency, orderliness, and transparency goals of SD regulation would also potentially be enhanced since the obligations of, for example, reporting trade information and engaging in portfolio reconciliation and compression exercises would be centrally (and more efficiently) managed by the exchange and/or DCO, as applicable.

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    The Commission notes that an exclusion exists in paragraph (6)(iv) of the SD Definition for certain exchange-traded and cleared swaps entered into by floor traders (``Floor Trader Exclusion''). In the SD Definition Adopting Release, the Commission declined to distinguish exchange-traded swaps under the SD Definition, noting, among other things, that:

    [A] variety of exchanges, markets, and other facilities for the execution of swaps are likely to evolve in response to the requirements of the Dodd-Frank Act, and there is no basis for any bright-line rule excluding swaps executed on an exchange, given the impossibility of obtaining information about how market participants will interact and execute swaps in the future, after the requirements under the Dodd-Frank Act are fully in effect.\172\ ---------------------------------------------------------------------------

    \172\ See 77 FR at 30610.

    Nonetheless, the Commission created a carve-out for exchange-traded and cleared swaps executed by floor traders. Subject to certain conditions, the Floor Trader Exclusion allows registered floor traders who trade swaps solely using proprietary funds for their own account to exclude exchange-traded and cleared swaps from their de minimis calculation. Therefore, while execution and clearing are factors in the Floor Trader Exclusion, they are not the sole basis for it. The Floor Trader Exclusion enables floor traders to provide liquidity to exchanges in non-dealing capacities, such as proprietary trading, without potentially triggering SD regulation. However, the Commission notes that the market benefits of the Floor Trader Exclusion may be complemented if the de minimis exception also applied to all exchange- traded and/or cleared swaps.     The CFTC has not conducted robust data analysis regarding the potential impact of an exception from the de minimis calculation for swaps that are exchange-traded and/or cleared. However, excepting such swaps from the de minimis calculation would also likely lead to adjustments in how the swap market operates; therefore, it is difficult to forecast what percentage of transactions would ultimately be exchange-traded and/or cleared if such an exception were implemented. The Commission also notes that clearing is a post-execution activity and is not tied to the pre-execution swap dealing activities that determine whether a person needs to register as an SD. Therefore, adding a clearing-related factor to the de minimis exception may cause conflation between swap dealing and clearing.     The Commission understands that this exception could result in entities that engage in a significant amount of swap dealing activity in exchange-traded and/or cleared swaps not having to register as SDs. In order to account for this possibility, the Commission seeks comment on whether it would be appropriate to establish a AGNA backstop such that once an entity's swap dealing activity in exchange-traded and/or cleared swaps exceeds a certain notional amount, it would be required to register as an SD. Alternatively, the Commission is also considering whether it may be appropriate to apply a haircut to the notional amounts of exchange-traded and/or cleared swaps for purposes of the de minimis calculation. Under this approach, persons would only need to count a certain percentage of their total notional amount of exchange- traded and/or cleared swaps towards their de minimis threshold. These alternatives would ensure that persons with significant amounts of exchange-traded and cleared swaps would still likely be required to register as SDs.     Given these considerations, the Commission welcomes comments on the following:     (1) How would an exception for exchange-traded swaps from a person's de minimis calculation impact the policy considerations underlying SD regulation and the de minimis exception?     (2) How would an exception for cleared swaps from a person's de minimis calculation impact the policy considerations underlying SD regulation and the de minimis exception?     (3) How would an exception for exchange-traded and cleared swaps from a person's de minimis calculation impact the policy considerations underlying SD regulation and the de minimis exception?     (4) Should all exchange-traded swaps be excepted from the de minimis calculation, or only certain transactions? If so, which transactions? Should only those trades that are anonymously executed be excepted? How would the Commission judiciously differentiate, monitor, and track such transactions apart from other exchange-traded swaps?     (5) Should all cleared swaps be excepted from the de minimis calculation, or only certain transactions? If so, which transactions? Should the Commission differentiate between trades that are intended to be cleared and trades that are actually cleared? How would the Commission judiciously differentiate, monitor, and track such transactions apart from other cleared swaps?     (6) Should all exchange-traded and cleared swaps be excepted from the de minimis calculation, or only certain transactions? If so, which transactions? How would the Commission judiciously differentiate, monitor, and track such transactions apart from other exchange-traded and cleared swaps?     (7) If exchange-traded swaps are excepted from a person's de minimis calculation, what other conditions, if any, should apply for the trade to qualify for the exception?     (8) If cleared swaps are excepted from a person's de minimis calculation, what other conditions, if any, should apply for the trade to qualify for the exception?     (9) If exchange-traded and cleared swaps are excepted from a person's de minimis calculation, what other conditions, if any, should apply for the trade to qualify for the exception?     (10) If exchange-traded swaps are excepted from the de minimis calculation, should the Commission establish a notional backstop above which an entity must register? If so, what is the appropriate level for the backstop?     (11) If cleared swaps are excepted from the de minimis calculation, should the Commission establish a notional backstop above which an entity must register? If so, what is the appropriate level for the backstop?     (12) If exchange-traded and cleared swaps are excepted from the de minimis calculation, should the Commission establish a notional backstop above which an entity must register? If so, what is the appropriate level for the backstop?     (13) Should persons be able to haircut the notional amounts of their exchange-traded swaps for purposes of the de minimis calculation? If so, would a 50 percent haircut be appropriate? Why or why not?     (14) Should persons be able to haircut the notional amounts of their cleared swaps for purposes of the de minimis calculation? If so, would a 50 percent haircut be appropriate? Why or why not?     (15) Should persons be able to haircut the notional amounts of their exchange-traded and cleared swaps for purposes of the de minimis calculation? If so, would a 50 percent haircut be appropriate? Why or why not?     (16) Would an exception for exchange-traded swaps increase the volume of swaps executed on SEFs or DCMs?     (17) Would an exception for cleared swaps increase the volume of swaps that are cleared?

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    (18) Would an exception for exchange-traded and cleared swaps increase the volume of swaps executed on SEFs or DCMs and the volume of swaps that are cleared?     (19) Are there any unique costs or benefits associated with excepting exchange-traded swaps from an entity's de minimis calculation?     (20) Are there any unique costs or benefits associated with excepting cleared swaps from an entity's de minimis calculation?     (21) Are there any unique costs or benefits associated with excepting exchange-traded and cleared swaps from an entity's de minimis calculation?     (22) Has the Floor Trader Exclusion encouraged additional trading on SEFs and DCMs?     (23) Has the Floor Trader Exclusion encouraged additional clearing of swaps?     (24) Should the Commission consider additional modifications to the Floor Trader Exclusion in lieu of a broader exception for all exchange- traded and/or cleared swaps?     (25) How should transactions executed on exempt multilateral trading facilities, exempt organized trading facilities, and/or exempt DCOs be treated?

C. Non-Deliverable Forwards

    Section 1a(47) of the CEA defines the term ``swap,'' \173\ and establishes that foreign exchange swaps \174\ and foreign exchange forwards \175\ shall be considered swaps unless the Secretary of the Treasury makes a written determination that either foreign exchange swaps or foreign exchange forwards or both should be not be regulated as swaps \176\ (to avoid confusion with the term ``FX swap'' as otherwise used in this release, the terms ``foreign exchange swap'' and ``foreign exchange forward'' as used in this section III.C refer only to those products as defined by CEA sections 1a(25) and 1a(24), respectively). ---------------------------------------------------------------------------

    \173\ 7 U.S.C 1a(47).     \174\ As defined in CEA section 1a(25). 7 U.S.C 1a(25) (The term ``foreign exchange swap'' is defined to mean a transaction that solely involves an exchange of two different currencies on a specific date at a fixed rate that is agreed upon on the inception of the contract covering the exchange; and a reverse exchange of those two currencies at a later date and at a fixed rate that is agreed upon on the inception of the contract covering the exchange.).     \175\ As defined in CEA section 1a(24). 7 U.S.C 1a(24) (The term ``foreign exchange forward'' is defined to mean a transaction that solely involves the exchange of two different currencies on a specific future date at a fixed rate agreed upon on the inception of the contract covering the exchange.).     \176\ 7 U.S.C 1a(47)(E). ---------------------------------------------------------------------------

    In November 2012, the Secretary of the Treasury signed a determination that exempts both foreign exchange swaps and foreign exchange forwards from the definition of ``swap,'' in accordance with the CEA (``Treasury Determination'').\177\ The Treasury Determination further explained that foreign exchange options, currency swaps, and non-deliverable forwards (``NDFs'') may not be exempted from the CEA's definition of ``swap'' because they do not satisfy the statutory definitions of a foreign exchange swap or foreign exchange forward.\178\ The Treasury Determination explained that: ---------------------------------------------------------------------------

    \177\ 77 FR 69694.     \178\ Id. at 69695.

    [A]n NDF is a swap that is cash-settled between two counterparties, with the value of the contract determined by the movement of exchange rates between two currencies. On the contracted settlement date, the profit to one party is paid by the other based on the difference between the contracted NDF rate (set at the trade's inception) and the prevailing NDF fix (usually a close approximation of the spot foreign exchange rate) on an agreed notional amount. NDF contracts do not involve an exchange of the agreed-upon notional amounts of the currencies involved. Instead, NDFs are cash settled in a single currency, usually a reserve currency. NDFs generally are used when international trading of a physical currency is relatively difficult or prohibited.\179\ ---------------------------------------------------------------------------

    \179\ Id. at 69703 (citing 77 FR at 48254-55).

    The Commission understands from market participants that NDFs provide an important market function because they are used to hedge exposures to restricted currencies when the exposure is held by someone outside of the home jurisdiction. The Commission also understands that NDFs are economically and functionally similar to deliverable foreign exchange forwards in that the same net value is transmitted in either structure.     Further, the Commission has learned from market participants that markets continue to treat both NDFs and deliverable foreign exchange forwards as the same functional product. Like deliverable foreign exchange forwards, NDFs settle on a net rather than gross basis, which significantly mitigates counterparty risk in this context. In some cases, market participants that previously had settled deliverable foreign exchange forwards on a net basis (whether to minimize counterparty risk or for other reasons) now take steps so as to ensure they are able to avail themselves of the exemption from swap status afforded by the Treasury Determination, including settlement of foreign exchange forwards on a gross basis.     The Commission could determine to amend the de minimis exception in paragraph (4) of the ``swap dealer'' definition in Sec.  1.3 of the Commission's regulations by excepting NDFs from consideration when calculating the AGNA of swap dealing activity for purposes of the de minimis threshold. Excepting NDFs would result in a more comparable regulatory treatment for these transactions when compared with foreign exchange swaps and foreign exchange forwards pursuant to the Treasury Determination.     Given these considerations, the Commission welcomes comments on the following:     (1) Should the Commission except NDFs from consideration when calculating the AGNA of swap dealing activity for purposes of the de minimis exception? Why or why not?     (2) Are there other foreign exchange derivatives that the Commission should except from consideration for counting towards the de minimis threshold?     (3) Do NDFs pose any particular systemic risk in a manner distinct from foreign exchange swaps and foreign exchange forwards?     (4) If the Commission were to except NDFs from consideration when calculating the AGNA for purposes of the de minimis exception, are there particular limits that the Commission should consider in connection with this exception?     (5) What would be the market liquidity impact if the Commission were to except NDFs from counting towards the de minimis threshold?     (6) Is there material benefit to the market in requiring participants that transact in NDFs to register with the Commission, while not imposing similar obligations on participants that transact in deliverable foreign exchange forwards? If so, what benefits accrue from imposing such registration obligations?     (7) Please provide any relevant data that may assist the Commission in evaluating whether to except NDFs from counting towards the de minimis threshold.     (8) Please provide any additional comments on other factors or issues the Commission should consider when evaluating whether to except NDFs from counting towards the de minimis threshold.

IV. Related Matters

A. Regulatory Flexibility Act

    The Regulatory Flexibility Act (``RFA'') requires that agencies consider

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whether the regulations they propose will have a significant economic impact on a substantial number of small entities.\180\ This Proposal only affects certain entities that are close to the de minimis threshold in the SD Definition. For example, the Proposal would affect entities with a relevant AGNA of swap dealing activity between $3 billion and $8 billion. Moreover, it also would affect entities that engage in swap dealing activity above an AGNA of $3 billion that also enter into hedging swaps, or, in the case of IDIs, that enter into loan-related swaps. That is, the Proposal is relevant to entities that engage in swap dealing activity with a relevant AGNA measured in the billions of dollars. The Commission does not believe that these entities would be small entities for purposes of the RFA. Therefore, the Commission believes that this Proposal will not have a significant economic impact on a substantial number of small entities, as defined in the RFA. ---------------------------------------------------------------------------

    \180\ 5 U.S.C 601 et seq. ---------------------------------------------------------------------------

    Accordingly, the Chairman, on behalf of the Commission, hereby certifies pursuant to 5 U.S.C 605(b) that this Proposal will not have a significant economic impact on a substantial number of small entities. The Commission invites comment on the impact of this Proposal on small entities.

B. Paperwork Reduction Act

    The Paperwork Reduction Act of 1955 (``PRA'') \181\ imposes certain requirements on Federal agencies, including the Commission, in connection with their conducting or sponsoring any collection of information, as defined by the PRA. The Commission may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid Office of Management and Budget (``OMB'') control number. The proposed rules will not impose any new recordkeeping or information collection requirements, or other collections of information that require approval of OMB under the PRA. ---------------------------------------------------------------------------

    \181\ 44 U.S.C 3501 et seq. ---------------------------------------------------------------------------

    The Commission notes that all reporting and recordkeeping requirements applicable to SDs result from other rulemakings, for which the CFTC has sought OMB approval, and are outside the scope of rulemakings related to the SD Definition.\182\ The CFTC invites public comment on the accuracy of its estimate that no additional recordkeeping or information collection requirements, or changes to existing collection requirements, would result from the Proposal. ---------------------------------------------------------------------------

    \182\ Parties wishing to review the CFTC's information collections on a global basis may do so at [*www.reginfo.gov*](http://www.reginfo.gov), at which OMB maintains an inventory aggregating each of the CFTC's currently approved information collections, as well as the information collections that presently are under review. ---------------------------------------------------------------------------

C. Cost-Benefit Considerations

    Section 15(a) of the CEA requires the Commission to consider the costs and benefits of its actions before promulgating a regulation under the CEA or issuing certain orders.\183\ Section 15(a) further specifies that the costs and benefits shall be evaluated in light of five broad areas of market and public concern: (1) Protection of market participants and the public; (2) efficiency, competitiveness, and financial integrity of futures markets; (3) price discovery; (4) sound risk management practices; and (5) other public interest considerations. In this section, the Commission considers the costs and benefits resulting from its determinations with respect to the Section 15(a) factors, and seeks comments from interested persons regarding the nature and extent of such costs and benefits. ---------------------------------------------------------------------------

    \183\ 7 U.S.C 19(a). ---------------------------------------------------------------------------

    The Proposal amends the de minimis exception in paragraph (4) of the SD Definition in Sec.  1.3 by: (1) Setting the de minimis exception threshold at $8 billion in AGNA of swap dealing activity, the same as the current phase-in level, and removing the phase-in process; (2) adding an exception from the de minimis threshold calculation for swaps entered into by IDIs in connection with originating loans to customers; (3) adding an exception from the de minimis threshold calculation for swaps entered into by a person for purposes of hedging financial or physical positions; (4) codifying prior DSIO guidance regarding the treatment of swaps that result from multilateral portfolio compression exercises; and (5) providing that the Commission may determine the methodology to be used to calculate the notional amount for any group, category, type, or class of swaps, and delegating to the Director of DSIO the authority to make such determinations.     As part of this cost-benefit consideration, the Commission will: (1) Discuss the costs and benefits of each of the proposed changes; and (2) analyze the proposed amendments as they relate to each of the 15(a) factors. 1. $8 Billion De Minimis Threshold     As discussed above, the SD Definition provides an exception from the SD Definition for persons who engage in a de minimis amount of swap dealing activity. Currently, a person shall not be deemed to be an SD unless swaps entered into in connection with swap dealing activity exceed an AGNA threshold of $3 billion (measured over the prior 12- month period), subject to a phase-in period that is currently in effect, during which the AGNA threshold is set at $8 billion. The Commission is proposing to amend the de minimis exception to the SD Definition to set the de minimis threshold at the current $8 billion phase-in level.     There are general policy-related costs and benefits associated with the proposal to set the de minimis threshold at $8 billion. In addition to these policy considerations, the proposal to set the de minimis threshold at $8 billion would also have specific monetary costs and benefits as compared to a lower or higher threshold. The current $8 billion phase-in level threshold, along with the prospect that the threshold would decrease to $3 billion after December 31, 2019 in the absence of further Commission action, sets the baseline for the Commission's consideration of the costs and benefits of the proposed alternatives. Accordingly, the Commission considers the costs and benefits that would result from maintaining the current $8 billion phase-in level threshold, or alternatively, a threshold level below or above the current $8 billion threshold. The status quo baseline also includes other aspects of existing rules related to the de minimis exception. The analysis also takes into account any no-action relief, to the extent such relief is being relied upon. As the Commission is of the preliminary belief that the existing no-action relief related to the de minimis exception is being fully relied upon by market participants, the cost-benefit discussion that follows also considered the effects of that relief. (i) Policy-Related Costs and Benefits     There are several policy objectives underlying SD regulation and the de minimis exception to SD registration. As discussed above in section I.C, the primary policy objectives of SD regulation include reducing systemic risk, increasing counterparty protections, and increasing market efficiency, orderliness, and transparency.\184\ To achieve these policy

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objectives, registered SDs are subject to a broad range of requirements, including, among other things, registration, internal and external business conduct standards, reporting, recordkeeping, risk management, posting and collecting margin on uncleared swaps, and chief compliance officer designation and responsibilities. The Commission also considers policy objectives furthered by a de minimis exception, which include increasing efficiency, allowing limited ancillary dealing, encouraging new participants to enter the swap dealing market, and focusing regulatory resources.\185\ These policy considerations have general costs and benefits associated with them depending on the level of the de minimis threshold. ---------------------------------------------------------------------------

    \184\ See 77 FR at 30628-30, 30707-08.     \185\ See id. ---------------------------------------------------------------------------

    As noted in the SD Definition Adopting Release, generally, the lower the de minimis threshold, the greater the number of entities that are subject to the SD-related regulatory requirements, which could decrease systemic risk, increase counterparty protections, and promote swap market efficiency, orderliness, and transparency.\186\ However, a lower threshold could have offsetting effects that might decrease the policy benefits of lowering the de minimis exception threshold. For example, it is likely that a lower threshold would lead to reduced ancillary dealing activity and discourage new participants from entering into the swap market. ---------------------------------------------------------------------------

    \186\ See id. at 30628-30, 30703, 30707. ---------------------------------------------------------------------------

(a) Maintaining the $8 Billion De Minimis Phase-In Threshold     At the $8 billion threshold, the 2017 Transaction Coverage and 2017 AGNA Coverage ratios indicate that nearly all swaps were covered by SD regulation, giving rise to the benefits from the policy objectives of SD regulation discussed above. Specifically, as seen in Table 1 in section II.A.2.i, almost all swap transactions involved at least one registered SD as a counterparty, approximately 99 percent or greater for IRS, CDS, FX swaps, and equity swaps. For NFC swaps, approximately 86 percent of transactions involved at least one registered SD as a counterparty. Overall, approximately 98 percent of all swap transactions involved at least one registered SD. As seen in Table 2, almost all AGNA of swaps activity included at least one registered SD, approximately 99 percent or greater for IRS, CDS, FX swaps, and equity swaps.     Further, the Commission notes that the 6,440 entities that did not enter into any transactions with a registered SD had limited activity overall. As discussed in section II.A.2.i, the 6,440 entities entered into 77,333 transactions, representing approximately 1.7 percent of the overall number of transactions during the review period. Additionally, collectively, the 6,440 entities had $68 billion in AGNA of swaps activity, representing approximately 0.03 percent of the overall AGNA of swaps activity during the review period. The Commission believes that this limited activity indicates that to the extent these entities are engaging in swap dealing activities, such activity is likely ancillary and in connection with other client services, potentially indicating that the policy rationales behind a de minimis exception are being advanced at the current $8 billion threshold.     Additionally, with respect to NFC swaps, Table 13 in section II.A.2.iv indicates that registered SDs still entered into the significant majority (86 percent) of the overall market's total transactions and faced 83 percent of counterparties in at least one transaction, indicating that the existing $8 billion de minimis threshold has helped extend the benefits of SD registration to much of the NFC swap market. The trading activity of the 42 unregistered entities with 10 or more NFC swap counterparties represents approximately 13 percent of the overall NFC swap market by transaction count. However, as compared to the existing 44 registered SDs with at least 10 counterparties, these 42 In-Scope Entities have significantly lower mean transaction and counterparty counts, indicating that they may only be providing ancillary dealing services to accommodate commercial end-user clients, also potentially indicating that the policy rationales behind a de minimis exception are being advanced at the current $8 billion threshold. (b) $3 Billion De Minimis Threshold     The Commission is of the view that the systemic risk mitigation, counterparty protection, and market efficiency benefits of SD regulation would be enhanced in only a very limited manner if the de minimis threshold decreased from $8 billion to $3 billion, as would be the case if the current regulation and the existing Commission order establishing an end to the phase-in period on December 31, 2019 were left unchanged. As seen in Table 4 in section II.A.2.ii, the Estimated AGNA Coverage would increase from approximately $221,020 billion (99.95 percent) to $221,039 billion (99.96 percent), an increase of $19 billion (a 0.01 percentage point increase). As seen in Table 5, the Estimated Transaction Coverage would increase from 3,795,330 trades (99.77 percent) to 3,797,734 trades (99.83 percent), an increase of 2,404 trades (a 0.06 percentage point increase). As seen in Table 6, the Estimated Counterparty Coverage would increase from 30,879 counterparties (88.80 percent) to 31,559 counterparties (90.75 percent), an increase of 680 counterparties (a 1.96 percentage point increase). The effect of these limited increases is further mitigated by the fact that at the current $8 billion phase-in threshold, the substantial majority of transactions are already covered by SD regulation--and related counterparty protection requirements--because they include at least one registered SD as a counterparty.     For NFC swaps, as discussed in section II.A.2.iv, without notional- equivalent data, it is unclear how many of the 42 In-Scope Entities with 10 or more counterparties that are not registered SDs would actually be subject to SD registration at a $3 billion de minimis threshold. It is possible that a portion of the swaps activity for some or all of these entities qualifies for the physical hedging exclusion in paragraph (6)(iii) of the SD Definition, and therefore would not be considered swap dealing activity, regardless of the de minimis threshold level.\187\ ---------------------------------------------------------------------------

    \187\ Hypothetically, if all 42 entities registered, the percentage of all NFC swaps facing at least one registered SD would rise from approximately 86 percent to 98 percent. ---------------------------------------------------------------------------

    As discussed in section II.A.2.ii with respect to IRS, CDS, FX swaps, and equity swaps, and section II.A.2.iv with respect to NFC swaps, the Commission also notes that it is possible that a lower de minimis threshold could lead to certain entities reducing or ceasing swaps activity to avoid registration and its related costs. Although the magnitude of this effect is unclear, reduced swap dealing activity could lead to increased concentration in the swap dealing market, reduced availability of potential swap counterparties, reduced liquidity, increased volatility, higher fees, wider bid/ask spreads, or reduced competitive pricing. The end-user counterparties of these smaller swap dealing entities may be adversely impacted by the above consequences and could face a reduced ability to use swaps to manage their business risks. (c) Higher De Minimis Threshold     Conversely, a higher de minimis threshold would potentially decrease the number of registered SDs, which could have a negative impact on

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achieving the SD regulation policy objectives. For example, a higher de minimis threshold would allow a greater amount of swap dealing to be undertaken without certain counterparty protections. This might impact the integrity of swap market to some extent. However, the Commission is unable to quantify how the integrity of swap market might be harmed. On the other hand, the higher the de minimis threshold, the greater the number of entities that are able to engage in dealing activity without being required to register, which could increase competition and liquidity in the swap market. A higher threshold could also allow the Commission to expend its resources on entities with larger swap dealing activities warranting more oversight.     As seen in Table 9 in section II.A.2.iii, in comparison to an $8 billion threshold, a $100 billion threshold would reduce the Estimated AGNA Coverage from approximately $221,020 billion (99.95 percent) to $220,877 billion (99.88 percent), a decrease of $143 billion (a 0.06 percentage point decrease). As seen in Table 10, in comparison to an $8 billion threshold, a $100 billion threshold would reduce the Estimated Transaction Coverage from 3,795,330 trades (99.77 percent) to 3,773,440 trades (99.20 percent), a decrease of 21,890 trades (a 0.58 percentage point decrease). The decreases would be more limited at higher thresholds of $20 billion or $50 billion. The data also indicates that at higher thresholds, there is a more pronounced decrease in Estimated Counterparty Coverage. As seen in Table 11, the Estimated Counterparty Coverage would decrease from 30,879 counterparties (88.80 percent) to 28,234 counterparties (81.19 percent), a decrease of 2,645 counterparties (a 7.61 percentage point decrease). The decrease would be lower at thresholds of $20 billion and $50 billion, at 2.80 percentage points and 5.71 percentage points, respectively.     Although it has not conducted an analysis of AGNA activity in NFC swaps, the Commission is of the preliminary view that increasing the de minimis threshold could potentially lead to fewer registered SDs participating in in the NFC swap market, similar to its observations with respect to IRS, CDS, FX swaps, and equity swaps discussed above in section II.A.2.iii This could reduce the number of entities transacting with registered SDs.     The cost of reduced protections for counterparties would be realized to the extent a higher threshold would result in fewer swaps involving at least one registered SD. Additionally, depending on how the swap market adapts to a higher threshold, it is also possible that the reduction in Estimated Regulatory Coverage would be greater than the data indicates to the extent that a higher de minimis threshold leads to an increased amount of swap dealing activity between entities that are not registered SDs. In such a scenario, Estimated Regulatory Coverage could potentially decrease more than the data indicates, negatively impacting the policy goals of SD regulation. (d) Preliminary Entity-Netted Notional Amounts Analysis     As previously discussed, analysis indicates that the Estimated AGNA Coverage is not very sensitive to changes in de minimis threshold level. Staff also conducted a preliminary analysis of the sensitivity of entity-netted notional amounts (``ENNs'') \188\ of Likely SDs in the IRS market to changes in the de minimis threshold level. The ENNs analysis normalizes notional amounts to five-***year*** risk equivalents and nets long and short positions within counterparty pairs in the same currency.\189\ ---------------------------------------------------------------------------

    \188\ See Introducing ENNs: A Measure of the Size of Interest Rate Swap Markets, supra note 65.     \189\ Each entity is net long or net short ENNs against each of its counterparties, and each entity's total long and short ENNs are the sums of its long and short ENNs, respectively, across all of its counterparties. See id. ---------------------------------------------------------------------------

    The preliminary analysis indicates that IRS ENNs are generally not overly sensitive to the de minimis threshold levels between $3 billion and $50 billion, providing additional support for staff's preliminary consideration of the policy-related costs and benefits discussed above. Table 15 shows the results of an analysis of the de minimis threshold in terms of ENNs for the IRS market.

                                                            Table 15--ENNs for IRS Likely SDs                                                                [Minimum 10 counterparties] --------------------------------------------------------------------------------------------------------------------------------------------------------                                                                       IRS ENNs totals  ($Bn)                    Change in ENNs totals vs. $8 Bn (%)         Notional threshold  ($Bn)            Number of   -----------------------------------------------------------------------------------------------                                             likely SDs         Long            Short            Net            Long            Short            Net -------------------------------------------------------------------------------------------------------------------------------------------------------- 3.......................................             121           9,812           8,307           1,505             0.6             1.1           (1.8) 8.......................................             108           9,750           8,219           1,532  ..............  ..............  .............. 20......................................              93           9,707           8,191           1,516           (0.4)           (0.3)           (1.0) 50......................................              81           9,617           8,105           1,512           (1.4)           (1.4)           (1.3) 100.....................................              72           9,464           8,026           1,439           (2.9)           (2.3)           (6.1) --------------------------------------------------------------------------------------------------------------------------------------------------------

    The 108 Likely SDs at $8 billion identified by the AGNA analysis in section II.A.2.ii above represented approximately $9.8 trillion of long ENNs and $8.2 trillion of short ENNs on December 15, 2017. A reduction in the de minimis threshold from $8 billion to $3 billion would have only a modest effect on the coverage of risk ***transfer*** as measured by IRS ENNs, adding only 0.6 percent of additional long ENNs and 1.1 percent of additional short ENNs. Similarly, an increase in the de minimis threshold from $8 billion to $50 billion would modestly decrease long ENNs by 1.4 percent and short ENNs by 1.4 percent. The decrease would be more limited at a threshold of $20 billion.\190\ ---------------------------------------------------------------------------

    \190\ IRS ENNs totals for a hypothetical de minimis threshold of $100 billion, however, begin to show increased sensitivities compared to other de minimis thresholds examined. ---------------------------------------------------------------------------

(ii) Direct Cost and Benefits of Setting an $8 Billion Threshold     It is likely that for any de minimis threshold, some firms will have AGNA of swap dealing activity sufficiently close to the threshold so as to require analysis to determine whether their AGNA qualifies as de minimis. Hence, with a $3 billion threshold, some set of entities will likely have to incur the direct costs of analyzing whether they

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would exceed the de minimis threshold, and with an $8 billion threshold, a (mostly) different set of entities would have to continue to incur costs of analyzing their activity.     Based on the available data, the Commission estimates that if the de minimis threshold were set at $3 billion, approximately 22 currently unregistered entities would need to conduct an initial analysis of whether they would be above the threshold.\191\ The Commission estimates that the potential total direct cost of conducting the initial analysis for the 22 entities would average approximately $79,000 per entity, or approximately $1.7 million in the aggregate.\192\ Certain of those entities with ongoing swap dealing activity that is near a $3 billion threshold may also need to conduct periodic de minimis calculation analyses to assess whether they qualify for the exception. The Commission estimates that approximately 11 entities may need to conduct such analyses.\193\ Further, the Commission estimates that the potential annual direct cost of conducting these ongoing analyses for those 11 entities would be approximately $40,000 per entity, or $440,000 in the aggregate.\194\ ---------------------------------------------------------------------------

    \191\ Commission staff analyzed the swaps activity of market participants over a one-***year*** period to develop this estimate. The estimate includes 22 In-Scope Entities that had 10 or more counterparties and between $1 billion and $5 billion in AGNA of swaps activity in IRS, CDS, FX swaps, and equity swaps. Entities that were already registered SDs were excluded. The estimate does not account for entities that primarily are entering into NFC swaps because notional amount information was not available for that asset class.     \192\ This estimate is based on the following staff requirements for this determination: 25 hours for an OTC principal trader at $695/hour, 40 hours for a compliance attorney at $335/hour, 35 hours for a chief compliance officer at $556/hour, 80 hours for an operations manager at $290/hour, and 20 hours for a business analyst at $273/hour. These individuals would be responsible for identifying, analyzing, and aggregating the swap dealing activity of a firm and its affiliates. The estimates of the number of personnel hours required have been updated from the SD Definition Adopting Release in light of the Commission's experience in implementing the SD Definition.     The estimates of the hourly costs for these personnel are from SIFMA's Management & Professional Earnings in the Securities Industry 2013 survey, modified to account for an 1,800-hour work- ***year*** and multiplied by 5.35 to account for firm size, employee benefits, and overhead, which is the same multiplier that was used when the SD Definition was adopted. See 77 FR at 30712 n.1347     The Commission recognizes that particular entities may, based on their circumstances, incur costs substantially greater or less than the estimated averages.     \193\ The estimate of 11 entities is approximately 50 percent of the 22 entities that would need to undertake an initial analysis. This estimate assumes that many entities would, following the initial analysis, determine that they would either need to register or choose not to engage in enough dealing activity to require ongoing monitoring.     \194\ The Commission estimates that the ongoing analysis would be streamlined as a result of the initial analysis, and therefore would be less costly. For purposes of this calculation, the Commission preliminarily estimates that the cost of the ongoing analysis would be approximately 50 percent of the cost of the initial analysis. ---------------------------------------------------------------------------

    Conversely, the Commission assumes that a higher threshold would permit certain entities to no longer incur ongoing costs of assessing whether they are above the threshold. The Commission estimated the savings that would result from a higher de minimis threshold of $20 billion. Based on the available data, the Commission estimates that if the de minimis threshold were set at $20 billion, approximately 29 entities would no longer need to conduct an ongoing analysis of whether they would be above the new threshold, while 4 entities may begin conducting such an analysis.\195\ The Commission estimates that the ongoing cost savings for the net 25 entities that would no longer be conducting periodic de minimis threshold analyses would average approximately $40,000 per entity, or $1 million in the aggregate per ***year***.\196\ ---------------------------------------------------------------------------

    \195\ Commission staff analyzed the swaps activity of market participants over a one-***year*** period to develop this estimate. The estimate includes 29 In-Scope Entities that had between $3 billion and $15 billion, and 4 In-Scope Entities that had between $15 billion and $25 billion, in AGNA of swaps activity in IRS, CDS, FX swaps, and equity swaps, and at least 10 counterparties. The estimate does not account for entities that primarily are entering into NFC swaps because notional amount information was not available for that asset class.     \196\ The Commission estimates that the ongoing analysis would be streamlined as a result of the initial analysis, and therefore would be less costly. For purposes of this calculation, the Commission preliminarily estimates that the cost of the ongoing analysis would be approximately 50 percent of the cost of the initial analysis. ---------------------------------------------------------------------------

(iii) Section 15(a)     Section 15(a) of the CEA requires the Commission to consider the effects of its actions in light of the following five factors: (a) Protection of Market Participants and the Public     Providing regulatory protections for swap counterparties who may be less experienced or knowledgeable about the swap products offered by SDs (particularly end-users who use swaps for hedging or investment purposes) is a fundamental policy goal advanced by the regulation of SDs.     The Commission is proposing to maintain the current de minimis phase-in threshold of $8 billion in AGNA of swap dealing activity. As discussed above, the Commission recognizes that a $3 billion de minimis threshold may result in more entities being required to register as SDs compared to the proposed (and currently in-effect) $8 billion threshold, thereby extending counterparty protections to a greater number of market participants. However, this benefit is relatively small because, at the current $8 billion phase-in threshold, the substantial majority of transactions are already covered by SD regulation--and related counterparty protection requirements--since they include at least one registered SD as a counterparty.\197\ ---------------------------------------------------------------------------

    \197\ As discussed in section II.A.2.i, the 2017 Transaction Coverage was approximately 98 percent. ---------------------------------------------------------------------------

    On the other hand, as noted above, a threshold above $8 billion may result in fewer entities being required to register as SDs, thus extending counterparty protections to a fewer number of market participants. Although the Estimated Transaction Coverage and Estimated AGNA Coverage would not decrease much at higher thresholds of up to $100 billion, the decrease in Estimated Counterparty Coverage is more pronounced at higher de minimis thresholds, potentially indicating that the benefit of SD counterparty protections requirements could be reduced at higher thresholds.     SD regulation is also intended to reduce systemic risk in the swap market. Pursuant to the Dodd-Frank Act, the Commission has proposed or adopted regulations for SDs, including margin and risk management requirements, designed to mitigate the potential systemic risk inherent in the swap market. Therefore, the Commission recognizes that a lower de minimis threshold may result in more entities being required to register as SDs, thereby potentially further reducing systemic risk. Conversely, a higher de minimis threshold may result in fewer entities being required to register an SD and, thus, possibly increase systematic risk.     However, the Commission's data appears to indicate that the additional entities that would need to register at the $3 billion de minimis threshold are engaged in a comparatively smaller amount of swap dealing activity. Many of these entities might be expected to have fewer counterparties and smaller overall risk exposures as compared to the SDs that engage in swap dealing in excess of the $8 billion level. Accordingly, the Commission believes that that the incremental reduction in systemic risk that may be achieved by registering dealers that engage in dealing between the $3 billion and $8 billion thresholds is limited.     The data also indicates that at higher thresholds of $20 billion, $50 billion, or $100 billion, fewer entities would be

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required to register as SDs, though the change in regulatory coverage as measured by Estimated AGNA Coverage and Estimated Transaction Coverage would be small. Thus, the Commission preliminarily believes that the increase in systemic risk that may occur due to a higher threshold would not be significant. However, depending on how the market adapts to a higher threshold, the level of regulatory coverage could potentially decrease more than the data indicates.     Additionally, as discussed above, the ENNs analysis suggests that the change in the extent to which market risk is held by persons identified as Likely SDs is not very sensitive to the changes in the thresholds considered here.     The Commission preliminarily believes that setting the de minimis threshold at $8 billion will not substantially diminish the protection of market participants and the public as compared to a $3 billion threshold. Further, as discussed, the Commission does not expect that an increase in the threshold would increase the protection of market participants and the public. (b) Efficiency, Competitiveness, and Financial Integrity of Markets     Another goal of SD regulation is swap market efficiency, orderliness, and transparency. These market benefits are achieved through regulations requiring, for example, SDs to keep detailed daily trading records, report trade information, provide counterparty disclosures about swap risks and pricing, and engage in portfolio reconciliation and compression exercises.     As compared to a $3 billion de minimis threshold, an $8 billion threshold may have a negative effect on the efficiency and integrity of the markets as fewer entities are required to register as SDs and fewer transactions become subject to SD-related regulations. However, the Commission also recognizes that the efficiency and competitiveness of the swap market may be negatively impacted if the de minimis threshold is set too low, by potentially increasing barriers to entry that may stifle competition and reduce swap market efficiency. For example, if entities choose to reduce or cease their swap dealing activities in response to the $3 billion de minimis threshold, the number or availability of market makers for swaps may be reduced, which could lead to increased costs for potential counterparties and end-users. Conversely, a higher threshold may increase market liquidity, efficiency, and competition as more entities engage in swap dealing without SD registration as a barrier to entry. However, a higher threshold may also result in fewer swaps being subject to SD-related regulations requiring, for example, disclosures, portfolio reconciliation, portfolio, compression, potentially reducing the financial integrity of markets.     Considering these countervailing factors, the Commission believes that setting the de minimis threshold at $8 billion will not significantly diminish the efficiency, competitiveness, and financial integrity of markets as compared to a $3 billion threshold. Further, as discussed, an increase in the threshold would potentially have both positive and negative effects to the efficiency, competitiveness, and financial integrity of the markets. (c) Price Discovery     All else being equal, the Commission preliminarily believes that price discovery will not be harmed and might be improved if there are more entities engaging in ancillary dealing due to increased competitiveness among swap counterparties. The Commission is preliminarily of the view that, as compared to a $3 billion threshold, an $8 billion de minimis threshold would encourage participation of new SDs and promote ancillary dealing because those entities engaged in swap dealing activities below the threshold would not need to incur the direct costs of registration until they exceeded a higher threshold.     Similarly, raising the threshold above $8 billion could lead to even more entities engaging in ancillary dealing. (d) Sound Risk Management     The Commission notes that a higher de minimis threshold could lead to impaired risk management practices because a lower number of entities would be required by regulation to: (1) Develop and implement detailed risk management ***programs***; (2) adhere to business conduct standards that reduce operational and other risks; and (3) satisfy margin requirements for uncleared swaps. For the same reason, a lower threshold could positively impact risk management since more entities would be required to comply with the above mentioned risk-related SD regulations. (e) Other Public Interest Considerations     The Commission has not identified any other public interest considerations with respect to setting the de minimis threshold at $8 billion in AGNA of swap dealing activity. 2. Swaps Entered Into by Insured Depository Institutions in Connection With Loans to Customers     The proposed IDI De Minimis Provision would require that the loans and related swaps generally meet requirements that, as compared to the requirements of the IDI Swap Dealing Exclusion in paragraph (5) of the SD Definition, reflect: (1) A revised timing requirement for when the swap must be entered into; (2) an expansion of the types of swaps that are eligible; (3) a reduced syndication percentage requirement; (4) an elimination of the notional amount cap; and (5) a refined explanation of the types of loans that would qualify. Any swap that meets the requirements of the IDI Swap Dealing Exclusion in paragraph (5) of the SD Definition would also meet the requirements of this new IDI De Minimis Provision. (i) Policy-Related Costs and Benefits     Similar to the IDI Swap Dealing Exclusion in paragraph (5) of the SD Definition, the IDI De Minimis Provision allows IDIs to tailor the risks of a loan to the loan customer's and the lender's needs and promotes the risk-mitigating effects of swaps. The IDI De Minimis Provision, however, allows more flexibility, which should expand the universe of swaps that do not have to be counted towards the de minimis threshold, as well as decrease concentration in the markets for swaps and loans. For example, the different requirements for both timing and the relationship of the swap to the loan will increase the ability of IDIs to enter into certain swaps and not be concerned that they would have to be counted towards the de minimis threshold. This should enhance market liquidity, which is helpful for customers of IDIs that may not have access to larger SDs. Conversely, expanding the universe of swaps not required to be counted towards the de minimis threshold also expands the number of swaps potentially not subject to SD regulation and consequently, could decrease customer protections. As mentioned in section II.B.1, however, the proposed IDI De Minimis Provision will likely benefit mostly small and mid-sized IDIs, which mitigates the concern that systemic risk will increase as a result of the proposed change.     As indicated by Table 14 in section II.B.1, the level of activity between unregistered IDIs and other unregistered persons is between only approximately 0.003 percent and 0.007 percent of the total AGNA of swaps activity, depending on the range of AGNA of

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swaps activity being examined (at AGNAs of between $1 billion and $50 billion). Given those low percentages, the Commission is of the view that the policy benefits of SD regulation likely would not be significantly diminished if the proposed IDI De Minimis Provision is adopted and some unregistered IDIs marginally expand the number and AGNA of swaps they enter into with customers in connection with loans to those customers. Further, though these entities are active in the swap market, the Commission is of the view that their activity poses less systemic risk as compared to larger IDIs because of their limited AGNA of swaps activity as compared to the overall size of the market.     The Commission believes that the benefits of added market liquidity may be more significant than the costs of potentially reduced customer protections. The cost of reduced customer protections is mitigated because such swaps would still be required to be reported to the CFTC and IDIs would still be subject to prudential regulatory requirements, thereby providing oversight with respect to such swaps. (ii) Section 15(a)     Section 15(a) of the CEA requires the Commission to consider the effects of its actions in light of the following five factors: (a) Protection of Market Participants and the Public     The IDI De Minimis Provision proposed amendment may expand the universe of swaps that fall outside the scope of SD regulations, potentially increasing systemic risk and reducing counterparty protections. However, the IDIs would still be subject to prudential regulatory requirements, potentially mitigating this concern. (b) Efficiency, Competitiveness, and Financial Integrity of Markets     The efficiency, competitiveness, and financial integrity of the markets may also be affected by the addition of the IDI De Minimis Provision since it provides IDIs more flexibility to enter into swaps in connection with loans without registering as SDs. With the added flexibility, the number of IDIs offering swaps in connection with loans may increase, which might have a positive impact on the efficiency and competiveness of the market for swaps and loans. However, the added flexibility may also result in fewer swaps being subject to SD-related regulations. (c) Price Discovery     The IDI De Minimis Provision could lead to better price discovery as small and mid-sized banks increase their level of ancillary dealing activity, which might increase the frequency of swap transaction pricing. (d) Sound Risk Management     The proposed IDI De Minimis Provision should increase the usage of swaps for risk mitigation, which might reduce the risk resulting from the defaulting of loan customers. Additionally, having more IDIs offering swaps in connection with loans might decrease concentration in the market for loan-related swaps and thereby decrease risk as well. (e) Other Public Interest Considerations     The Commission has not identified any other public interest considerations with respect to the proposed IDI De Minimis Provision. 3. Swaps Entered Into To Hedge Financial or Physical Positions     The Commission is proposing new paragraph (4)(D), which provides a general exception from the SD de minimis threshold calculation for certain hedging swaps. To meet the requirements of the Hedging De Minimis Provision, a swap must be entered into by a person for the primary purpose of reducing or otherwise mitigating one or more of its specific risks, including, but not limited to, market risk, commodity price risk, rate risk, basis risk, credit risk, volatility risk, correlation risk, foreign exchange risk, or similar risks arising in connection with existing or anticipated identifiable assets, liabilities, positions, contracts, or other holdings of the person or any affiliate. Additionally, the entity entering into the hedging swap must not: (1) Be the price maker of the hedging swap; (2) receive or collect a bid/ask spread, fee, or commission for entering into the hedging swap; and (3) receive other compensation separate from the contractual terms of the hedging swap in exchange for entering into the hedging swap. (i) Policy-Related Costs and Benefits     Generally, the proposed Hedging De Minimis Provision is not expected to impact how such swaps are treated for purposes of the de minimis threshold calculation, but rather provides additional clarity to market participants, which allows them to determine more easily whether swaps entered into for purposes of hedging financial or physical positions are counted towards the de minimis threshold. The Commission believes that the clarity will benefit certain entities by encouraging economically-appropriate risk mitigation, potentially reducing systemic risk broadly. The proposed exception should reduce costs that persons engaging in such swaps would incur in determining if they are SDs. Such added clarity may also improve market liquidity as entities feel more comfortable entering into a swap for the purpose of hedging, knowing that the swap would not necessarily constitute swap dealing. In addition to increased market liquidity, the additional clarity should encourage economically appropriate risk mitigation.     Conversely, it is possible that improper application of the Hedging De Minimis Provision could lead to certain swap dealing activity being treated as hedging activity that does not need to be counted towards the de minimis threshold. This may reduce the level of the Commission's regulatory coverage of the swap market. However, the Commission believes that the requirements of the proposed Hedging De Minimis Provision limit the likelihood that dealing activity would be treated as hedging activity by market participants. (ii) Section 15(a)     Section 15(a) of the CEA requires the Commission to consider the effects of its actions in light of the following five factors: (a) Protection of Market Participants and the Public     The Commission notes that certain swaps that are now currently counted towards the de minimis threshold could now be hedging swaps that would not be counted, which could potentially mean less regulatory coverage and protection for market participants. However, as discussed, the Commission believes that the proposed exception for swaps entered into to hedge financial or physical positions has a number of requirements that greatly reduce the likelihood that swap dealing activity would improperly not be counted towards an entity's de minimis threshold calculation, reducing the potential impact to systemic risk and counterparty protections. (b) Efficiency, Competitiveness, and Financial Integrity of Markets     With respect to the Hedging De Minimis Provision, market liquidity may improve as entities would be able to execute hedging swaps knowing that the swaps would not necessarily constitute swap dealing that counts towards the de minimis threshold.

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(c) Price Discovery     The Hedging De Minimis Provision could lead to better price discovery as more entities gain certainty that hedging swaps are not considered dealing activity, and therefore increase their hedging- related activity because they are less likely to have to register as an SD. (d) Sound Risk Management     The added clarity that certain hedging swaps need not be counted towards an entity's de minimis calculation could lead to improved risk management as certain entities increase their hedging activities. (e) Other Public Interest Considerations     The Commission has not identified any other public interest considerations with respect to the proposed Hedging De Minimis Provision. 4. Swaps Resulting From Multilateral Portfolio Compression Exercises (i) Policy-Related Costs and Benefits     The Commission believes that swaps which result from multilateral portfolio compression exercises and which meet the requirements of the existing Staff Letter No. 12-62 would also meet the requirements of the proposed rule amendment, and are already not considered swaps that have to count towards a person's de minimis threshold. The Commission is of the preliminary belief that the existing no-action relief is being fully relied upon by market participants, and therefore, this proposed change could lead to increased certainty for market participants, without any significant policy-related costs for the swap market. (ii) Section 15(a)     Section 15(a) of the CEA requires the Commission to consider the effects of its actions in light of the following five factors: (a) Protection of Market Participants and the Public     Multilateral portfolio compression exercises help to better align initial margin between appropriate counterparties when, for example, a swap with a compression exercise participant has been backed-to-backed between two SD affiliates in the same holding company. In such cases, the original outward facing swap with the first affiliate and the back- to-back affiliate swap may be replaced with an outward facing swap with the second affiliate. Thus, having SDs engage in compression exercises may increase the protections that posting initial margin provides market participants and the public, namely, a counterparty has a senior claim to posted initial margin and may not have to become a general creditor in a bankruptcy. To the extent that a provision explicitly excepting multilateral portfolio compression exercise swaps from the de minimis calculation encourages more participation in compression exercises, market participants and the public may be better protected. (b) Efficiency, Competitiveness, and Financial Integrity of Markets     The increased certainty that swaps resulting from multilateral portfolio compression exercises do not need to be counted towards a person's de minimis threshold could encourage persons to enter into multilateral portfolio compression exercises on a more regular basis, potentially increasing the financial integrity of the markets. (c) Price Discovery     Prices from swap compression exercises are not publicly reported because they are not price-forming trades. As such, the Commission has not identified any price discovery considerations with respect to the MPCE De Minimis Provision. (d) Sound Risk Management     The increased certainty that swaps resulting from multilateral portfolio compression exercises do not need to be counted towards a person's de minimis threshold could encourage persons to enter into multilateral portfolio compression exercises on a more regular basis, potentially reducing risk. (e) Other Public Interest Considerations     The Commission has not identified any other public interest considerations with respect to the MPCE De Minimis Provision. 5. Methodology for Calculating Notional Amounts (i) Policy-Related Costs and Benefits     To allow for more timely clarity to market participants, the Commission is proposing new paragraph (4)(vii) of the SD Definition, which provides that the Commission may determine the methodology to be used to calculate the notional amount for any group, category, type, or class of swaps, and delegates to the Director of DSIO the authority to determine methodologies for calculating notional amounts. Additionally, any such methodology shall be economically reasonable and analytically supported, and be made publicly available on the CFTC website. The Commission believes that this proposed amendment would facilitate timely clarity regarding notional amount calculation methodologies for purposes of the de minimis threshold, and help ensure that persons are fully aware of whether their activities could lead to (or presently entail) SD registration requirements in the event of market or regulatory changes. As is the case with existing delegations to staff, the Commission would continue to reserve the right to exercise the delegated authority itself at any time. (ii) Section 15(a) (a) Protection of Market Participants and the Public     The Commission has not identified any protection of market participants and the public considerations with respect to the proposed rule for determining the methodology for calculating notional amounts and the delegation of authority. (b) Efficiency, Competitiveness, and Financial Integrity of Markets     The Commission has not identified any efficiency, competitiveness, and financial integrity of the markets considerations with respect to the proposed rule for determining the methodology for calculating notional amounts and the delegation of authority. (c) Price Discovery     The Commission has not identified any price discovery considerations with respect to the proposed rule for determining the methodology for calculating notional amounts and the delegation of authority. (d) Sound Risk Management     The Commission believes that most market participants understand the risks of the swaps they engage in. To the extent that the proposed amendment compels SDs to assess the deltas of embedded options in swaps, however, the proposed amendment could lead to an audit trail for SDs that might ultimately improve risk management (if estimated deltas did not exist already). (e) Other Public Interest Considerations     The Commission believes that the proposed rule for determining the methodology for calculating notional amounts and the delegation of authority will ensure that persons are fully aware of whether their activities could lead to (or presently entail) SD registration requirements in the event of market or regulatory changes. 6. Request for Comment     The Commission invites comments from the public on all aspects of its

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preliminary consideration of costs and benefits associated with this Proposal. The questions below relate to areas that the Commission preliminarily believes may be relevant. In addressing these or any other aspect of the Commission's preliminary assessment, commenters are encouraged to submit any data or other information that they may have quantifying or qualifying the costs and benefits of the proposed alternatives.     (1) What are the costs and benefits to market participants associated with each proposed change? Please explain and, to the extent possible, quantify these costs and benefits.     (2) What are the direct costs associated with SD registration and compliance? What is the smallest notional amount of dealing swaps that an entity must enter into in order for the profitability of its swap dealing activity to exceed SD registration and compliance costs?     (3) Are there indirect benefits to registering as an SD? For example, does being a registered SD make an entity a more desirable counterparty? Are many of the benefits of transacting with an SD not relevant because many requirements are part of standard ISDA agreements?     (4) Besides the direct costs of registration and compliance, are there any indirect costs to becoming a registered SD? What are these costs?     (5) Would the entities with dealing activity between $3 billion and $8 billion incur similar registration and compliance costs as compared to entities with dealing activity above $8 billion? Would those dealers be impacted differently by those costs?     (6) What are the costs and benefits to the public associated with each proposed change? Please explain and, to the extent possible, quantify these costs and benefits.     (7) How does each proposed change affect the efficiency, competitiveness, and financial integrity of markets?     (8) How does each proposed change affect price discovery for the swap market?     (9) How does each proposed change affect sound risk management for swap market participants?     (10) How does each proposed change affect other public interests that the Commission may elect to consider?     (11) Has the Commission identified all of the relevant categories of costs and benefits in its preliminary consideration of the costs and benefits? Please describe any additional categories of costs or benefits that the Commission should consider.     (12) The Commission preliminarily believes that cross-border aspects of this rulemaking are similar to domestic applications. Do the costs and benefits of the proposed changes, as applied in cross-border contexts, differ from those costs and benefits resulting from their domestic application, and, if so, in what ways and to what extent?

D. Antitrust Considerations

    Section 15(b) of the CEA requires the Commission to take into consideration the public interest to be protected by the antitrust laws and endeavor to take the least anticompetitive means of achieving the purposes of the CEA, in issuing any order or adopting any Commission rule or regulation (including any exemption under section 4(c) or 4c(b)), or in requiring or approving any bylaw, rule, or regulation of a contract market or registered futures association established pursuant to section 17 of the CEA.\198\ ---------------------------------------------------------------------------

    \198\ 7 U.S.C 19(b). ---------------------------------------------------------------------------

    The Commission believes that the public interest to be protected by the antitrust laws is generally to protect competition. The Commission requests comment on whether this Proposal implicates any other specific public interest to be protected by the antitrust laws.     The Commission has considered this Proposal to determine whether it is anticompetitive and has preliminarily identified no anticompetitive effects. The Commission requests comment on whether this Proposal is anticompetitive and, if it is, what the anticompetitive effects are.     Because the Commission has preliminarily determined that this Proposal is not anticompetitive and has no anticompetitive effects, the Commission has not identified any less anticompetitive means of achieving the purposes of the CEA. The Commission requests comment on whether there are less anticompetitive means of achieving the relevant purposes of the CEA that would otherwise be served by adopting this Proposal.

List of Subjects in 17 CFR Part 1

    Commodity futures, Definitions, De minimis exception, Insured depository institutions, Swaps, Swap dealers.

    For the reasons stated in the preamble, the Commodity Futures Trading Commission proposes to amend 17 CFR part 1 as follows:

PART 1--GENERAL REGULATIONS UNDER THE COMMODITY EXCHANGE ACT

0 1. The authority citation for part 1 continues to read as follows:

    Authority:  7 U.S.C 1a, 2, 5, 6, 6a, 6b, 6c, 6d, 6e, 6f, 6g, 6h, 6i, 6k, 6l, 6m, 6n, 6o, 6p, 6r, 6s, 7, 7a-1, 7a-2, 7b, 7b-3, 8, 9, 10a, 12, 12a, 12c, 13a, 13a-1, 16, 16a, 19, 21, 23, and 24 (2012).

0 2. In Sec.  1.3, amend the definition of the term ``Swap dealer'' as follows: 0 a. Revise paragraph (4)(i)(A); 0 b. Add paragraphs (4)(i)(C), (D), and (E); 0 c. Remove and reserve paragraph (4)(ii); and 0 d. Add paragraph (4)(vii).     The revisions and additions read as follows:

Sec.  1.3   Definitions.

\* \* \* \* \*     Swap Dealer. \* \* \*     (4) De minimis exception--(i)(A) In general. Except as provided in paragraph (4)(vi) of this definition, a person that is not currently registered as a swap dealer shall be deemed not to be a swap dealer as a result of its swap dealing activity involving counterparties, so long as the swaps connected with those dealing activities into which the person--or any other entity controlling, controlled by or under common control with the person--enters over the course of the immediately preceding 12 months have an aggregate gross notional amount of no more than $8 billion, and an aggregate gross notional amount of no more than $25 million with regard to swaps in which the counterparty is a ``special entity'' (as that term is defined in section 4s(h)(2)(C) of the Act, 7 U.S.C 6s(h)(2)(C), and Sec.  23.401(c) of this chapter), except as provided in paragraph (4)(i)(B) of this definition. For purposes of this definition, if the stated notional amount of a swap is leveraged or enhanced by the structure of the swap, the calculation shall be based on the effective notional amount of the swap rather than on the stated notional amount. \* \* \* \* \*     (C) Insured depository institution swaps in connection with originating loans to customers. Solely for purposes of determining whether an insured depository institution has exceeded the aggregate gross notional amount threshold set forth in paragraph (4)(i)(A) of this definition, an insured depository institution may exclude swaps entered into by the insured depository institution with a customer in connection with originating a loan to that customer, subject to the requirements of paragraphs (4)(i)(C)(1) through (4)(i)(C)(6) of this definition.     (1) Timing of execution of swap. The insured depository institution enters into the swap with the customer no

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earlier than 90 days before execution of the applicable loan agreement, or no earlier than 90 days before ***transfer*** of principal to the customer by the insured depository institution pursuant to the loan, unless an executed commitment or forward agreement for the applicable loan exists, in which event the 90 day restriction does not apply;     (2) Relationship of swap to loan. (i) The rate, asset, liability or other term underlying such swap is, or is related to, a financial term of such loan, which includes, without limitation, the loan's duration, rate of interest, the currency or currencies in which it is made and its principal amount; or     (ii) Such swap is required as a condition of the loan, either under the insured depository institution's loan underwriting criteria or as is commercially appropriate, in order to hedge risks incidental to the borrower's business (other than for risks associated with an excluded commodity) that may affect the borrower's ability to repay the loan;     (3) Duration of swap. The duration of the swap does not extend beyond termination of the loan;     (4) Level of funding of loan. (i) The insured depository institution is committed to be, under the terms of the agreements related to the loan, the source of at least 5 percent of the maximum principal amount under the loan; or     (ii) If the insured depository institution is committed to be, under the terms of the agreements related to the loan, the source of less than 5 percent of the maximum principal amount under the loan, then the aggregate notional amount of all swaps entered by the insured depository institution with the customer in connection with the financial terms of the loan cannot exceed the principal amount of the insured depository institution's loan;     (5) The swap is considered to have been entered into in connection with originating a loan with a customer if the insured depository institution:     (i) Directly ***transfers*** the loan amount to the customer;     (ii) Is a part of a syndicate of lenders that is the source of the loan amount that is ***transferred*** to the customer;     (iii) Purchases or receives a participation in the loan; or     (iv) Under the terms of the agreements related to the loan, is, or is intended to be, the source of funds for the loan;     (6) The loan to which the swap relates shall not include:     (i) Any transaction that is a sham, whether or not intended to qualify for the exception from the de minimis threshold in this definition; or     (ii) Any synthetic loan.     (D) Swaps entered into for the purpose of hedging. Solely for purposes of determining whether a person has exceeded the aggregate gross notional amount threshold set forth in paragraph (4)(i)(A) of this definition, the person may exclude swaps that are entered into for the purpose of hedging, subject to the requirements of paragraphs (4)(i)(D)(1) through (4)(i)(D)(6) of this definition.     (1) The person is entering into the swap for the primary purpose of reducing or otherwise mitigating one or more specific risks for the person, which includes, without limitation, market risk, price risk, rate risk, basis risk, credit risk, volatility risk, foreign exchange risk, liquidity risk, or similar risks arising in connection with existing or anticipated identifiable assets, liabilities, positions, contracts, or other holdings of the person or any affiliate of the person;     (2) For that swap, the person is not the price maker and does not receive or earn a bid/ask spread, fee, commission, or other compensation for entering into the swap;     (3) The swap is economically appropriate to the reduction of risks that may arise in the conduct and management of an enterprise engaged in the type of business in which the person is engaged;     (4) The swap is entered into in accordance with sound business practices; and     (5) The person does not enter into the swap in connection with activity structured to evade designation as a swap dealer.     (E) Swaps resulting from multilateral portfolio compression exercises. Solely for purposes of determining whether a person has exceeded the aggregate gross notional amount threshold set forth in paragraph (4)(i)(A) of this definition, the person may exclude swaps that result from multilateral portfolio compression exercises, as defined in Sec.  23.500 of this chapter, to the extent the person does not enter into the multilateral portfolio compression exercise in connection with activity structured to evade designation as a swap dealer.     (ii) [Reserved] \* \* \* \* \*     (vii) Methodology for calculation of notional amounts. (A) For purposes of paragraph (4) of this definition, the Commission may on its own, or upon written request by a person, determine the methodology to be used to calculate the notional amount for any group, category, type, or class of swaps. Such methodology shall be economically reasonable and analytically supported. Each such determination shall be made publicly available and posted on the Commission website.     (B) Delegation. (i) The Commission hereby delegates to the Director of the Division of Swap Dealer and Intermediary Oversight, or such other employee or employees as the Director may designate from time to time, the authority in paragraph (4)(vii)(A) of this definition to determine the methodology to be used to calculate the notional amount for any group, category, type, or class of swaps.     (ii) The Director of the Division of Swap Dealer and Intermediary Oversight may submit any matter which has been delegated to him or her under paragraph (4)(vii)(B)(i) of this definition to the Commission for its consideration.     (iii) Nothing in this paragraph (4)(vii)(B) may prohibit the Commission, at its election, from exercising the authority delegated to the Director of the Division of Swap Dealer and Intermediary Oversight under paragraph (4)(vii)(A) of this definition. \* \* \* \* \*

    Issued in Washington, DC, on June 5, 2018, by the Commission. Christopher Kirkpatrick, Secretary of the Commission.

    Note:  The following appendices will not appear in the Code of Federal Regulations.

Appendices to De Minimis Exception to the Swap Dealer Definition-- Commission Voting Summary, Chairman's Statement, and Commissioners' Statements

Appendix 1--Commission Voting Summary

    On this matter, Chairman Giancarlo and Commissioner Quintenz voted in the affirmative. Commissioner Behnam voted in the negative.

Appendix 2--Statement of Chairman J. Christopher Giancarlo

    Since becoming Chairman, I have committed to resolving this outstanding issue and giving market participants the regulatory certainty they need. Still, as you know, last ***year*** I requested that the Commission postpone a decision on the de minimis threshold for a ***year***. That decision was understandably disappointing to some, including my fellow Commissioners, who said they were then ready to vote on it.     Yet, as I told Congress at the time, I did not just want to address the de minimis threshold; I wanted to get it right.     Today, I believe the staff has had adequate time to analyze the most current and comprehensive trading data and arrive at a recommendation for the best path forward in terms of managing risk to the financial system. The staff has provided

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Commissioners with full access to the data they have used in their analysis. They have also conducted additional and specific data analyses requested by Commissioners.     The data shows quite clearly that a drop in the de minimis definition from $8 billion to $3 billion would not have an appreciable impact on coverage of the marketplace. In fact, any impact would be less than one percent--an amount that is truly de minimis.     On the other hand, the drop in the threshold would pose unnecessary burdens for non-financial companies that engage in relatively small levels of swap dealing to manage business risk for themselves and their customers. That would likely cause non- financial companies to curtail or terminate risk-hedging activities with their customers, limiting risk-management options for end-users and ultimately consolidating marketplace risk in only a few large, Wall Street swap dealers.     In my travels around the country over the past four ***years*** on the Commission, I have met numerous small swaps trading firms that make markets in local markets or in select asset classes. These firms are often housed in small community banks, local energy utilities or commodity trading houses. They all trade below the $8 billion threshold. Almost all of them say that if the de minimis threshold were to drop to $3 billion, they would reduce their trading accordingly. They just cannot afford to be registered as swap dealers.     Who are the winners if these small firms reduce their market making activities? Big Wall Street banks. Who are the losers if these small firms reduce their market making activities? Small regional lenders, energy hedgers and Ag producers, who become more dependent on Wall Street trading liquidity. Who is the really big loser? The U.S economy, which becomes more financially concentrated and less economically diverse.     That is why I think the proposed rule rightly balances the mandate to register swap dealers whose activity is large enough in size and scope to warrant oversight without detrimentally affecting community banks and ***agricultural*** co-ops that engage in limited swap dealing activity and do not pose systemic risk. Leaving the threshold at the $8 billion level allows firms to avoid incurring new costs for overhauling their existing procedures for monitoring and maintaining compliance with the threshold. It fosters increased certainty and efficiency in determining swap dealer registration by utilizing a simple objective test with a limited degree of complexity. And it ensures that smaller market makers and the counterparties with which they trade can engage in limited swap dealing without the high costs of registration and compliance as intended by Congress when it established the de minimis dealing exception to begin with.     The changes proposed today will also not count swaps of Insured Depository Institutions (IDIs) made in connection with loans. They would allow, for example, an insured depository institution swap dealer to write a swap with a customer 181 days after entering into a loan without counting it towards the $8 billion threshold. These types of changes will allow small and regional banks to further serve customers' needs without the added burden of unnecessary regulation and associated compliance costs.     This proposal incorporates feedback and input from my two fellow Commissioners and their fine staffs. We now look forward to feedback from the public and market participants. We ask numerous questions about whether any additional exceptions or calculations should be included in the final rule. Three ***years*** ago, I raised the question of whether there should be an exclusion from counting cleared swaps towards the registration threshold and that question is asked again. Your response to questions regarding adding other potential components will help the Commission assess whether further adjustments to the de minimis exception may be appropriate in the final rule.     As discussed in the adopting release, staff continues to consult with the SEC and prudential regulators regarding the changes in the proposal in particular some of the questions regarding exclusions. I remain committed to working with Chair Jay Clayton and the SEC in areas where harmonization is necessary and appropriate.     I also remain committed to finalizing this rule before the end of the ***year***. I recognize that market participants need certainty. Today's proposal is a major step forward in doing just that. I applaud staff for this proposal and look forward to feedback.

Appendix 3--Supporting Statement of Commissioner Brian D. Quintenz

    I support this proposed rulemaking governing swap dealer registration, which is fundamental to the Commission's effective oversight of the swaps market.     Swap dealers are subject to extensive and costly regulatory requirements: Registration fees; minimum capital requirements; posting margin for uncleared swaps; IT costs for trade processing, reporting, confirmation, and reconciliation activities; costs to create and send clients daily valuation reports; costs for recordkeeping obligations; third party audit expenses; legal fees to develop and implement business conduct rules and many, many more. If that sounds like a big bill, it is. A prominent economic research firm estimated the present value of the cost for swap dealer registration compliance at $390 million per firm.\1\ ---------------------------------------------------------------------------

    \1\ See National Economic Research Associates, Cost-Benefit Analysis of the CFTC's Proposed Swap Dealer Definition 1 (Dec. 20, 2011) (``NERA Report''), [*http://www.nera.com/content/dam/nera/publications/archive2/PUB\_SwapDealer\_1211.pdf*](http://www.nera.com/content/dam/nera/publications/archive2/PUB_SwapDealer_1211.pdf) It is difficult to estimate the initial and incremental, ongoing costs of swap dealer regulation. NERA's report regarding the costs of registration for non-financial energy firms remains one of the only comprehensive analyses produced. ---------------------------------------------------------------------------

    Those significant requirements and costs are imposed to advance equally significant policy objectives, such as the reduction of systemic risk, increased counterparty protections, and enhanced market efficiency and integrity. Therefore, the registration threshold, as the trigger mechanism for those costs and objectives, must be appropriately and specifically calibrated to ensure that the correct market group shoulders the burdens of swap dealer regulations because they are best situated to realize the corresponding policy goals of that registration.     I have stated previously, in great detail and with considerable evidence, the importance of appropriately calibrating the de minimis threshold so that entities posing no systemic risk and with a relatively small market footprint are not regulated under a regime that is more appropriate for the world's largest, most complex financial institutions.\2\ If we fail to calibrate this threshold appropriately, firms at the margin will likely reduce their activity to avoid registration as opposed to serving their clients' interests and accepting the burdens of registration. A public policy choice which drives away market participants and reduces market activity is undeniably flawed. ---------------------------------------------------------------------------

    \2\ Keynote Address of Commissioner Brian Quintenz before the Smart Financial Regulation Roundtable (Nov. 2017), [*https://www.cftc.gov/PressRoom/SpeechesTestimony/opaquintenz3*](https://www.cftc.gov/PressRoom/SpeechesTestimony/opaquintenz3). ---------------------------------------------------------------------------

    From my first confirmation hearing in 2016 to the present day,\3\ including meetings with elected representatives, my second confirmation hearing,\4\ interviews with the press,\5\ discussions with market participants, and in public remarks at event forums, \6\ I have been adamant that notional value is a poor measure of activity and a meaningless measure of risk, and therefore, by itself, is a deficient metric by which to impose large costs and achieve substantial policy objectives.\7\ Therefore, I have some reservations about this proposal's continued reliance on a one-size- fits-all notional value test for swap dealer registration. ---------------------------------------------------------------------------

    \3\ Transcript, ``Hearing to Consider Pending CFTC Nominations,'' Senate ***Agriculture***, Nutrition, and Forestry Committee, September 15, 2016, 2016 WL 4938280 p.12     \4\ Transcript, ``Hearing to Consider Pending CFTC Nominations,'' Senate ***Agriculture***, Nutrition, and Forestry Committee, July 27, 2017, 2017 WL 3215667 p.14 (``With regard to the de minimis threshold level, I think when this threshold was set originally it was really done without the benefit of a lot of data. I think if there is a scenario where this shortfall reduces from $8 billion to $3 billion [that] instead of increasing registration, it would drive participants out of the market or force them to reduce their activity because of the cost that would be imposed upon them.'').     \5\ Bain, Benjamin, ``CFTC Swaps Dealer Threshold Criticized by Its Newest Republican,'' Bloomberg (Oct. 9, 2017); and DeFrancesco, Dan, ``CFTC's Quintenz: Dealer Threshold Could Exclude Cleared Swaps--Commissioner Suggests Risks should be Better Considered in De Minimis Reappraisal,'' Risk.Net (Oct. 24, 2017).     \6\ ``Fireside Chat: CFTC Commissioners,'' FIA Expo Chicago (Oct 19, 2017) available at: [*https://expo2017.fia.org/articles/fireside-chat-cftc-commissioners*](https://expo2017.fia.org/articles/fireside-chat-cftc-commissioners), at 9'30'' through 10'25''.     \7\ For further discussion, see comment letter to CFTC from Financial Services Roundtable dated January 19, 2016 (``We do not see a benefit to requiring an entity that enters into a small number of swaps with a large notional amount but little exposure to choose between exiting the market or registering as a swap dealer, nor should entities that are taking on very large exposures without crossing a notional threshold, or a trade or counterparty count metric, be unregulated because they have concentrated risk in a small number of trades.''). ---------------------------------------------------------------------------

    I still, and will continue to, believe that the criteria for determining swap dealer registration should be more closely correlated to risk. However, if any final rule is going to

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settle for an activity-based threshold, a notional value metric should at least be combined with additional measures (such as dealing counterparty count and dealing transaction count) to determine what constitutes a de minimis quantity of swap dealing activity. Including additional measures should mitigate instances of ``false positives'' that could result from the use and deficiencies of any one activity-based metric.\8\ ---------------------------------------------------------------------------

    \8\ For further discussion, see letter from Institute of International Bankers dated January 19, 2016. ---------------------------------------------------------------------------

    While it would have been my preference that this concept appear in this proposal's rule text as the operative standard, I am very grateful to the Chairman and the Division of Swap Dealer and Intermediary Oversight (DSIO) for including a robust discussion in the preamble on the merits of replacing the current notional value de minimis threshold with a three-prong test. Specifically, the preamble suggests an entity could qualify for the de minimis exception if its dealing activity is below any of the following three criteria: (i) A notional threshold, (ii) a proposed dealing counterparty count threshold, or (iii) a proposed dealing transaction count threshold. In other words, an entity would have to surpass all three hurdles collectively in order to lose the de minimis exception's safe harbor.     I have included several questions in the proposal that ask for feedback on this approach, particularly with respect to the dealing counterparty and transaction count thresholds which I believe would provide market participants with additional flexibility to serve their clients' needs without triggering a very costly and burdensome registration process. I thank the staff of DSIO for including my questions in the proposal and welcome market participant's feedback on this potential approach.     I also welcome comments on the Proposed Rule's preamble discussion on accounting for exchange-traded or cleared swaps in an entity's de minimis calculation. Many of the policy goals of swap dealer regulation are accomplished when a swap is exchange-traded and cleared. For example, systemic risk concerns are diminished with respect to cleared swaps: The swaps are standardized, the executing counterparties do not incur counterparty credit risk because they face the clearinghouse and not each other, and each side is required to post margin that helps guarantee performance and prevent unfunded losses from accumulating. Removing such swaps from the de minimis calculation would better align the registration threshold with risk and would also, I believe, encourage additional liquidity on SEFs. I am hopeful that with the benefit of additional industry comment and further Commission analysis, the Commission will either adopt an exclusion for exchange-traded and cleared swaps or adjust their notional weighting in an entity's de minimis calculation.     We must remember, the Commission is not establishing the de minimis exception in a vacuum. Subsequent to the adoption of the swap dealer definition, other regulatory requirements have gone into effect which also advance the goals of swap dealer registration, such as mandatory clearing, SEF trading, reporting swap data to repositories, and margin requirements for uncleared swaps. For example, regardless of whether an entity is registered as a swap dealer, its swap activity is transparent to the Commission because of the swap data and real-time reporting requirements that apply to all market participants.     When the Commission first established the $8 billion de minimis threshold in 2012, it did so without the benefit of swap data.\9\ Now almost six ***years*** later, staff has conducted a comprehensive analysis of the available swap data collected by Commission- registered SDRs and presented estimates about the impact that lower or higher notional amount thresholds would have on swap dealer registration. Although much work remains to be done to further refine the data, particularly with respect to the non-financial commodity asset class, I commend staff for their hard work, progress, and thoughtful analysis. I believe the data in the Proposed Rule clearly supports maintaining the de minimis threshold at $8 billion or potentially increasing it. For example, at a $20 billion notional threshold, the estimated amount of notional swap activity that would no longer be covered by swap dealer regulation is approximately only 1/100th of 1 percent of the $221 trillion market analyzed. I am interested to hear from commenters about the policy and market implications of maintaining or raising the de minimis threshold. ---------------------------------------------------------------------------

    \9\ See Hearing to Review the 2016 Agenda of the Commodity Futures Trading Commission Before the H. Comm. on ***Agric***., 114th Cong. 17 (2016) (response of Timothy Massad, former CFTC Chairman, to question posed by Congressman David Scott (D-GA)), [*https://****agriculture****.house.gov/uploadedfiles/114-40\_-\_98680.pdf*](https://agriculture.house.gov/uploadedfiles/114-40_-_98680.pdf) ---------------------------------------------------------------------------

    Finally, I would like to commend the Chairman and DSIO for including many important improvements to the de minimis exception in this proposal which I fully support. For instance, I support an appropriate Insured Depository Institution exception that will allow for banks to serve their clients' needs. By removing unnecessary timing restrictions and expanding the types of credit extensions that qualify for the exception, the proposal should improve the ability of IDIs to help their customers hedge loan-related risks as the statute intended. I also support the proposed rule's clarification that swaps that hedge financial risks may be excluded from an entity's de minimis count. Market participants should be able to use swaps to manage their financial and physical risks without concern that such activity may trigger swap dealer registration.     I will vote in favor of issuing this proposal to the public for feedback and look forward to hearing from market participants about how these proposed amendments may be further refined or calibrated to increase the efficacy of the de minimis threshold to meet the goals of swap dealer registration.

Appendix 4--Dissenting Statement of Commissioner Rostin Behnam Introduction

    I respectfully dissent from the Commodity Futures Trading Commission's (the ``Commission'' or ``CFTC'') notice of proposed rulemaking addressing the de minimis exception to the swap dealer definition (the ``Proposal''). I have a number of concerns with specific criteria of the various exceptions proposed and contemplated in the Proposal. However, my gravest concern is that the Commission is moving far beyond the task before it--setting the aggregate gross notional amount threshold for the de minimis exception--to redefine swap dealing activity absent meaningful collaboration with the Securities and Exchange Commission (``SEC''), as required by the Dodd-Frank Act,\1\ and to the detriment of market participants eager for regulatory certainty. Equally concerning, the Proposal's various ancillary components not only detract from its core purpose, but may signify the Commission's willingness to exploit the de minimis exception to undermine the swap dealer definition and circumvent Congressional intent. ---------------------------------------------------------------------------

    \1\ The Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, section 712(d), 124 Stat. 1376, 1644 (2010) (the ``Dodd-Frank Act''). Additionally, with respect to rulemakings and orders regarding swap dealers, among other things, section 712(a) requires the CFTC to consult and coordinate to the extent possible with the SEC and the prudential regulators to ensure consistency and comparability, to the extent possible. Such consultation must occur before the CFTC commences such rulemaking or order issuance. The Proposal indicates only that the Commission ``is consulting with the SEC and prudential regulators regarding the changes to the SD Definition discussed in this Proposal,'' indicating that the Commission may not have adhered to the letter or spirit of section 712(a) or (d) of the Dodd-Frank Act with respect to the Proposal. ---------------------------------------------------------------------------

    As discussed in the preamble to the Proposal, the regulatory history sets forth a clear path towards--and a deadline to complete--today's determination to propose an amendment that would set the aggregate gross notional amount (``AGNA'') threshold for the de minimis exception at $8 billion in swap dealing activity entered into by a person over the preceding 12 months prior to the termination of the phase-in period on December 31, 2019.\2\ Since the Commission's

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first Order Establishing a New De Minimis Threshold Phase-in Termination Date in 2016,\3\ market participants have endured undue and prolonged uncertainty because the Commission has not acted decisively on the de minimis threshold. When the Commission punted again in October 2017, I urged the Commission to take further action now or let the current rule take effect.\4\ ---------------------------------------------------------------------------

    \2\ Since the initial establishment of the AGNA at $3 billion in May 2012, and initial five ***year*** phase-in period during which the AGNA threshold was set at $8 billion, the Commission issued two successive orders extending the phase-in, and issued preliminary and final staff reports concerning the de minimis threshold, as required by paragraph 4(ii)(B) of the swap dealer definition. Additionally, the Commission has more than five ***years*** of swap dealer oversight experience; given that the first swap dealers submitted applications for preliminarily registration in December 2017. See Further Definition of ``Swap Dealer,'' ``Security-Based Swap Dealer,'' ``Major Swap Participant,'' ``Major Security-Based Swap Participant'' and ``Eligible Contract Participant,'' 77 FR 30596 (May 23, 2012) (``SD Definition Adopting Release''); Order Establishing De Minimis Threshold Phase-In Termination Date, 81 FR 71605 (Oct. 18, 2016) (``Initial Phase-In Termination Date Order''); Order Establishing a New De Minimis Threshold Phase-In Termination Date, 82 FR 50309 (Oct. 31, 2017) (``Second Phase-In Termination Date Order''); Swap Dealer De Minimis Exception Preliminary Report (Nov. 18, 2015), available at [*http://www.cftc.gov/idc/groups/public/@swaps/documents/file/dfreport\_sddeminis\_1115.pdf;*](http://www.cftc.gov/idc/groups/public/@swaps/documents/file/dfreport_sddeminis_1115.pdf;) Swap Dealer De Minimis Exception Final Staff Report (Aug. 15, 2016), available at   [*http://www.cftc.gov/idc/groups/public/@swaps/documents/file/dfreport\_sddeminis081516.pdf*](http://www.cftc.gov/idc/groups/public/@swaps/documents/file/dfreport_sddeminis081516.pdf)     \3\ Initial Phase-In Termination Date Order, supra note 2.     \4\ Second Phase-In Termination Date Order, supra note 2; Rostin Behnam, Statement on De Minimis Threshold (Oct. 11, 2017),   [*https://www.cftc.gov/PressRoom/SpeechesTestimony/behnamstatement101117a*](https://www.cftc.gov/PressRoom/SpeechesTestimony/behnamstatement101117a). ---------------------------------------------------------------------------

    It is now June 2018. Given the twelve month lookback for calculating the AGNA, absent Commission action, market participants will need to start tracking their swap dealing activity on January 1, 2019 to determine whether their dealing activity would require registration when the phase-in period ends on December 31, 2019. The Commission has less than six months to either finalize the Proposal or kick it down the road again by issuing a third order establishing yet another phase-in termination date sometime in the future.     Six months is an ambitious time frame for even a simple rule. While CFTC-specific data is not available, at least one study concluded that the average amount of time for federal regulatory agencies to finalize rules is generally between 14 and 20 months.\5\ The Part 49 amendments that we also voted on today, for example, took over 16 months between the Commission proposal and a final rule, and that rule only addressed a single industry comment letter that was nine pages long. However, given our extensive history with the AGNA for the de minimis exception, I believe that had the Commission observed the course it was on, and focused on the task at hand, it could have crafted the Proposal to address the issues most critical to market participants (the de minimis threshold, the exclusion for insured depository institution swaps in connection with originating loans to customers or ``IDI Swap Dealing Exclusion,'' and the hedging swap exclusion), consistent with requirements of the Commodity Exchange Act (the ``CEA'' or ``Act'') and Congressional intent and within the six month window we are now in. ---------------------------------------------------------------------------

    \5\ Jason Webb Yackee and Susan Webb Yackee, Delay in Notice and Comment Rulemaking: Evidence of Systemic Regulatory Breakdown?, in Regulatory Breakdown: The Crisis of Confidence in U.S Regulation 169 (Cary Coglianese ed., 2012). ---------------------------------------------------------------------------

    Instead, the Commission, having waited too long to address these critical issues jointly with the SEC, veered off course, and relies too heavily on an alternative means to reach its destination: The de minimis exception.\6\ Though this alternative path is within the Commission's authority, I believe that in utilizing the de minimis exception to address longstanding concerns with the IDI and physical hedging exclusions, the Commission stopped respecting the difference between what is permissible and what is proper. As a consequence, the Proposal morphed into a loophole for the Commission to explore the extent to which it may unilaterally alter the swap dealer definition. Such overreach not only may call into question the integrity of this agency, but it could prolong the uncertainty currently plaguing market participants as they (and the general public) sort through the matters ancillary to the de minimis AGNA threshold, which alone raise over 50 individual questions in requests for comments. ---------------------------------------------------------------------------

    \6\ See 17 CFR 1.3, Swap dealer, paragraph (4)(v), providing that the Commission may by rule or regulation change the requirements of the de minimis exception described in paragraphs (4)(i) through (iv). ---------------------------------------------------------------------------

Commission Authority Under Regulation 1.3, Swap Dealer, Paragraph (4)(v)

    Under paragraph 4(v) of the swap dealer definition, the Commission may change the requirements of the de minimis exception by rule or regulation, and may do so independent of the SEC (``De Minimis Exception Authority'').\7\ While this authority permits the Commission to revisit the de minimis threshold, in the SD Definition Adopting Release, the Commission stated that in determining whether to revisit the threshold, it intended to focus on whether the de minimis exception (1) results in a swap dealer definition that encompasses too many entities whose activities are not significant enough to warrant full Title VII regulation; (2) results in an undue amount of dealing activity to fall outside of the regulatory framework; or (3) leads to inappropriate reductions in counterparty protections.\8\ ---------------------------------------------------------------------------

    \7\ Id.; see also SD Definition Adopting Release, 77 FR at 30634, n. 464.     \8\ SD Definition Adopting Release, 77 FR at 30634-5. ---------------------------------------------------------------------------

    While the Commission's authority with respect to the de minimis exception is broad, the Commission cannot lose sight of its purpose, as set forth in the CEA,\9\ and the underlying Congressional intent.\10\ As well, this authority is not intended to provide a de facto means to alter the swap dealer definition, by for example, excepting from consideration swaps that are exchange-traded and/or cleared when calculating the AGNA for purposes of the de minimis threshold, or excepting from such consideration entire categories of swaps. ---------------------------------------------------------------------------

    \9\ See CEA section 1a(49)(D), 7 U.S.C 1a(49)(D).     \10\ See SD Definition Adopting Release, 77 FR at 30629, n. 413 (``Congress incorporated a de minimis exception to the swap dealer definition to ensure that smaller institutions that are responsibly managing their commercial risk are not inadvertently pulled into addition regulations.'') (quoting 156 Cong. Rec. S6192 (daily ed. July 22, 2010) (letter from Senators Dodd and Lincoln to Representatives Frank and Paterson). ---------------------------------------------------------------------------

Exclusions vs. Exceptions

IDI De Minimis Provision

    Turning to the Proposal, and the critical issues, I am concerned with the Commission's use of its De Minimis Exception Authority to address longstanding concerns that the IDI Swap Dealing Exclusion, which was jointly adopted with the SEC as paragraph (5) to the swap dealer definition (``SD Definition), is unnecessarily restrictive, lacks clarity, and limits the ability of IDIs to serve customers in connection with their lending activity--which is inconsistent with the CEA.\11\ As explained in the Proposal, ``rather than proposing to revise the scope of activity that constitutes swap dealing,'' which would require a joint rulemaking with the SEC, the Commission is proposing to amend paragraph (4) of the SD Definition, which addresses only the de minimis exception. Accordingly, the Proposal is to include both the IDI Swap Dealing Exclusion and a separate, slightly broader IDI De Minimis Provision in the SD Definition. ---------------------------------------------------------------------------

    \11\ See CEA 1a(49)(A), 7 U.S.C 1a(49)(A) (providing that ``in no event shall an insured depository institution be considered to be a swap dealer to the extent it offers to enter into a swap with a customer in connection with originating a loan with that customer''). ---------------------------------------------------------------------------

    Conducting a side-by-side comparison of the current text of paragraph (5) and proposed paragraph (4)(i)(C) of the SD Definition, it is difficult to understand what hurdles may have prevented the CFTC and SEC from engaging in a joint rulemaking to address these relatively modest differences, which are generally well supported by the record. It's especially noteworthy given the close working relationship between the two agencies and ongoing harmonization efforts.\12\ The end result is that, if finalized, instead of simply disregarding or ``excluding'' all swap activity that meets a single set of criteria, IDIs will have to develop an additional analysis to address swap activity that cannot be excluded from their determinations for purposes of the SD Definition, but might nevertheless be excepted from their AGNAs when calculating dealing activity for the purpose of the de minimis threshold. It is difficult to understand why the Commission would want to create additional regulatory burdens in the context of this Proposal, and the document provides no explanation other than that the Commission has discretion under its De Minimis Exception Authority. ---------------------------------------------------------------------------

    \12\ See, e.g CFTC (@CFTC), @CFTC & @SEC\_News teams are hard at work on Title VII harmonization, Twitter (Feb. 27, 2018, 4:53 p.m ), [*https://twitter.com/CFTC/status/968605066889515009;*](https://twitter.com/CFTC/status/968605066889515009;) Chris Giancarlo (@giancarloCFTC), Twitter (Feb. 27, 2018, 9:18 p.m )   [*https://twitter.com/giancarloCFTC/Status/968671749737992192*](https://twitter.com/giancarloCFTC/Status/968671749737992192). ---------------------------------------------------------------------------

Hedging De Minimis Provision

    I am similarly concerned that the Commission's use of its De Minimis Exception Authority to provide greater regulatory certainty with respect to swaps entered to hedge physical or financial exposures (the ``Hedging De Minimis Provision'') will--out of an abundance of caution--be utilized by market participants

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as a limitation on the universe of hedging swaps they consider to be outside their swap dealing activity. In this instance, instead of amending the Physical Hedging Exclusion,\13\ which is in the nature of a safe harbor and provides that, subject to certain requirements, swaps entered into by a person for hedging physical positions are not considered for purposes of determining whether that person is a swap dealer, the Commission is proposing an exception with respect to a person's AGNA for the de minimis threshold for swaps entered to hedge financial or physical positions. While this exception will, if finalized, exist in the Commission regulations alongside the Physical Hedging Exclusion, it is not truly a safe-harbor and could end up limiting the discretion inherent in the SD Definition. ---------------------------------------------------------------------------

    \13\ 17 CFR 1.3, Swap dealer, paragraph (6)(iii). ---------------------------------------------------------------------------

    An exception, as proposed for the Hedging De Minimis Provision, ostensibly creates a precise rule, leaving compliance staff or even regulatory enforcement agencies with limited discretion when evaluating difficult scenarios. As the Commission has stated, ``In general, entering into a swap for the purpose of hedging is inconsistent with swap dealing.'' \14\ The Commission also has emphasized that all relevant facts and circumstances about a swap ought to be considered when determining whether a person is a swap dealer.\15\ It seems that an exception limited solely to determining whether a person has exceeded the AGNA de minimis threshold may prove unduly limiting and inconsistent with the SD Definition.\16\ ---------------------------------------------------------------------------

    \14\ SD Definition Adopting Release, 77 FR at 30611.     \15\ See, e.g , CFTC Fact Sheet: Final Rules Regarding Further Defining ``Swap Dealer,'' ``Major Swap Participant and ``Eligible Contract Participant'' (Apr. 18, 2012), available at [*https://www.cftc.gov/sites/default/files/idc/groups/public/@newsroom/documents/file/msp\_ecp\_factsheet\_final.pdf*](https://www.cftc.gov/sites/default/files/idc/groups/public/@newsroom/documents/file/msp_ecp_factsheet_final.pdf)     \16\ See Frequently Asked Questions (FAQ)--[DSIO] Responds to FAQs About Swap Entities (Oct. 12, 2012), available at   [*https://www.cftc.gov/sites/default/files/idc/groups/public/@newsroom/documents/file/swapentities\_faq\_final.pdf*](https://www.cftc.gov/sites/default/files/idc/groups/public/@newsroom/documents/file/swapentities_faq_final.pdf) ---------------------------------------------------------------------------

Premature Delegation

    The Proposal purports to create Commission authority to determine the methodology to be used to calculate the notional amount for any group, category, type, or class of swaps for purposes of the AGNA de minimis threshold calculation and immediately delegates that authority to the Director of the Division of Swap Dealer and Intermediary Oversight (``DSIO''). The Commission has, to my knowledge, not released public guidance on this issue since 2012.\17\ The Proposal cites two letters, one responding to the Chairman's recent Project KISS initiative, and the other responding to the request for comments on the Swap Dealer De Minimis Exception Preliminary Report,\18\ in support of the inherent need to empower the Director of DSIO to independently--and without limitation-- provide clarity about the appropriate notional amount calculation methodologies for purposes of the de minimis threshold in a timely manner. As well, both the public guidance and requests cited in the Proposal address or respond to the need for clarity regarding commodity swaps, further calling into question the breadth of the proposed delegation. ---------------------------------------------------------------------------

    \17\ Id.     \18\ See n.152 of the Proposal, Letter from CEWG; Letter from Natural Gas Supply Association (Jan. 15, 2016), available at [*https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=60595&SearchText=*](https://comments.cftc.gov/PublicComments/ViewComment.aspx?id=60595&SearchText=). ---------------------------------------------------------------------------

    For most swaps, calculation of notional amount is a matter of standard industry practice. There is not any controversy as to how notional amount is calculated. Giving the Director of DSIO broad authority to determine how this calculation is made for all categories of swaps is a remedy that is not commensurate to the limited issue of how to determine the notional value of commodity swaps. It also provides an opportunity for mischief. This provision could subsume the entire de minimis threshold by giving the Director of DSIO broad authority to determine what swaps count toward the threshold--and perhaps more importantly, what swaps do not.     I'm concerned that the Commission is proposing to both establish its authority and immediately delegate such authority without any internal discussion, without any public deliberation, and within this Proposal. The Commission has simply not articulated a sound rationale for moving abruptly forward on this rule proposal without fulsome consideration of its legal authority, potential risks, and possible alternatives. Indeed, upon review of the Proposal, it came to my attention that the Commission's proposed delineation of authority to determine the methodology for calculating notion amounts in proposed paragraph (D)(vii)(A) of the SD Definition may contradict its De Minimis Exception Authority.     The De Minimis Exception Authority provides that the Commission may by rule or regulation change the requirements of the de minimis exception. Given that the methodology for calculating notional amounts for purposes of the AGNA for the de minimis threshold would be a ``requirement'' of that exception, one could assume that the authority to alter it resides with the Commission, and that the Commission would need to engage in rulemaking to establish a methodology. Of course, the De Minimis Exception Authority includes a ``may'' versus a ``shall,'' and therefore the Commission has discretion to engage in rulemaking, but I believe the ``may'' applies more generally to suggest that the Commission may change the requirements of the de minimis exception, and if it chooses to do so, rulemaking is the vehicle. My point is that the Commission's precise authority and attendant parameters are unclear, and it would therefore be more prudent to first, define the parameters of the notional amount calculation issue, conduct additional research and explore our options to address it, and then propose a more cogent solution in a separate rulemaking so as not to further detract from the more salient and critical issues before the Commission as part of this Proposal.

Ancillary Matters

    Having become comfortable with using its De Minimis Exception Authority, the Commission appears to have determined to use this Proposal to seek comment on ``other potential considerations for the de minimis threshold.'' These considerations run the gamut from re- considering the merits of using AGNA by itself by seeking comment on adding alternative criteria in the form of a dealing counterparty or dealing transaction count threshold to excepting from consideration when calculating the AGNA for purposes of the de minimis threshold (1) swaps that are exchange-traded and/or cleared and (2) swaps that are categorized as non-deliverable forward transactions. These ``considerations'' result in the combined inclusion of more than 50 individual requests for comment, detracting from any reasonable market participant's (or the public's) ability to provide comments on the more critical issues raised by this Proposal. Moreover, each ``potential consideration'' raises individual concerns as to whether the Commission is attempting to undermine the swap dealer definition and circumvent Congressional intent.

Dealing Counterparty Count and Dealing Transaction Count Thresholds

    The Commission is seeking comment on whether an entity should be able to qualify for the de minimis exception if its level of swap dealing activity is below any one of three criteria: (1) An AGNA threshold; (2) a proposed dealing counterparty count threshold; or (3) a proposed dealing transaction count threshold. In support of its request for comment, already limited Commission staff resources were utilized to construct an alternative to the proposal aimed at suggesting that, despite its analysis in the Proposal in support of setting the AGNA threshold for the de minimis exception at $8 billion, a $20 billion AGNA ``backstop'' threshold was appropriate. This analysis and attendant request for comment suddenly appeared in the Proposal after hours on May 31, 2018, providing my office less than 17 hours to respond before DSIO intended to submit a final voting copy to the Commission's Office of the Secretariat.     Not only is the inclusion of this request for comment in this Proposal overwhelmingly misplaced, but its inclusion at such a late hour in the process undermines the inherent fairness of the rulemaking process. Foremost, the Commission already rejected the use of counterparty and transaction count thresholds as determinative criteria for the de minimis threshold.\19\ Moreover, the Commission is required to take the Swap Dealer De Minimis Exception Final Staff Report (``Final Staff Report'') and comments into account when weighing further action on the de minimis exception at the end of the phase-in.\20\ According to the Final Staff Report, ``many of the commenters stated that the Commission should not use the alternative factors of Counterparty and/or Transaction Count as part of a de minimis exception because they are misleading or

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arbitrary indicators of dealing activity.'' \21\ The footnote cites 11 comment letters representing at least 12 entities including major industry and trade organizations.\22\ In comparison, only two commenters supported the use of the alternative factors.\23\ ---------------------------------------------------------------------------

    \19\ SD Definition Adopting Release, 77 FR at 30630.     \20\ Id. at 30634.     \21\ Swap Dealer De Minimis Exception Final Staff Report, supra note 2 at 15.     \22\ Id. at note 45.     \23\ Id. at note 49. ---------------------------------------------------------------------------

    While I believe it may be appropriate for the Commission to explore other factors or criteria in defining the scope of the de minimis threshold, inclusion of even a request for comments on dealing counterparty count and dealing transaction count thresholds should be out of scope--even as a request for comment--for this Proposal, which speaks directly to the end of the phase-in, and is proceeding on a constrained time schedule such that even providing Commissioners the courtesy of ample opportunity to evaluate the merits of including this line of questioning was dispensed with.

Exchange-Traded and/or Cleared Swaps

    Similar to the dealing counterparty and transaction count threshold, the Commission has already rejected arguments that swaps executed on an exchange should not be considered in determining if a person is a swap dealer.\24\ However, beyond that, the breadth of the request for comment suggests that a discussion regarding how the utilization of exchange trading and/or clearing in the swap market may address the underlying policy goals of swap dealer registration is significant and raises issues that should be considered in the context of a joint discussion with the SEC and prudential regulators regarding the SD Definition. Even further, it may require Congressional action to amend the statutory swap dealer definition, which does not distinguish exchange traded and/or cleared swaps from over-the-counter swaps, and in fact, may suggest that there is no distinction given the focus on market making, which significantly occurs on exchanges.\25\ In responding to this request for comment, I hope that commenters address whether an exception for exchange- traded and/or cleared swaps--even if limited to consideration when calculating the AGNA for purposes of the de minimis threshold--would be consistent with the statutory definition of ``swap dealer'' in CEA section 1a(49) and Congressional intent. ---------------------------------------------------------------------------

    \24\ See SD Definition Adopting Release, 77 FR at 30610.     \25\ See, e.g , Id. at 30608. ---------------------------------------------------------------------------

Non-Deliverable Forwards

    Similarly, I believe that the issue of whether the Commission should consider an exception for NDFs from consideration when calculating the AGNA of swap dealing activity for purposes of the de minimis threshold is inappropriate. Such an exception ignores that the SD Definition is activities-based.\26\ The real issue that should be addressed is whether NDFs are swaps and, if so, whether they ought to be excluded from consideration in the SD Definition.\27\ Instead of attempting to begin a conversation through use of its De Minimis Exception Authority, the Commission should use its relationships with the Secretary of the Treasury, the SEC and prudential regulators and engage in a meaningful dialog regarding the appropriate categorization and consideration of NDFs outside of this Proposal. ---------------------------------------------------------------------------

    \26\ Id.     \27\ As noted in the Proposal, the Secretary of the Treasury, pursuant to authority in section 1a(47)(E) of the CEA, 7 U.S.C 1a(47)(E), declined to exempt NDFs from the CEA's definition of ``swap.'' ---------------------------------------------------------------------------

Conclusion

    I am disappointed with today's Proposal and would have liked to been able to support the portions that were well supported by the data and analysis and could lead to a clear and legally sound resolution of the de minimis threshold, providing much needed regulatory certainty for a critical cohort of market participants. I am hopeful that market participants have sufficient time to evaluate and respond to the most critical aspects of this Proposal and do not get overwhelmed or overly optimistic with regard to lines of questioning that take us further afield from Congressional intent and therefore are less likely to come to fruition. I understand that messaging creates expectations; sometimes, we must focus on what's right and not what seems easy.

[FR Doc. 2018-12362 Filed 6-11-18; 8:45 am]  BILLING CODE 6351-01-P

**Load-Date:** June 13, 2018

**End of Document**



[***BlackRock North American Income Trust Plc - Annual Financial Report***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R5R-1HV1-JB72-146V-00000-00&context=1516831)

PR Newswire UK Disclose

December 13, 2017 Wednesday 1:09 PM EST

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**Length:** 16955 words

**Dateline:** London, December 10

**Body**

BLACKROCK NORTH AMERICAN INCOME TRUST PLCLEI: 549300WWOCXSC241W468Annual results announcement for the ***year*** ended 31 October 2017HIGHLIGHTSNew dividend policy from 1 November 2017 with quarterly dividends of 2.00p per share (increase of 60% on quarterly dividends of 1.25p per share), a 5% prospective yield on the current share price.Net asset value total return of 11.4%, outperforming the benchmark by 3.1%.Share price total return of 6.3%.PERFORMANCE RECORD

|  |  |  |
| --- | --- | --- |
| Attributable to ordinary shareholders | 31 October 2017 | 31 October 2016 |
|  |  |  |
| Net assets (£'000)¹ | 118,295 | 109,479 |
| Net asset value per ordinary share | 171.76p | 158.78p |
| Ordinary share price (mid-market) | 160.50p | 155.75p |
| Discount to cum income net asset value² | 6.6% | 1.9% |
|  | -------- | -------- |
| Performance |  |  |
|  | -------- | -------- |
| Net asset value per share (total return)³ | +11.4% | +34.2% |
| Russell 1000 Value Index (total return) | +8.3% | +34.6% |
| Share price (total return)³ | +6.3% | +43.0% |
|  | -------- | -------- |

The change in net assets reflects market movements and share buybacks during the ***year***.This is the difference between the share price and the NAV per share with debt at par. It is an indicator of the need for shares to be bought back or, in the event of a premium to NAV per share, issued.This measures the Company's share price and NAV total return, which assumes dividends paid by the Company have been reinvested.

|  |  |  |  |
| --- | --- | --- | --- |
|  | ***Year*** ended  31 October 2017 | ***Year*** ended  31 October 2016 | Change  % |
| Revenue |  |  |  |
| Net revenue profit after taxation (£'000) | 3,731 | 3,730 | 0.0 |
| Revenue return per ordinary share | 5.41p | 5.17p | +4.6 |
|  | -------- | -------- | -------- |
| Interim dividends |  |  |  |
| 1st interim | 1.20p | 1.10p | +9.1 |
| 2nd interim | 1.25p | 1.20p | +4.2 |
| 3rd interim | 1.25p | 1.20p | +4.2 |
| 4th interim | 1.25p | 1.20p | +4.2 |
|  | -------- | -------- | -------- |
| Total dividends paid | 4.95p | 4.70p | +5.3 |
|  | ======== | ======== | ======== |

ANNUAL PERFORMANCE SINCE LAUNCH ON 24 OCTOBER 2012 TO 31 OCTOBER 2017

|  |  |  |  |
| --- | --- | --- | --- |
|  | NAV Total Return | Russell 1000 Value Index Total Return | Share Price Total Return |
| 2013 | 17.1 | 27.4 | 16.5 |
| 2014 | 11.8 | 16.9 | 2.4 |
| 2015 | 4.9 | 4.1 | 4.7 |
| 2016 | 34.2 | 34.6 | 43.0 |
| 2017 | 11.4 | 8.3 | 6.3 |

Source: BlackRock.

Performance figures have been calculated in sterling terms on a total return basis.CHAIRMAN'S STATEMENTPERFORMANCE

Over the twelve months to 31 October 2017, the Company's net asset value per share (NAV) increased by 11.4%\* compared with a rise of 8.3%\* in the Russell 1000 Value Index. The share price rose by 6.3%\*. Further information is set out in the Investment Manager's Report.At the close of business on 11 December 2017, the Company's NAV had increased by 2.4% since the ***year*** end.MARKET REVIEW

Sustained global economic expansion provided a positive backdrop for earnings momentum from the middle of 2016. In the U.S., despite political uncertainty over the administration's ability to push through tax reform, better-than-expected economic data and stronger corporate earnings results have helped the market advance. The jobless rate has touched levels rarely seen since the 1950s and, with the strong growth in household incomes, official consumer data has remained resilient. Corporate earnings have generally beaten estimates with many companies benefiting from a weakening U.S. dollar.EARNINGS AND DIVIDENDS

The Company's revenue earnings per share for the ***year*** amounted to 5.41p (2016: 5.17p), an increase of 4.6%. The first quarterly dividend of 1.20p per share was paid on 4 April 2017 and two further dividends of 1.25p per share were paid on 30 June 2017 and 6 October 2017. A fourth interim dividend of 1.25p per share has been declared and will be paid on 5 January 2018. This represents an increase of 5.3% on the ***payments*** made in the previous financial ***year***.The Board is conscious that, although the quarterly dividend has increased by 25% from 1.00p per share to 1.25p per share since the Company's launch in 2012, the strong capital growth of the portfolio during this period (74.8%) has also resulted in a lower dividend yield for new investors. In line with the commitment to a progressive dividend policy, the Board has resolved to pay a quarterly dividend of 2.00p per share in the current financial ***year***, a full ***year*** distribution of 8.00p per share, which would represent a dividend yield of approximately 5% at the current share price, paying out a small amount of the Company's capital profits to achieve this. The investment approach of the Portfolio Managers will not alter as a consequence of this policy, and the Board do not envisage that the proportion of the portfolio over which options are written will increase. The Board believes that this dividend policy will benefit existing shareholders, whilst also making the Company's shares attractive to new buyers, appealing to retail investors in particular. It is also consistent with the underlying investment objective of the Company and utilises an attractive and distinctive option now open to investment companies, but not available to many open-ended funds.DISCOUNT CONTROL

The Directors recognise the importance to investors that the share price should not trade at a significant discount to the underlying NAV. Accordingly, the Board monitors this closely and will consider the repurchase of shares when appropriate.During the ***year*** and up to the date of this report, the Company has repurchased 75,000 ordinary shares. These shares have been placed in treasury to be subsequently reissued to satisfy market demand. Shares will only be reissued at a premium to the estimated NAV at the time of issue.The Directors have authority from shareholders to reissue up to 10% of the Company's issued ordinary share capital and to buy back up to 14.99% of the Company's issued ordinary share capital (excluding any shares held in treasury). The authorities to reissue and buy back shares expire at the conclusion of the 2018 Annual General Meeting and resolutions will be put to shareholders seeking a renewal of these powers.ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at BlackRock's offices at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 6 March 2018 at 12.00 noon. Details of the business of the meeting are set out in the Notice of Meeting on pages 74 to 77 of the Annual Report. The Portfolio Managers will make a presentation to shareholders on the Company's performance and the outlook for U.S. markets in the ***year*** ahead.OUTLOOK

The economic background remains supportive and moderate growth is anticipated to continue in 2018. As a consequence, we are likely to see further increases in interest rates next ***year*** and the requirement for higher interest rates has also been well telegraphed. Although the administration has struggled to carry through its planned tax reforms, on 1 December the U.S. Senate passed its bill for a much-awaited overhaul of the U.S. tax code. If the legislation continues to progress as planned, this should provide additional support to earnings.Whilst there are a number of short term factors likely to continue to influence market sentiment, our Portfolio Managers take a longer term view and have not shifted the portfolio significantly following the presidential election outcome. The Portfolio Managers will therefore continue to focus on companies which show promise in terms of delivering both immediate income and have attractive dividend growth prospects.SIMON MILLER

13 December 2017\*  All percentages calculated in sterling terms with income reinvested.STRATEGIC REPORTThe Directors present the Strategic Report of the Company for the ***year*** ended 31 October 2017. The aim of the Strategic Report is to provide shareholders with the information to assess how the Directors have performed their duty to promote the success of the Company for the collective benefit of shareholders.PRINCIPAL ACTIVITY

The Company carries on business as an investment trust and its principal activity is portfolio investment. Investment trusts are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment, thus spreading investment risk.OBJECTIVE

The Company's objective is to provide an attractive and growing level of income return with capital appreciation over the long term, predominantly through investment in a diversified portfolio of primarily large-cap U.S. quoted equities with a focus on companies that pay and grow their dividends. The Company may invest through an active options overlay strategy utilising predominantly covered call options and may also hold other securities from time-to-time including, inter alia, convertible securities, fixed interest securities, preference shares, non-convertible preferred stock and depositary receipts. The Company may also invest in listed large-cap equities quoted on exchanges outside the U.S., subject to the restrictions set out below, and in securities denominated in U.S. dollars and non-U.S. dollar currencies.STRATEGY, BUSINESS MODEL AND INVESTMENT POLICY

Strategy

To achieve the Company's investment objective, the Manager adopts a stock specific approach in managing the Company's portfolio, selecting investments that it believes will both increase in value over the long term and provide income. The Company does not invest in companies which are not listed, quoted or traded at the time of investment, although it may have exposure to such companies where, following investment, the relevant securities cease to be listed, quoted or traded. Typically, it is expected that the investment portfolio will comprise of between 80 and 120 securities (excluding its active options overlay strategy). As at 31 October 2017, there were 90 holdings in the Company's portfolio.Business model

The Company's business model follows that of an externally managed investment trust. Therefore, the Company does not have any employees and outsources its activities to third party service providers including BlackRock Fund Managers Limited (the Manager or BFM) who is the principal service provider. The management of the investment portfolio and the administration of the Company have been contractually delegated to BlackRock Fund Managers Limited (the Manager) who in turn (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (the Investment Manager or BIM (UK)). The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.Other service providers include the Depositary, The Bank of New York Mellon (International) Limited. The Manager delegates fund accounting services to the Investment Manager, which in turn sub-delegates these services to The Bank of New York Mellon (International) Limited. The Company delegates registration services to the Registrar, Computershare Investor Services PLC.Investment policy

The Company may invest through derivatives for efficient portfolio management and may, for investment purposes, employ an active options overlay strategy utilising predominantly covered call options. Any use of derivatives for efficient portfolio management and options for investment purposes is based on the same principles of risk spreading and diversification that apply to the Company's direct investments. For the avoidance of doubt, the Company does not enter into physical or synthetic short positions or write any uncovered options.Portfolio risk is mitigated by investing in a diversified spread of investments. In particular, the Company observes the following investment restrictions: no single investment (including for the avoidance of doubt, any single derivative instrument) will, at the time of investment, account for more than 10% of the gross assets; no more than 20% of the gross assets, at the time of investment, will be invested in securities issued outside of the U.S\*.; no more than 35% of the gross assets, at the time of investment, will be exposed to any one sector; and no more than 20% of the Company's portfolio will be under option at any given time. (\*Securities issued outside of the U.S. of companies exercising the predominant part of their economic activity in the U.S. will be excluded from this 20 per cent limit.)The Company's foreign currency investments are not hedged to sterling as a matter of general policy. However, the investment team may employ currency hedging, either back to sterling or between currencies (i.e. cross-hedging of portfolio investments).In order to comply with the current Listing Rules, the Company also complies with the following investment restrictions (which do not form part of the Company's investment policy): the Company will not conduct any trading activity which is significant in the context of its group as a whole; and the Company will not invest more than 10% of its gross assets in other listed closed-ended investment funds, whether managed by the Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.The Company may borrow up to 20% of its net assets (calculated at the time of draw down), although the Board intends only to utilise borrowings representing up to 10% of net assets at the time of draw down. Borrowings may be used for investment purposes. The Company has entered into a multi-currency overdraft facility with its custodian for this purpose. The Company may enter into interest rate hedging arrangements.Information regarding the Company's investment exposures is contained within the schedule of investments on pages 16 to 19 of the Annual Report. Further information regarding investment risk and activity throughout the ***year*** can be found in the Investment Manager's Report.No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.INVESTMENT PHILOSOPHY AND PROCESS

An overview of the Investment Manager's investment philosophy and process follows. The Manager seeks to offer a stable foundation for investors to protect and grow their asset through disciplined application of value investment principles. The Manager believes a portfolio of attractively valued, quality companies with histories of dividend growth can potentially deliver strong risk-adjusted returns over the long term.Philosophy and Core BeliefsCompanies that pay dividends are generally better managedManagement quality is a key driver of long term business successCompanies with quality franchises, strong free cash flow, and conservative balance sheets are best able to grow their dividendsDividend growth compounds returns and reduces volatilityThe Manager's investment process has three main elements including idea generation, investment research and portfolio construction. The investment process is continuous and forms a virtuous circle that ensures the best investment ideas are reflected in the portfolio at all times. The Investment Manager derives new investment ideas from the bottom-up fundamental research generated by its research analysts and its quantitative screens. The Manager's research analysts derive investment ideas from their existing knowledge of industry and company trends and developments. The Manager's quantitative screens utilise both quality and value factors with the goal of highlighting potentially attractive opportunities that the analysts may have otherwise missed. The Manager's Directors of Research collaborate with the research analysts to prioritise research ideas and ensure research best practices. Below is a summary of the research screen.Investment Process: Research ScreenQuality Factors (60%):Dividend GrowthBalance Sheet StrengthProfitabilityFree Cash FlowImproving TrendsValue Factors (40%):Dividend YieldEarningsCash FlowBook ValueThe Manager's research analyst team conducts fundamental research. This research includes traditional financial statement analysis, meetings with company managements, discussions with industry experts and collaboration with investors across BlackRock. The Manager's bottom-up fundamental research process is outlined below:Company Reporting Research:Financial Statement analysisExamine ratios and multiplesFocus on balance sheet strengthModel cash flows and earningDevelop scenario and sensitivity analysisIndustry Research:Analyse industry supply & demand and pricing trendsInvestigate competitive advantages and potential threatsConsider regulatory environment and local marketsExpand research in attractive industries to related companiesField Research:Meet with managements, customers, suppliers and competitorsEvaluate strength of company management team & franchiseSeek to identify business drivers & industry trends prior to consensusFinal investment decisions result from the Manager's bottom-up, company specific research. Portfolio allocations are a reflection of the investment opportunities the Manager is identifying in the current environment.PERFORMANCE

Over the ***year*** ended 31 October 2017, the Company's net asset value returned 11.4% compared with a return of 8.3% in the Russell 1000 Value Index. The ordinary share price returned 6.3% (all percentages are calculated in sterling terms with income reinvested). The Investment Manager's Report includes a review of the main developments during the ***year***, together with information on investment activity within the Company's portfolio.RESULTS AND DIVIDENDS

The results for the Company are set out in the Statement of Comprehensive Income. The total return for the ***year***, after taxation, was £12,313,000 (2016: £27,701,000) of which the revenue return amounted to £3,731,000 (2016: £3,730,000) and the capital return amounted to £8,582,000 (2016: £23,971,000).The Company pays dividends quarterly. One quarterly interim dividend of 1.20p per share was paid on 4 April 2017, two quarterly dividends of 1.25p per share were paid on 30 June 2017 and 6 October 2017 and a further dividend of 1.25p per share will be paid on 5 January 2018. Total dividends of 4.95p per share were paid or declared in the ***year*** ended 31 October 2017 (2016: 4.70p).KEY PERFORMANCE INDICATORS

The Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company over time, and which are comparable to those reported by other investment trusts, are set out in the following table.

|  |  |  |
| --- | --- | --- |
|  | ***Year*** ended  31 October 2017 | ***Year*** ended  31 October 2016 |
|  |  |  |
| Net asset value per ordinary share | 171.76p | 158.78p |
| Ordinary share price (mid-market) | 160.50p | 155.75p |
| Net asset value total return1 | 11.4% | 34.2% |
| Benchmark index2 | 8.3% | 34.6% |
| Share price total return1 | 6.3% | 43.0% |
| Dividends per share | 4.95p | 4.70p |
| Discount to cum income net asset value3 | 6.6% | 1.9% |
| Revenue return per share | 5.41p | 5.17p |
| Ongoing charges4 | 1.07% | 1.04% |

1 This measures the Company's share price and NAV total return, which assumes dividends paid by the Company have been reinvested.

2 Russell 1000 Value Index.

3 This is the difference between the share price and the NAV per share with debt at par. It is an indicator of the need for shares to be bought back or, in the event of a premium to NAV per share, issued.

4 Ongoing charges represent the management fee and all other operating expenses excluding interest as a % of average shareholders' funds.Performance is assessed on a total return basis for the NAV, share price and the benchmark.The Board monitors the above KPIs on a regular basis. Additionally, it regularly reviews a number of indices and ratios to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. The Board also assesses the performance of the Company against its peer group of investment trusts with similar investment objectives.SHARE RATING

The Directors recognise the importance to investors that shares should not trade at a significant discount to their prevailing net asset value. Accordingly, the Board has concluded that the Company's share buy back and share issuance powers will, in normal market conditions, be used to ensure that the share price does not trade at a significant discount or premium to the underlying net asset value per share. In the ***year*** under review, the Company's shares have traded from a premium of 1.6% to a discount of 8.9% on a cum income basis and were trading at a discount of 8.2% as at close of business on 11 December 2017.PRINCIPAL RISKS

The key risks faced by the Company are set out on the following pages. The Board has put in place a robust process to assess and monitor these risks. A core element of this is the Company's risk register. This identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the quality of the controls operating to mitigate it. A residual risk rating is then calculated for each risk based on the outcome of this assessment. This approach allows the effect of any mitigating procedures to be reflected in the final assessment.The risk register, its method of preparation and the operation of key controls in the Manager's and other third-party service providers' systems of internal control, are reviewed on a regular basis by the Audit and Management Engagement Committee. In order to gain a more comprehensive understanding of the Manager's and other third-party service providers' risk management processes and how these apply to the Company's business, the Audit and Management Engagement Committee periodically receives internal control reports from the Company's service providers.In relation to the 2016 update to the UK Corporate Governance Code, the Board is confident that the procedures that the Company has put in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the reporting period. The Board will continue to assess the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, on an ongoing basis.The principal risks and uncertainties faced by the Company during the ***year***, together with the potential effects, controls and mitigating factors, are set out in the table below.

|  |  |
| --- | --- |
| Principal Risk | Mitigation/Control |
| Counterparty  The potential loss that the Company could incur if a counterparty is unable (or unwilling) to perform on its commitments. | Due diligence is undertaken before contracts are entered into and exposures are diversified across a number of counterparties.  The Depositary is now liable for restitution for the loss of financial instruments held in custody unless able to demonstrate the loss was a result of an event beyond its reasonable control. |
| Investment Performance  Returns achieved are reliant primarily upon the performance of the portfolio.  An inappropriate investment policy may lead to underperformance compared to the benchmark index, a loss of capital and dissatisfied shareholders. | To manage this risk the Board:  ·   regularly reviews the Company's investment mandate and long term strategy;  ·   has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on;  ·   receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing and the rationale for the composition of the investment portfolio;  ·   monitors and maintains an adequate spread of investments in order to minimise the risks associated with particular countries or factors specific to particular sectors, based on the diversification requirements inherent in the investment policy;  ·   receives and reviews regular reports showing an analysis of the Company's performance against the Russell 1000 Value Index and other similar indices; and  ·   ensures that the Investment Manager has training and development ***programmes*** in place for its employees and its recruitment and remuneration packages are developed in order to retain key staff. |
| Legal & Compliance  The Company has been accepted by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions, and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments.  Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio.  Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010.  The Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers' Directive, the UK Listing Rules, Disclosure and Transparency Rules, the Market Abuse Regulation, the Bribery Act 2010 and the Criminal Finances Act 2017. | The Investment Manager monitors investment movements, the level of forecast income and expenditure and the amount of proposed dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting. Compliance with the accounting rules affecting investment trusts is also carefully and regularly monitored.  The Company Secretary, Manager and the Company's professional advisers provide regular reports to the Board in respect of compliance with all applicable rules and regulations. The Board and Manager also monitor changes in government policy and legislation which may have an impact on the Company. |
| Market  Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through realising investments in the face of negative market movements.  Changes in general economic and market conditions, such as currency exchange rates, interest rates, rates of inflation, industry conditions, tax laws, political events and trends, including the impact of the U.K. leaving the EU and the results of the U.S. presidential election, can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price. | The Board considers the diversification of the portfolio, asset allocation, stock selection, and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager. |
| Operational  In common with most other investment trust companies, the Company has no employees. The Company therefore relies on the services provided by third parties and is dependent on the control systems of the Manager and The Bank of New York Mellon (International) Limited, who also maintain the Company's assets, dealing procedures and accounting records. The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these third-party service providers.  Failure by any service provider to carry out its obligations could have a material adverse effect on the Company's performance. Disruption to the accounting, ***payment*** systems or custody records could prevent the accurate reporting and monitoring of the Company's financial position. | Due diligence is undertaken before contracts are entered into with third party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board.  Third party service providers, BlackRock and The Bank of New York Mellon, produce internal control reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. These reports are provided to the Audit and Management Engagement Committee.  The Company's assets are subject to a strict liability regime and, in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control.  The Board reviews the overall performance of the Manager, Investment Manager and all other third party service providers on a regular basis and compliance with the Investment Management Agreement annually.  The Board also considers the business continuity arrangements of the Company's key service providers. |
| Financial  The Company's investment activities expose it to a variety of financial risks which include market risk, counterparty credit risk, liquidity risk and the valuation of financial instruments. | Details of these risks are disclosed in note 14 on pages 56 to 66 of the Annual Report, together with a summary of the policies for managing these risks. |
| Marketing  Marketing efforts are inadequate or do not comply with relevant regulatory requirements. There is a failure to communicate adequately with shareholders or reach out to potential new shareholders resulting in reduced demand for the Company's shares and a widening of the discount. | The Board reviews marketing strategy and initiatives and the Manager is required to provide regular updates on progress. BlackRock has a dedicated investment trust sales team visiting both existing and potential clients on a regular basis. Data on client meetings and issues raised are provided to the Board on a regular basis.  All investment trust marketing documents are subject to appropriate review and authorisation. |

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months referred to by the 'Going Concern' guidelines. The Board conducted this review for a period of three ***years***. In its assessment of the viability of the Company the Directors have noted that:the Company invests in highly liquid, large listed companies so its assets are readily realisable;the Company is not exposed to any one investment or sector because it sets parameters for its investments;the Company has limited gearing and no concerns around facilities, headroom or covenants; andthe business model should remain attractive for much longer than three ***years***, unless there is significant economic or regulatory change.The Company will undertake a continuation vote at the Annual General Meeting in 2019 and the Board has reviewed the potential impact that this may have on the Company's viability. The Board is confident that the continuation vote will be passed and has prepared the viability statement under this assumption.The Directors have also reviewed:the Company's principal risks and uncertainties as set out on the previous pages;the impact of a significant fall in U.S. equity markets on the value of the Company's investment portfolio;the ongoing relevance of the Company's investment objective, business model and investment policy in the current environment; andthe level of demand for the Company's shares.The Directors have also considered the Company's revenue and expense forecasts and the fact that expenses and liabilities are relatively stable. The Directors reviewed the assumptions and considerations underpinning the Company's existing going concern assertion which are based on:processes for monitoring costs;key financial ratios;evaluation of risk management and controls;compliance with the investment objective;portfolio risk profile;share price discount;gearing; andcounterparty exposure and liquidity risk.These were extended forward for three ***years*** and based on the results of this analysis the Directors have concluded that there is a reasonable expectation that the Company will continue in operation and be able to meet its liabilities as they fall due over the period of their assessment.FUTURE PROSPECTS

The Board's main focus is to provide an attractive and growing level of income return with capital appreciation over the long term and the future of the Company is dependent upon the success of the investment strategy. The outlook for the Company in the next twelve months is discussed in both the Chairman's Statement and in the Investment Manager's Report.SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

As an investment trust with no employees, the Company has no direct social or community responsibilities or impact on the environment. However, the Company believes that it is in shareholders' interests to consider human rights issues and environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on page 33 of the Annual Report.MODERN SLAVERY ACT

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.DIRECTORS, GENDER REPRESENTATION AND EMPLOYEES

The Directors of the Company on 31 October 2017, all of whom held office throughout the ***year***, are set out in the Governance Structure and Directors' biographies on page 20 of the Annual Report. The Board consists of three male Directors and one female Director. The Company does not have any employees; therefore there are no disclosures to be made in that respect.The Strategic Report was approved by the Board at its meeting on 13 December 2017.BY ORDER OF THE BOARD

CAROLINE DRISCOLL FOR AND ON BEHALF OF BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED

Company Secretary13 December 2017RELATED PARTY TRANSACTIONSBlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on pages 21 and 22 of the Annual Report.The investment management fee due for the ***year*** ended 31 October 2017 amounted to £868,000 (2016: £747,000). At the ***year*** end, £868,000 was outstanding in respect of the management fee (2016: £400,000).In addition to the above services, BlackRock has provided marketing services. The total fees paid or payable for these services for the ***year*** ended 31 October 2017 amounted to £29,000 excluding VAT (2016: £35,000) before prior ***year*** over accrual adjustments of £8,000 (2016: write back of over accrual of £59,000). Marketing fees of £22,000 excluding VAT (2016: £20,000) were outstanding as at the ***year*** end.The Board consists of four non-executive Directors, all of whom are considered to be independent of the Manager by the Board. None of the Directors has a service contract with the Company. For the ***year*** ended 31 October 2017, the Chairman received an annual fee of £36,000, the Chairman of the Audit and Management Engagement Committee received an annual fee of £30,000 and each of the other Directors received an annual fee of £25,000.The related party transactions with the Directors are set out in the Directors' Remuneration Report on pages 28 and 29 of the Annual Report. At 31 October 2017 £10,000 (2016: £8,000) was outstanding in respect of Directors' fees.INVESTMENT MANAGER'S REPORTMARKET OVERVIEW

For the ***year*** ended 31 October 2017, U.S. large cap stocks, as represented by the S&P 500 Index, advanced by 23.6% (in U.S. dollar terms). Stocks ended 2016 on a high note, as Donald Trump's U.S. presidential election victory, with expectations for tax reform, increased infrastructure spending and reduced government regulation, provided a lift to consumer sentiment and U.S. growth expectations. Valuation multiples expanded during the period, reflecting investor expectations for potentially rising interest rates, in addition to an acceleration in U.S. nominal GDP growth. Performance was strongest in the financials sector, as expectations for President Trump's administration to enact pro-business policies and potentially reduce existing regulatory burdens improved the outlook for banks in particular.U.S. stocks have continued their rally in 2017, as the S&P 500 Index has posted a positive return in each month of the ***year*** thus far. In our view supportive economic data, stronger corporate earnings results and investor optimism are the primary drivers of ***year***-to-date U.S. equity market returns. Despite headline risks including legislative gridlock in Washington D.C. and geopolitical tensions with North Korea, the underlying fundamentals of the U.S. economy remain firm. Steady job growth in recent ***years*** has restored the labour force to near full employment, wage growth is trending higher, albeit slowly, and traditional measures of inflation are moderate. High levels of consumer and business confidence, as well as robust consumer spending, also point toward healthy economic conditions. Further, the aforementioned prospect for reduced regulation is a potentially underappreciated tailwind for the U.S. economy.PORTFOLIO OVERVIEW

The portfolio generated relative outperformance in eight out of eleven GICS (Global Industry Classification Standard) sectors during the period. The largest contributor to relative performance was stock selection in the health care sector, led by selection decisions in the health care providers & services industry. In financials, a combination of stock selection and an overweight to the banks industry contributed to relative performance. A combination of stock selection and allocation decisions in the energy sector also boosted relative returns. Notably, our underweight to the U.S. integrated oil & gas operators and our overweight to their non-U.S. domiciled peers proved to be beneficial. Further, our underweight to the energy equipment & services industry also added to relative results. Stock selection within the information technology and consumer staples sectors contributed to relative performance, as did our underweight positioning in consumer staples and real estate.At the sector level, the primary detractor from relative performance was a combination of stock selection and allocation decisions in industrials. Notably, our underweight to the machinery and road & rail industries proved to be costly, as was stock selection in the professional services industry. Stock selection in the utilities sector also detracted from relative returns, albeit modestly. At the industry level, other notable detractors included stock selection in the food & staples retailing industry as well as our decision to underweight the diversified financial services and consumer finance industries. Lastly, the portfolio's cash position dampened relative performance during the period.As expected, writing covered call options in a rising equity environment capped upside returns during the period and therefore detracted modestly from absolute performance. As designed, the Company's option overwrite component enhanced the portfolio's income during the period.Below is a comprehensive overview of our allocations (in sterling) at the end of the ***year***.DISTRIBUTION OF INVESTMENTS

AS AT 31 OCTOBER 2017

|  |  |  |
| --- | --- | --- |
|  | Total % | Benchmark % |
| Consumer Discretionary | 3.7 | 6.7 |
| Consumer Staples | 6.1 | 8.4 |
| Energy | 11.3 | 10.7 |
| Financials | 28.2 | 26.6 |
| Real Estate | 0.0 | 4.8 |
| Health Care | 18.0 | 13.7 |
| Industrials | 10.1 | 8.3 |
| Information Technology | 10.7 | 8.6 |
| Materials | 3.7 | 3.0 |
| Telecommunication Services | 2.4 | 2.8 |
| Utilities | 5.8 | 6.4 |

Source: BlackRock.Health Care - 4.3% overweight (18.0% of portfolio)

Our overweight to the health care sector is concentrated in the health care providers & services and pharmaceuticals industries. These companies exhibit many of the quality and stability characteristics that we target, along with solid earnings and dividend growth prospects. Relative to consumer staples, another defensive sector, we believe the health care space offers investors healthier balance sheets, cheaper valuations and stronger revenue growth potential. Further, the sector has lower payout ratios, which we believe can translate into more robust future dividend growth as well.Information Technology - 2.1% overweight (10.7% of portfolio)

Our preference in the sector is to own large-cap mature tech companies that, in our view, are competitively insulated from disruptors and well-positioned to take advantage of long term secular tailwinds. We believe valuations remain attractive and companies such as Oracle (3.2% of the portfolio), Microsoft (2.2% of the portfolio), and Taiwan Semiconductor Manufacturing (1.3% of the portfolio) offer a compelling mix of healthy balance sheets, strong free cash flow generation and growing dividend streams. Additionally, we believe the sector should continue to benefit from an increase in capital spending.Industrials - 1.8% overweight (10.1% of portfolio)

We have reduced our exposure to the industrials sector over the past ***year*** and the Company now holds an allocation that is modestly underweight to its benchmark. Despite reducing our overall exposure, we remain optimistic within specific pockets of the sector. In particular, we are bullish on the large-cap aerospace & defence operators. These firms have strong balance sheets, good visibility into sales and earnings, and historically have demonstrated shareholder friendly capital return policies. Further, we believe there is a potential for an upward inflection, globally, in defence spending. We also maintain exposure to industrial conglomerates such as General Electric (0.9% of the portfolio), Honeywell International (1.4% of the portfolio) and 3M (0.8% of the portfolio).Financials - 1.6% overweight (28.2% of portfolio)

Financials represent the Company's largest absolute sector allocation. In particular, we remain bullish on the U.S. banks and capital markets stocks. Our bullishness is predicated on our belief that the U.S. banks are safer and sounder investments today than before the financial crisis. The U.S. banks have improved balance sheets, low credit losses, high capital levels and attractive valuations. Further, their growing dividends are attractive from a capital return perspective. We believe earnings growth will be the primary driver of stock returns going forward, with deregulation in the U.S. a potentially underappreciated tailwind. To the extent that earnings exceed consensus expectations, the U.S. banks may benefit from incremental margin expansion as well.Materials - 0.7% overweight (3.7% of portfolio)

Our exposure to the materials sector is primarily based in the chemicals industry. In particular, we believe longer term secular trends in global population growth will benefit well positioned companies in the ***agricultural*** chemical space. We believe companies with scale and high-quality assets will be able to deliver stronger earnings and dividend growth. Our largest portfolio holding in the chemicals industry is DowDuPont (2.4% of the portfolio).Energy - 0.6% overweight (11.3% of portfolio)

In energy, we favour oil-weighted companies over those levered to natural gas and prefer exposure to large-cap integrated oil and independent oil & gas producers. From a quality standpoint, we seek to own companies with experienced management teams and exposure to lower cost resource assets. From a valuation standpoint, we seek to own companies with free cash flow generation and margin capture stories that in our view are underappreciated by the market.Telecommunication Services - 0.4% underweight (2.4% of portfolio)

We are underweight to telecoms and our allocation remains concentrated in diversified telecommunication bellwether Verizon Communications (1.5% of the portfolio). Our stock-specific exposure in the sector is to companies that offer healthy dividend yields and opportunity for steady, longer term growth.Utilities - 0.6% underweight (5.8% of portfolio)

With fixed income yields at the lower end of their historical ranges, strong investor demand for income in recent ***years*** has resulted in elevated valuations for many high dividend yielding stocks, including utilities companies. Despite rich valuations, we are finding pockets of opportunity in U.S. regulated utilities such as NextEra Energy (1.6% of the portfolio) and PG&E (1.2% of the portfolio). These companies add a level of stability and defensiveness to the portfolio through their durable dividend profiles and healthy earnings growth potential. We also favour these companies due to the stable regulatory environments in which they operate.Consumer Staples - 2.3% underweight (6.1% of portfolio)

The consumer staples sector is a common destination for the conservative equity income investor. Historically, many of these companies have offered investors recognisable brands, diverse revenue streams, exposure to growing end markets and the ability to garner pricing power. These characteristics, in turn, have translated into strong and often stable free cash flow and growing dividends for shareholders. In recent ***years*** some of these secular advantages have become challenged, in our view, due to changing consumer preferences, greater end market competition from local brands, and disruption from the rapid adoption of online shopping. These challenges, combined with higher than historical valuations, have facilitated our underweight to the sector. Notably, we prefer ownership of companies with underappreciated growth profiles, sticky customer bases, and the ability to grow market share and/or improve profit margins.Consumer Discretionary - 3.0% underweight (3.7% of portfolio)

The balance sheet for U.S. consumers has improved in recent ***years***, aided by a recovering domestic housing market, strong jobs growth and accelerating wages. These factors have also contributed to an increase in consumer confidence. However, these positive tailwinds have failed to translate into stronger retail sales for many brick & mortar stores as changing consumer preferences, technological innovation and new competitors threaten traditional business models. We remain cautious within the sector given these disruptive forces. Our positioning in the sector reflects stock-specific opportunities that, in our view, are (1) trading at discounted valuations or (2) somewhat insulated from these disruptive pressures. For example, we are positive on Lowe's Companies (0.5% of the portfolio) a home improvement retailer, and Comcast (1.5% of the portfolio), a low-cost provider of high speed data service.Real Estate - 4.8% underweight (0.0% of portfolio)

Our largest underweight position in the Company is in the real estate sector. We maintain a zero weighting in the space due to our view that valuations are unattractive at current levels. Further, the returns of real estate stocks relative to the returns of Long Treasury Bonds are highly correlated today. Therefore, we believe the prospects for higher interest rates in the U.S. are a potential headwind for the sector as well.POSITIONING AND OUTLOOK

In our view, the opportunity for investors lies in the persistence of today's positive economic backdrop being a catalyst for additional corporate earnings growth. To the extent that investor expectations can be realised through stronger corporate earnings, we believe stocks have a reasonable path forward to achieve further gains in this business cycle.We believe more moderate return expectations are prudent, however, given elevated U.S. equity market valuations. Political gridlock in Washington D.C. and a lack of clarity in regards to fiscal policy (i.e. potential health care/tax reform) and foreign policy are key risks to monitor in the months ahead. As such, we continue to emphasise the core tenets of our investment philosophy: disciplined application of value investment principles, an emphasis on owning quality and sustainable businesses, dividend growth and a long term investment horizon. We believe attractively-priced, dividend growth stocks with sound balance sheets are particularly well positioned for today's environment. Many of these companies still offer competitive yields relative to 10-***year*** and 30-***year*** U.S. Treasuries and offer the potential for future capital appreciation and income growth.Our largest exposures are in the financials, health care and energy sectors. In recent months, notable portfolio changes included increasing our allocation to the health care and consumer staples sectors and reducing our exposure to the consumer discretionary, financials and real estate sectors. As always, the strategy continues to emphasise investment in quality dividend paying companies with consideration toward balancing capital appreciation and current income over time.TONY DESPIRITO, FRANCO TAPIA AND DAVID ZHAO BLACKROCK INVESTMENT MANAGEMENT LLC

13 December 2017TEN LARGEST INVESTMENTS

as at 31 October 2017JPMorgan Chase: 4.1% (2016: 3.5%) is a U.S. based diversified financial company. JPMorgan's capital base is one of the strongest in the banks industry and it provides a measure of safety and financial flexibility. Overall, JPMorgan is a well-managed, quality global franchise with above average organic growth and returns relative to industry peers.Bank of America: 4.0% (2016: 3.4%) is one of the largest financial institutions in the U.S. with lending operations in the consumer, small-business and corporate markets, in addition to asset management and investment banking divisions. Bank of America has delivered consistent results over the last ***year***, with particular strength within their consumer bank division.Citigroup: 3.9% (2016: 2.5%) is a U.S. based money center bank with a global footprint. We believe Citigroup is attractively valued on both a price-to-earnings and book value basis, has self-help opportunities within its consumer banking segment and offers the potential for dividend growth.Pfizer: 3.9% (2016: 3.4%) is a diversified pharmaceutical firm based in the U.S. In our view, Pfizer trades at an attractive valuation, offers investors a healthy drug pipeline and has the balance sheet flexibility to deliver long term shareholder value through a variety of avenues.Oracle: 3.2% (2016: 1.8%) is a vertically integrated software company that offers both applications and underlying database software. Oracle's database and enterprise markets are sticky in terms of customer retention, which we like. Further, we are positive on Oracle's ability to successfully convert customers from an on premise licencing model (i.e. customers pay for an upfront licence and ongoing maintenance) to a higher margin, cloud based subscription model (i.e. delivery of software and services over the internet).Wells Fargo: 3.0% (2016: 2.7%) is a U.S. bank which operates in three segments including community banking, wholesale banking and wealth & investment management. Wells Fargo has a strong deposit franchise and we are encouraged by the company's history of strong investment returns and prudent credit risk management. In our view, shares of the company are underappreciated today in an environment characterised by low credit losses and ample access to liquidity.Anthem: 2.6% (2016: 1.5%) is one of the largest health maintenance organisations in the U.S. with offerings in the commercial (large and small employer), Medicare, Medicaid and individual markets. We believe Anthem has an undervalued competitive position given their overall scale and investment in technology. These structural advantages have the potential to drive down costs and improve the company's profitability.DowDuPont: 2.4% (2016: Du Pont: 1.5% and Dow Chemical: 1.3%) was officially formed on 31 August 2017 after the merger between E.I. du Pont de Nemours & Company and The Dow Chemical Company was finalised. The combined company is more vertically integrated and it is one of the largest chemical producers in the world. We are encouraged by the potential synergies and productivity improvements at the combined company and believe this merger has the potential to drive additional profit growth for the company going forward.Microsoft: 2.2% (2016: 2.4%) is a global technology leader that is engaged in developing and licencing both software and hardware products & services. We view Microsoft as an attractive long term investment given the firm's overall 'ecosystem', which historically has resulted in pricing power and efficient free cash flow generation over time. We are bullish on the stock given the firm's dominant position in business and enterprise software and the opportunity for greater client engagement and usage by shifting from on premise to a cloud distribution model.Suncor Energy: 2.0% (2016: 1.5%) is an integrated energy company focused on developing the Athabasca oil sands basin in Canada. We believe the company has underappreciated oil assets, strong downstream assets and a lower breakeven cost than many of its integrated oil and gas peers.All percentages reflect the value of the holding as a percentage of total investments. Percentages in brackets represent the value of the holding as at 31 October 2016. Together, the ten largest investments represent 31.3% of the Company's portfolio (31 October 2016: 27.4%).INVESTMENTS

as at 31 October 2017

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Company | Country | Sector | Securities | Market value  £'000 | % of total  portfolio |
|  |  |  |  |  |  |
| JPMorgan Chase | United States | Financials | Ordinary shares  Options | 4,708  (28) | }               4.1 |
| Bank of America | United States | Financials | Ordinary shares  Options | 4,642  (52) | }               4.0 |
| Citigroup | United States | Financials | Ordinary shares  Options | 4,467  (32) | }               3.9 |
| Pfizer | United States | Health Care | Ordinary shares  Options | 4,389  (2) | }               3.9 |
| Oracle | United States | Information Technology | Ordinary shares  Options | 3,646  (13) | }               3.2 |
| Wells Fargo | United States | Financials | Ordinary shares  Options | 3,444  (30) | }               3.0 |
| Anthem | United States | Health Care | Ordinary shares | 2,977 | 2.6 |
| DowDuPont | United States | Materials | Ordinary shares  Options | 2,726  (16) | }               2.4 |
| Microsoft | United States | Information Technology | Ordinary shares  Options | 2,518  (53) | }               2.2 |
| Suncor Energy | Canada | Energy | Ordinary shares  Options | 2,256  (3) | }               2.0 |
| AstraZeneca | United Kingdom | Health Care | Ordinary shares | 2,244 | 2.0 |
| American International Group | United States | Financials | Ordinary shares | 2,231 | 2.0 |
| Royal Dutch Shell | Netherlands | Energy | Ordinary shares  Options | 2,197  (10) | }               1.9 |
| Morgan Stanley | United States | Financials | Ordinary shares  Options | 2,117  (12) | }               1.9 |
| Chevron | United States | Energy | Ordinary shares  Options | 2,052  (3) | }               1.8 |
| Merck | United States | Health Care | Ordinary shares  Options | 2,036  \*- | }               1.8 |
| Koninklijke Philips | Netherlands | Industrials | Ordinary shares | 1,904 | 1.7 |
| Northrop Grumman | United States | Industrials | Ordinary shares  Options | 1,880  (5) | }               1.6 |
| Total | France | Energy | Ordinary shares  Options | 1,868  (6) | }               1.6 |
| MetLife | United States | Financials | Ordinary shares  Options | 1,858  (5) | }               1.6 |
| NextEra Energy | United States | Utilities | Ordinary shares  Options | 1,855  (9) | }               1.6 |
| Aetna | United States | Health Care | Ordinary shares | 1,843 | 1.6 |
| Comcast | United States | Consumer Discretionary | Ordinary shares  Options | 1,758  (2) | }               1.5 |
| Verizon Communications | United States | Telecommunication Services | Ordinary shares  Options | 1,748  (3) | }               1.5 |
| US Bancorp | United States | Financials | Ordinary shares  Options | 1,712  (6) | }               1.5 |
| Honeywell International | United States | Industrials | Ordinary shares  Options | 1,607  (1) | }               1.4 |
| Diageo | United Kingdom | Consumer Staples | Ordinary shares  Options | 1,552  (6) | }               1.4 |
| Goldman Sachs | United States | Financials | Ordinary shares  Options | 1,536  (5) | }               1.3 |
| Taiwan Semiconductor Manufacturing | United States | Information Technology | Ordinary shares  Options | 1,489  (66) | }               1.3 |
| First Energy | United States | Utilities | Ordinary shares  Options | 1,376  (6) | }               1.2 |
| PG&E | United States | Utilities | Ordinary shares  Options | 1,314  \*- | }               1.2 |
| Public Service Enterprise | United States | Utilities | Ordinary shares  Options | 1,313  (1) | }               1.2 |
| Lockheed Martin | United States | Industrials | Ordinary shares  Options | 1,300  (2) | }               1.1 |
| Medtronic | Ireland | Health Care | Ordinary shares  Options | 1,273  (1) | }               1.1 |
| SunTrust Banks | United States | Financials | Ordinary shares  Options | 1,195  (11) | }               1.0 |
| Qualcomm | United States | Information Technology | Ordinary shares  Options | 1,145  (4) | }               1.0 |
| Samsung Electronics | United States | Information Technology | Ordinary shares | 1,133 | 1.0 |
| Travelers Companies | United States | Financials | Ordinary shares  Options | 1,139  (14) | }               1.0 |
| UnitedHealth Group | United States | Health Care | Ordinary shares  Options | 1,118  (10) | }               1.0 |
| Hess | United States | Energy | Ordinary shares  Options | 1,104  (4) | }               1.0 |
| Procter & Gamble | United States | Consumer Staples | Ordinary shares  Options | 1,069  \*- | }               0.9 |
| General Electric | United States | Industrials | Ordinary shares  Options | 1,045  (1) | }               0.9 |
| Unilever | Netherlands | Consumer Staples | Ordinary shares  Options | 1,008  \*- | }               0.9 |
| Novo-Nordisk | Denmark | Health Care | Ordinary shares  Options | 904  (1) | }               0.8 |
| Marsh & McLennan | United States | Financials | Ordinary shares  Options | 903  (3) | }               0.8 |
| Motorola Solutions | United States | Information Technology | Ordinary shares  Options | 904  (4) | }               0.8 |
| 3M | United States | Industrials | Ordinary shares  Options | 912  (15) | }               0.8 |
| Marathon Oil | United States | Energy | Ordinary shares  Options | 855  (6) | }               0.7 |
| Mckesson | United States | Health Care | Ordinary shares  Options | 824  \*- | }               0.7 |
| Kroger | United States | Consumer Staples | Ordinary shares  Options | 789  (1) | }               0.7 |
| Publicis | France | Consumer Discretionary | Ordinary shares  Options | 780  (1) | }               0.7 |
| Marathon Petroleum | United States | Energy | Ordinary shares  Options | 767  (3) | }               0.7 |
| Humana | United States | Health Care | Ordinary shares  Options | 760  (5) | }               0.7 |
| Dr Pepper Snapple | United States | Consumer Staples | Ordinary shares  Options | 748  (1) | }               0.7 |
| Nielsen | United States | Industrials | Ordinary shares  Options | 706  \*- | }               0.6 |
| Exelon | United States | Utilities | Ordinary shares  Options | 665  (2) | }               0.6 |
| Quest Diagnostics | United States | Health Care | Ordinary shares  Options | 660  (5) | }               0.6 |
| SK Telecom | South Korea | Telecommunication Services | Ordinary shares  Options | 646  (6) | }               0.6 |
| Keycorp | United States | Financials | Ordinary shares  Options | 641  (1) | }               0.6 |
| Union Pacific | United States | Industrials | Ordinary shares  Options | 625  (1) | }               0.5 |
| CRH | Ireland | Materials | Ordinary shares  Options | 624  (1) | }               0.5 |
| Johnson & Johnson | United States | Health Care | Ordinary shares  Options | 620  (8) | }               0.5 |
| Experian | Ireland | Industrials | Ordinary shares  Options | 601  (2) | }               0.5 |
| Schwab (Charles) | United States | Financials | Ordinary shares  Options | 591  (1) | }               0.5 |
| Lowe's Companies | United States | Consumer Discretionary | Ordinary shares  Options | 590  (2) | }               0.5 |
| Invesco | United States | Financials | Ordinary shares  Options | 568  (3) | }               0.5 |
| Dollar General | United States | Consumer Discretionary | Ordinary shares  Options | 557  (2) | }               0.5 |
| Constellation Software | Canada | Information Technology | Ordinary shares  Options | 559  (7) | }               0.5 |
| International Paper | United States | Materials | Ordinary shares  Options | 541  (3) | }               0.5 |
| Mattel | United States | Consumer Discretionary | Ordinary shares  Options | 530  (2) | }               0.5 |
| Pentair | United Kingdom | Industrials | Ordinary shares  Options | 516  (1) | }               0.5 |
| Kellogg Co | United States | Consumer Staples | Ordinary shares  Options | 494  (1) | }               0.4 |
| Smith & Nephew | United Kingdom | Health Care | Ordinary shares  Options | 492  (5) | }               0.4 |
| Occidental Petroleum | United States | Energy | Ordinary shares | 487 | 0.4 |
| Altria Group | United States | Consumer Staples | Ordinary shares  Options | 457  (1) | }               0.4 |
| Lenovo | China | Information Technology | Ordinary shares  Options | 457  (5) | }               0.4 |
| Pioneer Natural Resources | United States | Energy | Ordinary shares  Options | 451  (3) | }               0.4 |
| Prudential Financial | United States | Financials | Ordinary shares  Options | 445  (1) | }               0.4 |
| Halliburton | United States | Energy | Ordinary shares  Options | 444  \*- | }               0.4 |
| Enbridge | Canada | Energy | Ordinary shares  Options | 444  \*- | }               0.4 |
| United Parcel Service | United States | Industrials | Ordinary shares  Options | 443  (1) | }               0.4 |
| Philip Morris International | United States | Consumer Staples | Ordinary shares  Options | 432  \*- | }               0.4 |
| CDW | United States | Information Technology | Ordinary shares  Options | 391  (2) | }               0.3 |
| Praxair | United States | Materials | Ordinary shares  Options | 352  (3) | }               0.3 |
| BCE | Canada | Telecommunication Services | Ordinary shares  Options | 340  \*- | }               0.3 |
| General Mills | United States | Consumer Staples | Ordinary shares  Options | 331  \*- | }               0.3 |
| Cardinal Health | United States | Health Care | Ordinary shares  Options | 194  (1) | }               0.2 |
| Brighthouse Financial | United States | Financials | Ordinary shares  Options | 166  \*- | }               0.1 |
| Equifax | United States | Industrials | Ordinary shares | 151 | 0.1 |
| Becton Dickinson | United States | Health Care | Ordinary shares | 85 | 0.1 |
|  |  |  |  | -------- | -------- |
| Portfolio |  |  |  | 113,702 | 100.0 |
|  |  |  |  | -------- | -------- |

\*  Market value less than £1,000.All investments are in ordinary shares unless otherwise stated. The number of holdings as at 31 October 2017 was 90 (31 October 2016: 89). The total number of individual open options as at 31 October 2017 was 175 (31 October 2016: 186).The negative valuation of £532,000 in respect of options held represents the notional cost of repurchasing the contracts at market prices as at 31 October 2017 (31 October 2016: £311,000).At 31 October 2017, the Company did not hold any equity interests comprising more than 3% of any company's share capital.STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTSThe Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial ***year***. Under that law, the Directors have elected to prepare the financial statements under IFRS as adopted by the European Union.Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of each financial ***year*** and of the profit or loss of the Company for that period.In preparing those financial statements, the Directors are required to:present fairly the financial position, financial performance and cash flows of the Company;select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;make judgements and estimates that are reasonable and prudent;state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;provide additional disclosures when compliance with the specific requirements in IFRS as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; andprepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.The Directors are also responsible for preparing the Strategic Report, Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit and Management Engagement Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules. The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Company's corporate and financial information included on the BlackRock website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.Each of the Directors, whose names are listed on page 20 of the Annual Report, confirm to the best of their knowledge that:the financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and net return of the Company; andthe Strategic Report contained in the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.The 2016 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the Annual Report and Financial Statements fulfil these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's report on pages 34 to 37 of the Annual Report. As a result, the Board has concluded that the Annual Report and Financial Statements for the ***year*** ended 31 October 2017, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.FOR AND ON BEHALF OF THE BOARD

SIMON MILLER

Chairman13 December 2017STATEMENT OF COMPREHENSIVE INCOME

for the ***year*** ended 31 October 2017

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Notes | Revenue  2017  £'000 | Revenue  2016  £'000 | Capital  2017  £'000 | Capital  2016  £'000 | Total  2017  £'000 | Total  2016  £'000 |
| Income from investments held at fair value through profit or loss | 3 | 3,017 | 2,772 | - | - | 3,017 | 2,772 |
| Other income | 3 | 1,990 | 2,144 | - | - | 1,990 | 2,144 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- |
| Total revenue |  | 5,007 | 4,916 | - | - | 5,007 | 4,916 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- |
| Net profit on investments and options held at fair value through profit or loss |  | - | - | 9,664 | 24,078 | 9,664 | 24,078 |
| Net (loss)/profit on foreign exchange |  | - | - | (541) | 378 | (541) | 378 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- |
| Total |  | 5,007 | 4,916 | 9,123 | 24,456 | 14,130 | 29,372 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- |
| Expenses |  |  |  |  |  |  |  |
| Investment management fees | 4 | (217) | (187) | (651) | (560) | (868) | (747) |
| Other operating expenses | 5 | (378) | (267) | (16) | (37) | (394) | (304) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- |
| Total operating expenses |  | (595) | (454) | (667) | (597) | (1,262) | (1,051) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- |
| Net profit on ordinary activities before taxation |  | 4,412 | 4,462 | 8,456 | 23,859 | 12,868 | 28,321 |
| Taxation |  | (681) | (732) | 126 | 112 | (555) | (620) |
|  |  | ======== | ======== | ======== | ======== | ======== | ======== |
| Profit for the ***year*** |  | 3,731 | 3,730 | 8,582 | 23,971 | 12,313 | 27,701 |
|  |  | ======== | ======== | ======== | ======== | ======== | ======== |
| Earnings per ordinary share (pence) | 7 | 5.41 | 5.17 | 12.46 | 33.20 | 17.87 | 38.37 |
|  |  | ======== | ======== | ======== | ======== | ======== | ======== |

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the ***year***. All income is attributable to the equity holders of the Company.The Company does not have any other comprehensive income. The net profit for the ***year*** disclosed above represents the Company's total comprehensive income.STATEMENT OF CHANGES IN EQUITY

for the ***year*** ended 31 October 2017

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Notes | Called up  share  capital  £'000 | Share  premium  account  £'000 | Capital  redemption  reserve  £'000 | Special  reserve  £'000 | Capital  reserves  £'000 | Revenue  reserve  £'000 | Total  £'000 |
| For the ***year*** ended 31 October 2017 |  |  |  |  |  |  |  |  |
| At 31 October 2016 |  | 1,004 | 36,774 | 1,460 | 25,029 | 43,161 | 2,051 | 109,479 |
| Total Comprehensive Income: |  |  |  |  |  |  |  |  |
| Net profit for the ***year*** |  | - | - | - | - | 8,582 | 3,731 | 12,313 |
| Transactions with owners, recorded directly to equity: |  |  |  |  |  |  |  |  |
| Ordinary shares purchased into treasury | 8 & 9 | - | - | - | (118) | - | - | (118) |
| Share purchase costs | 8 & 9 | - | - | - | (1) | - | - | (1) |
| Dividends paid\* | 6 | - | - | - | - | - | (3,378) | (3,378) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| At 31 October 2017 |  | 1,004 | 36,774 | 1,460 | 24,910 | 51,743 | 2,404 | 118,295 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| For the ***year*** ended 31 October 2016 |  |  |  |  |  |  |  |  |
| At 31 October 2015 |  | 1,004 | 36,774 | 1,460 | 37,956 | 19,190 | 1,662 | 98,046 |
| Total Comprehensive Income: |  |  |  |  |  |  |  |  |
| Net profit for the ***year*** |  | - | - | - | - | 23,971 | 3,730 | 27,701 |
| Transactions with owners, recorded directly to equity: |  |  |  |  |  |  |  |  |
| Ordinary shares purchased into treasury |  | - | - | - | (12,922) | - | - | (12,922) |
| Share purchase costs |  | - | - | - | (65) | - | - | (65) |
| Share purchase costs written back |  | - | - | - | 60 | - | - | 60 |
| Dividends paid\*\* | 6 | - | - | - | - | - | (3,341) | (3,341) |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| At 31 October 2016 |  | 1,004 | 36,774 | 1,460 | 25,029 | 43,161 | 2,051 | 109,479 |
|  |  | -------- | -------- | -------- | -------- | -------- | -------- | -------- |

\*  4th interim dividend of 1.20p per share for the ***year*** ended 31 October 2016, declared on 3 November 2016 and paid on 5 January 2017; 1st interim dividend of 1.20p per share for the ***year*** ended 31 October 2017, declared on 21 February 2017 and paid on 4 April 2017; 2nd interim dividend of 1.25p per share for the ***year*** ended 31 October 2017, declared on 3 May 2017 and paid on 30 June 2017; and 3rd interim dividend of 1.25p per share for the ***year*** ended 31 October 2017, declared on 8 August 2017 and paid on 6 October 2017.\*\* 4th interim dividend of 1.10p per share for the ***year*** ended 31 October 2015, declared on 4 November 2015 and paid on 5 January 2016; 1st interim dividend of 1.10p per share for the ***year*** ended 31 October 2016, declared on 18 February 2016 and paid on 4 April 2016; 2nd interim dividend of 1.20p per share for the ***year*** ended 31 October 2016, declared on 4 May 2016 and paid on 1 July 2016; and 3rd interim dividend of 1.20p per share for the ***year*** ended 31 October 2016, declared on 3 August 2016 and paid on 7 October 2016.STATEMENT OF FINANCIAL POSITION

as at 31 October 2017

|  |  |  |  |
| --- | --- | --- | --- |
|  | Notes | 31 October 2017  £'000 | 31 October 2016  £'000 |
| Non current assets |  |  |  |
| Investments held at fair value through profit or loss |  | 114,234 | 105,726 |
|  |  | -------- | -------- |
| Current assets |  |  |  |
| Other receivables |  | 466 | 154 |
| Cash collateral held with brokers |  | - | 125 |
| Cash and cash equivalents |  | 7,509 | 4,686 |
|  |  | -------- | -------- |
|  |  | 7,975 | 4,965 |
|  |  | -------- | -------- |
| Total assets |  | 122,209 | 110,691 |
|  |  | -------- | -------- |
| Current liabilities |  |  |  |
| Other payables |  | (3,382) | (901) |
| Derivative financial liabilities held at fair value through profit or loss |  | (532) | (311) |
|  |  | -------- | -------- |
|  |  | (3,914) | (1,212) |
|  |  | ---------- | ---------- |
| Net assets |  | 118,295 | 109,479 |
|  |  | ====== | ====== |
| Equity attributable to equity holders |  |  |  |
| Called up share capital | 8 | 1,004 | 1,004 |
| Share premium account | 9 | 36,774 | 36,774 |
| Capital redemption reserve | 9 | 1,460 | 1,460 |
| Special reserve | 9 | 24,910 | 25,029 |
| Capital reserves | 9 | 51,743 | 43,161 |
| Revenue reserve | 9 | 2,404 | 2,051 |
|  |  | -------- | -------- |
| Total equity |  | 118,295 | 109,479 |
|  |  | ====== | ====== |
| Net asset value per ordinary share (pence) | 7 | 171.76 | 158.78 |
|  |  | ====== | ====== |

CASH FLOW STATEMENT

for the ***year*** ended 31 October 2017

|  |  |  |
| --- | --- | --- |
|  | 31 October 2017  £'000 | 31 October 2016  £'000 |
| Operating activities |  |  |
| Net profit on ordinary activities before taxation | 12,868 | 28,321 |
| Net profit on investments and options held at fair value through profit or loss (including transaction costs) | (9,664) | (24,078) |
| Net loss/(profit) on foreign exchange | 541 | (378) |
| Sales of investments held at fair value through profit or loss | 95,600 | 78,286 |
| Purchases of investments held at fair value through profit or loss | (94,223) | (64,305) |
| Decrease/(increase) in other receivables | 34 | (4) |
| Increase/(decrease) in other payables | 338 | (21) |
| (Increase)/decrease in amounts due from brokers | (356) | 2,619 |
| Increase/(decrease) in amounts due to brokers | 2,125 | (1,017) |
| Net movement in cash collateral held with brokers | 125 | (125) |
|  | -------- | -------- |
| Net cash inflow from operating activities before taxation | 7,388 | 19,298 |
|  | -------- | -------- |
| Taxation on investment income included within gross income | (532) | (689) |
|  | -------- | -------- |
| Net cash inflow from operating activities | 6,856 | 18,609 |
|  | -------- | -------- |
| Financing activities |  |  |
| Ordinary shares purchased into treasury | (118) | (12,922) |
| Share issue and share purchase costs paid | (1) | (101) |
| Share issue costs rebate received | 5 | 60 |
| Dividends paid | (3,378) | (3,341) |
|  | -------- | -------- |
| Net cash outflow from financing activities | (3,492) | (16,304) |
|  | -------- | -------- |
| Increase in cash and cash equivalents | 3,364 | 2,305 |
| Effect of foreign exchange rate changes | (541) | 378 |
|  | -------- | -------- |
| Change in cash and cash equivalents | 2,823 | 2,683 |
| Cash and cash equivalents at start of ***year*** | 4,686 | 2,003 |
|  | -------- | -------- |
| Cash and cash equivalents at end of ***year*** | 7,509 | 4,686 |
|  | -------- | -------- |
| Comprised of: |  |  |
| Cash at bank | 7,509 | 4,686 |
|  | -------- | -------- |
|  | 7,509 | 4,686 |
|  | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS1. PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010. The Company was incorporated on 30 August 2012, and this is the fifth Annual Report.2. ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are set out below.(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. All of the Company's operations are of a continuing nature.Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts issued by the Association of Investment Companies (AIC), revised in November 2014, is compatible with IFRS, the financial statements have been prepared in accordance with the guidance set out in the SORP.Substantially, all of the assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Consequently, the Directors have determined that it is appropriate for the financial statements to be prepared on a going concern basis.The Company's financial statements are presented in sterling, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.A number of new standards, amendments to standards and interpretations that became effective during the ***year***, had no significant impact on the amounts reported in these financial statements but may impact accounting for future transactions and arrangements.At the date of authorising these financial statements the following standards and interpretations which had not been applied in these financial statements were in issue but not yet effective.IFRS 9 Financial Instruments (2014) replaces IAS 39 and deals with a package of improvements including principally a revised model for classification and measurement of financial instruments, a forward looking expected loss impairment model and a revised framework for hedge accounting. In terms of classification and measurement, the revised standard is principles based depending on the business model and nature of cash flows. Under this approach, instruments are measured at either amortised cost or fair value. Under IFRS 9 equity and derivative investments will be held at fair value because they fail the 'solely ***payments*** of principal and interest' test and debt investments will be held at fair value because the business model is to manage them on a fair value basis. The standard is effective from 1 January 2018 with earlier application permitted. The Company does not plan to early adopt this standard. The standard is not expected to have any impact on the Company as all its investments are held at fair value through profit or loss.Amendments to IAS 7 - Disclosure Initiative Statement of Cash Flows (effective 1 January 2017). The amendments are not expected to have a significant effect on the presentation of the Cash Flow Statement within the financial statements of the Company as the Company does not have any debt.Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses (effective 1 January 2017). The amendment is not expected to have a significant effect on the measurement of amounts recognised in the financial statements of the Company.IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017) specifies how and when an entity should recognise revenue and enhances the nature of revenue disclosures. Given the nature of the Company's revenue streams from financial instruments, the provisions of this standard are not expected to have a material impact.(b) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and a capital nature has been presented alongside the Statement of Comprehensive Income.(c) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.(d) Income

Dividends receivable on equity shares are recognised as revenue for the ***year*** on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the ***year*** end are treated as revenue for the ***year***. Provision is made for any dividends not expected to be received. Special dividends, if any, are treated as a capital or a revenue receipt depending on the facts or circumstances of each particular case. The return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security.Options may be purchased or written over securities held in the portfolio for generating or protecting capital returns, or for generating or maintaining revenue returns. Where the purpose of the option is the generation of income, the premium is treated as a revenue item. Where the purpose of the option is the maintenance of capital, the premium is treated as a capital item.Option premium income is recognised as revenue evenly over the life of the option contract and included in the revenue column of the Statement of Comprehensive Income unless the option has been written for the maintenance and enhancement of the Company's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premia arising are allocated to the capital column of the Statement of Comprehensive Income.Deposit interest receivable is accounted for on an accruals basis.Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the cash equivalent of the dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.(e) Expenses

All expenses, including finance costs, are accounted for on an accruals basis. Expenses have been charged wholly to the revenue column of the Statement of Comprehensive Income, except as follows:              expenses which are incidental to the acquisition or sale of an investment are charged to the capital column of the Statement of Comprehensive Income. Details of transaction costs on the purchases and sales of investments are disclosed within note 9 to the financial statements on page 55 of the Annual Report;expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated;the investment management fee and finance costs have been allocated 75% to the capital column and 25% to the revenue column of the Statement of Comprehensive Income in line with the Board's expectations of the long term split of returns, in the form of capital gains and income, respectively, from the investment portfolio.(f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the ***year***. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other ***years*** and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.Where expenses are allocated between capital and revenue, any tax relief in respect of expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period.Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the financial reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.(g) Investments held at fair value through profit or loss

The Company's investments are designated upon initial recognition as held at fair value through profit or loss in accordance with IAS 39 - 'Financial Instruments: Recognition and Measurement' and are managed and evaluated on a fair value basis in accordance with its investment strategy.All investments are measured initially and subsequently at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. The sale of investments are recognised at the trade date of the disposal. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs.The fair value of the equity investments is based on their quoted bid price at the financial reporting date, without deduction for the estimated selling costs. This policy applies to all current and non current asset investments held by the Company.Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as 'Net profits or losses on investments held at fair value through profit of loss'. Also included within the heading are transaction costs in relation to the purchase or sale of investments.(h) Derivatives

Derivatives are held at fair value based on the bid/offer prices of the options written to which the Company is exposed. The value of the option is subsequently marked-to-market to reflect the fair value of the option based on traded prices. Where the premium is taken to revenue, an appropriate amount is shown as capital return such that the total return reflects the overall change in the fair value of the option. When an option is closed out or exercised the gain or loss is accounted for as a capital gain or loss.(i) Other receivables and other payables

Other receivables and other payables do not carry any interest and are short term in nature and are accordingly stated at their nominal value.(j) Dividends payable

Under IFRS, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the financial reporting date. Interim dividends should not be accrued in the financial statements unless they have been paid.Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity.(k) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities and non monetary assets held at fair value are translated into sterling at the rate ruling on the financial reporting date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income as a revenue or capital item depending on the income or expense to which they relate. For investment transactions and investments held at the ***year*** end, denominated in a foreign currency, the resulting gains or losses are included in the profit/(loss) on investments held at fair value through profit or loss in the Statement of Comprehensive Income.(l) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.(m) Bank borrowings

Bank overdrafts are recorded as the proceeds received. Finance charges are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instruments to the extent that they are not settled in the period in which they arise.3. INCOME

|  |  |  |
| --- | --- | --- |
|  | 2017  £'000 | 2016  £'000 |
| Investment income: |  |  |
| UK listed dividends | 143 | 74 |
| Overseas listed dividends | 2,849 | 2,668 |
| Overseas listed special dividends | 25 | 30 |
|  | -------- | -------- |
|  | 3,017 | 2,772 |
|  | -------- | -------- |
| Other income: |  |  |
| Deposit interest | 36 | 1 |
| Option premium income | 1,954 | 2,143 |
|  | -------- | -------- |
|  | 1,990 | 2,144 |
|  | -------- | -------- |
| Total income | 5,007 | 4,916 |
|  | ===== | ===== |

During the ***year***, the Company received premiums totalling £1,947,000 (2016: £2,149,000) for writing covered call options for the purposes of revenue generation. Option premiums of £1,954,000 (2016: £2,143,000) were amortised to income. All derivative transactions were based on constituent stocks in the Russell 1000 Value Index. At 31 October 2017, there were 175 (2016: 186) open positions with an associated liability of £532,000 (2016: £311,000).Dividends and interest received during the ***year*** amounted to £3,032,000 and £36,000 (2016: £2,786,000 and £1,000).Special dividends of £13,000 have been recognised in capital (2016: nil).4. INVESTMENT MANAGEMENT FEES

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2017 | 2016 |  |  |  |  |
|  | Revenue  £'000 | Capital  £'000 | Total  £'000 | Revenue  £'000 | Capital  £'000 | Total  £'000 |
| Investment management fee | 217 | 651 | 868 | 187 | 560 | 747 |
|  | ------- | ------- | ------- | ------- | ------- | ------- |
| Total | 217 | 651 | 868 | 187 | 560 | 747 |
|  | ==== | ==== | ==== | ==== | === | ==== |

The investment management fee is payable in quarterly arrears, calculated at the rate of 0.75% of the Company's net assets (2016: 0.75%).5. OTHER OPERATING EXPENSES

|  |  |  |
| --- | --- | --- |
|  | 2017  £'000 | 2016  £'000 |
| Allocated to revenue: |  |  |
| Custody fee | 5 | 3 |
| Auditors' remuneration: |  |  |
| - audit services | 28 | 28 |
| Registrar's fee | 26 | 27 |
| Directors' emoluments | 123 | 105 |
| Broker fees | 37 | 40 |
| Depositary fees | 13 | 11 |
| Marketing fees | 29 | 35 |
| Marketing fees prior ***year*** adjustment | 8 | (59) |
| Other administrative costs | 109 | 77 |
|  | -------- | -------- |
|  | 378 | 267 |
|  | -------- | -------- |
| Allocated to capital: |  |  |
| Custody transaction charges | 16 | 37 |
|  | -------- | -------- |
|  | 394 | 304 |
|  | -------- | -------- |
| The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, VAT refunded, finance costs and taxation were: | 1.07% | 1.04% |
|  | ===== | ===== |

For the ***year*** ended 31 October 2017, expenses of £16,000 (2016: £37,000) were charged to the capital column of the Statement of Comprehensive Income. These relate to transaction costs charged by the custodian on sale and purchase trades.6. DIVIDENDS

Dividends paid on equity shares:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Record date | ***Payment*** date | 2017  £'000 | 2016  £'000 |
| 4th interim dividend of 1.20p per share paid for the ***year*** ended 31 October 2016 (2015: 1.10p) | 25 November 2016 | 5 January 2017 | 827 | 877 |
| 1st interim dividend of 1.20p per share paid for the ***year*** ended 31 October 2017 (2016: 1.10p) | 3 March 2017 | 4 April 2017 | 828 | 802 |
| 2nd interim dividend of 1.25p per share paid for the ***year*** ended 31 October 2017 (2016: 1.20p) | 19 May 2017 | 30 June 2017 | 862 | 835 |
| 3rd interim dividend of 1.25p per share paid for the ***year*** ended 31 October 2017 (2016: 1.20p) | 18 August 2017 | 6 October 2017 | 861 | 827 |
|  |  |  | -------- | -------- |
| Accounted for in the financial statements |  |  | 3,378 | 3,341 |
|  |  |  | ===== | ===== |

The total dividends payable in respect of the ***year*** ended 31 October 2017 which form the basis of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amounts declared, meet the relevant requirements as set out in this legislation.

|  |  |  |
| --- | --- | --- |
| Dividends paid or declared on equity shares: | 2017  £'000 | 2016  £'000 |
| 1st interim dividend of 1.20p per share paid for the ***year*** ended 31 October 2017 (2016: 1.10p) | 828 | 802 |
| 2nd interim dividend of 1.25p per share paid for the ***year*** ended 31 October 2017 (2016: 1.20p) | 862 | 835 |
| 3rd interim dividend of 1.25p per share paid for the ***year*** ended 31 October 2017 (2016: 1.20p) | 861 | 827 |
| 4th interim dividend of 1.25p per share payable on 5 January 2018 for the ***year*** ended  31 October 2017\* (2016: 1.20p) | 861 | 827 |
|  | -------- | -------- |
|  | 3,412 | 3,291 |
|  | ===== | ===== |

\* Based on 68,874,044 ordinary shares in issue on 24 November 2017.7. EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

Total revenue and capital return per share and net asset value per share are shown below and have been calculated using the following:

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Net revenue profit attributable to ordinary shareholders (£'000) | 3,731 | 3,730 |
| Net capital profit attributable to ordinary shareholders (£'000) | 8,582 | 23,971 |
|  | -------- | -------- |
| Total profit attributable to ordinary shareholders (£'000) | 12,313 | 27,701 |
|  | -------- | -------- |
| Equity shareholders' funds (£'000) | 118,295 | 109,479 |
|  | -------------- | -------------- |
| The weighted average number of ordinary shares in issue during the ***year***, on which the earnings per ordinary share was calculated was: | 68,920,483 | 72,193,444 |
|  | -------------- | -------------- |
| The actual number of ordinary shares in issue at the ***year*** end, on which the net asset value per ordinary share was calculated was: | 68,874,044 | 68,949,044 |
|  | -------------- | -------------- |
| Return per share |  |  |
| Revenue earnings per share - (pence) | 5.41 | 5.17 |
| Capital earnings per share - (pence) | 12.46 | 33.20 |
|  | -------- | -------- |
| Total earnings per share - (pence) | 17.87 | 38.37 |
|  | -------- | -------- |
| Net asset value per ordinary share - (pence) | 171.76 | 158.78 |
|  | -------- | -------- |
| Ordinary share price - (pence) | 160.50 | 155.75 |
|  | ====== | ===== |

There were no dilutive securities at the ***year*** end.8. CALLED-UP SHARE CAPITAL

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Number of  ordinary  shares in  issue | Treasury  shares | Total  shares | Nominal  value  £'000 |
| Allotted, called up and fully paid share capital comprised: |  |  |  |  |
| Ordinary shares of 1 pence each |  |  |  |  |
| At 31 October 2016 | 68,949,044 | 31,412,261 | 100,361,305 | 1,004 |
| Purchase of ordinary shares | (75,000) | 75,000 | - | - |
|  | ------------- | -------------- | --------------- | -------- |
| At 31 October 2017 | 68,874,044 | 31,487,261 | 100,361,305 | 1,004 |
|  | ======== | ======== | ========= | ===== |

During the ***year*** ended 31 October 2017, the Company purchased 75,000 (2016: 11,090,000) shares for a total consideration of £119,000 (2016: £12,927,000) including costs.9. RESERVES

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Share  premium  account  £'000 | Capital  redemption  reserve  £'000 | Special  reserve  £'000 | Capital  reserve  arising on  investments  sold  £'000 | Capital  reserve  arising on  revaluation  of investments  £'000 | Revenue  reserve  £'000 |
|  |  |  |  |  |  |  |
| At 31 October 2016 | 36,774 | 1,460 | 25,029 | 23,283 | 19,878 | 2,051 |
| Movement during the ***year***: |  |  |  |  |  |  |
| Total Comprehensive Income: |  |  |  |  |  |  |
| Net capital profit for the ***year*** | - | - | - | 15,244 | (6,662) | - |
| Net revenue profit for the ***year*** | - | - | - | - | - | 3,731 |
| Transactions with owners recorded directly to equity: |  |  |  |  |  |  |
| Ordinary shares purchased into treasury | - | - | (118) | - | - | - |
| Share purchase costs | - | - | (1) | - | - | - |
| Dividends paid | - | - | - | - | - | (3,378) |
|  | -------- | -------- | -------- | -------- | -------- | -------- |
| At 31 October 2017 | 36,774 | 1,460 | 24,910 | 38,527 | 13,216 | 2,404 |
|  | ====== | ===== | ===== | ===== | ===== | ===== |

The share premium account and capital redemption reserve are not distributable profits under the Companies Act 2006. The special reserve may be used as distributable profits for all purposes and, in particular, for the repurchase by the Company of its ordinary shares and for ***payment*** as dividends.10. VALUATION OF FINANCIAL INVESTMENTS

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investment and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 2(g).Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows.The fair value hierarchy has the following levels:Level 1 - Quoted market price in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not adjust the quoted price for these instruments.Level 2 - Valuation techniques used to price securities based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and these inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.The determination of what constitutes 'observable' requires significant judgement by the Investment Manager. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.Over-the-counter derivative option contracts have been classified as Level 2 investments as their valuation has been based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Company.Fair values of financial assets and financial liabilities

The table below sets out fair value measurements using the IFRS 13 fair value hierarchy.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial assets at fair value through profit or loss at 31 October 2017 | Level 1  £'000 | Level 2  £'000 | Level 3  £'000 | Total  £'000 |
| Assets: |  |  |  |  |
| Equity investments | 114,234 | - | - | 114,234 |
| Liabilities: |  |  |  |  |
| Derivative financial instruments - written options | - | (532) | - | (532) |
|  | -------- | -------- | -------- | -------- |
|  | 114,234 | (532) | - | 113,702 |
|  | ====== | ===== | ===== | ====== |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial assets at fair value through profit or loss at 31 October 2016 | Level 1  £'000 | Level 2  £'000 | Level 3  £'000 | Total  £'000 |
| Assets: |  |  |  |  |
| Equity investments | 105,726 | - | - | 105,726 |
| Liabilities: |  |  |  |  |
| Derivative financial instruments - written options | (251) | (60) | - | (311) |
|  | -------- | -------- | -------- | -------- |
|  | 105,475 | (60) | - | 105,415 |
|  | ====== | ===== | ===== | ====== |

There were no ***transfers*** between levels for financial assets and financial liabilities during the ***year*** recorded at fair value as at 31 October 2017 and 31 October 2016. The Company did not hold any Level 3 securities throughout the financial ***year*** or as at 31 October 2017 (2016: nil).11. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 October 2017 (2016: nil).12. PUBLICATION OF NON-STATUTORY ACCOUNTSThe financial information contained in this announcement does not constitute statutory accounts as defined in the Companies Act 2006.  The Annual Report and Financial Statements for the ***year*** ended 31 October 2017 will be filed with the Registrar of Companies after the Annual General Meeting.The figures set out above have been reported upon by the auditors, whose report for the ***year*** ended 31 October 2017 contains no qualification or statement under section 498(2) or (3) of the Companies Act 2006.The comparative figures are extracts from the audited financial statements of BlackRock North American Income Trust plc for the ***year*** ended 31 October 2016, which have been filed with the Registrar of Companies.  The report of the auditor on those financial statements contained no qualification or statement under section 498 of the Companies Act.13. ANNUAL REPORTCopies of the Annual Report and Financial Statements will be published shortly and will be available from the registered office, c/o The Company Secretary, BlackRock North American Income Trust plc, 12 Throgmorton Avenue, London EC2N 2DL.14. ANNUAL GENERAL MEETINGThe Annual General Meeting of the Company will be held at the offices of BlackRock, 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 6 March 2018 at 12.00 noon.ENDSThe Annual Report will also be available on the BlackRock website at blackrock.co.uk/brna.  Neither the contents of the Manager's website nor the contents of any website accessible from hyperlinks on the Manager's website (or any other website) is incorporated into, or forms part of, this announcement.For further information please contact:Simon White, Managing Director, Investment Trusts, BlackRock Investment Management (UK) Limited

Tel: 020 7743 5284

Press enquiries:

Lucy Horne, Lansons Communications - Tel:  020 7294 3689

E-mail: [*lucyh@lansons.com*](mailto:lucyh@lansons.com)

12 Throgmorton Avenue

London

EC2N 2DL

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[***Washington: EXECUTIVE CALENDAR (Senate - July 18, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SV7-NH41-JDG9-Y22D-00000-00&context=1516831)

Impact News Service

July 19, 2018 Thursday

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**Length:** 19857 words

**Body**

Washington: The Library of Congress, The Government  of USA has issued the following house proceeding:

 The PRESIDING OFFICER. The clerk will report the nomination. The senior assistant legislative clerk read the nomination of Ryan Wesley Bounds, of Oregon, to be United States Circuit Judge for the Ninth Circuit. The PRESIDING OFFICER. The Senator from Montana. Unanimous Consent Request--S. Res. 572 Mr. DAINES.

Mr. President, as in legislative session, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of S. Res. 572; that the resolution be agreed to, the preamble be agreed to, and the motions to reconsider be considered made and laid upon the table. The PRESIDING OFFICER. Is there objection? The Senator from Oregon. Unanimous Consent Request--S. 3227 Mr. MERKLEY. Mr. President, reserving the right to object, this moment hardly seems the time for the Senate to engage in debating rhetorical phrases of praise for the Immigration and Customs Enforcement agency when that agency--better known as ICE--is deeply mired in the scandal of separating children from their parents. It is ICE that partnered with Border Patrol and Health and Human Services in this diabolical situation. It is ICE that holds the parents in detention camps. It is ICE that has failed to arrange for the knowledge within the system of which parents go with which children. It is ICE that often has prevented individuals from having access to counsel, from being able to even phone their children, and charged them for using the phone. In this situation, some 2,500-plus kids have been torn out of the arms of their parents, and this particular resolution would engage in nice phrases of praise instead of addressing itself to solving the problem. We should right now be considering Senator Harris's act, the REUNITE Act, which would accelerate the reunification of the children, would ensure that family separation never happens again, would coordinate actions between ICE and the Border Patrol and Health and Human Services, and would set up a family case management system that worked, according to the IG of Homeland Security, to deliver 100 percent of the time when individuals had a date for a hearing--100 percent of the time. That is why I ask my colleague to modify his request so that the Committee on the Judiciary, instead, be discharged from further consideration of S. 3227, the REUNITE Act, and the Senate proceed to its immediate consideration; that the bill be considered read a third time and passed and the motion to reconsider be considered made and laid upon the table with no intervening action or debate. The PRESIDING OFFICER. Will the Senator from Montana so modify his request? Mr. DAINES. I object. The PRESIDING OFFICER. Objection is heard. Is there objection to the original request? The Senator from Oregon. Mr. MERKLEY. I strongly object. The PRESIDING OFFICER. Objection is heard. The Senator from Montana. Mr. DAINES. Mr. President, I live in a State--the State of Montana-- that has a northern border. ICE agents keep our border secure, and I want to thank them for the very important work they are doing. Far too many people are coming into our country illegally and putting the safety and security of American citizens at risk. In fact, in Montana, the effects of unsecured borders are very personal. All across our State, communities at this moment are torn apart by the meth and opioids that are trafficked through the southern border. In fact, just last ***year***, ICE seized nearly 50 tons of narcotics, nearly a million pounds of heroin, fentanyl, and other deadly drugs that criminals and cartels are smuggling into our country. At a time when America is suffering from a drug epidemic, how many more lives would be lost if ICE agents were not protecting our borders? How many more innocent Americans would be harmed or murdered if we did not have ICE agents to arrest illegal immigrants with criminal convictions? These are the questions that those who call for the abolishment of ICE should be asking. It is outrageous. It is irresponsible to call for abolishing one of our country's most critical security measures. Abolishing ICE would give terrorists, gang members, drug dealers, and other criminals a field day. I stand for protecting American security. I stand for upholding the rule of law. That is why I stand with ICE. The PRESIDING OFFICER. The Senator from Hawaii. Ms. HIRONO. Mr. President, this resolution being offered by my colleagues on the other side of the aisle is a partisan political stunt to distract the American people from the crisis created by Donald Trump's zero tolerance policy. Almost 3,000 children were ripped from the arms of their parents and traumatized by the President's cruelty. Yesterday, the Senate Judiciary Committee had a closed-door briefing with officials from the Department of Justice, the Department of Health and Human Services, and the Department of Homeland Security. The American people deserve to hear from these officials in public and under oath. All these officials provided at this briefing--not under oath--was more obstruction and obfuscation. The witness from Immigration and Customs Enforcement even claimed that they ``did not mess up here.'' Separating almost 3,000 children from their parents, not meeting judicially set deadlines for reunifying these children--the trauma continues. Is there anybody in America paying attention to this issue who actually believes there was no mess-up? We need a public hearing to hear from these officials under oath. Donald Trump is weaponizing fear to pursue his anti-immigration agenda, and we are not going to be party to that. We should be focused like laser beams on reuniting the children with their parents. Mr. DURBIN. Will the Senator from Hawaii yield? Ms. HIRONO. I yield to the Senator from Illinois. The PRESIDING OFFICER. The Democratic whip. Mr. DURBIN. Mr. President, I would like to thank the Senator from Hawaii for joining in this statement about the agency of ICE, which is in the Department of Homeland Security. There are certain things that I think Democrats and Republicans can come together to agree on. Let me tell you what I think they are. Border security--the United States needs security at its borders. There is no question about that, whoever the President may be. The second thing we agree on is, nobody who is dangerous should be allowed to come to this country. Anyone [[Page S5046]] here who is undocumented and dangerous should leave, should be removed. We all agree on that, do we not? The third thing, which 68 Senators agreed on, is comprehensive immigration reform. Our immigration laws are a mess--an absolute mess. That is why we continue to debate the topic, and 68 of us came to vote on a bipartisan measure 5 ***years*** ago to fix the whole system. It passed the Senate and died in the House. Where are we today? We are here today debating on the floor the future of ICE. There are parts of the function and responsibility of this agency of ICE that all of us would agree on. ICE has important responsibilities combating serious criminal activities, like smuggling, bulk cash, drugs, weapons, human trafficking, violent criminals and others who would do us harm, and enforcing immigration laws against terrorists. There is no argument about that. But what has become controversial is the Trump administration's new immigration policy. You see, we don't have the resources to deport 11 million undocumented people nor do we have the resources to arrest all who present themselves at the border. What this administration has done, though, is say that they are going to criminalize--charge as criminals--everyone who shows up at the border. By doing that, they take limited resources and focus them on a mass of people, most of whom are no threat at all to the United States, instead of focusing their resources on the drug smugglers, the traffickers, the would-be terrorists. Those are our priorities for the safety of our homes, our families, and our communities, are they not? Here we have this resolution that was brought to the floor to commend ICE in all its functions. I can just tell you, I don't join in that resolution. I specifically don't join in it when it comes to the President's zero tolerance policy. It became the policy of the Trump administration and the U.S Government to forcibly remove 3,000 children from their parents. That is bad enough, is it not? The notion that you take a baby out of the arms of a mother--a toddler, an infant--separate a young child--we did it under President Trump's zero tolerance policy. Now let me state what added insult to that injury. At that point, there was no effort made to make certain we could reunite the parents with the children. Time and again, we would meet downstairs for a briefing from ICE and other agencies, and they would tell us: We don't know where the parents are. We really don't know where the kids are. We are going to have to go looking. Imagine separating up to 3,000 children from their parents, and the U.S Government did not keep a record of what happened to those kids. Ship something by UPS--they give you a tracking number. Go online, and you can track that package wherever it may be. Order a pizza from Domino's. Call them after 15 minutes and ask: Where is the pizza? They will tell you. Check your coat at a restaurant before you go to the table. When you come back and hand them that little piece of paper, they give you your coat. It is pretty simple, is it not? But when it came to children and families, this agency, ICE, along with other agencies of this government, lost them. In one agency in Chicago, they told me that the search for the parents of the little kids they had was like a scavenger hunt. They just started calling right and left to try to figure out where the parent might be. Yesterday, we had a briefing, and finally these agencies came up with some numbers. There are 2,550 children still in our custody who are not reunited with their families; 1,800 parents we haven't linked up with their children. And we want to put a resolution on the floor to commend this activity--to praise them for their great work? Not me. They do good work in a lot of important areas, and I will be happy to join in that chorus. But we stand here and ignore the obvious--that this zero tolerance policy has given our Nation a black eye, has raised questions about our values as Americans, has created situations we cannot morally defend, such as separating children from their mothers. Do you know what the American Academy of Pediatrics tells us? The doctors tell us it is an institutional form of child abuse to remove these children. I have seen them, these poor kids, 5 and 6 ***years*** old in these settings. The place I visited in Chicago was doing its best to help the children, but two little girls walked into the room where I was sitting. They were holding hands--cute little kids. It was my opportunity to meet about 10 or 12 kids who were separated from their parents under the zero tolerance policy. These two little girls were holding hands, and I thought they were sisters. We asked in Spanish. ``No, amigas,'' she said. They had become friends to one another. It turns out that the one who was 5 ***years*** old was from Guatemala and the one who was 6 ***years*** old was from Chiapas, Mexico. They were holding on to one another. All they had was one another because our government had separated them from their mothers. Now this agency is struggling to find these mothers. In some circumstances, they cannot even link up the children with their parents. No, I am not going to join in a resolution of congratulations for the work they have done. Many of the things they have done have been courageous and important for the security of this country, but when it comes to the zero tolerance policy, it is not. I do want to make one last point. Listen to what the top agents at ICE's Homeland Security Investigations agency, which focuses on serious transnational criminal activity, had to say. Last month, a majority of the agents focusing on transnational criminal activity wrote a letter to the Secretary of the Department of Homeland Security, Kirstjen Nielsen, asking that Homeland Security Investigations be removed from ICE because of ``the political nature of civil immigration enforcement.'' These are men and women who are focusing on serious crimes, and they asked to be removed from ICE. They are tired of the politics. I am weary of it as well. We need to start solving these problems--border security, dangerous people kept out of this country and removed, comprehensive immigration reform. And for goodness' sake, reunite these children with their parents. I yield the floor. The PRESIDING OFFICER. The Senator from Texas. Mr. CRUZ. Mr. President, I rise in support of the brave men and women of our Immigration Customs Enforcement agency. These are law enforcement officers who risk their lives every day to keep this country safe. Rising in support of law enforcement used to be a bipartisan issue. It used to be an issue that brought us together, that unified us. Sadly, as we have seen in the preceding minutes, that is no longer the case. I rise today to urge my Democratic colleagues to say no to the reckless and radical voices within their party that are pulling their party so far out of the mainstream and so far out of touch with the American people that it is barely recognizable. For a long time, when Democrats were debating immigration issues, they used to say ``Well, of course, we support enforcing the laws,'' almost as an obligatory throwaway. Instead, we are here today, debating the abolishing of the Immigration and Customs Enforcement agency, the exact antithesis of where most congressional Democrats claimed they were. All of this started because a few weeks ago, a longtime Democratic incumbent, a Member of the House, found himself beaten in a primary in New York State by an avowed socialist. As a result, many of my colleagues on the Democratic side of the aisle are suddenly terrified of their left flank. Because her campaign focused on abolishing ICE--abolishing the Immigration and Customs Enforcement agency, more incumbent Democrats have said that they, too, are open to abolishing ICE. I call on this body to pull back from the abyss. On immigration there are areas of good-faith disagreement that this body has debated and will continue to debate. I have long characterized my views on immigration as being able to be summed up in four words: legal, good; illegal, bad. I think the vast majority of Texans and the vast majority of Americans agree with that. There [[Page S5047]] are a host of immigration policies that ought to be commonsense bipartisan policies. The Presiding Officer has shown great leadership in fighting against sanctuary cities, fighting against jurisdictions that defy Federal immigration law and that release violent criminals without being willing to turn them over to immigration officials. Those violent criminals, in turn, go on far too often to commit even more violent crimes. I am the author of Kate's Law, a commonsense proposal which says that aggravated felons who repeatedly enter the country illegally should face a mandatory minimum prison sentence. It was named for Kate Steinle, a beautiful young woman, 28 ***years*** old, murdered on a California pier by an illegal immigrant who had been deported over and over and over again and had been in and out of jail over and over and over again and had multiple felony convictions. Yet, because San Francisco is a sanctuary city, they released him yet again, and he committed murder. Kate Steinle would be alive if we could come together on Kate's Law, if we could come together on ending sanctuary cities. Yet it turns out that in today's hyperpolarized world, even that is not extreme enough for the modern Democratic Party. Multiple leaders of their party are advocating abolishing the Immigration and Customs Enforcement agency. What does ICE do? ICE men and women--I have met with a great many of them in my home State of Texas. I have met with a great many Border Patrol agents. I have joined them on their midnight muster. I have gone out on patrol with them as they risk their lives securing our border and risk their lives keeping us safe in the interior. Criminal aliens arrested by ICE in fiscal ***year*** 2017 were responsible for more than 76,000 dangerous drug offenses; yet many Democrats are saying: Abolish their role. They were responsible for over 48,000 assault offenses. They were responsible for over 11,000 weapons offenses. They were responsible for over 5,000 sexual assault offenses. They were responsible for over 2,000 kidnapping offenses, and they were responsible for over 1,800 homicide offenses. Yet the approach of the modern Democratic Party is not to find a reasonable, commonsense common ground. It is, instead, to say: Abolish the agency that has arrested criminals responsible for over 1,800 murders. When it comes to drugs--the volume they are dealing with in fighting the narcotics traffickers--ICE in fiscal ***year*** 2017 seized more than 980,000 pounds of narcotics. ICE seized approximately 2,370 pounds of fentanyl, approximately 6,967 pounds of heroin. Yet, today, too many elected Democrats are afraid that they, too, might face a socialist primary and that their far left is so angry, hates President Trump so much, that their position is not that we should enforce the immigration laws; their position is not that they will stand with law enforcement. Their position has become to abolish the Immigration and Customs Enforcement agency, the agency charged with enforcing our immigration laws. This is not a reasonable position and a public policy debate upon which reasonable minds might differ. There are many of those in the immigration world. This is not one of them. This is a radical and reckless position. Yet, this resolution--by the way, this resolution says not a word about the issue of family separation. We have heard some of the speeches from my Democratic colleagues focused on family separation. I can state that every Member of this body, Democrat and Republican, agrees that families should not be separated. Indeed, I have introduced legislation to prohibit family separation, to ensure that children stay with their parents--the best place for a kid is with his or her mom or dad--but to do so in a way that also respects the rule of law, that doesn't return to the failed policy of catch-and-release that only encourages more and more illegal immigration, that only puts more and more children--little boys and girls--in a position of being physically and sexually assaulted by human traffickers. No one who cares about humanity, no one who cares about compassion should want to incentivize putting little children in the control of global, transnational drug cartels and human traffickers. For the past several weeks, I have been negotiating with Democratic Members of this body, trying to see if we could reach common ground to unite and say that we will not separate families, but at the same time, we will respect the rule of law and not return to catch-and-release in a way that incentivizes illegal immigration. We will find out if any Democrats are willing to find common ground. All 100 could join together on ending family release and ending it today, but too many on the Democratic side want to condition ending family release on essentially mandating the release of every illegal alien in custody--those apprehended with children, mandating their release. That is not a reasonable position. That is not a position the American people support, and, critically, this resolution before the Senate says not a word about it. This resolution does not address that question. Instead, this resolution says that those ICE agents--the ICE agents who right now may be kicking down the door on a meth house and facing violent drug lords, firing weapons at them, risking their lives to keep us safe--we stand with those law enforcement agencies, even if we may disagree on the parameters of illegal immigration. I am one who believes we should welcome and embrace legal immigrants--those who follow the rules and wait in line like my father in 1957, when he came as an immigrant from Cuba seeking freedom. Those are debates we can have. We ought to be coming together in the spirit of bipartisan agreement to stand with law enforcement. I call upon the responsible members of the Democratic Party--and, surely, there must be some left. Surely, in the Democratic Party, there are some voices that are willing to stand up to the reckless and radical left and say: No, we should not abolish the agency charged with enforcing our immigration laws, charged with protecting us from vicious and violent criminals. The fact that Senate Democrats are today objecting to this resolution shows just how captive they are to the fury that rages against President Trump. Everyone in this Chamber has, at one time or another, had something the President has said or done that we all disagreed with. That is part of the political process, but the rage and fury on the far left is a qualitatively different matter. It is a rage that is demanding Democrats to go after, to undercut, to attack law enforcement agents who keep us safe. That is a mistake. It is a disservice to this institution. It is a disservice to the legacy of many distinguished Senators and a disservice to the American people and the Constitution that we are sworn to protect. I urge this body to pass this commonsense resolution, standing with law enforcement, enforcing our borders, and stopping violent criminals, murderers, kidnappers, and rapists that ICE arrests every ***year***. Abolishing law enforcement puts all of us at peril. I call upon my Democratic colleagues to reject that radical and reckless position. I yield the floor. The PRESIDING OFFICER. The Senator from Florida. Mr. NELSON. Mr. President, this Senator came to talk about trade, and I am going to do that, but I think what we have is an example of extremes in politics that is on display before us. I think, on the one hand, political points are trying to be scored about the abolition of certain law enforcement organizations. On the other hand, there are the political points that a government, especially our government, should not have a policy of separating children from their parents, unless the parents have committed a crime and need to be incarcerated for the purpose of that crime. Here we have the extremes again going to either side, when, in fact, if there were good will, if there were not such a highly polarized, highly charged, partisan atmosphere, in part, as we say in the South, egged on by various Members of the leadership in the Congress as well as the Executive--if we didn't have all of that, we could get a lot more done. The genius of American politics is for us to be able to come together, to respect each other, to understand the [[Page S5048]] other fellow's point of view, and then work out our differences. It is the same thing on the international stage. That is why we see it is so difficult to reach international agreements when people have gotten hardened into positions because of race or religion or political balance. So if you note a tone of sadness in this Senator's voice, then you are correct because, again, we are seeing the polarization of American politics. Why can't we have a law enforcement organization that also doesn't have to operate under a policy of separating children from their parents? That is the commonsense point of view, but, no, we devolve into these extremes. Tariffs Mr. President, I came to talk about trade. Is the United States taken advantage of by other countries? You bet and especially China. We have been letting them get away with it for ***years***, but you don't try to correct that situation by suddenly saying, I am going to impose a tariff, as the President has, on imported steel and aluminum: 25 percent on steel and 10 percent on aluminum. What happens then is, for the people who use those products in manufacturing, whatever their business is, that is going to cause the cost of those goods to go up. The consumers are going to be the ones who get hurt. By the way, what that is going to do, again, is the extreme. If you do this, the person who is offended is going to do this and do it more. That is exactly what is happening in this trade war that is suddenly starting to hurt all of us. In reaction to steel and aluminum tariffs that the United States has imposed, good friends of ours, major trading partners of ours--I am keeping China in a different category. I am talking about the European Union; I am talking about Canada, one of our closest friends; and I am talking about Mexico. In retaliation for what we are doing to them, they are now retaliating and putting tariffs on other goods. They are putting tariffs on everything, not only for steel and aluminum but from washing machines to lobster, whiskey, and cheese. We are starting to see the consequences of these moves. People are starting to hurt. This Senator has heard from many businesses in his State that are starting to get hurt. In Florida, we are seeing the harmful effects of these tariffs. Mind you, it is not just the Budweiser Brewery that I visited several months ago in Jacksonville that produces 3.3 billion aluminum cans a ***year***. Of course, the cost of those cans are going to go up, and it is going to be the consumer who pays, but it is going to affect others in the restaurant industry, the medical device industry, the marine manufacturing industry, and the auto parts industry. Let me tell you about the cost of these auto parts that we have to import and those made here domestically. Because of the increased costs of steel or aluminum, the cost of those parts are going up. Maybe the dealer that services your car and replaces parts is one thing, but what about the individual entrepreneur, like the auto mechanic shop that has to buy its parts that all of a sudden has to charge more? The big guys that deal in many more automobile repairs can spread that cost over a lot of people, but that poor individual auto mechanic shop is getting hurt. It is happening right now, and they are losing business. Take, for example, the marine manufacturing industry. Manufacturing boats is a big industry in Florida. It is worth $121 billion a ***year*** in Florida, which is 650,000 jobs in Florida and tens of thousands of downstream jobs in Florida and nationwide. The industry in our State alone provides over $10 billion in annual economic activity. All of those businesses are really getting hurt because the European Union, Canada, and Mexico--three big export markets for the boat manufacturers--are getting orders cut because of the retaliatory tariffs of 25 percent from the European Union. They are not going to sell any more boats to European customers if they have to pay an extra 25 percent. They will go elsewhere where they can get it cheap, and that means 10 percent extra costs in Canada; 15 percent in Mexico. What is that going to do? There are jobs in that boat manufacturing industry that will go away. They are brands that you might recognize like Nautique, Bryant, and Bass Cat. They are all brands of one company, Correct Craft, that I visited in Orlando this week. They manufacture boats and engines in factories across the country, with their headquarters in Orlando. The President's tariffs have increased the production costs considerably because of the cost of aluminum and steel that goes into those boats. To add insult to the already existing injury, they are being hit with these retaliatory tariffs from other countries where they sell their goods. There is no sugarcoating it. We are in the midst of a full-blown trade war. If this thing gets out of control, it can take us into an economic recession like the Smoot-Hawley tariffs did in the recession that led to what is known as the Great Depression. If we continue down this path without an exit strategy, we are going to regret it. Already, our boat manufacturers in Florida have lost tens of millions of dollars in canceled orders. Regal Marine Industries had $4 million worth of orders fall through. The company estimates it will lose $13 million this ***year*** because of these tariffs, and that will wind up costing people their jobs. It is no small thing. This is what happens when you get excessively extreme, when you get partisan, when you act like you know it all, when you improvise your way through a complicated world and don't have a well-thought-out plan of how to get out of this mess. Again, with bipartisan consensus, it is the nature of the politics that we have to rein in. There is also the story of Micro Stamping, which is the sole supplier of high-grade surgical equipment. That equipment is used in the treatment of breast cancer. Micro Stamping is contemplating shutting down because the President's trade moves are stopping it from getting the specific type of steel it needs to manufacture the equipment. What about Hale Products? It is up in Ocala. It is also being crushed by the tariffs. It makes fire suppression equipment. Since the cost of the tariffs is passed down to the end consumer, it says the tariffs will make it harder for municipal fire departments--that are already facing stiff budget constraints--to buy the new, lighter weight lifesaving firefighting equipment. This will have repercussions beyond the company's immediate business needs. It is worth noting that what is going on is doing lasting damage to our strategic alliances. The U.S Government--this executive branch--is treating our friends like enemies and is giving comfort to our adversaries. This is no way to run a country. We should be working with our allies to address our global challenges. We ought to be advancing our shared interests, not just in trade but in national security and a range of things. Before we escalate these things and they get out of hand, we need to think a little bit more about what we are doing, why we are doing it, and if we are doing it the right way. This Senator is saying we are not doing it the right way. What we are doing is sending a message that America is closed for business. I don't think that is what we want to do. I urge my colleagues to join this Senator in shining the light of day on the hard truth of what happens when you go along and make things up without having a clear plan for success, which is exactly what this trade war right now is a product of. That kind of approach doesn't work for the USA; it doesn't work for Florida; and it doesn't work for the vast majority of hard-working everyday Americans. I think it is time to come to our senses. I yield the floor. The PRESIDING OFFICER (Mr. Gardner). The Senator from Missouri. Commemorating the Negro National League Mr. BLUNT. Mr. President, last night, the Major League Baseball All- Star Game was hosted in Washington. In conjunction with that game, the Negro Leagues Baseball Museum hosted an event to honor the Homestead Grays, which was one of the teams from that league. There were great teams in that league. The Homestead Grays had won the Negro League World Series in 1943, which was 75 ***years*** ago. They had a great exhibit here in town about that team and about the history of that league. [[Page S5049]] The museum, which was founded in 1990, is located in Kansas City, MO. It is dedicated to highlighting and preserving that important part of our sports history--the history of African-American baseball. Bob Kendrick runs that museum, and it is a museum I would encourage all of my colleagues to visit as the All-Star Game was in Kansas City a few ***years*** ago, and it was one of the venues for Major League Baseball. When people are in Kansas City, playing the Royals, managers and coaches often take their players there--players who haven't been there before and players who want to go back--just for them to have a sense of what it was like when there was the segregation of baseball and also some of the great players who played there. The chairman of the board, Stewart Myers, was here yesterday, and the vice chairman, Adam Sachs, was here yesterday. The museum is actually expanding and building the Buck O'Neil Research and Education Center on the Paseo in Kansas City. Buck O'Neil was a great Kansas Citian, but he had also been a great part of Negro Leagues Baseball. In June of this ***year***, vandals broke into the YMCA, on which a lot of money had already been spent. It was where that part of the museum, the research center, was going to be housed. The vandals did more damage than they should have been able to do, and, unfortunately, there was some water damage in the building. Yet that effort continues. The Negro National League was created there in 1920 at that Paseo YMCA. There was an owners meeting, and the owners decided, It is time we really put more of a structure into this league. So they established a league. Before 1920, these African-American teams barnstormed around the country and played whomever they could play. After 1920, they could still barnstorm, but there was a league, there was a league championship, and there was a structure they had not had before. In 1947, as every baseball fan knows, the Brooklyn Dodgers decided to integrate baseball, and Jackie Robinson, who had played for the Kansas City Monarchs, was the first player to step into that challenge of integrated baseball. The league lasted another 13 ***years*** or so. I think the last team finally folded in the early 1960s. Some of the greatest baseball and the most exciting baseball ever played was played in this particular league--names like Satchel Paige, who said about himself that he was so fast he could turn off the light in the bedroom and be in bed before it got dark. He was a great pitcher, and he was a great runner. Buck O'Neil, Satchel Paige, Cool Papa Bell, Jackie Robinson, and 100 other names in that last 3 ***years*** of the 1940s who joined the Major Leagues are all part of that story. Missouri teams were an important part of that story. The Monarchs played for 37 seasons, and I already mentioned that Jackie Robinson played briefly for the Monarchs before he went to the Dodgers. They won a dozen league championships. They sent more players than any other team to the Major Leagues. The St. Louis Stars, who were on the other side of our State--originally the St. Louis Giants--played 12 seasons. They won the league championship in 1928, in 1930, and in 1931. The real focus of the exhibit here this week was on the Homestead Grays. Now, where did the Homestead Grays come from? I think I already mentioned they were celebrating the 75th anniversary of winning the Negro League World Series in 1943. The Homestead Grays were originally based in Homestead, PA, just outside of Pittsburgh. In 1940, in 1941, and in 1942, they played at least half of their games here in Washington. When the Washington Senators were traveling, the ballpark would be available, and the Homestead Grays would play games there. By 1943, they were playing about two-thirds of their games in Washington and generally had more people at their games than the Washington Senators had at their games. They won nine consecutive league pennants from 1937 through 1945. There was even an effort, when the Nationals team was brought here, to call the Nationals the Washington Grays because of that tremendous team that had played here. The team owners chose the Nationals because it was one of the Washington Senators' official nicknames. That is an important part of our history right there, and we are going to be celebrating the 100th anniversary of that league in 2020. I and Congressman Cleaver, who is on the other side of this building, are looking at ways to draw more attention to this great part of our story. It is sad because of the segregated elements of it, but it is a great story because of the entrepreneurship and the sportsmanship and the competitive nature of that league. Mr. NELSON. Will the Senator yield? Mr. BLUNT. I can tell the Senator is interested. I am pleased to yield. Mr. NELSON. Indeed, this Senator is interested. Would you believe that a lot of those retired players who are still living happen to live in Florida? Mr. BLUNT. Right. Mr. NELSON. Further, as the Senator correctly pointed out, once Jackie Robinson was able to break into the majors in 1947, it would be another 11 ***years***--1958--before the last team in the Major Leagues integrated. Would you believe, for all of that period of time, these great baseball players who have contributed so much had no pensions? Further, it was ***years*** later in this Senate--in the last decade--that, finally, the Commissioner of Baseball was brought in front of the Commerce Committee in order to face the music about the fact that the retired players who had not played in Major League Baseball but in the old Negro leagues in America--because they couldn't get into Major League Baseball, even while the rest of the teams were being integrated, which took 11 ***years***--had no pensions. Would you believe that Major League Baseball, through Bud Selig, finally agreed to give them onetime pension ***payments***? This Senator is so grateful because that has helped so many of the residents in my State who are these great players. Senator Blunt has so accurately described their considerable talents on the baseball field. Mr. BLUNT. I think that is an important part of the history. There were a couple of players there last night who had played in the league, and of course there are fewer of those players all the time. I have had a chance, as you have had, to meet and talk to them over the ***years***--to talk about the excitement of that kind of baseball and their ability to entertain both with their sportsmanship as well as just with their talent as sportsmen. I think it was a great league, and it is a great story. I don't know if the Senator has had a chance to go to the museum in Kansas City, but as a guy who knew those players and appreciates what that league was all about, I would certainly love to go there with the Senator sometime. Mr. NELSON. If the Senator will yield, as a matter of fact, I am looking forward to seeing that museum. It was one of the Senator's players on the Kansas City Monarchs-- ``Peach-Head'' Bob Mitchell, retired, who was living in my State--who brought to the attention of his Senator the inequity that had occurred in their never getting pensions, even though they were certainly capable of getting into Major League Baseball but, because of segregation, could not. Mr. BLUNT. I am looking forward, along with others, to celebrating that century of history. It is an important part of the story to be told, and I am glad the Senator has helped add to it here today. Opioid Epidemic Mr. President, I also want to talk for a few minutes about the importance of getting the appropriations bills to the Senate floor, and I want to do that by talking about the opioid epidemic. Our annual opportunity to look at that is legislative--legislative in terms of deciding how to spend money as we try to deal with this epidemic that claims more lives than any other single accidental cause of death. For a long time, car accidents predominated that list, but in virtually every State in the country, more people die now from drug overdoses than die from car accidents. There are people of every age, such as the high school cheerleader in my hometown of Springfield, MO, who hurt her leg and got medicine for that leg injury. I think it was after 3 ***years*** of [[Page S5050]] struggling with addiction that her mother found her dead in the bedroom from an overdose. Every age, every race--there are stories of incredibly successful people who received from the doctor or the dentist more pain medicine than they needed. It is not because that is what the doctor or the dentist intended to do. Doctors and dentists in the 1970s and 1980s were told: This is nonaddictive. There is no reason for people to have pain. People could take these opioid-based painkillers and not have pain. That part was true. The part that wasn't true was the nonaddictive part. And the part that wasn't true was what you would do when the doctor was no longer giving you that medicine or you could no longer act like you were getting the medicine because of pain when, by then, you were getting it for some other reason. The appropriations bill that our committee has voted out and that we are eager to get to the floor includes $3.7 billion targeting the opioid epidemic. It is a 1,300-percent increase over where we were 4 ***years*** ago. Congress has become more aware of not only how widespread the epidemic is but also the incredible human cost of the epidemic. The bill includes almost half of that money, $1.5 billion, for State opioid response grants. One reason we are doing this with grants is we really don't know all of the options yet, and we haven't been able to evaluate the best ways to deal with this. We do feel in our committee and in Congress that it is unlikely that the best way to deal with this in one place is necessarily the best way to deal with it in other places. My State of Missouri received $10 million last ***year***. We will receive $28 million this ***year*** if this grant funding is approved, and other States will go up proportionately, exactly as we did. What did we do with that money in our State of Missouri to see how we could deal with this epidemic? More than 1,700 people have received evidence-based medical treatment for opioid-use disorder; 1,700 people in the last 12 months or so have received that. More than 4,300 kits of naloxone, which is what you take when you overdose, have been distributed. That is less effective sometimes than it used to be because of fentanyl, and people don't have any idea, when they are trying to help you with what you put into your system--and you don't either--so, occasionally, you will get that shot to relieve you from the overdose and think that has helped, and then suddenly what you have put into your system overwhelms even that normal cure if you get it on time. ``Cure'' might be the wrong word because all it does is save you that one time. Around 4,000 people have received training on what to do in the event of an overdose. About 10,000 people have received training in our State on topics from treatment to prevention to recovery. For a State like ours, the rate of opioid deaths has increased; opioid overdose deaths have more than quadrupled in the past 15 ***years***. That would not be an unusual number for States to see. Senator Capito from West Virginia and I were here on the floor talking about this earlier this ***year***. This is not necessarily an urban problem. In fact, in most cases, it is more of a rural problem per capita than an urban problem per capita. We have set aside money targeted for those rural communities. There is $135 million set aside for rural communities based on different things that appear to be needed more in rural communities than in any other communities. A couple of hundred million dollars goes into community health centers to support people who have behavioral health concerns and mental health concerns. If you don't have a mental health problem before you get addicted to opioids, you have one once you have gotten addicted to opioids. So those funds go there to try to deal with that. Senator Stabenow and I introduced a bill a few ***years*** ago, the Excellence in Mental Health Act, and eight of our States now have a situation where they are treating, in that eight-State pilot, behavioral health problems like all other health problems. That particularly steps up if someone with an opioid addiction problem has a behavioral health problem they wouldn't have had otherwise. And there is no limit. Just as there would be no limit if you had kidney dialysis, there is also no limit in those eight States for your behavioral health problems. There is no limit where, if you haven't whipped this in 28 days, you are going to have to deal with this as a unique problem. Dealing with mental health and behavioral health in the same way matters in all cases, but it particularly seems to apply as people try to beat addiction. The Department of Labor and Health and Human Services bill includes $60 million for child abuse prevention and treatment ***programs*** to support what happens in families when someone in that family gets into a situation of abuse. The number of people who become addicted needs to change, but also how we deal with pain needs to change. So there is some unique money available to the National Institutes of Health to try to develop a pain medicine that is nonaddictive; $500 million went toward that effort. In all of these cases, we feel as though we have produced a good bill out of our committee. It has about one-third of the money in it after defense is taken off the table. It is a big bill that covers a large jurisdiction. Everyone in the Senate deserves a chance to be part of this debate. Everyone in the Senate deserves to look at how the appropriators--I think it was 33 to 1 that they voted for this bill--have decided to spend the money. It may be the way everyone decides to spend the money, but everyone ought to have a chance on this floor to say ``No, I think this money would be better spent here and here, better spent this way and that way.'' Every single Senator ought to be able to be part of that discussion. If we continue this process that we have been in for a few ***years***--one big bill that nobody ever gets to vote on--that means the Senators who aren't on the Appropriations Committee will not have a say in establishing our national priorities. It is time to do that. These bills are all out of committee and have been for almost a month now. We have had three of them on the floor already. I think we plan to have four of them on the floor next week, and maybe Defense, Labor, and HHS not too long after that. These are big issues that every Senator should have a say in, and the only way that will happen is if these issues are decided right here on the floor. Hopefully we will set some records, at least, of having these bills on the floor and debated. I yield the floor. The PRESIDING OFFICER. The Senator from Pennsylvania. Mr. TOOMEY. Mr. President, I want to reflect on some of the data that has been coming in on our economy in response to our tax reform and deregulatory push. Before I do, I want to commend my colleague from Missouri and thank him for his leadership and work on the incredible crisis of opioids we are dealing with. It is not a uniformly national crisis; it is more concentrated regionally, and my State of Pennsylvania is affected as badly as any place in the country. I am pleased we have been able to take a number of constructive measures, but we have a lot of work yet to do as we try to deal with this scourge. I want to thank him for that. Tax Reform Mr. President, on tax reform, before I get into some of the macro and statistics that are really, really incredibly encouraging, I just want to touch on a couple of constituent companies and their employees and how our tax reform is affecting them. One is a company called Glass & Sons Collision Repair. They are located in Reading, PA, which is in the eastern part of our State. They recently announced that they will be paying $1,000 tax reform bonuses to all of their employees--$1,000. This is a small business. It is a father-and-son business. The owners, Charles and Trevor Glass, made the decision to pay the bonuses right after they met with their accountants and learned how much they are going to save as a result of tax reform. The first thing they did is say: We are going to share this with our employees. It is a terrific development for everyone involved. There is another company on the other side of the State, in Somerset, [[Page S5051]] the southwestern part of the State. It is a company called Guy Chemical. They recently announced that not only are they increasing wages and bonuses, but they are also making all new investments, including buying a new forklift, updated computer equipment, new software, and they are building a new lab for research and development that will be five times the size of their old lab. They are doing this because of tax reform and the confidence they have in the economic growth that is occurring in this reformed environment. It is not only individuals who work for companies that have been able to pay higher wages and bonuses who benefit from tax reform; it is just about everyone. About 93 percent of all of the folks I represent and all of the folks we all represent--when they file their tax return for this ***year***'s income, they are going to pay less in Federal income taxes. According to the Tax Foundation, the direct savings for a Pennsylvania family with an income in the $50,000 to $70,000 range--it will be about $1,400 in savings. In addition to the direct savings from a lower Federal tax bill, because of the savings that Pennsylvania utilities have on their Federal tax bill, they are required to pass that on to their customers, and that is exactly what they are doing. So far it is a combined $320 million in annual savings to Pennsylvania consumers in the form of lower utility bills as a result of our tax reform. There is no question that there are tremendous, direct personal and individual benefits across the board. Related to that is the fact that the economy is just taking off. The economy has been on fire. This ***year*** it has been tremendous. Nothing reflects the strong economic data better than the employment picture. It is fair to say that the employment picture in America may never have been this good. I know that is making a very bold statement, but stay with me here as we go through some of this data. In the month of May, we had the lowest unemployment rate since 2000-- the lowest unemployment rate in 18 ***years***. The African-American unemployment rate hit an all-time record low. It has never been measured as low as it was in May, at 5.9 percent. Likewise, the Hispanic unemployment rate hit an all-time record low, at 4.6 percent in June. Small business optimism was at the second highest level on record ever, this past month of May. Dividends paid from overseas subsidiaries of U.S multinationals, dividends paid back home--money that is sitting overseas and invested back in America--reached an all-time record high in the first quarter because we changed the rules to diminish the penalties we used to have when an American company brought income that was earned overseas back home. Well, one of the things we wanted to have happen as a result of our tax reform was that we wanted to see more capital expenditures--more companies putting money to work buying plants, plant equipment, technology, and tools. Guess what. For the first quarter of this ***year***, there was tremendous growth in capital expenditures by American businesses. It is up over 7 percent, well above even the ambitious estimate that came out from the Congressional Budget Office late last ***year***. I think one of the most amazing statistics about this whole employment picture is what happened in March. We saw that in the month of March--again, the first time ever that I am aware of--the number of job openings in America, meaning the number of available jobs that need to be filled, was greater than the number of people looking for jobs. Think about that. There are more jobs available in America than there are people looking for jobs in America. That is terrific for people who need work. The jobs are out there. The National Federation of Independent Business, which is America's largest network of small businesses, were surveyed in June. Sixty-three percent--almost two-thirds--of these small business owners reported that they were hiring or trying to hire. That is the highest level we have seen since 1999. And 87 percent of those who are trying to hire, or are actually hiring people, are concerned that there are just too few people out there available to be hired. So, in a way, the economy is growing so robustly and the job opportunities are expanding so quickly that we have a shortage of workers. We have too few people available to meet the demand for all of these jobs. It is the right problem to have. So what happens as a result of that? It is exactly what we predicted. People who have decided to leave the workforce, to give up on work-- people who are of working age and are healthy but decided, for whatever reason, not to work--are coming back into the workforce. They are coming back in big numbers. In the month of June, over 600,000 Americans who had worked in the past but then had stepped out of the workforce for whatever reason came back into the workforce. The biggest proportion of these folks are people who have never gone to college, but they have a renewed confidence and optimism about the economy. They have confidence in opportunities available to them, despite the fact that they don't have a college income. They have decided that they are going to reenter the workforce and, in the process, start to improve their standard of living. By the way, the labor force participation rate rose really across, I think, all ethnic groups, including women, men, African Americans, and Hispanics. It is up across the board. So far this ***year***, over 1 million workers who had left the workforce are back in it. That compares to about half a million workers in the first half of last ***year*** and about 600,000 in 2016. So there was a big surge in the number of workers coming back into the workforce, and they are finding jobs. It has improved our overall population, our overall percentage of working-age people who are, in fact, working. As I say, it is across all demographic groups and contributing enormously, first and foremost, to improving the quality of their lives and their family's lives but also our overall economic growth. What else did we get from the June jobs report? In June--in the month of June alone--there were 213,000 jobs added. That is a very, very rapid pace. Oh, by the way, these numbers are always provided subsequently. So in June we got the revision for April and May, months that had good job growth. It turns out that it was even better than we thought. All together, there were 37,000 more jobs when we revised the April and May numbers than we had originally figured. There was a modest uptick in the unemployment rate, but don't be fooled by that. That is because with so many additional people entering the workforce, we are counting far more people now in how we determine that. One of the truly exciting things about this is that for many, many ***years***, we have had stagnant wages. Wages just weren't rising very rapidly. It is because productivity wasn't growing. That, I think, was being driven by the fact that there wasn't considerable growth in capital expenditures. Now that we have changed that dynamic and capital expenditure is growing, productivity is growing and wages are starting to grow. I am not satisfied with the growth yet, but it is very encouraging that the direction is positive. Based on the employment cost index, wages grew about 2.9 percent in the first quarter. That is the fastest pace in a decade--the fastest pace in 10 ***years***. Average hourly earnings for nonmanagers rose at their fastest pace in 9 ***years***. In June, interestingly, pay for workers who switched jobs rose at 3.8 percent, which is a clear indication that employers are forced to bid up wages because they need to hire workers, and they are having trouble finding the workers. This whole dynamic is very, very encouraging. It means wages are growing and are likely to grow more. I should also point out that there is a feature in the arithmetic that suggests that it could mask the extent to which wages are growing. What I am referring to is when I say that average wages are growing by 2.7 percent. That is true, but let's keep in mind that when we get a surge of new people into the workforce, most of those people are coming in at the lower end of the wage spectrum. Maybe it is their first job or maybe they have been out of work for a long time, or maybe, as I pointed out, [[Page S5052]] they don't have the same level of education and skills of people already in the workforce. So they are starting at a lower-than-average wage. So all else being equal, that would tend to bring the average down. So despite that, when you have growth, that tells us that people who have been continuously employed are getting an even bigger growth in their wages. So this is very, very encouraging. I think it is likely to continue. It is exactly what we were hoping would happen as a result of our tax reform. But there is another whole development that is not directly about wages, but when you think about it, it makes a lot of sense. With all of these people finding work, with all of these opportunities for work and people coming back into the workforce, guess what. There is a reduction in dependency on government ***programs*** because people are able to earn the income to support their families. So, for instance, in the 4-week average of unemployment benefits claims, one of the things we monitor closely, the number of people who are collecting unemployment hit a 45-***year*** low of 213,000 in May--45 ***years***. You have to go back 45 ***years*** to find so few people who required unemployment for an extended period of time. It is really amazing, when we consider how much bigger a country we are today, that we have gotten down to a number that was matched only 45 ***years*** ago--amazing. We can look at the disability benefits. According to the Social Security Administration, fewer Americans applied for disability benefits last ***year*** than at any time since 2002, 16 ***years*** since we have had a number this low. We can also look at the food stamp ***program***. Two million people have come off of food stamps because they are working and they are earning enough that they either don't need it or they don't qualify anymore. So these are very, very encouraging trends. As I say, because the driver is a new set of incentives that is encouraging capital expenditure and, therefore, productivity growth, I think this is really likely to continue. The macro GDP numbers reflect this as well. The Congressional Budget Office last ***year*** estimated that growth for 2018 would be about 2 percent. As a result of tax reform, they revised that up to 3.3 percent. As for estimates for the second quarter--the quarter that just ended--we don't have the numbers yet. It is still a couple of weeks away, but the estimates are that growth was probably equal, maybe even more than 4 percent. So we have had tremendous growth. We already had a great first quarter relative to other first quarters, and the second quarter is probably very, very big. All of this, of course, means that if this growth is sustained, which I think it is likely to be, not only will we continue to have good employment numbers like we have had, but we are also going to have good budget numbers. The Federal Government budget is driven more than anything else by how strong our economy is and how many people are working. Everybody working is paying taxes. Every company that is making money is paying taxes. So revenue coming into the Federal Government is likely to be very strong. So I am very optimistic. I think it is very clear that the combination of pushing back on excessive regulation and a tremendously pro-growth tax reform has led to this growth. I should warn that I think there is a bit of a cloud on the horizon. I hope it doesn't develop into a big storm. Right now it is just a cloud, but that cloud is trade policy that could really start to hinder economic growth. It is interesting. We had testimony at the Banking Committee just yesterday from Fed Chairman Powell. I pointed out that the minutes for the June meeting of the Federal Reserve's Open Market Committee had a disturbing reference. I will quote briefly: The FOMC minutes for June stated: ``Some Districts indicated''--they refer to the various districts around the country--``that plans for capital spending had been scaled back or postponed as a result of uncertainty over trade policy.'' That is a warning. That is a warning to us. If we spiral down into a full-blown trade war--and we certainly have a lot of skirmishes going on--and if this spirals out of control, business will start to pull back. They will lose the confidence they have had, and that could lead to diminished capital expenditures, which will start to really diminish the tremendous growth that we have seen. So far for this ***year*** the economic picture has been extremely encouraging. Benefits are very broad-based. Economic growth is broad and strong. There are employment numbers that we haven't seen in decades. I believe this can continue. It is much more likely to continue if we avoid a damaging trade war. With that, I yield the floor. The PRESIDING OFFICER. The Senator from Rhode Island. Climate Change Mr. WHITEHOUSE. Mr. President, I am grateful today to be joined by Senator King, from the great State of Maine, to speak about the troubling changes that we are seeing in the oceans and how climate change is reshaping our States' fisheries. The Food and ***Agriculture*** Organization of the United Nations recognizes that ``climate change imperils the structure and function of already stressed coastal aquatic ecosystems.'' For the record, Maine and Rhode Island are indeed aquatic. The oceans have absorbed approximately 30 percent of the excess carbon dioxide that we have pumped into the atmosphere since the Industrial Revolution began. That is changing the ocean's chemistry. The oceans have also absorbed roughly 90 percent of the excess heat trapped in the atmosphere by those greenhouse gases. As a result of that excess carbon dioxide and that excess heat, our oceans are warming, and they are rising. They are losing oxygen, and they are growing more acidic. This puts marine life, coastal communities, and the global ocean economy all in jeopardy. Commercial fishing is an important economy in the United States, and both Maine and Rhode Island celebrate our longstanding fishing traditions. According to the National Marine Fisheries Service, over 9.6 billion pounds of wild seafood, valued at $5.3 billion, was commercially landed in the United States in 2016. Across New England, American lobster was our most valuable fishery. We had lobstermen bringing around $663 million--two-thirds of $1 billion--worth of lobster to shore. Sadly, Rhode Island's lobster fishery is badly knocked down by warming ocean waters. NOAA notes: ``The lobster industry in New York and southern New England has nearly collapsed.'' Maine dominated the catch, bringing in nearly 85 percent of the lobster landed in the region. According to NOAA, from ``1994 to 2014, Maine's landings surged 219 percent to more than 124 million pounds.'' The lobster population is shifting north, away from Rhode Island, New York, and Connecticut, as waters warm, leaving Rhode Island and other southern New England lobster traps empty. But Mainers are taking notice, too, as warming waters are driving lobster even farther north along their rocky coast. A recent study of 700 North American marine species predicted that lobster populations could move 200 miles northward by the end of the century as waters continue to warm. Senator King can report what 200 miles does to the coast of Maine. Lobster is not the only fishery feeling the heat in New England. A 2017 study of global warming found that the greater Northeast region is anticipated to warm faster than other regions of the world. According to the ``Climate Science Special Report,'' a Federal report that will form the scientific basis of the Fourth National Climate Assessment, ``the Northeast has warmed faster than 99% of the global ocean since 2004.'' We have a global ocean hotspot off our coast. The Northeast is also expected to see higher than global average sea level rise, putting our ports, fishing docks, and coastal infrastructure all at risk. Fishermen have noticed. They are keenly aware of the myriad ways climate change is altering the waters that generations of their families have fished, and they see the difference. Fishermen in Rhode Island have told me: ``Sheldon, things are getting weird out there.'' ``Sheldon, it's not my grandfather's ocean.'' They share anecdotes of catching increasing numbers of tropical fish early in the summer season and seeing fish [[Page S5053]] that rarely frequented Rhode Island waters until recent ***years***. As new fish move in and traditional fish move out, fishermen are left with more questions than answers. In Southern New England, black sea bass has become the poster fish for shifting stocks. As we can see in this graphic, the 1970s had a hub of black sea bass here, with this as the center and then a slight reach upward but basically off the mid-Atlantic coast. This is 2014. The center of activity has moved up closer to Rhode Island. We are right here. Of course, black sea bass populations in our region have increased concomitantly. This commercially valuable fish, the black sea bass, can help Rhode Island fishermen replace traditional species that are growing more scarce, like winter flounder--the fish my wife studied for her graduate work--which has crashed as winters warm. The current fisheries' management structure, however, forces Rhode Island fishermen to toss the increasingly abundant and valuable black sea bass overboard. NOAA scientists saw this northward transit of the sea bass coming ***years*** ago, but regulatory catch limits did not keep up. They are generally based on historical catches. And States are hesitant to give up quota even after the fish have moved northward and left their shores, so State-specific quotas badly lag the changing distribution of the fish. A former Mid-Atlantic Fishery Management Council scientist acknowledged that fish like summer flounder are moving north and told NPR that ``some of the Southern states are having trouble catching their quota, and states to the north have more availability of fish.'' Dave Monti is a friend who is a charter boat captain out of Wickford Harbor in North Kingstown, RI. Dave said: There's no doubt the waters have warmed and black sea bass have moved in. The quotas haven't done a good enough job at figuring in climate change yet. Mr. President, I ask unanimous consent to have printed in the Record an article from the Providence Journal describing the changes that Captain Monti sees and our local efforts to deal with these changes. There being no objection, the material was ordered to be printed in the Record, as follows: [From the Providence Journal] Front Line of Climate Change: Black Sea Bass Surge Off R.I (By Alex Kuffner) Providence, RI.--Scientists tell us that some fish will be winners and others losers as oceans warm. In Rhode Island, count lobster, silver hake and winter flounder among the losers, their numbers plummeting as climate change drives water temperatures higher. On the list of winners so far are squid, summer flounder, butterfish. And black sea bass. The population of the dusky-colored fish with striking blue accents has historically been strongest off the mid-Atlantic Coast, but over the past decade or so its numbers have spiked off New England and it is becoming a more important catch for the region's fishermen. In a telling sign of black sea bass's surge in Rhode Island, the state Department of Environmental Management last month loosened regulations governing the recreational fishery for the species, extending the season by 31 days and increasing the fall possession limit to seven fish per person per day, from five. It may appear to be a small development, but the rules change resulted from a heated debate among state and federal regulators about how best to manage a species whose distribution and abundance has gone through a striking shift that few would have imagined a generation ago. The back-and-forth over the fish also signals more difficulties to come as regulators struggle to respond to the impacts of climate change on the marine environment. Similar issues are already playing out with summer flounder, another warm-water fish that is becoming more common off the north Atlantic coast. How they are managed will have important implications not only for those fish but for lobsters and other key species in the ocean ecosystem. ``We're in an adaptive mode right now,'' said Bob Ballou, assistant to the director of the Rhode Island Department of Environmental Management and chairman of the Atlantic States Marine Fisheries Commission's black sea bass and summer flounder boards. ``It's occupying all our time to think through all the approaches to better manage these resources.'' One of the key assumptions that the nation's fishery management system is built upon is that species don't move between general geographic regions. That traditional regulatory framework held up for a long time, but rising water temperatures and the resulting shifts in species distribution and abundance are forcing the beginnings of change. In the case of black sea bass, it's not that the population of the fish is simply relocating north. Numbers are still decent in the southern portion of the fish's range, but they are much stronger now off the coasts of New York, Connecticut, Rhode Island and Massachusetts--places where the waters used to be too cold to support large populations. In Rhode Island, water temperatures in Narragansett Bay have risen about 3\1/2\-degrees Fahrenheit since 1959, according to weekly monitoring done by the Graduate School of Oceanography at the University of Rhode Island. Warmer winters, in particular, have allowed black sea bass to thrive this far north. In the 1980s and 1990s, a fish trawl survey conducted by the DEM rarely caught a single black sea bass in Rhode Island waters, but incidence of the species has risen steadily, especially over the past decade, and now each trawl nets about two black sea bass on average. Because black sea bass move between federal and state waters, the fish is managed jointly by the federal government, through the Mid-Atlantic Fishery Management Council, and states, including Rhode Island, through the Atlantic States Marine Fisheries Commission. Although scientists have long known that concentrations of the fish have been shifting north toward the Gulf of Maine, it wasn't until 2016 that regulators started to factor in the change. That ***year***, a new stock assessment for black sea bass formally recognized for the first time two distinct populations of the fish, a northern group around New England and a southern group from New Jersey to the Carolinas. The growth in the northern group more than made up for the southern group's mediocre numbers, and the assessment determined the total population of the fish to be nearly two and a half times higher than the minimum stock threshold set by regulators ``That was a really big step forward,'' said Jason McNamee, chief of marine resource management for the DEM. ``The science is now catching up to what's going on with the environment.'' But despite the robust overall picture for the fish, the ASFMC's proposed quotas for this ***year*** called for a 12-percent reduction in the northern region's catch to allow the southern region, the historic center of the black sea bass fishery, to increase its share. Rhode Island, New York, Massachusetts and Connecticut filed an appeal, and on May 3, the fisheries commission relented, allowing what amounts to a four-percent increase for the northern region. The stakes are high for Rhode Island, which is experiencing deep changes to the composition of its marine species because of its location, at the junction of what ocean scientists call the Boreal Province--cold waters that include the Gulf of Maine to the north--and the Virginian Province--warmer waters of the mid-Atlantic to the south. ``We're right at the front lines of these changes,'' McNamee said. ``These mid-Atlantic species are our most important species now.'' Dave Monti reeled in another black sea bass. Like the five others caught in Narragansett Bay on a recent morning, at less than 15 inches long, it was too small to keep. So Monti started working the hook out of its mouth. ``You've got to be careful of the dorsal fin,'' he warned. ``It'll stick right into you.'' As regulators have tightened catch limits for striped bass and other saltwater game fish that were historically abundant in Rhode Island waters, black sea bass has filled the void, said Monti, a charter boat captain who docks his boat in Wickford Harbor. ``They've saved my charters over the past couple ***years*** when other fish aren't around,'' he said. Seas were too rough to visit his favorite place to fish for black sea bass, a patch of waters in the open ocean near Brenton Reef off Newport, so he steered his 44-foot boat the Virginia Joan to a few spots in the Bay between Jamestown and Narragansett. Black sea bass is a reef fish that likes rocky bottoms and patrols the waters around jetties and pilings for prey. It's a hermaphrodite--some fish switch sexes as adults. The species can be found off Rhode Island ***year***-round, typically coming inshore to the Bay in the spring to spawn and wintering farther off the coast. Just south of the Jamestown Verrazzano Bridge, Monti reached for a rod from a holder overhead. He called it his ``sea bass slayer.'' It was fitted with a shiny, red-tinted lure and he baited the hook with a slice of squid and a little fish called a silverside. A few minutes later, the first black sea bass was caught. It doesn't take much work to find the fish these days, said Rick Bellavance, president of the Rhode Island Party and Charter Boat Association. ``Black sea bass are a charter boat operator's dream,'' he said. ``They're pretty prevalent, they're easy to catch, and they taste great.'' On a recent charter to Block Island, the six clients on Bellavance's boat caught only two striped bass and one bluefish between them, so he started setting lines for black sea bass. They promptly snagged 20 of the fish that were big enough to take home. [[Page S5054]] Although he applauded the new regulations, he said the changes have been slow to come and haven't gone far enough. He'd like to have the current six-month season extended ***year***- round and the per-person daily limit raised to 10 fish. ``We need to recognize that the stock has shifted to the north and to the east,'' he said. ``Rhode Island is closer to that epicenter than it used to be.'' Monti, who is vice president of the Rhode Island Marine Fisheries Council, which advises the DEM on state fishing policy, agreed. ``There's no doubt the waters have warmed and black sea bass have moved in,'' he said. ``The quotas haven't done a good enough job at figuring in climate change yet.'' About half the morning's catch on Monti's boat were black sea bass. Among the rest were other warm-water fish that are becoming more common in Rhode Island: scup and summer flounder. After Monti freed the little black sea bass from the hook, he held it in his hand. As the fish age, their scales become more blue. This one had yet to develop the bright coloring, but it was still striking. ``Pretty, isn't it?'' Monti said as he dropped it back into the Bay. Not everyone loves the fish. Black sea bass have voracious appetites, hunting on the ocean bottom for crabs, clams and shrimp. The fish don't have teeth but will swallow crustaceans whole. Lobstermen complain of pulling up their traps and finding black sea bass inside that have gobbled up their lobsters. ``I see it everyday,'' said Lanny Dellinger, a Newport lobsterman and board member of the Rhode Island Lobstermen's Association. ``Everyday, every trawl. It doesn't matter if it's mud bottom, hard bottom, deep water, shallow water. There are so many black sea bass, it's unbelievable.'' The rise of black sea bass is coming at the same time that the lobster catch is on a steep decline in Rhode Island, falling from 8.2 million pounds in 1998 to 2.3 million pounds in 2016, according to the National Marine Fisheries Service. Lobster is a cold-water species that is moving north as Rhode Island's waters warm. The higher water temperatures have made the lobsters that remain more susceptible to shell disease. Dellinger and others believe that predation by black sea bass is also pushing down the lobster numbers. Black sea bass could be contributing to the decline, but the fish is probably not the primary cause, said Jon Hare, science and research director at the National Oceanic and Atmospheric Administration's Northeast Fisheries Science Center in Woods Hole. Crabs and other crustaceans that the fish eat aren't feeling similar impacts, he said. McNamee agreed, saying that the fish generally prey on smaller juvenile lobsters, leaving the bigger ones alone. As part of a larger study of black sea bass, the Rhode Island-based Commercial Fisheries Research Foundation is analyzing the gut contents of fish caught by nine participating commercial and recreational boats. ``We know that black sea bass do eat lobster, but we just don't know if the rate of consumption is having an impact on the size of the lobster population,'' said Anna Malek Mercer, executive director of the foundation. One lobsterman sent her photos of a 2\1/2\-inch long lobster found inside a black sea bass in a trap. ``When they end up in lobster traps, there usually aren't any lobsters inside,'' she said. Dellinger wants loosened regulations on both the recreational and commercial sides to allow fishermen to catch more black sea bass. He likened the fish to coyotes that need to be culled or to rodents afflicting farmers. ``It's like owning a corn bin full of rats and nobody's allowed to get rid of them,'' he said. Despite the recent changes, scientists and fishermen in Rhode Island say that the management system for black sea bass is still outdated. Tellingly, none of the New England states has a seat on the Mid-Atlantic Fishery Management Council--one of the two key decision-making bodies for the species--even though much of the fish's population is located off the region's coast. That has meant that allocations remain high for fishing boats in states like Virginia and North Carolina that must sometimes travel half a day north to find the fish, while Rhode Island boats are forced to discard their catch because, local fishermen say, their quotas aren't high enough. The southern states don't want to give up their share because black sea bass fetches a good price--more than $3 a pound on average--and the commercial fishery is growing in value--tripling since 2009 to more than $12 million. The black sea bass study being done by the CFRF is using different gear types--from gill nets to trawls to lobster traps--to gather more data on the species and strengthen stock assessments that may be missing some fish. Malek Mercer said that scientists are getting a better understanding of the fish's changing population, but managing the species is the problem. ``For better or worse, science is not going to fix that,'' she said. ``But if we get our management there, I do think we can have a really strong black sea bass fishery here.'' McNamee described the management system as ``deliberative and slow by design.'' He acknowledged the frustration felt by Rhode Island fishermen who have seen the state's traditional groundfish stocks drop off while black sea bass proliferate. ``There's still way more fish to catch than fishermen can get access to,'' he said. Mr. WHITEHOUSE. Mr. President, we have to fix this. To use the black sea bass example, the species is comanaged by the Mid-Atlantic Fishery Management Council and the Atlantic States Marine Fisheries Commission. Rhode Island only has a seat on the Atlantic States Commission; it does not have a vote on the Mid-Atlantic Council. That means that my State is not fully represented in the decision-making process, and perfectly good black sea bass keeps being thrown into the sea by fishermen who ought to be able to bring that catch home. In 2016, NOAA scientists assessed the vulnerability to the effects of climate change of over 80 commercially valuable species in the Northeast. So this is not just a story about black sea bass or about lobsters; this Northeast climate vulnerability assessment ranked species based on climate risk and sensitivities to changing ocean conditions. Here is the climate risk factor graph. As we see, all 80 species scored in the high or very high risk of climate exposure categories. All 80 commercially valuable species they studied faced high or very high risk. This is a red flag for our fisheries. Maine is the place for lobster. In Rhode Island, squid is king. In 2016, 56 percent of the longfin squid caught on the east coast was landed in Rhode Island. According to NOAA, this catch was valued at over $28 million, accounting for nearly 30 percent of our landings value in 2016. But climate change is putting our calamari at risk. Warm waters may actually open more habitat for the species, but its carbon cousin, ocean acidification, is the hazard. Like its shellfish brethren, squid require calcium carbonate--for squid, it is to grow the hard beaks they use to feed. Acidic waters decrease the availability of this necessary compound in the seawater and can even dissolve calcium carbonate organisms' shells under extremely acidic conditions. On the west coast, shellfish farmers have been dealing with ocean acidification since the mid-2000s. Dr. Richard Feely is the researcher who first identified ocean acidification as the cause for oyster spat failures in the Northwest back in 2005. He noted in a recent NPR article that the acidification problem is only going to get worse. ``The acidification water welling up from the ocean floor now contains carbon dioxide gas emitted 50 ***years*** ago.'' Carbon emissions are worse since then. Some hatcheries in the Northwest are already moving operations to less acidic waters off Hawaii, and others are looking to buffer the water with seagrasses to absorb carbon and lower acidity. Shellfish farmers in Rhode Island are facing the challenge of acidifying waters as well. At the same time, marine species are also facing deoxygenation, increased harmful algae, and other consequences of a warming and acidifying ocean. The symptoms of climate change in the ocean are everywhere. A recent study in Global Change Biology warned that reduced oxygen availability could limit the growth of fish and other species. Fishermen can't make a living off sick and tiny fish. California's lucrative Dungeness and rock crab season was cut short in 2015 to 2016 due to a harmful algae bloom. Our Great Lakes have been hit too. I went out on Lake Erie after the horrible algae event there, and the fishermen who took me out sounded like Rhode Islanders. One of them said: ``Everything I've learned from fishing a lifetime on this lake is worth nothing now, because it's all changing so fast.'' If we have an opportunity to have an open, bipartisan debate on a strong Magnuson-Stevens Act reauthorization, I urge my colleagues not to overlook the toll climate change is taking on our fishing industry. The changes that are happening in our oceans do not care whether you believe they exist. The physics, chemistry, and biology driving these changes will happen anyway, and our fishermen are depending on us to give the scientists and the managers the tools and resources they need to meet the challenges climate change is bringing to our shores. I now yield to my friend from Maine to give the perspective from his rocky shores. [[Page S5055]] The PRESIDING OFFICER. The Senator from Maine. Mr. KING. Mr. President, I first want to thank Professor--I mean Senator Whitehouse for the information he shared. It was compelling, important, and very worthy of our deep consideration. To talk about renewing the Magnuson-Stevens Act without talking about the effects of climate change and the effects on the water itself would be an enormous missed opportunity. First, I commend Senator Whitehouse, the Senator from Rhode Island, for his longstanding commitment to the issue of climate change, the well-worn ``Time to Wake Up'' poster, and the work he has done over the ***years*** to force us to pay attention to this issue. I am, as he indicated, going to talk about what is going on in the Gulf of Maine, but I want to broaden the discussion just for a few moments to talk about the issue of climate change as a broader question before us. This isn't some environmental dream. It is not something that was invented by someone. It was discovered by scientists, and it is dollars and cents. It is the most practical problem that we have to deal with. I am on the Armed Services Committee. We are talking about military bases all over the world--some as close as right down in this region and then down toward Norfolk, VA--that are under a severe threat from rising sea levels and that are going to cost us billions, if not trillions, of dollars to upgrade and maintain because of rising sea levels. This isn't something abstract. This is something that is happening today, and it is something that we are going to have to deal with that is going to have an enormous cost. The longer we put off preventing and dealing with this issue, the higher that cost is going to be. There is a second reason this is a national security issue, and that is the aggravation of conflict and the initiation of migration. The number of refugees from Syria--which has disrupted the politics of Europe and disrupted many of the European countries and, indeed, has had a reflection here in this country--is roughly 3 to 4 million people. The estimate for refugees from climate change--from extreme temperature, from drought, from famine--is in the hundreds of millions as opposed to 3 to 4 million from Syria. Imagine the disruption to all of the countries of the world that are destinations for these refugees who are fleeing places that have become uninhabitable. This is a question we are going to have to address, and, as our military characterizes it, it is a threat multiplier because when you have people moving from one region to another, you have conflict. From time immemorial, conflict has largely been based on things like access to water and access to arable land, and we are talking about an enormous accelerator of that across the world. Now let me talk about the effects in my home State. First the good news. Lobster landings in Maine are up. We have ridden a lobster boom over the past 30 ***years***. Since the 1980s, the poundage of lobsters harvested in Maine has grown 500 percent. When I was Governor, a good harvest of lobsters was 50 to 60 million pounds; 2 ***years*** ago, it was 127 million pounds--more than double. That is the good news. The bad news is that it is starting to change, and we may have seen the turning point in this boom. We don't know that, but the last 2 ***years*** have been down substantially from the peak in 2016. We will see what happens this ***year***. Hopefully, it is a blip and not a trend. By the way, one of the reasons the lobster industry has survived and flourished in Maine is not only the favorable impact of gradual increases in temperature but because of the conservation ethic of the lobstermen themselves, who voluntarily throw back egg-bearing females. They cut a V-notch in their tails so they won't be caught again. If they are too small or too large, they throw them back. An amazing ethic of conservation has been imbued in the culture of lobstering and also in our laws for many ***years***. So the fact that we still have a lobster fishery and that it is as vigorous and as productive as it is, is due in large measure to the creativity and conservation ethic of our lobstermen. Here is the bad news. The bad news is, when water temperature gets to about 68 degrees, it is like turning a switch. It stresses the lobster population to the point where they can't survive. The good news is, it gets warmer, and they multiply. The bad news is, once it reaches a certain critical point, the species could collapse. Indeed, that is what has happened, as the Senator from Rhode Island has indicated, to the once-plentiful lobster population of New York, Massachusetts, and Rhode Island. The problem is, over recent ***years***--and I have talked to a lobsterman friend today, just this afternoon--the center of gravity of lobstering along the Maine coast is steadily moving north and east. He told me it has moved about 50 miles in the last 10 ***years***. The other problem that is occurring is that the lobsters are going further offshore to seek cooler water, which means the lobstermen have to go further. They have to have bigger boats. They have to make more of an investment in order to make a living. Right now, we are in good shape, but the trend is not good. We are seeing other changes that have magnified both the boom, and what we are worried about is the bust. We have seen changes decline in some fish species like the cod that fed on baby lobsters. Now, as Senator Whitehouse mentioned, we are seeing a growth of a fish that was never seen in Maine in the recent past, the black sea bass. My friend tells me, today they are catching triggerfish in the Gulf of Maine, which is a North Carolina species. They have even caught seahorses in lobster traps. This is a dramatic change as the waters warm. As I mentioned, if they get close to the 68-degree level, the lobster population is in trouble. It is not only lobsters. By the way, lobstering is a serious business in Maine--half a billion dollars just in land value, a billion and a half dollars in the overall economic impact of this species to our State. By the way, before I leave the question of lobsters, I have to acknowledge the comments made by the Senator from Pennsylvania earlier when he was talking about the economy, and he flashed a warning light at the end of his remarks about trade and tariffs. We are already seeing the negative impact of what I consider ill-considered tariffs on China. The first place they retaliated was against lobsters. Twenty percent of the entire lobster catch in Maine is sold and exported to China. It is our fastest growing market. If the Chinese tariffs they have already announced are imposed and fully implemented, it could cut that to zero. Canada doesn't have those tariffs. Canada is not engaging in a trade war with China. Canada and other countries are moving into the vacuum we have created. The idea that we can impose tariffs on other countries without any ill effects here just isn't true. Right now, it looks like the lobster industry, soybeans in the Midwest, maple syrup in Vermont, other ***agricultural*** products across the country are going to be collateral damage in an incipient trade war that I don't understand where it is going. I would like to know what the strategy is. What is the end game? Where does this go? So far, I haven't seen any indication of that. What I have seen an indication of is severely dangerous impacts on our economy industry. Another part of our ocean ecosystem is clams. There is a massive decrease in harvest because of two reasons: One, acidification. As the Senator from Rhode Island indicated, 30 percent of all the carbon dioxide that has been emitted during the Industrial Revolution has ended up in acidification in the ocean and, two, nonnative green crabs, which are exploding because they like the warmer water. They have been around for 100 ***years***, but that population is growing enormously. They are just devastating the clams. Green crabs can consume 40 half-inch clams a day. Those crabs have decimated blue mussels and scallops along the shore. They are going for clams, and we are concerned that maybe lobsters could be next. Warming water and shifting predators are not the only challenges we face: more carbon dioxide into the atmosphere, absorbed into the ocean, and one-quarter of what is emitted goes into the ocean. The ocean then becomes more acidic. Any kind of shelled [[Page S5056]] animals--lobsters, clams, oysters--expend evermore energy maintaining the pH balance in their bodies, and that means they can't grow and reproduce. The world's oceans have become 30 percent more acidic since the Industrial Revolution. Oysters have become a great new product for Maine. We are growing them in oyster farms along the Damariscotta River and other places. You can go to fancy restaurants and see Damariscotta oysters. They are wonderful. My friend Bill Mook, who is one of the pioneers of the oyster industry in Maine, has had to move the incubation of his oysters out of the ocean, out of the natural river, onshore, and into tanks so he can buffer the water to minimize the acidification and then put them back in the water to grow out. That is a pure result of climate change and acidification of the ocean. Freshwater runoff is another issue that increases the acidification. We have had an enormous increase in the amount of freshwater rainfall in this country, and in Maine that has increased the acidification in the oceans. What do we do? The first thing we do is admit there is a problem. You can't solve a problem if you act like there is nothing wrong. The first thing we have to do is admit there is a problem. I think more and more people are coming to that conclusion. When this administration was nominating people, the refrain I heard in all of the hearings was climate is changing, man has an impact on it, but we don't know how much. That is progress. At least it is an admission that something is happening. What do we do? We admit there is a problem. I think we are close to reaching that point. The second thing we have to do is more research. We have to continue to fund the science to do the research to understand what is happening, to understand what we can do to mitigate these risks. Research and scientific data is crucial. For some of our great agencies that have the people who have been researching this for ***years***, to be suppressing the research or not supporting it or burying it is not a service to our country. Research is crucial. We need the facts. We need the data. We need mitigation strategies. We also need to pay attention to the underlying cause of climate change, which is a combustion of fossil fuels and the enormous amount of carbon dioxide that is being added to the atmosphere. This is a long-term challenge. It is not something we can solve in the next 1 or 2 ***years***. Some people ask: Well, it is such a long-term challenge, why are we doing it? Because it may not be solved for 50 ***years***. In my office is Edmund Muskie's desk. I sit behind Edmund Muskie's desk--one of the greatest Senators of the 20th century and one of the greatest citizens Maine has ever produced. Fifty ***years*** ago--2 ***years*** from now, 1970--Edmond Muskie led the passage of the Clean Water Act and the Clean Air Act, which are two of the greatest and most important pieces of legislation passed in this body in the last 100 ***years***; the first real recognition that we had a responsibility to the environment, that we had a responsibility to our children and our grandchildren. By the way, astoundingly, the Clean Water Act passed the U.S Senate unanimously. Can you imagine? We can't agree on the time of day unanimously in this body. In 1970, under Ed Muskie's leadership, the Clean Water Act was passed unanimously. The point I want to make is, the steps they took almost 50 ***years*** ago have cleaned up our rivers, have cleaned up our atmosphere, have made parts of our country blossom again. In Maine, we are working on our rivers. The towns that turned their backs on the rivers are now turning back toward the rivers because people can fish, swim, and enjoy the rivers. When Ed Muskie started his lonely crusade in the late 1960s, the rivers were essentially open sewers. Fifty ***years*** ago, Ed Muskie started that work. We see the benefit of it today. We should be doing the same thing. The fact that it may not come to fruition for 20, 30, 40, or 50 ***years*** is no reason to not start now. We have to start. This isn't pie in the sky. This isn't somebody trying to impose new regulations. This isn't something that is made up by environmentalists or people who just don't want to see any development. No. This is lives and livelihood. These are families, communities. It is responsible stewardship and just plain common sense. There is a lot of science, and there is a lot of complexity to this issue. It seems to me we can take inspiration from Ed Muskie, Howard Baker, and all those a generation ago who built the edifice upon which we have a cleaner, healthier, stronger economy and stronger society. I remember those days. The great debate was payrolls versus pickerel. You couldn't have payrolls if you preserved the pickerel. It turned out to not be true. We have developed the strongest economy in the history of the world. Yet we paid attention to the environment. We have paid attention to our responsibilities, to our children and our grandchildren, and we created the economy at the same time we were able to clean up the environment. I remember those debates. They were bitter. You can't do it. If you do this, you are going to put everything out of business. There will be no economy. That was the argument. It hasn't happened. Finally, you can talk about the science. You can get caught up in all the data. To me, there is a really easy rule that makes this easy to understand what our responsibilities are. I call it the ``Maine rototiller rule.'' Many people in Maine have gardens, but it is a small garden. It is in your backyard, so it doesn't make sense for everybody to buy a rototiller--the machine you use once or twice a ***year*** to clean your garden and till over the ground and begin to plant. We borrow them. I used to borrow one from my neighbor Peter Cox. The ``Maine rototiller rule'' goes like this. When you borrow your neighbor's rototiller, you return it to them in as good a shape as you got it, with a full tank of gas. That is all you need to know about environmental stewardship. Do you know what? We have the planet on loan. We don't own it. We own a little piece of land for a generation, but we don't own it. We have it on loan from our children and our grandchildren and their children and their grandchildren. Therefore, we have a sacred responsibility to turn over the planet to them in the same or better shape than we found it. That is our responsibility. It is very simple. When you borrow something from your neighbor, you return it in as good a shape as you found it. That is what we should be doing today. We can do this. There will be costs, but the costs of not doing it will dwarf the costs we can undertake today to protect the Gulf of Maine, the coast of the United States, the fields of Africa, the forests of North America, and the land and water and air that our children and grandchildren deserve to have passed on to them in better shape than we found it. We can do this. We can start today. We may not live to see the results, but we will know we have done something important, something meaningful, something that will make a difference in the lives of generations we don't know. They will know what we do or what we don't do. I myself choose the side of action--recognizing the problem, analyzing it, understanding it, and acting to mitigate the harms that otherwise will befall our children. I yield the floor. Mr. WHITEHOUSE. Mr. President, Senator King and I yield the floor. First, let me thank him for joining us. Second, with Senators present here from landlocked States, let me make the requests to both of you that, when we come before this body with concerns about what is happening to our ocean economies, which I think are shared by every coastal Senator who is seeing these changes, that you view our pleas with the same courtesy and respect that we show you when wildfires burn through Utah and we come to make sure that there is adequate emergency response or when Oklahoma faces hurricanes or cyclones and tornadoes and the Federal Government and the Senate rally to the response of those who are experiencing the pain of that in your States. Our fishing communities and our coastal communities have a very different distress, but I hope you will see it as an equal distress and pay us the courtesy of your due consideration. I yield the floor. [[Page S5057]] The PRESIDING OFFICER (Mr. Lee). The Senator from Oklahoma. Securing Our Elections Mr. LANKFORD. Mr. President, there has been a lot of conversation again, of late, about election security. It seems to be a frequent conversation in the hallways the last couple of days, and it is an ongoing issue that I think some people have lost track of, but we have not. Amy Klobuchar and I and several others have worked very hard for months on this issue of election security, quietly trying to get the language right and to work through the process of what it takes to secure our elections for 2018, 2020, and beyond, learning the lesson from 2016. I do want to remind this body that the elections are not something that happens this November. It is already ongoing. Many States' primaries have already been conducted. Last night there was a runoff primary that happened in Alabama. Georgia holds their runoff primaries next week, and Tennessee is the week after that. Kansas, Michigan, Missouri, and Washington will be on Tuesday, August 7. It is already ongoing. While we watch the indictments that just came down from the Mueller investigation on GRU officers from Russia who were trying to interfere in our elections in 2016, as we have seen the sanctions and the indictments that have come down on some of the oligarchs from Russia and from the Internet Research Agency for what they were doing in social media, trying to be able to interfere with our election in 2016, I think it may be important for us to do a quick lookback at what has happened and what is still going on and what we are trying to accomplish in the next few weeks. Let me just give a quick look at what is happening in my State of Oklahoma. In Oklahoma, in the 2016 cycle, the FBI and others began to discover that there were issues with the elections and some interference from what they, at that time, called ``bad actors'' in June of 2016. Later that summer, in August of 2016, the FBI issued what they call a nationwide ``flash alert'' to every State dealing with a threat from a ``bad actor.'' The Oklahoma State Cyber Command director received that warning, as did everyone else, but at that time the FBI didn't share any details because no one in my State was given security clearance to be able to have that kind of classified conversation with the FBI. It wasn't until September 22 of 2017, a ***year*** and a little bit later, that DHS actually notified my State and our State election authorities that we hadn't just been targeted by a bad actor but that we had been targeted by the Russians--a ***year*** later--because no one had clearance and there was no one engaged. DHS told Oklahoma State Election Board secretary Paul Ziriax, who is doing a great job, that there was evidence that the Russians conducted a surveillance scan looking into vulnerabilities in the State computer network, but they didn't get into the election board computer network, and they didn't get into any of our equipment. They basically came and checked to see if the door was locked, and they found out that in Oklahoma the door was locked, and the Russians could not get in. They didn't penetrate into our system, though they tried. But it was a ***year*** after the elections before we were even notified that the Russians were trying to penetrate our system. A subtle flash warning is all that we received in the summer of 2016. Oklahoma has a great system for elections. Our system is consistent across every single county. We have optical scanners with a paper ballot backup so that we can verify the computer count with a hand count if needed. We have had a very good system. That system was tested by the Russians when they evaluated the computer networks of our State, and they were also not able to get in, thanks to the leadership of some of the cyber and the technology folks who are in Oklahoma. Not all States have the same practices. In some States, from county to county their election systems are different. From township to township they may have different systems with different companies and different backgrounds. They may not have the same kind of system where they get a chance to protect their cyber systems. We saw that in 2016, when the Russians were able to penetrate some of the States and actually were able to harvest some of their voter register rolls. They weren't able to change any votes. They weren't able to affect the voting that day, but they did a tremendous amount of scanning through systems to be able to see where there were vulnerabilities, what they could learn on our election systems, and how they could engage for a future time. I think we should learn a lesson from that and be aware that the Russians are trying to penetrate that system and learning as much as they could. At the same time that they were hacking into different systems and testing them out to see if they could get in, a different set of folks from the Russian group the Internet Research Agency were trying to put out social media disinformation. Some 200,000 Oklahomans saw Facebook and Twitter posts that Russians put out as false information. They weren't all on one candidate. There were multiple candidates and multiple issues. Sometimes it was on Hillary Clinton, sometimes on Donald Trump, sometimes on Bernie Sanders, sometimes on Jill Stein, and sometimes just on ideological issues. Over 200,000 Oklahomans saw those posts from different Russians, not knowing they were Russian posts at all. They were Russians pretending to be Americans, and they were pushing that information out. What can we learn from this? One is the most simple of those things: You shouldn't believe everything you see on the internet. It is not always an American. It is not always who they post to be, and it is not always true. It should be the most basic information that we should learn about what is happening on the internet and what is online, including Facebook and Twitter. The other lesson that we need to learn is a little more complicated. We have to be able to have better communication between the Federal Government and States, better cybersecurity systems, and the ability to audit that. That is why Senator Klobuchar and I have worked for months on a piece of legislation called the Secure Elections Act. That piece has worked its way through every State looking at it and their election authorities. We have worked it through multiple committee hearings. In fact, recently, just in the last month, there were two different hearings in the Rules Committee. It is now ready to be marked up and finalized to try to bring it to this body. It is a very simple piece. It affirms that States run elections. The Federal Government should not take over elections nationwide. In fact, that would make a bad situation worse. States need to be able to run elections and be able to manage those. But it qualifies several things. One is that it gives a security clearance to a person in every single State. If there is a threat from a hostile actor, there is not some vague warning that comes out. There is an immediate address about what is happening and a communication within the intelligence community here on the Federal level to individuals with a clearance on the State level. Right now, the DHS, in absence of this legislation, has started implementing it anyway. Every single State has at least one person with a security clearance now, including my own. They are working to have at least three in every State to do a backup system. We also need to be able to affirm that every State can audit their elections, that they would do what is called risk-limiting audits after the election just to check and to make sure that the results are correct, but also that they have the ability to audit it as the election is going on so that it is not just counting on a machine but that there is also some way to back it up. States have a variety of ways they can actually do that. If elections are trusting that the electronics are going to work and not be hacked into and not be affected, we should have learned the lesson from 2016 that there are outside entities trying to attack these systems and to find vulnerabilities, and they will. Some way to be able to back it up, to be able to audit the election while it is happening, risk-limiting audits after the fact, security clearances for individuals within States, and rapid communication State to State and State to [[Page S5058]] Federal Government all help to maintain the integrity of our elections. That is what we do in the Secure Elections Act. I think it is so important that we try to resolve this as quickly as possible. I encourage this body to finish the markup in the Rules Committee to be able to bring it to the floor and to have a consistent bipartisan vote to be able to support the work that we need to continue to do to protect our elections in the days ahead. Our Republic is one that maintains its stability based on the integrity of our elections. I have zero doubt that the Russians tried to destabilize our Nation in 2016 by attacking the core of our democracy. Anyone who believes they will not do it again has missed the basic information that is out day after day after day in our intelligence briefings. The Russians have done it the first time. They showed the rest of the world the lesson and what could be done. It could be the North Koreans the next time. It could be the Iranians the next time. It could be a domestic activist group the next time. We should learn that lesson, close that vulnerability, and make sure that we protect our systems in the days ahead. There is more that can be done, but the States seem to take a lead on this. This is something that the Federal Government should do, and we are very close to getting it done. I wanted to be able to tell this body that we are close. Let us work together to get this done in the days ahead. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The assistant bill clerk proceeded to call the roll. Mr. MORAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. NATO Mr. MORAN. Mr. President, thank you. Last week at the NATO summit in Brussels, the leaders of all 29 member states, including the United States with President Trump, signed a declaration reaffirming the purpose of the alliance--collective defense and the importance of article 5, which regards being attacked against one ally as an attack against all others. There may be a growing sense here in the United States that NATO is no longer useful to our interests and that it is a burden that is not worth the cost. I recently traveled to Moscow, Oslo, and Helsinki with members of the Senate Appropriations Committee, many of us on the Subcommittee on Defense. We had meetings with U.S Embassy officials, our Ambassadors, and foreign government officials--people within the ministries of foreign affairs, ministries of defense, and with legislative leaders in that region. At my meetings in Moscow, we worked to begin a dialogue with Russian counterparts. Everything I heard in those meetings reinforces my belief that Russia remains a threat to European stability and that a united NATO is essential to countering the threat and preserving American peace and prosperity. Two wars in Europe last century resulted in the loss of hundreds of thousands of American lives who fought the forces of tyranny. To prevent a third war against this Communist menace, Western European powers, still weakened by World War II, formed an alliance with America and Canada to deter the Soviet Union's massive conventional forces from invading beyond what became the eastern bloc. Not only did NATO successfully deter the Soviet Union until its collapse in 1991--and in my view, NATO contributed to the Soviet Union collapse in a significant way--but in that process, America's commitment to European security allowed these allies to recover from the war economically, strengthened democratic governance, and enabled them to stop fearing one another. We would be naive to believe that threats critical to North Atlantic security have faded along with the Soviet Union. Indeed, my recent interactions in Europe confirmed that Russia remains a revisionist power intent on continuing Russia's disruptive activities in Europe, the Middle East, and here at home in the United States. In every meeting I attended, I made clear that the Russians must end their election-meddling here in the United States and Europe in order to open doors to rebuilding our relations. I brought up Russia's destabilizing support for separatists in Ukraine and its illegal seizure of Crimea after Ukraine democratically chose a President who sought closer ties with the West. Supporting and admitting that they share intelligence with the Taliban undermines the democratic government in Afghanistan and undermines our Nation's military as we continue to fight the Taliban alongside the Afghan National Security Forces. In each circumstance of those conversations, Russian officials, including Foreign Minister Lavrov, continued to obfuscate or outright deny any responsibility. However, those meetings left me unconvinced that Russia is prepared to change its behavior. In subsequent talks in Norway, a NATO member, and Finland, a NATO partner, the concerns relayed to me by these European leaders underscore the fear our European friends have about Russian activities. During our meetings, my colleagues and I reassured them of America's commitment to our joint security, and that commitment from the entire U.S Government must not waver. The first Supreme Allied Commander in Europe overseeing all NATO military operations was Kansas's own Dwight D. Eisenhower. As President in 1957, he declared before our NATO allies that we must ``re-dedicate ourselves to the task of dispelling the shadows that are being cast upon the free world.'' In addition to ongoing Russian subterfuge, terrorist groups remain intent on striking the West, threats to data information require strong cyber security measures, and the scourge of human and drug trafficking degrades social structures. On these and other issues, NATO allies have coordinated and contributed to the security of our own country, the United States of America. In particular, let's recall that only once has NATO invoked article 5--in the aftermath of the 9/11 attacks on our country. The only time the NATO alliance has been asked to respond, they declared a willingness to respond--that an attack on one is an attack on all--when the United States of America was attacked on 9/11. When we went to war against al-Qaida and its Taliban hosts in Afghanistan, we were not alone. The United States has nearly 15,000 troops serving in Afghanistan, and they are serving with NATO coalition forces as part of counterterrorism efforts to support Afghanistan's fight against the Taliban and ISIS, which has seized strategic territories in recent ***years***. We are approaching 17 ***years*** of support from our NATO allies in Afghanistan--support that has come even at the expense of the blood of those who serve. Just last week, I am saddened to say, two U.S Army soldiers paid the ultimate sacrifice and were killed while serving in Afghanistan, and at least two more soldiers have been wounded from insurgent attacks. Finally, there is an economic threat that a destabilized Europe poses to our Nation's well-being. The EU--distinct from NATO but certainly a beneficiary of the security provided--is America's largest trading partner. Questioning why we should come to the defense of the smallest NATO member damages the alliance, and it hurts our alliances elsewhere. If we won't honor a treaty in Europe, friends might wonder why we would honor a treaty in Asia. Predators can take advantage of our perceived indifference. That is, in part, what led to the Korean war. The United States contributes 22 percent of NATO's total budget. In addition to our NATO contributions, the United States continues to increase defense spending on our military presence supporting our partners, with more than $6 billion in fiscal ***year*** 2019 appropriated for the European Deterrence Initiative and another $792 million invested in military construction across the continent. President Trump is absolutely right to urge fellow allies to increase their defense spending, and I echoed that message on our trip to Norway when we visited with those allies in Oslo. To the credit of our allies, they have increased spending by more than $40 billion in the past ***year***. [[Page S5059]] Fighting alongside us in Afghanistan, where they continue to serve beside us today, unfortunately, more than 1,000 Europeans have died. NATO is strong, and it is getting stronger. I believe the strength of NATO relies on remaining unified. Words matter, and what Americans say can bolster or shake confidence in the United States. I will conclude on this personal note. I thought of the force for good our country has provided the world as I stood in our Embassy in Moscow on July 4th, our Independence Day, watching the Marine Corps Honor Guard's presentation of the colors as our national anthem was sung. It is difficult for me to sing the national anthem without choking up wherever I am, but it was especially difficult that day as I reflected upon the course of events in my life--when kids practiced getting under their desks for missile drills, to the fall of the Berlin Wall, to the aftermath of 9/11, to a father who served in World War II. I honor him and all those who served. Over the past 70 ***years***, it is America that has safeguarded freedom for our people and for those who live elsewhere in the world. Along the way, our vision of a freer, more prosperous world attracted allies who shared our dream. Our foremost responsibility is to protect Americans all the time and to promote our values around the world. We can do this better. We can do this with our allies. With them, we will have a better future. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The bill clerk proceeded to call the roll. Mr. ROUNDS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered.

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[***Scott Morrison says government 'not for the big end of town' - politics live; Treasurer ups the pressure on Labor to back company tax cuts while Labor says targeting Turnbull in latest ad is 'entirely legitimate'. All the day's events, live***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SMT-39D1-F021-6503-00000-00&context=1516831)

The Guardian(London)

June 24, 2018 Sunday 11:56 PM GMT

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**Section:** AUSTRALIA NEWS; Version:11

**Length:** 10294 words

**Byline:** Amy Remeikis

**Body**

block-time published-time 4.55am BST

Grab your afternoon pick me up - we are sliding into QT, or as it is now called, the aspiration wars.

block-time updated-timeUpdated at 4.58am BST

block-time published-time 4.49am BST

Pauline Hanson is still saying no to the company tax cuts... while leaving the door open. As for the government numbers, she had this to say:

Look, I have no idea, I understand they need another four votes. They haven't got One Nation and I give the people my guarantee on that, unless they really target multinationals and it's so important to me. We have to see a revenue stream come into the country. I was very pleased to pass the personal tax cuts last week which helps everyday working Australians, but when it comes to the corporate tax cuts, we actually supported it up to $50 million turnover. Now, let's, you know, look at where the revenue is going to come from.

And as for the other crossbenchers and who is lobbying her:

No, I haven't spoken to any other crossbenchers. Derryn Hinch is quite happy and he just indicated he'd like to sit down and have a cup of coffee with me, but no, any interactions with Clive Palmer's party. That was interesting. He rang up my staff yesterday, and said, 'Listen, I got $450 million in the bank. If I move my money overseas I'll get an extra million dollars in it.' He sees his lobbying on behalf of - I don't know, himself. He is a man who couldn't pay his workers. He's having another tilt at politics, hopefully the people of Australia will see through that. And he said, 'If you don't support this,', he said, 'You won't get my preferences.'

block-time updated-timeUpdated at 4.54am BST

block-time published-time 4.40am BST

Expect this to come up in one of the QT dixers - [*the ABCC has put out a statement*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) on a federal court ruling:

In a significant decision today the full federal court confirmed it will order a CFMMEU official to personally pay his penalty for breaking the law, without seeking or receiving financial assistance from the union.

This decision follows the ABCC's [*successful high court appeal*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) in February this ***year***.

CFMMEU official Joseph Myles has been made personally liable for a $19,500 penalty following his unlawful blockade of the Regional Rail Link project site in May 2013.

In addition, the penalty imposed on the CFMMEU was almost doubled to $111,000 for three contraventions of the Fair Work Act.

block-time updated-timeUpdated at 4.45am BST

block-time published-time 4.39am BST

The charity sector is on board with the foreign interference bill - now. From the Hands Off Our Charities statement:

The Hands Off Our Charities alliance has today expressed great relief that the Parliamentary Joint Committee on Intelligence and Security (PJCIS) has agreed that civil society work of charities, arts organisations and industrial associations should be exempted from registration requirements of the Foreign Influence Transparency Scheme Bill.

"The bipartisan recommendation to exempt charities from the registration requirements when they are doing their day-to-day work to achieve their charitable purpose is a victory for common sense. This exemption will ensure that charitable work is not unfairly targeted. We welcome the Committee's collaboration in recognising our concerns," said Marc Purcell, CEO of the Australian Council for International Development.

"Without these measures being implemented, the international partnerships that underpin international development, aid and conservation work could require independent charities to register as agents of foreign principals," said David Ritter, CEO of Greenpeace Australia Pacific.

"If a charity like Caritas collaborates with an overseas government on a ***program*** to reduce violence against women in that country, and then uses information from that work in its communications to the Australian Government, the original Bill would have branded them as 'acting on behalf of foreign principal'. We welcome the committee's recognition that in scenarios like this, charities are not doing the bidding of any government. They are working together with a partner government to improve the effectiveness of their interventions," said Paul O'Callaghan, CEO of Caritas Australia.

"Labelling independent charities and the people we work with as "acting on behalf of foreign principals" makes no sense and serves no public interest objective," stressed Dr Barry Traill, Australian Director of Pew Charitable Trusts Australia. "For example this original Bill would have cast Indigenous Rangers, advocating to care for their country, as agents of foreign principals. The measures in this Bill, if not amended as the PJCIS has recommended, would have posed a grave threat to our charitable work".

The Hands Off Our Charities alliance recognises the need for efforts to prevent foreign interference in Australian politics, but argues that the process for developing the government's foreign influence package has been deeply flawed.

"We are relieved at the recommendations from the Committee and look forward to their full implementation in amendments to this Bill. However, our alliance remains concerned about the related Espionage Bill which is being rushed through Parliament. Efforts to protect Australian democracy from covert foreign interference should not damage our democracy and put the good work of Australia's charities and not-for-profits at risk," Mr Purcell concluded.

block-time updated-timeUpdated at 4.44am BST

block-time published-time 4.38am BST

I've been chatting to all sides about the upcoming byelections - with Longman and Braddon the ones on everyone's lips.

Longman looks like being OK for Labor, at this stage, but it depends on preference flows. One Nation voters don't usually follow how to vote cards, but you still never know.

Braddon appears to be the problem for Labor - which they acknowledge in chats. There are a lot of local issues which are fuelling that one, like pokie machines, and it is going to be tough.

Plus the general feeling of apathy that comes along with a byelection - people just don't get as engaged as they do in general elections, so that makes turnout a problem, let alone ensuring your message is cutting through. Graham Richardson wrote about that on the weekend in the Oz.

Jim Chalmers addressed that in his press conference a few minutes ago:

Obviously we're in both of those contests to win them. We don't - we never go into a contest like that expecting or hoping to lose. We want to make sure we give a good account of ourselves and I think for the reasons I have just identified, we'll be very competitive. In Longman and in Braddon, [it] will be very tight... what we say to the people of Longman and to the people of Braddon is if you want a political party to put the interests of middle Australia before the interests of multinationals and the big banks and the millionaires, then people will support the Labor party. We got the better candidates, we got the better leader and better policies for both seats.

block-time updated-timeUpdated at 4.43am BST

block-time published-time 4.30am BST

Amanda Stoker, Queensland's newest senator, revealed a little more of her thoughts to Sky News:

On personal responsbility:

"There is a place for government support, for people who are really in need, but when we fail to help our families, fail to build the social networks that have traditionally bound us as a society we all suffer. We are a stronger, more resilient society, we get more out of life when we have strong social networks.

"...I am not saying we should limit services [in something like aged care], we should have an attitudinal change as individuals, which means we are more willing to make the sacrifices we need to, to be able to provide for those who need - it needs to be a choice.

"...I want to be it to be an individual choice. Another example is in the caring for children - there has been a lot of talk in the government sphere over many ***years*** over the importance of child care and making it accessible and affordable and all of that is true. But we should also be having a conversation about fairness for those families who choose to make the sacrifices needed to have someone at home. Maybe we could do family taxation rather than individual to try and facilitate people who want to invest more into that."

On 18c

"Look I think 18c has got to go. I think 18c is a drag on our society. I am not saying that people need to be obnoxious, but if have freedom of speech, people can be socially called out for the things they say, which are you know, really quite out there. But being able to have the debate matters.

"And at a time where people are expressing religious views feel like they aren't as free to do so as they once were, more than ever, those who express religious or unpopular or traditional views are being called before discrimination boards and commissions to be able to say what they believe and do what they believe, with integrity, to the things that are core to them, I think is really important."

block-time updated-timeUpdated at 4.34am BST

block-time published-time 4.07am BST

Mark Dreyfus is speaking on the foreign interference bill - he says that Labor feels it has worked for safeguards and tightening up of definitions - and will be supporting it, meaning it will sail through the parliament later this week.

block-time updated-timeUpdated at 4.12am BST

block-time published-time 4.00am BST

While the division was going on, Doug Cameron and Pauline Hanson were having a little tete-a-tete across the chamber.

Cameron said she was 'just another Lib' always 'doing what Mathias told her' while Hanson called back that she would be 'glad to see the back of him' (Cameron is retiring), to which he replied 'not as pleased as many others who want to see the back' of Hanson.

So, good times.

Division

Ayes 32

Noes 36

Business resumes as usual.

block-time published-time 3.58am BST

Centre Alliance has also said no to supporting the suspension of standing orders - but Rex Patrick says they won't be supporting tax cuts.

Penny Wong could be heard yelling 'you're a disgrace' across the chamber, so I think emotions might still be raw from last week.

block-time updated-timeUpdated at 4.04am BST

block-time published-time 3.57am BST

Pauline Hanson just spoke on the motion... and I think she was against it. It was hard to tell, because she didn't actually say. Just spoke about Labor and Greens "bullies"

"Senator Wong accuses me of... it seems to come down to One Nation and her words, grubby deals that are being done.

"I have made my stance quite clear, that I will not be supporting the corproate tax cuts with my, with my, senator Peter Georgiou is actually also indicated no support for this.

"If you think that bullying is going to change my opinion about this, it is not going to happen.

"It has nothing to do with shutting down the chamber. The last time I looked, excuse me, I think the numbers in this chamber is, the government has the numbers and they are, they will determine, they will have their say about how this chamber is run. But if you think that you will sit there and bully me into making a decision on how I vote on this to bring a debate - no I'm not. No I'm not, alright?

"When this is opened up, and it is on the floor of the parliament for this to be debated, fair enough. Now, as I have just supported, the Greens amendment to do with raising it, lowering it to $50m for accountability, for those in business, I have just supported that.

"So I look at the legislation based on what is right for the country and for the people, not because I am going to be bullied into it.

"And I will make my case quite clear. Whether I support the corporate tax cuts or not has got nothing to do with the seat of Longman, because that is only one part of Australia. We are talking about the whole benefit to all Australians. The same as, the same as backing, you know the personal tax cuts.

"Now, when you talk about grubby deals, let me remind the Greens when they supported the government's backpacker tax, the $100 m grubby deal they did there. Isn't it lovely, everyone wants to throw around the word grubby deals, you are not concentrating on the job that the people have elected to do in this parliament.

"You have all done it. Even the Labor party, when you were in government, you all do your grubby deals, you all come knocking on the door.

"So let's get some accountability and honesty on to the floor of this parliament, because I tell you what, the public are actually sick and tired of it. You are throwing these innuendos across the chamber, anyone who doesn't agree with you.

"Base it on debate, base it on what the people of Australia want. They are all watching you. They tell me all the time. It is like a sandpit in this place because the public is sick and tired of it.

"Why do you have to lie to the public. Why do you have to put out false robocalls in Longman.

"Has it been a wake up call to the Labor party what happened in WA on the weekend? That people are tired of where you've got htis country headed.

"So the same with senator Murray Watt, all his lies that he puts out all the time, and Chisholm with regards to One Nation, the people will judge me on my performance and what I have achieved in this chamber, if there is good legislation put up by the government, I will support it.

"As I have supported other legislation put up by the Greens or by the other minor political parties, or independent senators in this chamber, or even the Labor party, I will support good legislation."

It goes on, but you get the drift.

block-time updated-timeUpdated at 4.03am BST

block-time published-time 3.41am BST

Christian Porter is looking forward to passing the foreign interference laws:

The attorney general, Christian Porter, welcomed the release today of the parliamentary joint committee on intelligence and security's (PJCIS) report on the government's foreign influence transparency scheme bill 2017.

"The committee report is a critical step in securing the passage of this crucial legislation to help protect Australia's democratic systems and institutions," the attorney general said.

"Most importantly, the committee report recommends the bill be passed, reflecting a continuation of the bipartisan approach to national security legislation.

"The Turnbull government's number one priority is to keep Australians safe and this bill, along with the espionage and foreign interference bill, which the PJCIS reported on two weeks ago and also recommended be passed, are critical elements of achieving that objective.

"The government intends to accept all of the committee's recommendations for amendments to the bill, with a view to debating and passing both bills into parliament this week.

"The foreign influence transparency scheme bill creates a register for individuals or entities which are undertaking activities on behalf of foreign principals. This will provide transparency for the Australian government and the Australian community about foreign influence in Australia.

"We don't seek to restrict those activities through this bill; rather to ensure such activity is undertaken in a lawful, open and transparent way."

Two weeks ago the government presented the committee with a series of drafted amendments which addressed key issues of concern to stakeholders.

The committee has made 52 recommendations, the majority of which represent minor and technical drafting amendments.

Of the significant amendments recommended by the PJCIS, more than 20 relate to the amendments previously drafted and submitted by the attorney general.

The most significant remaining recommendations relate to the creation of new exemptions for charities and arts groups in limited circumstances and extending requirements on former cabinet ministers and public servants.

The attorney general said the government would consider those recommendations and was aiming to have any necessary amendments drafted ahead of introduction of the bill this week.

"I thank the PJCIS and the co-operative approach of the opposition to bring this inquiry to a conclusion and the delivery of today's report," the attorney general said.

block-time updated-timeUpdated at 4.01am BST

block-time published-time 3.39am BST

Labor has distributed the transcript of Bill Shorten's speech on the penalty rates bill. This bit lays out where I think you'll see the election campaign going:

Now of course what we've seen from the government propaganda machine is they say that Labor supports cutting penalty rates because we endorse enterprise bargaining.

There is a world of difference between workers consenting and bargaining for improvements in their overall rates of pay and arbitrary penalty rate cutting with no compensation any hour of the day, any day of the week.

This government has never - and when we listen to their ministers carry on, always remember when you hear their ministers and their prime minister and they talk about workers - reality is they need to get the microscope out, they have no knowledge of how people really construct their lives.

Ask them next time: have you ever negotiated a pay rise for a worker? Have you ever sat there and bargained - constructively with business - but always on the side of workers? Have you ever stood up to improve their redundancy pay? Have you ever stood up to give them a greater say in their rosters and their shifts? Of course not.

This is a government who loves to talk about life experience - no life experience ever representing workers and getting them a better, safer, more reliable and secure job in their lives.

And of course, though, we'll hear the other argument about penalty rates. They have a second argument, which is: we're now in a seven-24 economy.

Somehow penalty rates are a thing of the past because somehow we now live 24 hours a day, seven days a week - as if we never did before penalty rates.

But the point about it is that if we want to have a seven-day-a-week, 24-hour economy, there's always a worker making that happen.

And we do believe and we make no apology for saying, when you're on 40 and 50 and 60 and 100,000 dollars a ***year*** - we actually want to see you do better. And we appreciate the work that you put in for our economy.

But fundamentally, this legislation about penalty rates goes to the heart of the national priorities of this parliament and the values of the two competing parties and movements who seek to form a government in this country.

We think that if you earn penalty rates, you're not selfish or greedy. You're not an inconvenience to the business. You're not just another loaf of bread, which we should try and find the lowest unit price, as the prime minister once famously said in the exchange of labour for pay.

block-time updated-timeUpdated at 3.44am BST

block-time published-time 3.35am BST

Richard Di Natale is speaking in support of the Labor motion. He says it is the biggest change of the corporate tax structure the nation has ever seen and deserves to be debated.

Greens and Labor staffers are also lolling at Mathias Cormann argument that the standing orders should not be suspended, because of due process and order - because of the gag order that was put on the income tax debate last week.

"Here is an opportunity through the week to debate corproate tax," Di Natale says.

"Not to have it locked in for debate late at night... To have it rammed through for a vote in the early hours of the morning, outside of scrutiny."

block-time updated-timeUpdated at 3.39am BST

block-time published-time 3.33am BST

Mathias Cormann is speaking against Penny Wong's attempts to suspend standing orders to bring on the corporate tax debate. He says no, but only because the government is concerned with the proper and orderly order of things.

I just switched over to catch this:

Bill Shorten's approach to this is un-Australian. Bill Shorten's approach to this is un-Australian.

Sigh. The sooner we put to bed the "un-Australian" debate, when it's not being used for irony purposes, the better.

block-time updated-timeUpdated at 3.37am BST

block-time published-time 3.30am BST

Clive Palmer, who last week claimed that 20,000 people had contacted his office about joining his party in less than 24 hours, is offering free membership to United Australia, if that is your thing.

He's also accused Pauline Hanson of stealing his GST policy. [*From his website:*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

The United Australia Party called out senator Pauline Hanson today for copying one its policies introduced in Western Australia by senator Dio Wang of the Palmer United Party.

United Australia Party federal leader Clive Palmer slammed the behaviour today, saying Senator Hanson was devoid of new ideas.

"She is stooping to plagiarising our party policies to maintain the relevance of her last remaining parliamentary colleague Peter Georgiou in Western Australia. She has no relevance left. Her party is dissolving before her eyes," Mr Palmer said.

The copied policy was originally presented by Palmer United Party senator Dio Wang back in April 2014.

Senator Wang's policy sought to keep 100% of the GST earned in WA to stay and be spent in WA.

At the time Senator Wang stated: "WA must see its full share of GST returned to the state to ensure our ageing schools and hospitals are upgraded, to ensure our regional communities, industries and people are supported to the best of our ability."

Clive Palmer said One Nation would cease to exist by the next election.

"Party members are deserting Pauline Hanson and it's easy to see why," Mr Palmer said.

block-time updated-timeUpdated at 3.36am BST

block-time published-time 3.28am BST

Oxfam is also in town - and campaigning against the corporate tax cuts. From the statement by Oxfam Australia's economic policy adviser, Joy Kyriacou :

The proposed $65bn hand-out for big business would make Australia the latest country to join the global race to the bottom on corporate tax rates.

Slashing the corporate tax rate would undermine attempts to tackle inequality and poverty, both in Australia and around the world. When governments enter a race to the bottom on corporate tax rates, everyday people lose.

It is utterly inconceivable that the federal government wants to push ahead with slashing the corporate tax rate when Australian Taxation Office data shows that more than one in three large Australian companies paid no tax at all in Australia for the past three ***years*** of reporting.

Passing the corporate tax cut for large companies would be a further step in unravelling the fairness of our tax system.

Right now, the use of tax havens and other loopholes by Australian multinationals is ripping billions of dollars from public coffers in developing countries, as well as in Australia.

Oxfam estimates around $5-6bn is lost to Australia's public purse through the tax avoidance practices of multinationals - and global estimates are that the poorest countries lose well over $100bn annually.

This is money that should be spent on the things everyday people need: schools, hospitals, roads and public infrastructure.

It would also be completely nonsensical to promise a crackdown on multinationals that are avoiding paying their fair share of tax in exchange for rewarding big business with these tax cuts.

And the stubborn push for these tax cuts comes with little evidence of benefits to the economy and community - and in exchange for no more than a 'pinky promise' that big business will invest more in jobs and wage growth.

What Australia should be doing is cracking down further on tax avoidance, including by introducing public country-by-country reporting that requires large companies to declare details of income, taxes paid and profits around the world.

Oxfam calls on senators to support the Australian people this week, not further profits for large companies. The corporate tax cuts for large businesses should be rejected.

block-time updated-timeUpdated at 3.33am BST

block-time published-time 3.26am BST

Penny Wong is in the Senate attempting to suspend standing orders to bring on the company tax cut debate now.

She says if Pauline Hanson and the Centre Alliance are serious about not supporting the corporate tax cuts, then there is no reason not to bring on the debate, so they can prove it.

And if they don't, Wong says it only proves they are seeking to say one thing before the July byelectons (where Centre Alliance and Hanson both have a lot of skin in the game) and then make a "sneaky deal" with the government in August.

block-time updated-timeUpdated at 3.28am BST

block-time published-time 3.24am BST

Just a reminder of [*where question time went last week*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) :

He does; he says I'm a snob. This is the man who's sucked up and grovelled to Dick Pratt like there was no tomorrow. He took three trips overseas. He drank the champagne. He sucked up to the big end of town. He sold out the workers. I've seen a lot of wealthy people in my days, and I've never seen anybody more sycophantic in the presence of a billionaire than a Labor politician, and none more so than this sycophant, this groveller, this man who abandoned workers while he tucked his knees under the Pratts' table and sucked up to Dick Pratt right up until the time when it was no longer useful for him to do it. No integrity, no consistency, no loyalty.

That was Malcolm Turnbull on Bill Shorten - don't expect it to get any better.

block-time updated-timeUpdated at 3.26am BST

block-time published-time 3.16am BST

enltrThe Reserve Bank's published an interesting new paper. On the effects of the federal government's temporary investment tax break for business during the GFC [*https://t.co/FkwCtb7cMZ*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)   [*#auspol*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)Note its conclusions:   [*pic.twitter.com/J1S80RkZ07*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

- Gareth Hutchens (@grhutchens) [*June 25, 2018*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

block-time published-time 3.15am BST

Liberal MP Andrew Hastie has just tabled a committee report into the foreign influence transparency scheme bill, showing that Labor and the Coalition have reached a bipartisan consensus on the bill to set up a register for lobbyists and others to declare their work for foreign entities.

The most significant proposed amendments are:

* A new exemption to the requirement to register for charities, arts organisations and industrial organisations where they "are making routine representations in accordance with their respective purposes, and where the relationship with the foreign principal is well known or a matter of public record".

1. Professionals such as tax agents, customs brokers and liquidators also get an exemption for their day-to-day work.
2. There is further narrowing of working on behalf of a foreign principal, clarifying that both the person and the foreign entity must "know or expect" that they would or might undertake the activity to influence the Australian government.

The shadow attorney general, Mark Dreyfus, said that Labor had secured "important exemptions" in response to [*fears of an "unreasonable compliance burden" on the civil society sector*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled).

Dreyfus:

It is clear the scheme was never meant to capture innocent charities, arts organisations or unions who were simply doing their job. Labor worked to ensure the scheme was better targeted, removing these organisations from its reach and improving the bill.

The amendments recommended in today's report represent the second major set of changes to the original bill, introduced by the prime minister in December last ***year***. Labor welcomes recognition from the government that the original bill was completely unworkable in its breadth.

Hastie told parliament Australia "can't tolerate foreign influence that is in any way covert, coercive or corrupt". He said where foreign influence is advanced through an intermediary, its source is disguised, such that a decision-maker may be unaware, and the aim of the register is to rectify that.

On 8 June [*the attorney general, Christian Porter, announced*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) a series of amendments to the bill, including narrowing the definition of "foreign principal" to foreign governments, related entities and individuals and political organisations.

block-time updated-timeUpdated at 3.20am BST

block-time published-time 3.10am BST

The Australian Energy Council has popped up today to talk, well, energy, and it is not impressed with all this talk about renationalising the electricity market, which has been talked about within conservative quarters:

Claims that the profit margin of electricity retailers makes up 15-20% of every household bill are wrong, and not supported by the independent assessment of the Australian Competition and Consumer Commission, the energy industry said today.

The Australian Energy Council's general manager, Sarah McNamara, said, "assertions that electricity retailers are making excessive profits at the expense of NSW households is not borne out by the facts".

The ACCC is conducting a detailed analysis, based on data provided by electricity retailers, as part of its retail electricity pricing inquiry. The inquiry is considering the drivers of electricity price increases over the past 10 ***years***. A key area of focus for the ACCC inquiry has been identifying retailers' profit margins.

The inquiry's preliminary report, released in October 2017, found that retailer profit margins across the national electricity market ranged from 5 to 9% and were 8% in New South Wales, on an EBITDA basis.

This is the most current data set available. It is incontrovertible. If we are to have a proper debate on electricity prices and the best ways to address them, these facts must be the starting point.

The ACCC found that the key driver for higher electricity bills over the last 10 ***years*** had been previous network spending and more recently higher wholesale prices.

Reregulation is not the answer. The Australian Energy Market Commission's review of competitiveness in the electricity retail sector found that reregulating energy prices will not address affordability, and could actually make things worse by killing innovation and reducing the benefits of competition.

block-time updated-timeUpdated at 3.49am BST

block-time published-time 3.07am BST

Labor is not backing down from its campaign strategy - I wouldn't be surprised if you hear Bill Shorten address the issue in parliament today (those 90-second members statements can be very handy).

Brendan O'Connor said the government had no right to complain about personal attacks when he spoke to the ABC this morning:

Well, in fact the government has - from the beginning of the Abbott government, and since then under the Turnbull Government - spent every day in parliament attacking the opposition and, indeed, making personal attacks against opposition members. Fine, but the prime minister should stand up to scrutiny and not have such a glass jaw.

He is the richest man in parliament. He stands to be the biggest beneficiary of the corporate tax cuts in the parliament. He just made a $7,000 tax cut for his income last week by voting with Pauline Hanson. I think [highlighting] this is absolutely reasonable, and I think the Australian public needs to understand more what values and what priorities the prime minister has.

block-time updated-timeUpdated at 3.09am BST

block-time published-time 3.02am BST

The joint parliamentary committee on intelligence is presenting its report on foreign interference to the parliament - Paul Karp is having a looksie and will have the cliff notes version for you imminently.

enltrThe bipartisan report into the Foreign Influence Transparency Scheme Bill 2017 has just been tabled - it includes important exemptions for charities, unions and arts organisations. More details below. [*#auspol*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)   [*pic.twitter.com/ENO5tgEtpf*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

- Mark Dreyfus (@markdreyfusQCMP) [*June 25, 2018*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

block-time updated-timeUpdated at 3.03am BST

block-time published-time 3.00am BST

Soft drink producers - including big cola - are planning on cutting the sugar content in their drinks by 20% by 2025.

The health minister, Greg Hunt, is speaking on that now:

There are really three things that we are doing in conjunction with industry and the beverage council to improve the quality of our food and our beverages and the outcomes.

One, we have the healthy food partnership. The initiative follows on from the healthy food partnership, which is about ensuring that the content of food and beverages is improved over time, progressively, and in a way that is acceptable to consumers.

Secondly, we have the health star rating. So whether it is mums or dads, kids at school or at university or older Australians, they can make informed choices.

Thirdly, at this budget we contributed $230m to support sports participation - in particular, by young people but also by older Australians - and preventive health activities. So improving the ability of people to take control of their own physical lives and, particularly those who aren't active, to be active at an appropriate level for themselves. We also contributed $125m to a chronic disease fund, which will deal with many of the issues relating to obesity, cardiovascular illness and diabetes.

Then finally, that brings me to this particular project. I want to acknowledge that the Beverage Council has worked with the cane growers, with the Farmers' Federation, with the farming community to ensure that along with our export markets, we still see a growing market and growing jobs for and through their products, but we see better health outcomes for Australians.

The 20% by 2025 pledge will improve lives, improve health and improve the quality of outcomes for Australians of all ages.

I don't think it can be considered entirely altruistic though. While this government has ruled out any support for a sugar tax, the chatter is getting louder and louder. And corporations don't do things just because it feels good. The consumer mood is shifting, and companies are very, very aware of that.

block-time updated-timeUpdated at 3.05am BST

block-time published-time 2.43am BST

Labor's penalty rate bill hasn't even entered the debate stage yet, but the minister for small business, Craig Laundy, has some things to say.

His office has put out a statement saying, " Bill Shorten needs to come clean on his history and the union movement's involvement in cutting penalty rate of workers for ***years***".

As the national secretary of the AWU, Bill Shorten cut penalty rates for some of our lowest-paid workers. Under the infamous Cleanevent deal in 2006, he stripped workers of all penalty rates, with no compensation.

What Labor and the ACTU don't say is that some unions have been ripping off thousands of workers, particularly young Australians, for ***years*** through wage deals that strip them of penalty rates.

What Labor and the ACTU don't tell you is that many of these deals, done mainly by the SDA union, have cut weekend penalty rates not just by a little bit, but in some cases have:

* completely cut penalty rates on Sunday

1. not only cut Sunday, but have also completely cut penalty rates on Saturday

This is not new - these lines have been prosecuted in both the royal commission into unions and several times in question time. Expect to hear it more.

block-time updated-timeUpdated at 2.53am BST

block-time published-time 2.28am BST

The department of ***agriculture*** has felt the need to "clarify" media reports about the sheep in WA, [*after the suspension of an exporter's licence*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled).

The department's main beef is over claims in some reports the sheep are "stranded". It says not so.

It is necessary to clarify matters raised in media reports.

Following the suspension of an exporter's licence, there are sheep currently in a registered feedlot that had been due for export.

The next steps are a commercial matter for the company concerned.

There are a number of potential options, including processing domestically and ***transfer*** to one of a number of companies that hold current live export licences and are eligible to apply for export to the Middle East or other markets.

There is also nothing, including biosecurity measures, preventing these animals from returning to the national herd.

Exporters are responsible for ensuring they meet the animal welfare requirements imposed under commonwealth and state law.

block-time updated-timeUpdated at 2.31am BST

block-time published-time 2.24am BST

Scott Morrison found some sparkle within the Fairfax-Ipos poll this morning:

I am pleased to see today that the prime minister is by far and away preferred by the Australian people, as he should be, whether it is on managing our economy, whether it's managing our tax system. It's about who can be trusted [and] all of these things demonstrate again that Malcolm Turnbull is providing the right economic leadership to Australia, but an economic leadership to Australia that is guaranteeing the essential services that Australians rely upon.

Our plan for a stronger economy is working. We are seeing that in record jobs growth. More than a million jobs created since we were first elected. We want to ensure that the benefits of that plan reach all Australians. That means we need to keep going with that plan. We live in a very competitive world. Other countries all around the world have been providing tax relief and lower taxes for their businesses.

Now, that is putting us here in Australia at a disadvantage. We are not for the big end of town, particularly not when it comes to the big end of town in Paris and New York and London and Tokyo and Singapore. That is who Bill Shorten is backing now by not supporting these tax changes. The big end of town overseas should not be getting a benefit from the Australian parliament this week by rejecting the government's plan to make sure our company taxes are more competitive. We want our businesses to be more competitive and that is what our plan will deliver.

block-time updated-timeUpdated at 2.29am BST

block-time published-time 2.12am BST

Liberal MP Trent Zimmerman is due to move a motion (full text below), recognising that one of Australia's first humanitarian efforts was "to mount relief efforts for orphans and other survivors of [*the Armenian genocide*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) " and describing it as "one of the darkest chapters of modern human history".

Turkey has never accepted the term "genocide" to describe the events of 1915 despite historians demolishing its denial of responsibility for up to 1.5 million deaths - so the wording of the motion and the fact it will be debated is highly politically charged.

Guardian Australia understands that Liberal MP Tim Wilson was due to speak on the motion but Stuart Robert will now speak instead. Wilson, who is of Armenian heritage, [*spoke in parliament*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) in March about "the marching of Armenians to their death".

Asked why he is no longer speaking on the motion, Wilson said:

I have made a number of public statements recognising the Armenian genocide and I will be speaking in the House later tonight on the same topic. There were three places to speak on the motion and I volunteered to give up my spot because I have made a number of statements in the past on the subject and am giving opportunity to other members.

enltrFull text of motion on Armenian genocide, to be moved by Trent Zimmerman later today [*#auspol*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)   [*pic.twitter.com/tep3P85eLZ*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

- Paul Karp (@Paul\_Karp) [*June 25, 2018*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

block-time updated-timeUpdated at 2.16am BST

block-time published-time 1.54am BST

Malcolm Turnbull has met with Vanuatu's prime minister, Charlot Salwai Tabimasmas. The official take is below:

It is my great pleasure to welcome the prime minister of Vanuatu, the honourable Charlot Salwai Tabimasmas, to Australia.

Australia and Vanuatu share a long history of close co-operation and today Prime Minister Salwai and I reinforced our commitment to this deep and enduring economic and security partnership.

We agreed to commence negotiations on a bilateral security treaty on common security interests, such as humanitarian assistance and disaster response, maritime surveillance and border security, police and defence cooperation.

Australia will provide technical assistance to support Vanuatu to develop its first national security strategy. This strategy will support Vanuatu's vision for a 'stable, sustainable and prosperous Vanuatu', in line with its national sustainable development plan.

We agreed to enhance official police-to-police co-operation. Australia will provide assistance to recruit and train 200 new police officers by 2020, to refurbish the existing police college in [the capital] Port Vila and to support executive leadership capacity in the Vanuatu police force.

We are furthering our cyber security partnership with $400,000 in support to strengthen the capacity of Vanuatu's computer emergency response team and develop Vanuatu's cyber policy and legislation.

We also agreed to deepen our co-operation on labour mobility. This will increase employment opportunities for Vanuatu's workers in Australia and help fill critical labour gaps in Australia's rural and regional areas.

Lastly, we will continue our long-standing support for Vanuatu's education sector with up to $19.5m to promote better education outcomes for ni-Vanuatu boys and girls. The funding package will help improve school enrolment, literacy and numeracy rates, strengthen teacher training, provide scholarships and develop and roll out a new curriculum.

Vanuatu is one of Australia's key partners in the Pacific. I look forward to continuing our work together to foster stability and prosperity through the implementation of Australia's stepped-up engagement in the region.

Malcolm Turnbull meets Vanuatu's prime minister Charlot Salwai Tabimasmas at parliament house. Photograph: Mike Bowers for the Guardian

block-time updated-timeUpdated at 2.21am BST

block-time published-time 1.50am BST

Paul Karp wrote up the latest Pulse poll, which found that most Australians don't feel as if they have benefited from almost three decades of consecutive growth:

After [*26 consecutive* ***years*** *of economic growth*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) most Australians either believe they have not benefited or don't know if they have gained, according to a new poll.

The national poll of almost 3,000 people for the Committee for Economic Development of Australia is evidence of what it calls an 'economic disconnect', with perceived winners including large corporations and executives.

The results are published in Ceda's Community Pulse 2018 report, released on Monday, and provide grist for political arguments about addressing wage stagnation through tax cuts.

You'll find the rest of that story [*here*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

block-time updated-timeUpdated at 1.55am BST

block-time published-time 1.48am BST

Just a totally candid moment, chillin' with the locals.

Prime minister Malcolm Turnbull at a cafe in the Canberra suburb of Manuka on Monday morning. Photograph: Mike Bowers for the Guardian

block-time updated-timeUpdated at 2.19am BST

block-time published-time 1.45am BST

The education minister, Simon Birmingham, has been out and about almost every day in the last week or so, as the deadline to switch over to the government's new childcare system fast approaches. One week to go:

On average, eligible families will be $1,333 a ***year*** better off per child under the Turnbull government's reforms, but families need to make the switch to the new system or they risk disrupting their ***payments***.

We're investing an extra $2.5bn and overhauling the system by retargeting subsidies to families working the most and to families earning the least, abolishing the annual rebate cap for most families, and introducing an hourly rate cap to put downward pressure on fee increases.

Parents and carers need to log on to myGov or visit [*www.education.gov.au/childcare*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) and update their details if they haven't done so already. The clock is ticking, Australia.

block-time updated-timeUpdated at 1.52am BST

block-time published-time 1.43am BST

Labor has announced it will set up a NBN service guarantee if it wins the next election. From Michelle Rowland and Stephen Jones' joint statement:

Labor will deliver a better experience for NBN consumers with a plan to establish an NBN service guarantee that will set regulated timeframes and wholesale service standards for:

* fault rectification

1. installations
2. missed appointments

The NBN service guarantee will be enforced through financial penalties that will apply if service standards are not met.

block-time updated-timeUpdated at 1.46am BST

block-time published-time 1.41am BST

Inside the Coalition party room, the energy debate is still bubbling away, as the energy minister, J osh Frydenberg, and the moderates work to fight off Tony Abbott's attacks. More and more MPs - and traditional supporter groups - [*are lining up to talk up the policy*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled).

How will Abbott react? Well last week he warned the government was ignoring the backbench and hinted he may cross the floor. But so far, it has been a lot of bluster, with not a lot of support - at least not from outside the usual suspects. Abbott is fighting a few battles within the party room at the moment - energy, Craig Kelly's preselection - but doesn't seem to be gaining that much ground, at least not yet.

Here was Malcolm Turnbull on the Neg this morning:

Well the national energy guarantee is a great policy. It will secure lower energy prices. It will secure reliable and affordable energy. You don't have to take my word for it. Look at what the Energy Security Board says - it will reduce wholesale power prices.

In fact, we've already seen wholesale power prices reduced under our policies by about 30% over the last ***year***. We've seen gas prices, wholesale gas prices, come down by about 50% over the last 18 months. We're starting to see retail prices - which is obviously where it really counts, the electricity power bill you get at home - they're starting to come down too. So we are turning the corner on higher energy prices because we have a plan for affordable and reliable energy.

block-time updated-timeUpdated at 2.03am BST

block-time published-time 1.21am BST

The shadow finance minister, Jim Chalmers, had a chat at doors this morning, before heading into work. He said Labor was right to point out what benefit the prime minister receives from his own legislation:

Self-evidently, Malcolm Turnbull would be a big beneficiary, not just of the company tax cuts, but also the personal income tax cuts that went through the Senate last week.

It's entirely legitimate for us to point out, as we have been doing, that Malcolm Turnbull, as a former investment banker, brings a series of influences to his job as the prime minister. It's entirely legitimate for us to point out that Malcolm Turnbull always sides with the top end of town over middle Australia. That's what he did last week with the income tax cuts; that's what he's proposing to do this week with the company tax cuts.

This is the most out-of-touch prime minister that Australia has ever had. He brings to this job, not an affinity with working people, but a preference for the investment bankers of Point Piper. We will be pointing that out in a variety of ways between now and the next election.

For those who may have missed it when we have previously talked about this stuff, we usually refer to these little mini-press conferences as "doors" because they are done at the doors to the building. There are several different entrances in this building - including through the basement (once they finally finish the renovations here), so politicians who come through the doors only do so if they have something to say. It's usually on a bit of a roster - the spokesperson for the particular subject is sent out to lay the foundation of the line for the day.

block-time updated-timeUpdated at 1.28am BST

block-time published-time 1.17am BST

The debate on Labor's bill has been adjourned (date to be set) and Bob Katter is now presenting his own private member's bill, which is on banking system reform.

Which reminds me - Gareth Hutchens is following along with the banking royal commission - so keep an eye out for his updates.

block-time updated-timeUpdated at 1.18am BST

block-time published-time 1.10am BST

Cory Bernardi has kicked his fundraising up a notch, from the latest Australian Conservatives email:

We need to start campaigning now to restore common sense to Canberra in the next federal election.

But we have only five days left to build the election campaign war chest needed to show Australians how we'll fight for:

* stronger families;

1. lower taxes; and
2. restoration of a civil society.

[*So please give today to help build a $250,000 Conservatives' campaign war chest by 30 June so we can kickstart our Senate campaign.*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

Your gift today will help put up the strongest fight possible.

Thank you for helping to show Australians there's a better way!

block-time updated-timeUpdated at 1.14am BST

block-time published-time 1.07am BST

Parliament has begun and Bill Shorten has opened with a private member's bill to protect penalty rates.

Labor is introducing the fair work amendment (restoring penalty rates) bill.

"When working people have an increase in their penalty rates... what it means is these people spend the money they earn - when you earn $40,000, $50,000, $60,000, you don't have the luxury of [investing in schemes], you spend every dollar you earn," Shorten said.

block-time updated-timeUpdated at 1.10am BST

block-time published-time 1.04am BST

There are a few delegations in Canberra today, worried about upcoming legislation.

Consumer advocates are concerned the payday lenders legislation could be watered down - they are here to put their case (the ABC has spoken to a few of them, which you [*can listen to here*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) ). Meanwhile, the Australian Council of Social Service is also in town to lobby against the corporate tax cuts, among other issues.

block-time updated-timeUpdated at 1.07am BST

block-time published-time 1.01am BST

The whole kit and caboodle was put on for Charlot Salwai this morning - it is the Vanuatu prime minister's first visit to Canberra.

Climate change will absolutely be on the agenda - our Pacific islands neighbours know intimately what dangers rising sea levels will bring - as will China's growing role in the Pacific.

Vanuatu's prime minister Charlot Salwai is welcomed at the forecourt of parliament house. Photograph: Mike Bowers for the Guardian

block-time updated-timeUpdated at 2.12am BST

block-time published-time 12.48am BST

Richard Di Natale addressed Labor's tax campaign ads during his chat with Sky News this morning - the too-long-didn't-read version breaks down to, "not a huge fan of negative tactics, but in this case - where's the lie?"

Di Natale:

It was the government who brought it on last week by attacking members of the opposition, the opposition leader and Tanya Plibersek and so on.

The bottom line is, it is not the prime minister's wealth which is the problem - it is the fact you have massive corporate donations going to the Liberal party and this is the Liberal party doing the bidding of their corporate mates at the big end of town.

It is a stinker of a policy, it rips billions of dollars away from where we need them... It will do very little to actually improve competitiveness within the business sector.

... Multinationals make their decisions based on a number of factors and it is not just the headline corporate tax rate; we know it is a lot more complicated when it comes to working out where they are going to invest.

... We won't be supporting those corporate tax cuts. I think the prospect of them getting through the Senate is very slim. Having said that, we saw Pauline Hanson say she wasn't going to support the income tax cuts and change her mind on that. Centre Alliance did the same thing, so I understand that the government is going to be piling the pressure on, but they [the crossbenchers] need to stay strong.

block-time updated-timeUpdated at 3.51am BST

block-time published-time 12.26am BST

'They want to attack me for having a quid'

Malcolm Turnbull has also addressed Labor's latest campaign ad and Pauline Hanson's multinational tax avoidance concerns.

On the ad:

The Labor party is just abandoning everything it used to stand for - so they are now - they want to attack me for having a quid. They want to attack me and Lucy for working hard, investing, having a go, making money, paying tax, paying plenty of tax, giving back to the community, which we do - that's apparently not the Labor way anymore. You are not allowed to have a go and be successful.

The Labor party has turned on everything it used to stand for. It used to be a party that supported aspiration, people getting ahead, people aspiring to build businesses, get on to employ people, make a buck, pay your tax.

If you do that - Luce and I have done that all our lives. Absolutely all our lives, so now they want to attack that.

Really it is aspiration and investment and people having a go and being enterprising that actually makes the economy work.

... I have to say, the old Labor leaders, whether it is my old mate Neville Wran, or Bob Hawke, or Keating, they would be as horrified at Bill Shorten's politics of envy, this mean-spirited negativity, as they would be as horrified of it, as obviously, Anthony Albanese is.

(Just a reminder that Turnbull inherited $2m - which is how he got his start)

enltrPrime Minister [*@TurnbullMalcolm*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) :   [*@AustralianLabor*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) wants to attack Lucy & I for having a quid. Labor has turned on everything it stood for. Neville Wran, Bob Hawke or Paul Keating would be horrified by   [*@billshortenmp*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) 's politics of envy. MORE:   [*https://t.co/qpyTIxcCeK*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)   [*#FirstEdition*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)   [*pic.twitter.com/TVt4d2WFoj*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

- Sky News Australia (@SkyNewsAust) [*June 24, 2018*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

And on multinational tax avoidance:

We are doing more on multinational tax avoidance than any previous government. Any previous federal government.

In fact, out multinational tax avoidance legislation, which is one of the toughest in the world - many people say it is the toughest in the OECD - has resulted in $7b in additional corporate revenue coming in to the Australian tax net.

And that is one of the reasons why the budget is in better shape. So we have been relentless on this.

We are Liberals, we believe in lower taxes, but tax is not optional. It is compulsory. So we want to have lower taxes, but everyone has to pay their share in accordance with the law. And we are getting very good results from that.

So we are very committed to everyone paying their tax, whether they are big companies or smaller companies, everyone has to pay their fair share of tax.

block-time updated-timeUpdated at 12.44am BST

block-time published-time 12.11am BST

Scott Morrison addressed the Ceda breakfast in Canberra this morning. It was all, tax, tax, tax, as you can imagine. Afterwards, he had a chat to the media about why the government was still pushing its company tax cuts. (One of Pauline Hanson's latest demands is that companies be forced to have their call centres in Australia, which is not as an insane proposal as it may have once been, given that we saw the government try and force an energy company to do what it wanted with its privately owned asset not so long ago.)

The government wants to see our entire enterprise tax plan implemented. The reason for that is because we don't want to shortchange the Australian people. We don't want to shortchange them on their jobs. We don't want to shortchange them on their prosperity. We don't want to shortchange small businesses' depend on larger businesses because they're all part of the one economy. Larger businesses are doing better, smaller businesses are doing better, and vice versa.

We want a tax system that makes sure all of our businesses are competitive. If you work for a larger business, you should have the same tax system that supports your business being more competitive than other businesses that are smaller. Your job is just as important if you're working for a large business, as the job of someone working for a smaller business.

That's why we're out there advocating for everybody's job, every business, because all of those businesses is what creates the stronger economy that everybody [deserves]. Everybody's infrastructure - their roads, their hospitals, their schools. It all depends on a stronger economy, and you will not get a stronger economy by having corporate tax rates at some of the highest levels in the advanced, developed world.

block-time updated-timeUpdated at 12.26am BST

block-time published-time 11.59pm BST

Darren Chester was on the ABC this morning (no one in the government appears to have a problem with the ABC when they are on it) talking about Labor's latest campaign:

Well, that's grubby politics and people see through the grubby personal attacks. The prime minister has made money in his life. He is a successful businessperson. It is grubby politics and it is beneath contempt and it is typical of the way that some people want to play politics in Australia today and I'm surprised the Labor party has gone down to such low levels.

Mark Butler also had a chat to the ABC and said that voters have a right to know how politicians benefit from legislation they pass:

It is appropriate that voters and people in the community generally understand what all politicians, whether the prime minister or humble backbenchers, have to gain or lose when we make decisions to vote on particular tax packages. I think, of course, we are in an election contest. This will be a hard-fought election, but it would be ridiculous of Malcolm Turnbull to complain about the ads, given the degree he went off at Tanya Plibersek and her husband in the parliament last week.

block-time updated-timeUpdated at 12.22am BST

block-time published-time 11.57pm BST

Pauline Hanson has appeared alongside senator Derryn Hinch on Channel Seven's Sunrise to discuss company tax - and both reveal they have been lobbied by Clive Palmer to vote for the Coalition's package.

Both have a remarkably similar account - that Palmer said he has $450m in the bank and could take that money overseas, presumably because Australia would not be as competitive without a company tax cut.

Palmer has announced a relaunch of his party in the guise of the United Australia Party and [*even pinched a senator from One Nation*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) : Brian Burston.

Hanson claimed Palmer threatened her by saying "if you don't back the corporate tax cuts, you won't get our preferences". "He's lobbying for the government for corporate tax cuts," she said.

Hanson said the government has not given her "any assurances they are going after multinationals to get them to pay their taxes in this country".

Hinch explains that he wants the threshold for the company tax cut lifted from $50m to $500m, which would give 6,000 more companies a tax cut without rewarding "the robber banks". He said Palmer had lobbied him too, which he found "insulting".

enltrSenators [*@PaulineHansonOZ*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) and   [*@HumanHeadline*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) on corporate tax cuts and why they're NOT supporting them!   [*#auspol*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)   [*#sun7*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)   [*pic.twitter.com/28VMa5cdGP*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

- Sunrise (@sunriseon7) [*June 24, 2018*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

block-time updated-timeUpdated at 12.19am BST

block-time published-time 11.56pm BST

Good morning

I hope you enjoyed your weekend - because things are about to get crazy.

It's the last sitting week before the six-week winter recess and both sides are doing all they can to position themselves ahead of the byelections - and full-on election mode.

So it is all tax, tax, tax. Selling the package the government just passed to the public, and selling the company tax package to the crossbench - mostly Pauline Hanson.

Hanson blinked late last week and said she would be open to talking to the government about company tax again, if they do something about multinational tax avoidance. Scott Morrison says the government has already addressed that - but it has reopened the chat lines. Longman is still top of Hanson's mind - [*the latest Fairfax-Ipos poll*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) showed One Nation was polling at around 6% nationally, but in Queensland, particularly those outer urban areas like Longman, One Nation polls much higher.

Hanson, whose party is now reduced to just one other senator, is fighting for her own political future. So you can expect her to react accordingly.

But Labor has drawn its line in the sand over tax, and it is not backing off. The Fairfax poll I just mentioned showed the opposition was ahead, 53% to 47%, although Bill Shorten is still behind Malcolm Turnbull as preferred leader. That's a tricky measure - not everyone is as engaged in politics as this community, which means the opposition leader, no matter who they are, usually has a lower profile/recognition factor.

But don't doubt the campaign has begun.

Labor put out its latest ads overnight, which has the government upset over the oppositon "playing the man, not the ball". Peter Khalil was just on Sky News addressing that criticism as the government not understanding how football works. "He's the prime minister, he has the ball," he said.

Tim Wilson was on minutes later to say: "Labor attacking the prime minister... yawn, frankly."

Meanwhile, [*the government has jumped on Anthony Albanese's speech on Friday night*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled), when he urged Labor to "stick to its values" as showing division in the party, in terms of strategy. Labor says it is united about wanting to defeat the government. And the ball rolls on.

enltrThe Coalition has slammed a new [*@AustralianLabor*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) ad attacking the Prime Minister over his corporate past. It's a new strategy from Labor which is trying to link   [*@TurnbullMalcolm*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled) 's personal wealth with the government's plans to cut the company tax rate.   [*#auspol*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)   [*#7News*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)   [*pic.twitter.com/vfGIVoxo9j*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

- 7 News Sydney (@7NewsSydney) [*June 24, 2018*](https://www.abcc.gov.au/news-and-media/latest-news-and-media/landmark-ruling-cfmmeu-official-feel-sting-penalties-breaking-law-union-penalty-almost-doubled)

And it is not even 9am yet! Mike Bowers is out and about - he is out the front of the building, where the parliament is preparing to welcome the prime minister of Vanuatu for the first time. Follow him at @mikepbowers and @mpbowers. He may also pop up in the story of @pyjamapolitics, if we get time to catch our breath!

You'll catch me in the comments and @amyremeikis.

Ready?

Let's go!

block-time updated-timeUpdated at 12.18am BST

**Load-Date:** June 25, 2018

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[***EXECUTIVE CALENDAR; Congressional Record Vol. 164, No. 180 (Senate - November 14, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TRN-7SN1-F0YC-N1F6-00000-00&context=1516831)

Impact News Service

November 15, 2018 Thursday

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**Length:** 24896 words

**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 The PRESIDING OFFICER. The clerk will report the nomination. The senior assistant legislative clerk read the nomination of Michelle Bowman, of Kansas, to be a Member of the Board of Governors of the Federal Reserve System for the unexpired term of fourteen ***years*** from February 1, 2006. The PRESIDING OFFICER. The majority whip. Senate Accomplishments Mr. CORNYN.

Mr. President, as I return to the Nation's Capital from home, back in Austin, TX, so we can finish our work out before the end of the ***year***, I want to relay some of the wisdom that I heard from working families and Texans back home about their verdict on what we have done so far this ***year*** and actually even last ***year***. I stopped by a couple of food banks--one in North Texas and one in El Paso--ahead of this ***year***'s upcoming holiday season. This is when they have the greatest demand for food by people who need either to supplement their diets or who rely on food banks to provide them with their basic sustenance. I also had a chance to visit with a Nobel Prize winner at the MD Anderson Cancer Center, Dr. Jim Allison, to discuss his groundbreaking work in cancer treatment, much of which was funded by money we have appropriated to the National Institutes of Health, which, in turn, provides grants for basic science and other research that come up with lifesaving cures, such as Dr. Allison has come up with. Then I met with the local leadership in the Corpus Christi area, down in the gulf coast, to discuss their Hurricane Harvey recovery process. It has been a little over a ***year*** since Hurricane Harvey hit. Of course, many of those communities and many families are continuing to recover from that devastation. I also held a roundtable with local leaders and the drug-free communities councils to discuss how local, State, and Federal leaders can work together to fight the supply of illegal drugs coming into the country and to support those who are in recovery from addiction. It won't surprise you that people had a lot to say. Yet their stories remind me that while being back here in Washington--although Texas is a long way away, about 3 hours or so by jet--folks back home are paying attention to what we are doing here, and I know some of that gets lost in the back-and-forth of the political campaigns that have just passed. There is one thing that we have done that I think has been well received, and that is, since the voters gave us a Republican in the White House and gave us Republican majorities in the House and the Senate, we have put our foot on the gas pedal and haven't let off since. We have delivered concrete results for the American people, and they have continued to see gains under this administration--promises made and promises kept. I will start with the transformation of the Federal judiciary. One of the most important jobs the U.S Senate has under the Constitution is to provide advice and consent on executive branch nominations--in this case, to our article III courts. A historic number of judges who will interpret the law as written have been confirmed under the administration. That number is 84, and it includes the most ever appellate judges--the midlevel Federal courts--to have ever been confirmed during a President's first 2 ***years*** in office. These are principled, experienced, highly skilled lawyers and judges who respect precedent and understand their critical but limited role under our system of government. Their job is to interpret the law; they shouldn't rewrite it. That is one of the principal battles we end up fighting when Supreme Court nominations come across the well of the Senate floor. There are those who think that judges should be able to impose their views on the American people even though they don't run for election and have lifetime tenures, but that is simply not our system. In my view, that is an impermissible role to be played by a judge. When it comes to judges, perhaps our two greatest achievements have been Neil Gorsuch and Brett Kavanaugh, both of whom were confirmed to the U.S Supreme Court. Yet, as I say, we have confirmed a total of 84 other Federal judges, including 3 on the Fifth Circuit Court of Appeals from Texas. All of these nominees and now judges have brought great intellect, legal expertise, impartiality, and good will to bear as they make decisions with their very distinguished colleagues. We saw the first major overhaul in the Tax Code in 31 ***years***. It lowered rates for every tax bracket, doubled the child tax credit to help working families, and made our business tax scheme more competitive globally. All of this has allowed many of those employers to pass along benefits through bonuses and higher wages. We have also incentivized investment in economically distressed communities in every State through the Opportunity Zone ***Program***. Some like to shrug off the benefits of the Tax Cuts and Jobs Act by calling the savings crumbs, which is what Ms. Pelosi has called them, but they are certainly not taking into account what I am hearing from my constituents back home in Texas. The effects of tax reform are real, and they are extremely significant to every American. All employers have been able to provide additional benefits--as I said, some in the form of bonuses or in increased pay. Those who have seen their pay remain the same have seen more take-home pay because their tax obligations have been reduced. One of the taxpayers I heard from in Texas was a gentleman by the name of David Tong from Arlington, TX, which is halfway between Fort Worth and Dallas. Dave wrote to me to say that the company at which he is employed has increased the number of hours people are able to work. He said Christmas bonuses have been promised, too, and that the company has hired more people, has bought more new machinery based on the accelerated depreciation provided for under the bill, and has made long overdue repairs to their working place. Now, with the tax law changes in place, David says the guys down on the shop floor are taking home a little more in their paychecks each week. He said all of this adds up and makes a huge difference in the lives of the guys on the shop floor. We have heard similar stories from around the country because more than 700 companies, including many that are based in Texas, have used the tax savings to benefit their employees and their customers. They have announced pay raises, as I said, and 401(k) match increases. We have actually seen seniors and people on fixed incomes have a decrease in their utility bills, when their electricity is provided by investor-owned utilities, because of the reduction in taxes to be paid by those investor-owned utilities. So there are lower utility rates for seniors and those on fixed incomes. These developments are part of the reason the economy is thriving. Since tax reform was signed into law, the economy has added more than 2 million jobs, and unemployment has been at its lowest rate since 1969. My State has a population that is roughly 38 to 40 percent Hispanic; yet Hispanic unemployment sits at the record low of 4.4 percent. That is a big deal to my constituents back home. Joblessness for African Americans has fallen to its lowest level ever--the lowest level ever-- under this administration. Then, of course, with more demand--with more money in people's pockets, more money to spend--there is more demand for goods and services. So in October alone, the economy has added another 250,000 jobs, exceeding all expectations. As a matter of fact, the biggest concern I hear from employers now is that they are looking for qualified employees who are able to perform the jobs that are now available, and many of these are very well-paying jobs. So people are back to work. They are earning more. They are investing, and the economy is moving at full throttle. But it wasn't just the work of the tax bill. That was just part of it. Part of it has to do with the increased confidence and optimism that people feel about their future as a result of the improvement of their economic circumstances. We saw that with the passage of the bipartisan Dodd-Frank reform. We have also provided additional relief to our community banks and credit unions so they are able to spend less money on redtape and have more money invested [[Page S6942]] in their local communities and in their small businesses. We also know that regulation is important, but overregulation is a job killer. We have rolled back overregulation that was stifling job creation, and we are creating an environment that fosters job growth. Our reforms have created a savings of at least $50 billion for small businesses and entrepreneurs. That is why the economy is on fire. We have also done important things to help improve access to healthcare. We have repealed the Independent ***Payment*** Advisory Board provisions of ObamaCare and repealed the costly individual mandate, which essentially was a tax on poor people and middle-income people when they couldn't afford to buy the ObamaCare policies with all of the coverage that they didn't necessarily even want or need, but it added to the cost of the policy. When they couldn't afford the policy, they were taxed by their own government and punished through the individual mandate. What we have done is to try to restore the authority and the power of citizens themselves to make healthcare decisions for themselves and their families that they want and that they can afford by starting to recreate an individual market. To me, that is the best way for us to offer choice and to keep prices down--to create an individual market, not for government to mandate a one-size-fits-all approach, which is what ObamaCare did. It forced many young people to pay a lot more for their insurance to subsidize others who were covered by ObamaCare. We also addressed the public health challenges we face in this country in another significant way. The Nation's drug addiction epidemic killed roughly 72,000 Americans last ***year***. Some 72,000 Americans lost their lives to drug overdoses. Nearly 50,000 of those were related to opioids, whether a prescription drug or heroin or fentanyl. It has left many families in disarray and overwhelmed medical professionals and emergency personnel in many communities. Through the collaboration of about 70 bipartisan proposals--people say nothing bipartisan happens here, but thanks to 70 bipartisan proposals--that were included in this landmark opioids bill, we are not only addressing stemming the tide of drugs coming across our border but also supporting those who are trying to recover from a drug addiction. Among other reforms, the law requires screening of packages being mailed from overseas for substances like fentanyl. It increases access to treatment for people with substance disorders. It expands research into nonaddictive painkillers, and it provides more money for enforcement and interdiction. But healthy communities are also safe communities. In addition to the opioids bill, we took further steps to enhance the safety of our communities and to help victims. With three new laws, we aimed to reduce the backlog of untested rape kits in forensic labs so that perpetrators of sexual assault can be identified with near certainty and those wrongly charged can be exonerated. We also have assisted our law enforcement in prosecuting cold cases and eradicating the scourge of online sex trafficking. We didn't stop there, though. We kept communities' needs in mind and turned toward fixing our Nation's outdated infrastructure. In October, we passed a major water infrastructure bill that helps to keep our communities safe by providing dams and levees and addressing the need for drinking water--clean, safe drinking water--and addressing the underdevelopment of wastewater systems across the country. But our work on infrastructure extended far beyond public water systems. It also included passing the Federal Aviation Administration Reauthorization Act, which modernizes airport infrastructure, increases safety, and boosts industry innovation. We also helped to support our men and women in uniform, past and present. By passing a Defense authorization bill, we gave our troops the largest pay raise in nearly 10 ***years*** and began to restore military readiness in an increasingly dangerous world. The National Defense Authorization Act, named after our former chairman of the Armed Services Committee, John McCain, ensures that our troops have the resources, the equipment, and the training they need to defend our country and keep Americans safe. For our veterans, we passed the VA Mission Act--again, a bipartisan piece of legislation. Access to healthcare had become a nightmare for many who sacrificed so much for our country. We saw them being met with difficulty getting appointments because they were backlogged so much, or they had to drive great distances to get access to basic healthcare. So we passed the VA Mission Act with an eye toward providing more efficient access to care in local communities. Beyond that, we did the basic work of funding the Federal Government on time and through regular order. We haven't finished that job yet. We have until December 7 to finish the job, and I hope we do. It is not a particularly flashy topic, but it is one of the most fundamental duties of the Congress. So our record is clear, and the voters responded by rewarding the majority with an even greater Senate majority in the next Congress. But we need to finish out the rest of this ***year*** strong. We are adding to our list of accomplishments this week by passing a bipartisan bill to provide critical funding for the Coast Guard. Our Coast Guard is made up of men and women who risk their lives to save others and to protect our ports and to stop illegal drugs from reaching our country. This bill ensures that they can continue that work with the predictability they deserve. Moving forward, we have a significant to-do list before we break for Christmas. We need to finalize the farm bill. We need to reauthorize a number of other bills, and despite the large number of nominations we were able to get done before we recessed, there is still a huge backlog of many executive branch nominations. For some reason, after the 2016 election, our Democratic colleagues decided they were going to obstruct or delay as many Trump nominations to executive agencies on the bench as they could. Unfortunately, they have been too successful in doing so, but I am confident that the Senate Majority Leader, Senator McConnell, will use the leverage of people wanting to get home at Christmastime and Thanksgiving to ensure that we get a maximum number of these noncontroversial nominees supported. These are people who will enjoy broad bipartisan support if we can just get our Democratic colleagues to quit the obstruction. We have just a short time left to finish this Congress strong, but the past 2 ***years*** have been an unmitigated success for the country. We have delivered on promises we have made. We have put money back in the pockets of hard-working families. We enhanced community safety and fought for victims. We have modernized infrastructure and supported our men and women in uniform. I hope we can continue this momentum into the 116th Congress that begins in January. I yield the floor. The PRESIDING OFFICER. The Senator from Washington. Coast Guard Reauthorization Bill Ms. CANTWELL. Mr. President, I come to the floor this afternoon to speak about the Coast Guard reauthorization legislation that just passed the Senate today. I thank my colleagues for all of their hard work on this important measure that literally has taken ***years*** to piece together. I thank Chairman Thune and Ranking Member Nelson for working on this legislation and for incorporating many of the things that the people of Washington were interested in seeing as part of this comprehensive bill. I certainly want to thank Senator Carper and the EPW staff for working on major provisions of this bill relating to ballast water and the solutions they put forward. This bill includes many provisions important to our Coast Guard, our environment, and to our shipbuilding community. It represents a true bipartisan effort to find solutions and to put those solutions into action. Our State of Washington is rich in its maritime heritage. The Coast Guard is a large part of that. With so much coastline, and so many rivers and streams, the Coast Guard is so important. Our State is home to fishermen, shipbuilders, Tribes, trade operators, and a thriving tourism economy. So for places from Cape Disappointment and [[Page S6943]] Grays Harbor to Neah Bay and all the way up the Columbia River, our Washington State Coast Guard works tirelessly to protect the Northwest and our environment. In our State, there are more than 2,000 Active-Duty coasties, 440 reservists, 192 civilian employees, and an impressive 869 volunteer auxiliary members in the Coast Guard. The Coast Guard plays an important role in the safety and oversight of our fisheries. Thousands of Pacific Northwest fishermen call Washington State home, and over 35,000 Washington State jobs are supported by the Alaska fisheries. While we usually talk about big assets here on the floor, like icebreakers and national security cutters, Washington State is also home to heavy surf stations that serve in some of the most extreme conditions that people have to operate under. This bipartisan Coast Guard legislation has many provisions that I would like to talk about this afternoon. I want to again thank my colleagues for their great bipartisan work on this legislation. This legislation has many different solutions for many of the challenges our agencies face. I want to again thank Senator Thune for working across the aisle on the various Coast Guard provisions that are included in this bill, and I want to thank Senator Sullivan for helping to cosponsor the authorization of the recapitalization of the Coast Guard heavy polar icebreaker, the Polar Star. The Polar Star is home- ported in Seattle and is our only operational heavy icebreaker, crucial for Arctic operations. The language that we just passed improves the oversight of ships that pose an oil spill risk in Puget Sound. This is so important for us moving forward to have these types of assets in these critical waters. This bill also includes language to strengthen the Coast Guard's family leave policies, as they moved forward to meet other branches in adding paid family leave. The legislation included language that helps to improve the flexibility of that paid family leave for various parts of our State that are most hard to serve. The Coast Guard families should not be forced to choose between serving their country and supporting their families, and I so appreciate the incorporation of this language into this legislation. This bipartisan deal also helps to protect good shipbuilding jobs at Dakota Creek Shipyard. I am a very strong supporter of the Jones Act, and I believe it is important that we continue to have the Jones Act in the future. I am proud that we were able to work together to find a solution to save good jobs at the Dakota Creek Shipyard, and I appreciate my colleagues working on the incorporation of that language. This legislation also included a critical compromise to address the threat of invasive species and the threat they pose to our waterways in many different parts of the United States. We worked hard on this solution, consulting with the State of Washington, and believe that this version, which does create regulatory certainty for maritime operators but does so while still protecting our environment, is critical. The bill allows the State of Washington, which has a strong history of protecting our waters from invasive species, to modify the west coast ballast water management practices, which is very important for us to protect our waterways for the future. It requires that the most rigorous scientific standards are used--including the Clean Water Act's best available technology standard so important to us in the Northwest. The bill also creates tools for emergency response to invasive species so they can be stopped before they take a stronghold in our environment. Lastly, it includes a permanent fishing vessel exemption for incidental discharges which do not pose a threat to our environment. All of these things were part of a very comprehensive Coast Guard bill that tried to give us the best tools possible to continue to operate in our coastal areas of the United States, to have the right resources, to have the right oversight, to have the right assets, and the right protection of our environment. Again, I thank our colleagues on both sides of the aisle for working so diligently to finally get this legislation over the threshold and on to the President's desk. The Coast Guard represents such an important maritime piece of our economy. I hope our colleagues will realize we need to give the Coast Guard the resources and assets to do their jobs, not just now in this legislation but moving forward as well. I also want to thank our Coast Guard fellow, Lieutenant Commander Michelle Rosenberg, for her time working on this comprehensive legislation for the last several ***years***. I, again, thank my colleagues. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The bill clerk proceeded to call the roll. Mr. TOOMEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER (Mr. Gardner). Without objection, it is so ordered. Gun Violence Mr. TOOMEY. Mr. President, winter has arrived in Pittsburgh. Today, 11 3-foot-tall wooden Stars of David make up a sidewalk memorial in the city's Squirrel Hill neighborhood, and they will be brought inside the Tree of Life Synagogue to protect this display of the city's grief from the snowstorm. Pittsburgh, the Jewish community and our entire country were shaken by a horrific anti-Semitic attack that occurred on October 27, during Shabbat morning services. Members of three Jewish congregations were present: the Tree of Life, Dor Hadash, and New Light congregations. Eleven innocent people were senselessly slaughtered in the attack, and six others were wounded, including four police officers who responded to the attack. Even within this act of evil, there were displays of amazing courage and humanity: the first responders, who rushed into danger to apprehend the shooter and protect others; the Jewish doctors and nurses who cared for not just the victims but the shooter as well. Like Dr. Jeffrey Cohen, president of Allegheny County Hospital--who is actually a member of the Tree of Life Synagogue--displayed an amazing, remarkable courage and humanity in visiting the shooter to ask him about his care and to try to make some sense of the attack. After such an inexplicable event, all of us looked for the motivation of the perpetrator and asked why. Well, let's be clear about what this shooting was about. It was a cowardly act of brutal violence, fueled by anti-Semitism, a corrupt and repulsive ideology that really betrays our most fundamental values and distorts history. John Adams had an interesting quote. John Adams said: If I was an atheist and believed in blind eternal fate, I should still believe that fate had ordained the Jews to be the most essential instrument for civilizing the nations. They are the most glorious nation that ever inhabited this Earth. The Romans and their Empire were but a Bauble in comparison to the Jews. They have given religion to three quarters of the Globe and have influenced the affairs of Mankind more, and more happily, than any other Nation ancient or modern. Despite Judaism's incredible contributions to mankind and to our own country and our country's founding, anti-Semitism is still far too prevalent. We can't ignore it. We must condemn it. We must challenge it. I think there is a lesson here from Dr. Cohen, whom I mentioned earlier. When asked how he could visit a patient with so much hatred, Dr. Cohen replied: I thought it was important to at least talk to him and meet him. You can't on one hand say we should talk to each other, and then I don't talk to him. I think Dr. Cohen's wisdom and insights in humanity could be useful for this body as well. I have spent a lot of time working with colleagues and others to try to find some commonsense solutions to address some element of the gun violence that plagues this country. Too often, it seems to me, we talk past each other rather than speaking with each other. I know there are strongly held views on the Second Amendment, and I am one of the Senators who has strongly held views on the Second Amendment. I am a strong supporter of the Second Amendment, but I am also convinced [[Page S6944]] there is common ground among people who have different views on the Second Amendment. In this session of Congress that we are wrapping, we overwhelmingly enacted legislation to improve NICS, the National Instant Criminal Background Check System, which is used to prevent the sale of firearms to people who should not have firearms. Now think about that. We all agree firearms should not be sold to criminals and the dangerously mentally ill. I have never heard any colleague in this body suggest that firearms should be sold to violent criminals or dangerously mentally ill people. No. We all agree, as does our entire society, that these are people who shouldn't have firearms. So we have a NICS system that is designed, when it works well, to identify people who should not be able to have firearms because they are convicted criminals or dangerously mentally ill, or both, and we in this body recently passed legislation to improve the effectiveness of that NICS system. Since we all accept the premise of the NICS system, and we have in fact enacted legislation to improve the effectiveness of the NICS system, shouldn't we also agree to close the remaining loopholes in the background check in this NICS system? One measure that I think ought to be a consensus measure, and I know has bipartisan support, is that using the NICS system, we should cover all commercial sales of firearms with a background check. This is just a commonsense measure that is entirely consistent and compatible with the Second Amendment. The Constitution guarantees the rights of law-abiding people to own firearms, but there is no such right for violent criminals and those who are dangerously mentally ill. I am not the only one who believes that. None other than the very pro-Second Amendment Justice Antonin Scalia wrote that it is completely compatible with the Second Amendment to have regulations like a background check. Senator Joe Manchin and I have introduced bipartisan legislation that would address this loophole, that would expand background checks. It is pretty simple. It simply says that all commercial sales of firearms, including those sales at gun shows and over the internet, need to be subject to criminal and mental background checks. If you pass the background check, you get to buy your gun, but if you fail the background check, then you are exactly the kind of person we have all agreed shouldn't be able to get a gun. This is just common sense. By the way, he and I built into this legislation a number of provisions to allow law-abiding gun owners to more fully exercise their Second Amendment rights. So I hope my colleagues will join me in working to advance this commonsense, bipartisan measure to keep our communities a little bit safer. I have never suggested that this would end mass shootings in America--that would be absurd--but it might make it a little more difficult for someone who doesn't belong owning a firearm to obtain one. I know in our country many people feel a deep sense of division. We saw it after the shooting at the Tree of Life. We see it sometimes in the debates here, including over gun safety, but this isn't the first time or even the worst time we have been divided. Interestingly, Pittsburgh's Tree of Life Synagogue was founded in 1864 during the Civil War. When I was in Pittsburgh following the tragedy, the day after the attack, I attended a beautiful memorial service just a few miles from the Tree of Life Synagogue. The service was at the Soldiers & Sailors Memorial Hall. At that ceremony, Catholics, Protestants, Muslims, Jews, people from every walk of life were represented. People from the Greater Pittsburgh area united to support their Jewish neighbors. It was fitting to gather at the Soldiers & Sailors Memorial. This memorial was founded by veterans of the Civil War in Allegheny County to honor the sacrifice and valor of those who were willing to die to save our country during that war. The very first soldier from Allegheny County to die in the Civil War was a married salesman in his early thirties from Pittsburgh. He died at the Battle of Williamsburg on May 5, 1862. His name was Jacob Brunn. He was Jewish. That didn't matter to Pittsburgh. The entire city turned out for his funeral, the entire city. As one historian put it, ``the city put religious and political differences aside to honor the man who was first to fall.'' I hope the Senate can also put aside some of our political differences and do something sensible. It is our duty, and it would be a fitting act of remembrance for victims of mass shootings--at the Tree of Life, Thousand Oaks, Sandy Hook, and all the others whose deaths from gun violence have scarred our country. I yield the floor. The PRESIDING OFFICER. The Senator from Arizona. Unanimous Consent Request--S. 2644 Mr. FLAKE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of ***Calendar*** No. 393, S. 2644. I further ask that the committee-reported substitute amendment be agreed to, the bill, as amended, be considered read a third time and passed, and that the motion to reconsider be considered made and laid upon the table. The PRESIDING OFFICER. Is there objection? The majority leader. Mr. McCONNELL. I object. The PRESIDING OFFICER. Objection is heard. Special Counsel Independence and Integrity Act Mr. FLAKE. Mr. President, I rise to speak in defense of Special Counsel Robert Mueller and to defend the vital role he has played since May of last ***year*** in yet another act of service to his country in what has been a lifetime of distinguished service. For his trouble, Mr. Mueller has been accused repeatedly and without basis in fact of conducting a ``witch hunt'' in the course of his current investigation by none other than the President of the United States. So I would like to take this opportunity to say a few words about what Special Counsel Mueller and his team have been investigating and why, as the point of this vital investigation seems to have been purposely confused and maligned by the White House in a rather alarming way. My colleague from Delaware, Senator Coons, and I have made the unanimous consent request to bring this to the floor, but it has been objected to already. This bill is designed to do one thing: protect the integrity of the special counsel's investigation and spare it of any influence or interference from the executive branch, including from those who may themselves be subjects of the investigation. The findings of Mr. Mueller's investigation are of utmost importance to the security of this country and to the well-being of our democratic institutions as well. In America, as we all know, no one is above the law. Our doctrine of separation of powers and the independence of the judicial system is what sets us apart from lawless countries, and Presidents do not get to determine who gets investigated and who and what does not. For the record and for history, this special counsel was appointed to thoroughly investigate the attacks on our electoral system by elements of the Russian Government during the lead up to our 2016 general election. How such an investigation can be a cause of controversy is beyond me. Surely, we all recognize it is essential to understand this new form of foreign aggression so that we might better defend America against such attacks in the future; right? One would think there would be unanimous national resolve to get to the bottom of such aggression from an enemy or foreign power, especially a foreign power with whom we spent much of the second half of the 20th century locked in a global ideological struggle, especially when in their renewed aggression toward us, they have targeted the institution we have and they don't--free and fair elections. Vladimir Putin knows he could not defeat us on the battlefield, and he knows the ideas at the center of his former empire were soulless and bankrupt. He wants to rob us of what makes the United States superior to his autocracy. His goal is to turn us against ourselves and, in doing so, to try to destroy our democracy. This is a matter of grave national importance. This is not a moment for our national leadership to be weak or [[Page S6945]] irresolute or compromised in any way. Some of us in Washington have seemed strangely incurious about just what the Russian malefactors did to America in 2016 at the direction of Vladimir Putin. Our President has been so incurious that at times over the past 2 ***years*** he has been eager to accept Putin's denials at face value. In fact, our executive branch has generally been in such a state of denial about the attacks on our democracy that the White House has not been aggressive at all in defending against future attacks. I defy any of us to name a threat so grave to which the government of the United States--that we, all of us, including this Senate--has responded so lackadaisically. Why is that? With the firing of the Attorney General and, in my view, the improper installation of an Acting Attorney General who has not been subject to confirmation by this body, the President now has this investigation in his sights, and we all know it. My purpose here is not to divine the President's motives in his seeming determination to sow doubt about and curtail Mr. Mueller's investigation. If, as the President says, there was no involvement by anyone in his campaign with the Russian malefactors, then this investigation--properly conducted--will discover and document that. Mr. Mueller has already brought dozens of indictments against Russian nationalists. It is in the national security interest of the United States to fully understand what they did to us in 2016. If the President doesn't understand this, we must. If he doesn't prioritize that, we will. We--all of us--talk much in this place about the defense of ``all that we hold dear.'' Those are the words we speak--``all that we hold dear.'' What do we actually mean when we say those words? Speaking personally, I can't think of values held more dear than the independence of our judicial system and an electoral system free of malign influence, either foreign or domestic. When I think of the things we must hold dear, those things are right at the top of the list. It is our sworn oath to keep it that way. On one further note on this unanimous consent request that has just failed today, Senator Coons and I are prepared to make it again and again until there is a vote on this vital bipartisan legislation on the Senate floor. I have informed the majority leader that I will not vote to advance any of the 21 judicial nominees pending in the Judiciary Committee or vote to confirm the 32 judges awaiting confirmation on the Senate floor until S. 2644 is brought to the full Senate for a vote. Mr. President, I yield to the Senator from Delaware. The PRESIDING OFFICER. The Senator from Delaware. Mr. COONS. Mr. President, first, I want to thank my colleague and my friend, Mr. Flake, the Senator from Arizona, for joining me today in calling for action on a balanced bipartisan bill to uphold the rule of law, to avoid a constitutional crisis, and to secure the ongoing position of Special Counsel Robert Mueller, as he moves to complete his investigation. This is a critical moment. Just a week ago today, President Trump forced the resignation of his Attorney General, Jeff Sessions, and effectively stripped Deputy Attorney General Rod Rosenstein of his authority to supervise the ongoing investigation by Robert Mueller--an investigation which, I will remind you, just the same day he forced Attorney General Sessions' resignation, the President attacked publicly as a hoax and a witch hunt. Let's take a step back to remember the bigger picture here. Robert Mueller--a career Federal law enforcement leader, a decorated combat veteran, a lifelong Republican--is leading an investigation into a foreign adversary's attack on our last election. This isn't about relitigating that election. It isn't about partisan politics. It is about protecting our democracy. As my colleague Senator Flake said, it is about protecting what defines us as a democracy. Yet our President is now in a position easily to interfere with or even end the Mueller investigation. Compounding that threat is the person who has been appointed as the Acting Attorney General, Matthew Whitaker. I have separate concerns about Mr. Whitaker's novel legal theories well outside the mainstream, about whether his experience makes him an appropriate person to be Acting Attorney General, whether his appointment is consistent with the Constitution and Federal law, but I will leave those concerns for another day. At the moment, I think Mr. Whitaker's comments about the Mueller investigation made a ***year*** ago make him a clear and present danger to the independence of the special counsel. In an editorial last ***year***, Mr. Whitaker argued that Mueller is ``dangerously close to crossing'' a redline, following reports saying he was looking into the President's finances. He said that without any examination of the facts or evidence. He said that if the investigation goes too far, then--and he openly pondered ways--an Attorney General could reduce special counsel Mueller's budget ``so low that his investigation grinds almost to a halt.'' For these reasons and others, I think Mr. Whitaker should recuse himself from overseeing the Mueller investigation, and we cannot wait for that action. We have asked our colleagues today to take a simple yet critical step to protect the special counsel and future special counsels in future administrations by supporting the bipartisan Special Counsel Independence and Integrity Act. This is a bill crafted by Senator Graham, Senator Booker, myself, Senator Tillis--a bipartisan bill that, with the support of Senator Flake and the Chairman, Senator Grassley, passed the Judiciary Committee in April by a strong bipartisan margin of 14 to 7. We had a hearing. We had a markup. We had a vote. It is ready for committee action. While I appreciate repeated assurances by the majority leader and many other Senators of the other party that it is not needed because they are confident the President will take no inappropriate action to interfere with the ongoing investigation, why would we not take this simple preventive measure? Given the President's repeated actions, given his repeated statements about the Mueller investigation, why pose this risk when a simple vote on the floor of the Senate could move this toward enactment? Let me be clear about what the bill does. It says that if the special counsel is removed, counsel has the opportunity to challenge the removal in court. A panel of three Federal judges would have 2 weeks to hear and determine whether the removal was based on good cause. If the panel doesn't find good cause, the counsel would be reinstated. It preserves staffing, documents, and materials of the investigation while that matter is pending for that brief period. The bottom line is this. The special counsel legislation we are urging today protects the integrity of this special counsel and future special counsels, something that Members of this body of both parties have repeatedly and publicly said we value. It strengthens the rule of law. It strengthens the principle that no one is above the law, and it ensures that we are not back on this floor trying to unravel an emerging constitutional crisis should the President precipitously act or should Matthew Whitaker precipitously act to impede Special Counsel Mueller's ongoing investigation. Let me close today by asking my colleagues who are listening to consider the fundamental principles that form the basis of our democracy--free and fair elections, respect for the rule of law, strong independent institutions that deliver justice impartially and transparently. It is because of these principles, enshrined in our founding documents, that the United States has grown from a fledgling experiment--at that time on the very fringes of world civilization--to a strong, vibrant, and inclusive nation that is a beacon for the world and the most sustained and greatest democracy in the history of the world. We cannot take these principles and we cannot take the institutions of our democracy for granted. They don't protect themselves. Every now and then, when founding principles are threatened, we have to demand elected officials put aside disagreements and come together to defend them. This is one such moment. [[Page S6946]] I am grateful to my colleague from Arizona for his statement and his leadership today. I am confident that if given the opportunity to come for a vote, this bill would get at least 60 votes, having spoken to colleagues on both sides of the aisle yesterday and today. I am puzzled as to why there are leaders in this body who continue to have great confidence given the President's statements and actions. I think the time for action has long since passed. We should have taken that action today. I will continue to work tirelessly with my colleague from Arizona until we secure passage of this bill. With that, I yield the floor to my colleague and cosponsor, the Senator from New Jersey. The PRESIDING OFFICER. The Senator from New Jersey. Mr. BOOKER. Mr. President, first of all, I want to give gratitude to both of the Senators who spoke before me, my friend Senator Coons and my friend Senator Jeff Flake. I want to especially thank Jeff Flake for his willingness not just to lead with words but to make a commitment on the Senate floor that he will not be voting on judicial appointments until this is brought to a vote. Senator Flake and Senator Coons have said pretty much all of what I was going to say. Perhaps just very succinctly and very candidly, I want to reiterate this moment we are in and the gravity of the moment we are in. This bill is not a partisan piece of legislation. It comes from a bipartisan effort. It started many months ago, when Senator Graham and I started talking and Senator Tillis and Senator Coons started talking many months ago, not just for this moment in history but also understanding that we have a flaw in our system that does not have an appropriate check and balance on a Presidential power that can put them in a position where they are not subject to the laws of our land. This Special Counsel and Independence Integrity Act came from a bipartisan effort to try to make sure that we have appropriate checks and balances to prevent a constitutional crisis. It is actually a forward-thinking bill, understanding that we should not be reactive in the cause of our democracy but proactive in preventing and securing the great Nation and our laws and our rules that we all cherish. We see a bipartisan bill worked on, crafted, compromised, brought to committee, be voted out of committee, and languish now without a vote, and I agree with Senator Coons that it would get more than 60 votes and would provide a reasonable check and balance. This is a bill that is important for history, but the urgency of this moment Senator Coons has already gone over. We now have the firing of Jeff Sessions, and Jeff Sessions was said to be fired by a President who literally said: ``I would not have hired you if I thought you were going to recuse yourself.'' He was replaced with a person--and Senator Coons has read the quotes--who talked about this investigation and what he would like to do. He called it a witch hunt, and he compromised himself now in the position he is in. The idea that the integrity of this investigation and the idea that the urgency of this investigation will continue under his leadership are in question. That is why this bill is necessary. More than that, we are a nation that has been, is, and will be under attack. All of our intelligence agencies have a consensus on the conclusion that our democracy is under attack. We need to understand what happened, what is happening, how to prevent it from happening again, and hold those people accountable. This investigation has led to numerous guilty pleas. This investigation has led to numerous indictments, and it should be able to run its course without interference. So I will conclude by saying that there is urgency in our country to uphold an ideal and a principle that no one, not a Congress person, not a Senator, not a mayor, not a Governor, not the President of the United States--no one in this country is above the law. There is ample evidence of this body taking reasonable, measured, bipartisan actions to make sure we have the balanced government that was designed and intended by our Founders. This is a reasonable, modest check and balance on Presidential power to ensure that no one, including the President of the United States, is above the law. I am deeply grateful for Senator Coons, Senator Tillis, Senator Graham, and especially for the leadership shown right now by Senator Flake in this important moment to avoid a constitutional crisis. Thank you. The PRESIDING OFFICER. The Senator from Arizona. Mr. FLAKE. Mr. President, I want to thank the Senator from Delaware, Mr. Coons, and the Senator from New Jersey, Mr. Booker, for doing this together with us to make sure that we have this bipartisan piece of legislation here on the Senate floor. It is not unremarkable to have such a bipartisan piece of legislation pass out of the Judiciary Committee. We don't have very many bipartisan pieces of legislation coming out of the Senate Judiciary Committee, but this one was--by a vote of 14 to 7, including the chairman of the committee. There is no reason it shouldn't be brought to the floor. It was passed out of the Judiciary Committee on April 26. I should note that the Judiciary Committee has been busy sending things to the floor during the intervening time. In fact, since April 26, when this bill passed the Judiciary Committee, we have sent 49 nominations through to the floor that we have voted on and confirmed here on the floor. Since that time, the floor actually has voted on 50. There was one that was already in the queue. So on the floor, since this bill passed the Judiciary Committee, we have voted on 50 confirmations of the President's nominees. Many of these nominees were blue-slipped in Democratic States; some, in Republican. We have been able to move on all of them. There is no reason we shouldn't move on this vital piece of legislation to protect the special counsel. When the leader said in April that there was no move on the special counsel, nobody was being fired, nothing to worry about here--if that was the case then, that certainly is not the case now. Since then, the Attorney General has been fired, and the oversight for this investigation, which sat with the Deputy Attorney General, has been wrested from him and turned over to someone who has not received Senate confirmation, someone who has expressed open hostility to the Mueller investigation. Does that not ring alarm bells around here? If that doesn't, what will? Why are we so sanguine about this? This would provoke a constitutional crisis. Yet, when we have the opportunity to pass legislation to protect the special counsel, which received a bipartisan vote in the Judiciary Committee, we fail to bring it up on the Senate floor. Why? Why do we do this to protect a man, seemingly, who is so incurious about what Russia did during the 2016 elections? Why do we do that? Do we have no more institutional pride here? Don't we more jealously guard our prerogative as Senators than to simply let this go? What will it take? I am prepared--and I know that the Senator from Delaware is, as well--to bring this up again. We will bring it up again until we can get a vote on the Senate floor. I hope in the next few days and in the coming weeks that the public will rise up and say that this needs to be done. A bipartisan piece of legislation that has passed the Judiciary Committee ought to be brought to the Senate floor for a vote. We are not saying that it has to pass, although we think it will; for sure it will. It has overwhelming support. We are just saying: Bring it to a vote; bring it to a vote. Until we do, the 21 nominations that are in the Judiciary Committee waiting for a vote there will not receive a vote, nor will I give my vote to the 32 nominations that are sitting here on the Senate floor. This is important. This should be a priority. I thank the Presiding Officer, and I thank the Senator from Delaware, and I will yield to him. Mr. COONS. Mr. President, I will just conclude by saying that I could not agree more with the comments of the Senator from Arizona, my friend and colleague. There come moments when we should step up and defend the prerogatives and [[Page S6947]] the role of this body. This is one of them. I understand it may annoy, it may displease the President for there to be a speed bump put in the way of interference with the special counsel. But this isn't just about the current special counsel; this is about taking Department of Justice regulations and making them statute. This is about providing a small modicum of protection for the groundless removal of a special counsel. This is something that, as my colleague has said, deserves prompt attention on the floor. We have a few weeks between now and the end of this Congress, time when we could be taking up and confirming nominees, time when we could be taking up and moving other pieces of legislation, but you have heard a very clear position by my colleague that we won't be moving forward nominees in the Judiciary Committee, and if just one more colleague joins him, we might well begin to prevent nominations from moving on the floor as well. To what end? Simply to get a vote on the floor. Simply to get an opportunity to be heard and for there to be a vote taken on this important piece of bipartisan legislation. I am grateful to my colleague for his work on this and for his stand today, and I look forward to continuing to work tirelessly with him on it. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The senior assistant legislative clerk proceeded to call the roll. The PRESIDING OFFICER. The Senator from Rhode Island. Mr. REED. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Remembering Claiborne Pell Mr. REED. Mr. President, next week will mark what would have been the 100th birthday of my predecessor, Senator Claiborne de Borda Pell, who was born on November 22, 1918. This ***year***, appropriately enough, the date falls on Thanksgiving. We lost Senator Pell nearly 9 ***years*** ago after a long struggle with Parkinson's disease, which robbed him of his mobility but not his spirit. He was sustained by the love of his wonderful family, especially his beloved wife, the late Nuala Pell. A person who dedicated his life to selfless service to Rhode Island and the Nation, Senator Pell would not want a showy commemoration of his centenary. He was not one to seek the limelight. Moreover, for him, his birthday--November 22--became a somber day for remembrance and mourning the loss of his dear friend, President John F. Kennedy. But at a time when differences seem more striking than our common cause and when there is a question of whether America's role in the world community should be guided solely by narrowly defined self- interest or by our democratic ideals, it is helpful for us to recall the example and standard Senator Pell set--both his accomplishments and the civility he maintained throughout his career. He was born into a family of great wealth and privilege, yet Claiborne Pell never exhibited a sense of entitlement. At a defining moment in the history of our country and a defining moment in his life, Claiborne Pell demonstrated that privilege and wealth was not a way to avoid the rigors of life. Rather, for him, they offered the opportunity and responsibility to meet the challenges of the times with vigor and wisdom and optimism. As World War II approached, Claiborne Pell, with family connections, poor eyesight, and a high draft number, could have easily secured a sinecure, a safe posting to ride out the war. Instead, before Pearl Harbor, he decided on his own to enlist in the Coast Guard and eventually sailed the dangerous North Atlantic convoy runs. Significantly, Claiborne chose to enlist not as an officer but as a seaman so that he could get a chance at sea duty. The complete lack of regard for status or pretense, which he showed in his World War II service, would continue to mark his public service and endear him to generations of Rhode Islanders. For 36 ***years***, Claiborne Pell did not simply represent Rhode Island in the U.S Senate; he represented the ideal of what a public servant should be. He said that his motto or statement of purpose was to ``translate ideas into action and help people.'' And that is what he did. One hundred ***years*** after his birth and 58 ***years*** after his first election to the Senate, millions of Americans continued to be helped by his ideas translated into action. He believed that government had a critical role in providing opportunity, particularly the opportunity for a good education for every American, and he knew that there were unbounded horizons for the initiative, invention, and innovation of these well-educated sons and daughters of America. Truly, they would continue and enhance the great endeavor that is America. He authored the legislation that established the Basic Education Opportunity grant, now known as the Pell grant. Today, roughly 7.5 million students rely on Pell grants to help pay for college. He wrote the legislation that created the National Endowment for the Arts and the National Endowment for the Humanities. To this day, these agencies support artistic, educational, and cultural ***programming*** in communities large and small across the Nation, fulfilling Senator Pell's commitment to strengthening and preserving our national cultural heritage for all Americans. He led the effort to establish the Institute of Museum and Library Services, helping libraries and museums across the Nation transform their communities through access to information and opportunities for lifelong learning. According to the Institute, people visited libraries over 1.3 billion times in 2015, and 55 million student groups visit museums each ***year***. The vision he articulated in the early 1960s for high-quality passenger rail service connecting the major population centers on the east coast into a megalopolis led to the creation of Amtrak and the Northeast Corridor. Decades later, it is interesting to see not only how much of his vision has been achieved but also how much of his vision is now reflected in ideas like Elon Musk's ``hyperloop.'' Touched by the death of two members of his staff who were killed by drunk drivers, Senator Pell authored the first Federal anti-drunk driving bill in 1976--4 ***years*** before the founding of advocacy group MADD, Mothers Against Drunk Driving. Senator Pell's legislation became the model for Federal policy efforts to combat impaired driving by giving the States strong incentives to toughen their laws. Senator Pell was also deeply committed to America's role in securing world peace. His notion of a powerful America leading the world--not standing apart from it--and his notion that our values, our system, and our commitment to human decency would prevail in the face of totalitarianism were wisdom of the ages. In his service on the Senate Foreign Relations Committee, he espoused those views, seeking to remind us that our destiny would take us far beyond what simply a military operation or our economic power might because of our ideals and commitment to creating a world community. Senator Pell's approach to legislating was unfailingly kind and civil. In his farewell speech to the Senate, he laid out his guiding rules. In his words: ``First, never respond to an adversary in ad hominem terms.'' In his six campaigns for the U.S Senate, Claiborne Pell never ran a negative ad or attacked his opponent personally. Rhode Islanders rewarded him with an average vote of more than 60 percent for each of his elections. ``Second, always let the other fellow have your way.'' For Senator Pell, winning an ally to achieve a legislative victory was more valuable than getting exclusive credit. ``Third, sometimes half a loaf can feed an army.'' He lived by those rules, but he feared that our politics and our media were pulling us in the opposite direction. That is why he used his farewell speech to urge us to stay true to a practice of politics worthy of our Democratic tradition, saying: If I could have one wish for the future of our country in the new millennium, it would be that we not abandon the traditional norms of behavior that are the underpinning of our democratic system. Comity and civility, transcending differences of party and ideology, have always [[Page S6948]] been crucial elements in making Government an effective and constructive instrument of public will. But in times such as these, when there is fundamental disagreement about the role of Government, it is all the more essential that we preserve the spirit of civil discourse. Those words ring very true and relevant today as they did when he gave them in his farewell address. Following in Senator Pell's footsteps, I am one who is in awe of his presence and accomplishments and feel a deep responsibility to continuing his legacy. He forged an enduring bond with the people of Rhode Island. He put ideas into action to help people. He was always civil and ready to find common ground. As we celebrate Senator Pell's 100th birthday, let's take inspiration from his spirit of service and collegiality. Let's translate ideas into action and help people. Mr. President, I know my colleague Senator Whitehouse is here. Mr. Whitehouse is someone who knew Senator Pell well, and he continues in the image and spirit of Senator Pell by being someone who brings his great talents and skills to serve the people of Rhode Island and the Nation with dignity, civility, and great energy. With that, Mr. President, I would like to yield to my colleague Senator Whitehouse. The PRESIDING OFFICER. The Senator from Rhode Island. Mr. WHITEHOUSE. Mr. President, let me begin by thanking my senior Senator, Jack Reed, for calling us to the floor to reflect and memorialize a truly splendid Senator who represented the State of Rhode Island, our friend and a great Rhode Islander, Claiborne Pell. I think my senior colleague has done an exemplary job of following in Senator Pell's footsteps of decency, civility, and quiet determination in the seat that Senator Pell once held. I cannot claim to hold the seat the Senator once held, but I can claim to have the desk at which Senator Pell once sat. If you look here right under where it says ``Pastore''--a Rhode Island Senator--in carved letters, you see in very small letters ``P-e-l-l'' and then ``R.I ''--like anybody needed to know that Claiborne Pell was from Rhode Island. Claiborne Pell was very important in my political life. He spent ***years***--in fact, decades--refusing to get involved in primaries. ``It is up to the party,'' he would say. When I ran for attorney general the first time I ran for elected office, I was in a three-way primary, and Claiborne Pell, for the first time in his career, endorsed me in that primary. He more than endorsed me; we went to a little park near his house in Newport, and he allowed me to film myself walking with him and conversing with him for my first commercial. Well, you can imagine, in a State like Rhode Island, when a legend like Claiborne Pell in the Democratic Party suddenly appears in your commercial in a primary--let me just say it was not a good day for my primary opponents. It was incredibly generous of Claiborne Pell to break a multidecade tradition on primaries in order to launch my first political effort, and I hope I have conducted myself since then in such a way that I never gave him or his family cause to regret it. As Senator Reed pointed out, one of the significant lessons from Claiborne Pell's career here in the Senate--and it is one that I think of all the time--was that he looked beyond the scrum of the moment. There is always something going on here in the Senate. There is always some fight or some issue that is on the front page of the Washington Post and on the news channels. That is always, always, always going on, and that bright, shiny object very often attracts an enormous amount of attention in this body. I suspect that Senator Pell paid less attention to that daily scrum than almost anybody who has served in the Senate. He had a much more patient soul and steadily and quietly and modestly worked away at his priorities. He used to make fun of himself for his interest in ``choo-choos.'' He would say ``choo-choo.'' Well, we have Amtrak in large part because of Senator Claiborne Pell's work. The Pell grant is named after him because of persistent leadership making sure that such a grant existed. Over ***years*** of work, he finally got it done. It was ultimately named for him, and it remains today an important part of how many young people here in the United States actually get to college and move toward their dreams. He fought for ***years*** to create the National Endowment for the Arts and National Endowment for the Humanities, and those institutions still exist. They are still doing great work today. In Rhode Island, we are very proud of Sea Grant. Sea Grant has ***programs*** in all of our coastal States. Sea Grant was the invention of Claiborne Pell and Dean John Knauss, later dean of the Graduate School of Oceanography at the University of Rhode Island. When you look back and think of who the Senators were at the time that Claiborne Pell served, you can go through all these desk drawers that I showed you, and there are lots of names of Senators. Many of them are ones you never heard of. They were certainly important in their day, but their day is done and their names are no longer remembered. Senator Pell is remembered. He left lasting legacies like those, and he did it by quietly and patiently sticking with his priorities, which he knew were Rhode Island's priorities and America's priorities. He might not have been on the talk shows as much as other Senators. He might not have been quoted on the front page of the Washington Post as much as other Senators. He was not as attentive to the daily scrum of Washington conflict. But, my goodness, when you look back at the legacy that he left that still operates today, it is hard to find somebody of his era whose footprint is larger than that of this shy, quiet, patient, civil, and persistent man. I would add to Senator Reed's comments about Claiborne Pell's philosophy a statement that he made to me that he made quite often. He said: One of the things that you must learn in politics, Sheldon, is how to let the other fellow have it your way. Always let the other fellow have it your way. What does it mean to always let the other fellow have it your way? What I take from that is that it means you have to stand by your principles. You have to achieve the goals you have set out for yourself and for your constituents, but on the way to getting there, if you can give others credit, if you can let other ideas join yours, if you can let other people have it your way, you are more likely to succeed. To this day, I still repeat that quote to new hires in my office. The picture of Claiborne Pell that he signed for me is still right there on my bookcase, and I see it every time I sit in the chair in my office. He was a remarkable and special individual. He was not your standard-issue U.S Senator. The particular way he chose to go about his duties has left a larger footprint than most of his colleagues were able to leave. I will end with a story about one of my final memories. Senator Pell was out of the Senate. His illness had caught up with him to the point where he was barely able to speak any longer. His friend Ted Kennedy, who sat in this space right here--at a different desk but right here at this spot on the Senate floor--was sailing through Rhode Island, and he called up Senator Pell, and he said: I would like to take you out on my boat. So it was arranged that Senator Pell would go out on his sailboat. That required getting a wheelchair onto a sailboat, over the tippy docks that Senator Kennedy's boat pulled up to. Sure enough, we all grabbed a piece of the wheelchair and hoisted it up and stepped over into the boat and set his wheelchair down in the cockpit of the boat. Senator Kennedy started up the motor and drove it off down into Newport Harbor and then shut off the motor and put up the sails. As the wind caught the sails, the boat heeled over, and this old coastguardsman, Claiborne Pell, smiled a smile that I will never forget as the wind took the boat and we began to move out into Narragansett Bay. The only other thing that was really fun about that was, because Senator Pell could barely speak any longer, he was actually a perfect fit for Senator Kennedy, who could basically not stop talking. There was this wonderful conversation with Teddy Kennedy and Claiborne Pell wherein Teddy Kennedy did all the talking for the both of them, and they both had a lovely time. They reflected on decades of friendship and service here. It was a real privilege to have a chance as a very new Senator to share that moment with those two [[Page S6949]] very different but mutually beloved lions of the Senate. I particularly thank my distinguished senior colleague for organizing our chance to come here and reflect on our friend Claiborne Pell. I think nobody better than he carries on the Pell tradition. I thank Senator Reed. Thank you, Mr. President. I yield the floor. The PRESIDING OFFICER. The Senator from Rhode Island. Mr. REED. I again want to thank my colleague Senator Whitehouse for his very eloquent words about a great American, Claiborne Pell. Just a final comment. If you ever want to feel truly beloved, embraced by constituents, respected and admired, do what I did several times--march in a parade with Claiborne Pell and pretend they cheer for you. Mr. President, I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER (Mr. Johnson). The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. THUNE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Coast Guard Reauthorization Bill Mr. THUNE. Mr. President, I know the perception out there is often that bipartisanship is dead, but the bill we passed this afternoon, the Coast Guard Authorization Act, is a good reminder that we can still come together and get things done for the American people. The bill we just passed overwhelmingly, which is headed to the President's desk, has been negotiated for almost 2 ***years***. Portions of this bill have been discussed for over a decade. It is good to see Senators and Representatives of both parties come together in compromise on such an important piece of legislation. We celebrated Veterans Day earlier this week. As always, it was a powerful reminder of everything we owe to the men and women who keep us safe, like the men and women of the U.S Coast Guard. This key branch of the military is responsible for defending our Nation's waters. The men and women of the Coast Guard stand on the frontlines preventing dangerous drugs, weapons, and individuals from entering our country by sea. When disaster strikes in the form of storms and hurricanes, the Coast Guard is on the scene conducting search and rescue and carrying people to safety. We owe the men and women of the Coast Guard a tremendous debt of gratitude. We owe it to the American people to ensure that our Nation's coastguardsmen have the tools and resources they need to carry out their mission. This bill will improve maritime safety, security, and stewardship. It gives the Coast Guard the authority it needs to conduct its military and law enforcement missions and authorizes the equipment it needs to react to national emergencies. The bill also creates uniform national ballast water and discharge standards for commercial vehicles that give industry certainty while ensuring the protection of our environment. It also reauthorizes the Federal Maritime Commission and the National Oceanic and Atmospheric Administration's hydrographic services. As chairman of the Commerce Committee, I have been honored to work with dedicated committee members of both parties. I would like to personally thank the members of our committee for all their hard work this Congress. Special thanks on this bill go to Senator Nelson, the committee's ranking member; Senators Sullivan and Baldwin, the chairman and ranking member of our Oceans, Atmosphere, Fisheries, and Coast Guard Subcommittee; and to Senators Fischer and Peters, chairman and ranking member of our Surface Transportation Subcommittee. I would also like to thank Chairman Barrasso and Ranking Member Carper from the Environment and Public Works Committee and Chairman Shuster and Ranking Member DeFazio of the House Transportation and Infrastructure Committee. They have been great partners. I appreciate everything they have done to help get this bill across the finish line. Finally, I would like to thank all the staff from both Chambers who worked tirelessly--including many late nights and weekends--on this bill. Without their efforts, the final product would not have been such a success. While everyone on the team worked hard on the bill, on my staff, I would like to especially thank Nick Rossi, Adrian Arnakis, Fern Gibbons, Jason Smith, Patrick Fuchs, Andrew Neely, Chance Costello, Alison Graab, Frederick Hill, and Brianna Manzelli. On Senator Nelson's staff, thanks go to Kim Lipsky, Jeff Lewis, Devon Barnhart, Sarah Gonzales-Rothi, and Catherine Carabine. From the Environment and Public Works Committee, I want to thank Richard Russell, Elizabeth Horner, Mary Frances Repko, Andrew Rogers, Christophe Tulou, and Zach Pilchen. I also would like to place in the Record the names of the staffers from our partner committees in the House who played key roles in this important legislation. On Chairman Shuster's staff, the individuals who should be thanked include Chris Vieson, Geoff Gosselin, John Rayfield, Bonnie Bruce, Luke Preston, and Cameron Humphrey. From Ranking Member DeFazio's staff, thanks goes to Kathy Dedrick and Dave Jansen. I am sure I have left someone off this list, and for that, I apologize. It underscores the amount of collective effort that went into our work here. I could also easily expand the list to include those at the Coast Guard and at the Environmental Protection Agency who provided valuable assistance and technical expertise. We look forward to working with them on the implementation of this bill. As I said earlier, the Coast Guard reauthorization that we just passed is a reminder that we can work together and get things done for the American people. It is a timely reminder given the election. Last week, the American people elected a Democratic majority to the House of Representatives and reelected a Republican majority to the Senate. If we are going to get things done in the new Congress, we are going to need to work together. Here in the Senate, we have spent the past 2 ***years*** working on an agenda to expand opportunities for working families and to put more money in Americans' pockets. We have also worked hard to ensure that those who keep our Nation safe have all the tools and resources they need. We are going to continue that agenda in the lameduck session and in the new Congress. I really hope Democrats will join us. We can work together to grow our economy, lift up working families, and protect our Nation, but it is going to require Democrats to make a choice. Democrats have spent most of the past 2 ***years*** attempting to relitigate the 2016 election. Losing elections is a fact of life in a democracy, but Democrats just haven't seemed to be able to let this one go. Over the past 2 ***years***, they have focused most of their energy on knee-jerk opposition to anything Republicans or the President propose, even when they have agreed with us. They routinely delayed confirmation of the President's nominees--not just the ones they didn't like but the ones they ended up supporting. They refused to work with Republicans on an overhaul of our Nation's burdensome, outdated Tax Code even though Democrats supported many of the measures that ended up in the final bill. Obviously, there are going to be times when the right thing to do as a Member of Congress is to oppose. We have a responsibility to say no when we think a bill or nominee would profoundly damage the country. But that is not what Democrats have done. Too many of them have made opposition not a tool to be deployed when needed but their standard operating procedure. I say again, Democrats have a choice. They can continue down the path of partisanship and opposition, or they can decide to start afresh and to work with Republicans. I hope they choose the latter. I look forward to working with my Democratic colleagues in this new Congress on the priorities that the American people sent us here to work on--to make our economy stronger, to grow at a faster rate, to create better paying jobs, to raise wages in this country, and to give future generations of Americans more opportunities at a higher standard of living and a better quality of life. I yield the floor. I suggest the absence of a quorum. [[Page S6950]] The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. WHITEHOUSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. WHITEHOUSE. Mr. President, I ask unanimous consent to speak for up to 20 minutes as in morning business. The PRESIDING OFFICER. Without objection, it is so ordered. Climate Change Mr. WHITEHOUSE. Mr. President, it is hard, particularly for those of us from coastal States, to overstate the importance of the Earth's oceans as a storehouse of our food, as a regulator of our climate, as a highway for our travel and trade, and as a source of wonder, joy, and recreation. According to the Organization for Economic Cooperation and Development, oceans contributed $1.5 trillion to the global economy in 2010. But climate change is putting this all at risk. I have spoken frequently here on the floor about the threat climate change poses to our oceans and of the warning signals blaring around the world. One of the most overlooked of those signals is the enormous amount of heat accumulating in the oceans. As CBS News reported last week, ``recent revelations have been particularly alarming'' and ``deserv[ing] of a big neon sign on Broadway.'' My humble floor speeches may not be a big neon sign on Broadway, but I do hope they shine a little light on the plight of our oceans, which ultimately is our human plight. We know that more than 90 percent of the excess heat trapped by our greenhouse gas emissions has been absorbed by the oceans--no dispute, not even by the Trump administration. The Federal Government's ``2017 Climate Science Special Report,'' a multiagency report by experts from NOAA, NASA, and the Department of Energy, labeled as ``the United States' most definitive statement on climate change science'' by the New York Times, found that the oceans absorbed more than 9 zettajoules of heat energy per ***year***. What is a zettajoule? A zettajoule is a billion trillion joules. A joule is a measure of heat energy, J-O-U-L-E. So 9 zettajoules is 9 billion trillion joules. That is more than 12 times the total energy that human beings use globally each ***year***, just to put a scale on what 9 billion trillion joules is. To get another measure of how much energy that is, visualize the power of a detonated Hiroshima-style atomic bomb. Imagine its classic mushroom cloud erupting into the sky. Imagine all of that energy from a Hiroshima-style atomic bomb captured as heat--pure heat. Now imagine four Hiroshima-sized atomic bombs exploded every second-- every second. That is the equivalent of the excess heat going into our oceans because of climate change, because of our carbon emissions. More than four atomic bombs' worth of excess heat energy is being absorbed by the oceans every second of every day of every ***year***. That is a massive amount of heat energy, and adding it to the oceans has consequences. The most direct consequence of all that energy being pumped into the seas obviously is increased water temperatures. Global average ocean surface temperature is up around 0.8 degrees Celsius, or 1.5 degrees Fahrenheit, since preindustrial times. That is enough to throw off the delicate balance of ocean conditions that marine creatures rely on to survive. Within that global ocean warming are extreme ocean temperature spikes around the world. These marine heat waves in the ocean were first identified and characterized in 2011. This is a newly described phenomenon that climate change has brought to our seas. Although marine heat waves were first identified and characterized in 2011, they have already caused permanent damage in our oceans. The Great Barrier Reef is the largest coral reef in the world. It stretches for 1,400 miles off Northeastern Australia, and it is one of the seven natural wonders of the world. It is made up of corals--corals that can become heat stressed and evict the tiny algae that support corals and give corals their bright colors. Without the algae, the corals appear white, so these events are called coral bleaching. In the summer of 2016, the Great Barrier Reef was hit by the most severe marine heat wave on record. It caused the longest and worst mass coral bleaching event in history. Then another heat wave and bleaching occurred the next ***year***, in 2017. These unprecedented back-to-back bleaching events killed half of all corals in the Great Barrier Reef. If there is a wonder of the world, if there is a majestic feature of God's creation, it is the Great Barrier Reef, and we are busily wrecking it in this generation through carbon emissions. The prognosis for the rest of the world's coral reefs is grim. The U.N International Panel on Climate Change released a report last month, finding that coral reefs will all but disappear from Earth if we warm by 2 degrees Celsius--which, by the way, is the goal we are trying to stay under through the Paris accord. Even if we stay under that goal, corals will suffer immensely. Without any changes to our fossil fuel consumption, we are on track to blow by 2 degrees and hit 3 degrees Celsius of global warming by 2100, making corals virtually extinct. Warming oceans are wreaking havoc on the world's fisheries. Fish feed the world and power coastal economies. The World Health Organization says that fish are the main source of protein for around 1 billion people worldwide. The U.N Food and ***Agriculture*** Organization estimates that 60 million people are employed in fisheries and ***agriculture***. Across the globe and here at home we are seeing dangerous shifts affecting the fishing industry. Rhode Island once had a booming lobster industry. But the lobster population is shifting north as our waters warm, leaving Rhode Island lobster traps empty. The National Oceanic and Atmospheric Administration reports, ``The lobster industry in New York and southern New England has nearly collapsed.'' Maine, as Senator Angus King has pointed out, is temporarily benefiting from the northern movement of lobster, but the lobster will keep moving north into Canada as the oceans continue to warm. Rhode Islanders and other New England fishermen are also looking worriedly at declining shellfish populations. Total landings for eastern oysters, northern quahogs, softshell clams, and northern bay scallops declined 85 percent between 1980 and 2010. The National Oceanic and Atmospheric Administration identified warming ocean temperatures as the key driver for that decline. On the other side of that decline, of course, are the livelihoods of all the men and women in that industry. The accumulating heat energy in our seas is also causing them to rise. As water warms, it expands. This thermal expansion is responsible for around one-third of the rise we have measured in sea levels. The rest comes mostly from melting ice, again, thanks to climate change. Global sea level has already risen over eight inches on average in the past 100 ***years***--more in certain locations--and the rate of increase is accelerating. Warming and expanding waters eat away at the large ice sheets in the Antarctic. As the edges melt away, the glaciers behind them melt more quickly, adding additional water to the ocean. The IPCC warns that as the world reaches warming levels of 1.5 to 2 degrees Celsius--again, what we are trying to stay at; this is our target. This isn't if it is worse. At that 1.5 to 2 degrees Celsius, ice sheet melt could trigger multiple meters of sea level rise over time--meters, not inches. We are already 1 degree Celsius above preindustrial times, so there is not much room for maneuver between where we are and 1.5 to 2 degrees. Warmer seas also supercharge storms. Hurricanes gain strength from heat energy in the oceans below them. Warmer oceans also evaporate more water to the atmosphere, generating more rainfall. Stronger and wetter storms then ride ashore on higher sea levels, pushing larger storm surges ahead of them into our coastal States. Many of us remember the devastation Superstorm Sandy brought to the mid-Atlantic and southern New England States in 2012. Here is what Dr. Michael Mann, professor of atmospheric science and director of the Earth System Science Center at Pennsylvania State University, said about that storm: [[Page S6951]] Sea level rise adds to the storm surge of every single storm that makes landfall. In the case of Superstorm Sandy, in 2012, it added a foot to that 13-foot storm surge. One foot . . . meant 25 more square miles of coastal flooding. It meant several billion dollars worth of additional damage. At one point during this ***year***'s hurricane season, our tropics faced nine active tropical storms. The hallmarks of these warm, ocean-fueled storms can be seen in powerful hurricanes that hit United States territories in recent ***years***. Hurricane Harvey hit Houston; Hurricane Maria hit Puerto Rico and the Virgin Islands; Super Typhoon Yutu hit the Northern Marianas, Hurricane Florence hit in the Carolinas, and Hurricane Michael hit in Florida. No one storm can be blamed wholly on climate change, but scientists are increasingly able to link the increasingly dangerous level of storm damage to climate change, and we have had an eerie streak of record- setting storms in the past few ***years***. Hurricane Harvey was the single greatest downpour in U.S history, according to the U.S Geological Survey. It dumped over 50 inches of rain on Houston and over 30 trillion gallons of water over Texas, Louisiana, Tennessee, and Kentucky. How much is 30 trillion gallons of water? For comparison, the Chesapeake Bay holds around 18 trillion gallons of water. Basically, it dumped nearly two Chesapeake Bays onto those States. Harvey's deluge was fueled by record warm temperatures in the Gulf of Mexico. Scientists from the University of California, Berkeley, found that Hurricane Harvey was over three times more likely to have occurred due to climate change and that its rainfall was increased by around 38 percent due to climate change. Hurricane Florence intensified over water 1 to 2 degrees Celsius above average and dumped record rainfall and flooding on the Carolinas in September. Preliminary analysis suggests that Florence's rainfall was more than 50 percent higher due to climate change. When Hurricane Michael hit Florida just last month, it passed over water 2 to 3 degrees Celsius warmer than average. As it passed over these waters, Michael's winds increased by 80 miles per hour in just 48 hours, a phenomenon scientists refer to as ``rapid intensification.'' It became the strongest storm ever to make an October landfall in the United States. The direct link between sea temperature and hurricane intensification is well established: Each degree Celsius of ocean warming causes a 7- percent increase in maximum wind speed, and a storm's destructive potential increases by three times the wind speed increase. So how does that play through? To quote Professor Mann again: A 7 percent increase in wind speed is a 21 percent increase in the destructive potential of the storm. That is with one degree Celsius ocean warming. With Hurricane Michael, those temperatures were 2 to 3 degrees Celsius above preindustrial temperatures. If you do the math, that means it was probably twice as destructive as it would have been in the absence of human-caused warming. The result of the destructive power of Hurricane Michael was the almost complete demolition of the town of Mexico Beach, FL. Michael hit with 155 mile per hour winds and a storm surge of around 9 feet, completely demolishing 70 percent of homes and severely damaging many more. The degree of damage and the imposing costs of rebuilding mean that many Floridians simply will leave, and that is playing out across coastal properties. A falloff of coastal property values will spread, many sources anticipate, as people see more events like the destruction of Mexico Beach. Insurance companies, banks, and institutional property investors are already showing signs of anxiety in coastal communities. Freddie Mac has described the effect of this property value crash on America's coastal regions as follows. Freddie Mac--the great housing powerhouse--has said: ``The economic losses and social disruption may happen gradually, but they are likely to be greater in total than those experienced in the housing crisis and Great Recession.'' Any of us who lived through the 2008 mortgage meltdown should take that warning deadly seriously. It is not just Freddie Mac. Moody's now rates coastal municipalities' bonds for this risk--Moody's, Freddie Mac, Union of Concerned Scientists, the experience of coastal communities. It is all piling up, and yet we do nothing. I haven't even talked about acidification. That is a separate speech--the chemical changes happening in the ocean, in addition to the physical changes of warming and rising. Set that aside, but it is just as dangerous. Despite these warnings just about ocean warming, Republican heads in Congress and in the White House seem determined to remain buried in the sand. I don't know how many more storms need to hit us before we are willing to take meaningful action. Americans who live and work along our shores--Rhode Islanders and people who live in other coastal States--are the ones who are suffering the most from all of this, and they are the ones who will have to explain our delay. Those Americans are entitled to a voice, not just the lobbyists of the fossil fuel industry. We must protect our coasts for when the next storms batter their way ashore. This is getting worse, not better. We must take responsibility for the changes we are causing in the world's oceans. We will not be forgiven for our indolence and disregard just because there is a big industry behind our indolence and disregard. Our oceans are warning us loudly, and they are warning us clearly: It is time to wake up. I yield the floor. The PRESIDING OFFICER (Mr. Tillis). The Senator from Tennessee. Mr. ALEXANDER. Mr. President, I have come to the floor for three different reasons. Out of courtesy to the Democratic leader, who I see coming in, I will wait until he is here. Mr. SCHUMER. I am here. Tennessee Valley Authority Mr. ALEXANDER. Good. Mr. President, as the world knows, the country's largest public utility is the Tennessee Valley Authority and serves 9 million customers in our seven-state region. It is enormously important to our State of Tennessee. Its CEO, Bill Johnson, announced today that he is leaving. I will have more to say about him later, but he and the Board of Directors have led TVA in an excellent direction, and it is now up to the Board of Directors to choose his successor. It is a big job. As I said, it is a $10 billion-a-***year*** company. John Ryder, of Memphis, was nominated by President Trump 282 days ago to be one of those Directors. He has been approved by voice vote by the Environment and Public Works committee. For the last 176 days, he has been waiting for confirmation. He has the approval of the ranking Democrat on the committee, the Senator from Delaware, Mr. Carper. He has the approval of the ranking Democrat on the subcommittee, Senator Whitehouse. It is time Mr. Ryder, who is consistently named one of the finest lawyers in Memphis--he has been recognized by Business Tennessee Magazine as among the 101 Best Lawyers in Tennessee and listed in Best Lawyers since 1987. In other words, he is a well-qualified, noncontroversial nominee who is needed by the people of our region to select a successor to Bill Johnson, the CEO. The other nominees have been confirmed. The nominee from Alabama was confirmed. The nominee from Kentucky was confirmed but not the nominee from Tennessee. I am taking the step today of coming to the floor to ask that he be confirmed by consent. I can think of no reason why he would not be. Unanimous Consent Request--Executive ***Calendar*** No. 856 Mr. President, I ask unanimous consent that the Senate proceed to the consideration of executive ***calendar*** No. 856, the nomination of John Ryder to be a member of the Board of Directors of the Tennessee Valley Authority; that the Senate vote on the nomination with no intervening action or debate; that if confirmed, the motion to reconsider be considered made and laid upon the table; that the President be immediately notified of the Senate's actions; that no further motions be made in order; and that any statements relating to the nomination be printed in the Record. The PRESIDING OFFICER. Is there an objection? The Senator from New York. Mr. SCHUMER. Reserving the right to object. Very simply, there has to be some comity here. Republicans cannot [[Page S6952]] block Democratic nominees and then expect Republican nominees to go through, so I object. The PRESIDING OFFICER. Objection is heard. The Senator from Tennessee. Mr. ALEXANDER. To my friend from New York, who is he talking about? He knows my record. I worked with him three times when President Obama was there, worked with him directly to make it easier for President Obama to have nominees. Let me go through that because I think it is important the people know the efforts we made together. In 2011, working with the Senator from New York, we got rid of secret holds. We permitted waiver of the 72-hour rule that was used to block nominations and delay. We created 272 expedited privilege nominations. In 2012, we eliminated Senate confirmations for 163 positions, all to make it easier for President Obama to make Presidential nominations. In 2013, we created some new rules which said that Executive nominees could only be debated post- cloture for 8 hours and district judges for 2 hours. I personally made sure the current chairman of the Democratic Party, Tom Perez, got cloture so the Senate could vote on him. I voted against him, but I made certain he could come to a vote. When President Obama had a vacancy in the Department of Education in his last ***year***, I went to President Obama and said: Mr. President, I think it is inappropriate for us not to have a confirmed Senate nominee in a principal position like U.S Secretary of Education. If you will please nominate John King, with whom I disagree, I will make sure he is confirmed, and we confirmed him. That has been my record in terms of dealing with nominees of the President of an opposite party. I ask through the Chair, why pick on Tennessee? Why confirm Kentucky nominees, why confirm Alabama nominees, why work with me in three different Congresses to make it easier for President Obama to confirm nominees, why applaud me for allowing the chairman of the Democratic Party today to be confirmed as Secretary of Labor and then block a nominee for the Tennessee Valley Authority, who is eminently well- qualified, who is supported by the Democratic members of the committee who have jurisdiction and who is needed on the Board to pick a CEO for the millions of people in the seven-state region? Why pick on Tennessee, I would say to my friend from New York through the Chair. The PRESIDING OFFICER. The Senator from New York. Mr. SCHUMER. Mr. President, we have to have some bipartisanship here. I understand my friend from Tennessee. He is my friend. I hope he would work with us to create bipartisan packages to get nominees through. That is not happening. We need to do it. I yield the floor. The PRESIDING OFFICER. The Senator from Tennessee. Mr. ALEXANDER. Mr. President, I don't know what he is talking about. I am the chairman of the Health, Education, Labor, and Pensions Committee. I have, during my time, regularly confirmed Democratic nominees and Republican nominees. I have worked with the Democratic leader to make it easier for President Obama to confirm nominees and now he gives me no specific reason why he is objecting to the nominee from Tennessee. I ask him further--even though he has left the floor in what I would consider to be an act of discourtesy while I am speaking to him, and I mean that. I am very upset about this. I consider that an act of discourtesy when the Democratic leader leaves the floor while I am speaking directly to him through the Chair on a matter of importance to 9 million people in our area. I ask him what kind of precedent is he setting, the Democratic leader. Let's think about this for a minute. One hundred and nineteen times the majority leader, Senator McConnell, has had to file cloture to cut off debate in order to just get a vote on a nominee like Mr. Ryder, named one of the best lawyers in Tennessee since 1987, approved by Democratic colleagues, needed by the Tennessee Valley Authority, certain to be confirmed here almost unanimously. One hundred and nineteen times the Democratic opposition has required the Republican leader, Senator McConnell, to use a whole week to confirm a nominee. That happened 12 times to President Obama. That happened four times to President George W. Bush. It happened 12 times to President Clinton and zero times to George H.W Bush, whose administration I served in. That is the number of cloture votes on nominees required for previous Presidents in the same timeframe as President Trump. What kind of precedent does this set? Let's talk about that for a moment. This is a body of precedents. For many ***years***, we always confirmed nominees with 51 votes. That was until George W. Bush became President of the United States and the Senator from New York, before he was a Democratic leader, and others, decided they would use a cloture vote, a requirement for 60 votes, to block George W. Bush's nominees. That was the first time that it had happened. Up until that time, the tradition of this body was that while you could require 60 votes, at least since about 1920, no one ever did. Even Clarence Thomas--and that was a very controversial Supreme Court nomination--was confirmed by 52 to 48. No one thought at the time of requiring that his nomination require 60 votes. They could have but didn't. So that was the tradition in the Senate--always nominations by 51 votes. The one exception in the Supreme Court throughout the history of the Senate was Abe Fortas, under President Johnson, and that was an unusual situation. Never had a Federal district judge been required to have 60 votes. In fact, what the Democratic leader--I wish he were here on the floor to hear this--may have forgotten is that Senator McConnell tried at one time to require a cloture vote of Judge McConnell in Rhode Island, and I and a number of other Republicans objected because we had never done that before. We had never said that you have to have 60 votes to be confirmed as a Federal district judge. So we rejected that motion by the Republican leader, and as a result of that, never in the history of the Senate had we required 60 votes for a Federal district judge to be confirmed. Never in the history of the Senate had we required 60 votes for a Cabinet member to be confirmed. But then in the early ***years*** of George W. Bush, in 2003, I had just come to the Senate. The Senator from New York and others said: Well, we will do that for the first time. We will block George W. Bush's nominees. I don't want to debate that back and forth today except to say that became a precedent. And, sure enough, what goes around comes around. A few ***years*** later, by 2013, things had gotten so that the Democrats decided to break the rules to change the rules and used the so-called nuclear option, and when Republicans did the same thing that the Senator from New York had done, Democrats overruled that and seated judges on the Court of Appeals. So as a result of the precedent set by the Senator from New York on judges with George W. Bush, we had the nuclear option in the Senate, a using of that. Republicans then did what the Democrats did. That is what you call precedent. Well, it happened a second time. That first use of the nuclear option left it so you could require 60 votes in order to have a Supreme Court Justice. When President Trump nominated Neil Gorsuch to be a Supreme Court Justice, the Democrats filibustered Justice Gorsuch, an enormously well-qualified person. Remember, throughout the history of the country, we had not blocked a Supreme Court Justice by filibuster with that single exception of the Abe Fortas instance. Yet they did that. And as a result of that, the Republicans then said: Well, we will use the nuclear option and change the rules to 51. So that is what happened with the precedent. Now let's look at this precedent. Are we going to block for 282 days--let me get my numbers exactly right; it is 176 days on the ***calendar*** awaiting confirmation--a noncontroversial Board of Directors member for the Tennessee Valley Authority. That is what we have come to. So are we going to say, as the U.S Senate minority, that we will effectively block--we will effectively block--those kinds of nominations and effectively keep an elected President from setting up a government? Is that what we are going to say? [[Page S6953]] It looks like that is what we are saying if you are going to say that 119 times the majority leader of the Senate of whichever party will have to invoke cloture. That means it takes 3 or 4 days to confirm even a noncontroversial Presidential nomination, when there are 1,200 such nominations. Let's say we have a Democratic President one day and a Republican U.S Senate, or a Republican President and a Democratic U.S Senate. But let's just for purposes of discussion, since we are talking about precedent, let's say the Democrats make a big comeback and elect a Democratic President next time around. It is only 2 ***years*** before the Presidential election. And let's say the Republicans stay in power and still have a majority in the Senate and Republicans say: Well, we are a body of precedent. We will do to the Democratic President exactly what the Senate did to President Trump. If Republicans are in the majority, the Democratic President might not even be able to staff the government because the Republicans could say: We will not confirm anybody. Or even if the Republicans were to be in the minority and there were a Democratic President and the Republican minority did to the next Democratic President what this minority is doing to this one, then 119 times you would see this happen, at least through the first part of the administration. So where does that leave us as a Government of the United States? Well, here is where it would leave us. It would leave us with a government of the United States with the Senate having no role in the appointment of its principal officers. That is what it would leave, because there is on the books legislation called the Vacancies Act, which allows any President of the United States to appoint acting people to all of the positions in the government. They can serve for 210 days at least, and there are a wide variety of people who can be chosen for those positions. They can be people who are confirmed or they can be senior people in the government. We happen to have an example of that today in the United States Department of Justice--Matthew Whitaker. The Attorney General, Jeff Sessions, whom I admire and all of us know, resigned at the request of the President. And instead of nominating or picking a Senate-confirmed successor as the Acting Attorney General of the United States, President Trump did, as the Vacancies Act allows him to do, appointed Matthew Whitaker, Attorney General Sessions' Chief of Staff. I suppose a President could do that for every position. I mentioned earlier that toward the end of President Obama's term, he had no Education Secretary. Arne Duncan had decided to leave, and they used the Vacancies Act to allow John King, who was not confirmed by the Senate, in effect, to be the Acting Secretary of Education. As I said earlier, I had that conversation with President Obama. I said: Mr. President, I believe that, institutionally, we should have a Senate-confirmed Secretary of Education. Even if I disagree, as I did, with John King's education views, I will see to it that if you nominate him, he is confirmed. President Obama did that. He respected the importance of having institutionally confirmed principal officers in the government, and then we confirmed him. So I don't know where this is leading us. I think this is the same kind of dangerous precedent that was established when Democrats for the first time used a 60-vote opportunity to block President George W. Bush's judges, and what the Democrats then did--what most of them tell me they wish they hadn't done--was that they used the nuclear option and required a 51-vote cloture. So now they can't eventually block anyone, even John Ryder, if we all decide that we want to take a whole week to confirm him. That is what Senator McConnell has been doing. He has been putting a priority on district judges and on circuit judges, and the Democrats have been saying: We are going to slow you down. But you can't win that way. All that happens is that the Senate gradually gives up its advise-and-consent authority under the Constitution to help the President form a government. That is one of the important parts of what we do in this government. The late Justice Scalia said: Every tin horn dictator has a bill of rights. What the United States has that is different is checks and balances. One of the most important parts of that checks and balances is for the Senate to advise and consent on about 1,200 different Presidential nominees. That is why I worked with Senator Schumer and other Democrats, like Senator Levin, and Republicans, like Senator McCain and Senator Barrasso, and we took steps during the Obama administration three different times to reduce the number of Presidential nominees, to speed up Presidential nominees, and to put 272 of them at a privileged status so they could come through more rapidly. This goes in entirely the opposite direction, and it is a terrible precedent for this institution. So I am extremely disappointed. I am disappointed for John Ryder, who is a prominent lawyer, who thought he might get to be on the TVA Board and was nominated 282 days ago. I am disappointed for the people of Tennessee and the Tennessee Valley Authority region. There are millions of people who have had a very good Chief Executive Officer for the TVA for the last several ***years*** in Bill Johnson and now need a fully functioning Board of Directors to pick his successor, and yet the Democrats say: Even though we approve of him, even though we have no reason not to confirm him, we are just going to slow the train down just because we can. Well, if they can, someone else can later. That does not serve the people well. I don't see any partisan political advantage to the Democrats for doing something like this. I never have thought that. I always thought that it was the right thing to do to let a President staff his administration. If you don't like the nominee, you can always vote no, but at least you can have a vote. So he is talking about bipartisan packages. This nominee has been waiting for a long, long time. So I am not through with this. I think this is something that the people of Tennessee are going to be very disappointed about, and I would ask my friend from New York again: Why are you picking on Tennessee? Why would you confirm the Alabama nominee? Why would you confirm the Kentucky nominee? And why would you not confirm the Tennessee nominee? Why would you make him swing in the wind for 176 days when everybody approves of him--even the Democratic ranking member of the committee and Democratic ranking member of the subcommittee? Something smells here, and it is a bad precedent for the Senate. It is not good for our country, and it is completely contrary to the way that I have enjoyed working with the Senator from New York in 2011, 2012, 2013 to make it easier, then, for President Obama, but later for every President of the United States, to have his Presidential nominees promptly considered by the Senate and voted up or down. While I am on the subject of the Tennessee Valley Authority, I want to mention the fact that Bill Johnson, who has been the Chief Executive Officer of the Tennessee Valley Authority for the last several ***years*** announced today in a Board meeting of the TVA of Mississippi of his intention to retire next ***year***. My hope would be that John Ryder, whose term could have begun earlier this ***year***, would be there to help select his successor. Bill Johnson and the board have done a good job for the last few ***years*** with TVA. They have reduced its debt. They have kept electricity prices low. They provided a reliable, ample supply of electricity for a rapidly growing part of America, making it easier for us to recruit jobs, and the air is clean. As I will say more about this in just a minute, the new Foothills Parkway opened just outside the Great Smoky Mountains this past weekend, and it was packed with local people. On Sunday I was up there myself. We can see the mountains because TVA, over the last several ***years***, has put pollution control equipment on all of its coal plants, and we could immediately see the difference. Other Federal regulations have made the air cleaner. In fact, a lawsuit from North Carolina with TVA to keep dirty air from Tennessee from blowing into North Carolina has now been made a Federal regulation, and dirty air from Kentucky or Texas or other States can't [[Page S6954]] blow into Tennessee. The result is that when you come see the Great Smoky Mountains, you can call them the Great Smoky Mountains and not the great smoggy mountains, which they were some time ago. So I would congratulate Bill Johnson on his tenure as CEO. He has got TVA on the right track, and I would urge the Board of Directors to think long and hard as they select someone to fill his shoes because as a former Governor of that State and now as a U.S Senator from Tennessee for 16 ***years***, I know the importance of having ample supply of low-cost clean electricity to heat our homes, run our computers, and attract our jobs. Now, I have a Thanksgiving thought, to move away from the disagreeable, acrimonious dealings of the Senate for a moment. Great Smoky Mountains Mr. President, I suggest two more things that Tennesseans can be grateful for this Thanksgiving. One, there is a new 16-mile section of the Foothills Parkway, creating a spectacular view of the Great Smoky Mountains, and, two, because the air is now so much cleaner, you can actually see the mountains from this spectacular drive. In the 1990s, on the clearest days, according to the National Park Service, you could see for around 50 miles in the Smokies. Today you can see more than 90 miles on the clearest days. Even on the haziest days, visibility has improved. In the 1990s, visibility was less than 10 miles. Today you can see more than 30 miles on the haziest days, according to the Park Service. While that is still less than the natural visibility of 150 miles on the clearest days--by natural visibility, I mean the blue haze the Cherokees used to sing about that exists because of the moisture in the Smokies--and 90 miles on the haziest days, we have made great improvements in the last two decades, and visibility is continuing to improve in the park. The new section of the Foothills Parkway between Walland and Wears Valley is one of the prettiest drives in America. If you want the best view of the highest mountains in the Eastern United States, you will drive the Foothills Parkway. Last Sunday, when my wife and I drove it on the third day, it was open; it was packed, most of it with local people taking pictures of each other because they were so astonished by the view. It was a view so magnificent it surprises even those of us who grew up driving through the Smoky Mountains. Soon this drive will attract many of the more than the 11 million visitors who come to our park each ***year***--twice as many as any national park. But 16 ***years*** ago, these visitors would not have had such a good view. In 2002, the ***year*** I was elected to the Senate, the National Parks Conservation Association said that the Great Smoky Mountains National Park was the most polluted park in America. There were 3.5 million people who would visit the park in the summertime and the air was hazardous to breathe. The views were extremely limited due to pollution. Instead of the blue haze I mentioned earlier, we saw smog. The Great Smoky Mountains had become the great smoggy mountains just 16 ***years*** ago. Then a lot of people went to work. Federal clean air regulations, which I supported, required cleaner burning diesel fuels and cleaner vehicle engines, which also helped lower emissions. This especially helped the Smokies because of the large number of visitors' vehicles and because three interstates carry heavy truck traffic through nearby Knoxville, TN. I also voted to support other Federal clean air regulations that limited emissions from smokestacks of sulfur, nitrogen, and mercury and established rules to prohibit dirty air from blowing from one State into another. I have always thought that operating a coal-fired powerplant without air pollution control equipment on it was like driving at night without the lights on. We have equipment and TVA has proved, as other utilities have, that you can burn coal in a clean way if you will simply put on pollution control equipment for mercury, nitrogen, and sulfur. One of the biggest impacts, therefore, came in 2008, when the Tennessee Valley Authority began installing pollution control equipment on some of its coal-fired powerplants near the park. TVA has invested nearly $6 billion to reduce air emissions. That is money out of our pockets--we ratepayers. These efforts have resulted in a 94-percent reduction in sulfur dioxide emissions and a 91-percent reduction in nitrogen oxide emissions. Nitrogen and sulfur emissions have harmful effects on human health, the environment, and visibility. Those of us who live near the park can see the impact of TVA's actions almost immediately. Today, TVA has installed some type of emission control equipment on all of its coal-fired powerplants and continues to improve that equipment so that the air will become even cleaner. Over the ***years***, I met and worked with mayors in counties surrounding the park who did what they could locally to make the air cleaner; that is because one of their top priorities is clean air. The Sevierville Chamber of Commerce, when I walked in there not long ago, told me it was their top priority because tourists come to spend money in Sevierville and Pigeon Forge to see the Smokies, not to see the smog. Now ground-level ozone that creates the smog that is harmful to human health and the environment and reduces visibility has improved significantly--by 36 percent according to the Great Smoky Mountains Association. All of the counties in the region around the park meet the EPA's environmental quality standards for ozone pollution. On the parkway, in 1944--that was the ***year*** Congress first authorized the Foothills Parkway--this is what was going on: Allied Forces were invading Normandy Beach, Franklin D. Roosevelt was President, and Bing Crosby was singing ``I'll Be Seeing You.'' The State of Tennessee began acquiring right-of-way to the parkway and donating it to the Federal Government. In 1960, the construction of the parkway actually started. Dwight D. Eisenhower was President. Elvis had just come home from 2 ***years*** in the Army, and American women were wearing beehive hairdos. That was 1960, when construction on this parkway began. When I became Governor in 1979, the State had completed acquiring the right-of-way, and the State took the lead on 10 miles of the parkway between Carrs Creek and Wears Valley. Then construction halted because of environmental problems. By the time I got to the Senate in 2002--the same time the Smokies was declared the most polluted national park--all of the parties had agreed on a plan to build bridges to complete the so-called 1.65 mile ``missing link'' on the parkway. Then President Bush's administration and the 2005 Federal highway bill, President Obama's administration, and Governor Bill Haslam's State administration in Tennessee all chipped in effort, time, and taxpayer money to finish the job after 50 ***years*** and $200 million of construction. Since it was first authorized, it has taken 75 ***years*** to build a parkway and two decades to make the air clean enough so that visitors can see the mountains for 90 miles. So if you are looking for something else to be grateful for on Thanksgiving, try being grateful for the many visionaries, park officials, road builders, engineers, scientists, editors, and political leaders who have had the foresight to make it a priority to build the Foothills Parkway and clean up the air so that we can see the mountains. It has taken 75 ***years***, but the views are so picturesque that it has been well worth the wait. Senate Accomplishments Mr. President, on another subject, to people who come up to me with some wonderment and ask what it is like working in the U.S Senate, I often say: Think of Washington, DC, as a split-screen television. Let's take the 30 days between September 4 and October 6, between the beginning of Judge Kavanaugh's hearing and his confirmation. On one side of the screen there was as much acrimony as you could ever expect to see in the U.S Capitol--protesters, Senators upset, Judge Kavanaugh upset. It was a very difficult situation. That was on one side of the television set. But on the other side of the television set was one of the most productive 30 days we have ever had in the U.S Senate, with 72 Senators working together--half Democrats, half Republicans--to pass landmark opioids legislation to deal [[Page S6955]] with the largest public health crisis we have today. A lot of other things happened during that time. There was a major copyright bill, the first in a generation, to make sure songwriters get paid for their work. The Senator from North Carolina helped with that. There were appropriations bills which, for the fourth consecutive ***year***, had record funding for national laboratories, supercomputing, biomedical research to cure cancer, all of those things, all of those miracles, and an important bill to make our airlines safer for the next 5 ***years***, probably the most important infrastructure bill on locks and dams that we have had in several ***years***. We even passed a bill Senator Feinstein and I had worked on for a few ***years*** to make it illegal to make cell phone calls from airplanes so that you won't have to sit next to somebody revealing their innermost thoughts on a 5-hour flight across the country. All of that happened on this side of the screen during the same 30 days we saw the Kavanaugh hearing. I want to talk about the most important thing that happened during those 30 days, which is the opioids legislation. Opioids affect every single part of our country--we have established that--which is why 72 Senators worked together, eight committees in the House and five in the Senate, to produce a complex bill right in the middle of an election--right in the middle of the Kavanaugh hearing. One of the things we talked about was what do we do about synthetic opioids--fentanyl. Most of that fentanyl originates in China. Last week, I led a delegation of five Senators and two Members of the House of Representatives to China, where we met with officials for the express purpose of asking for their help in dealing with our opioids problem-- our fentanyl problem. We didn't say to them: It is all your fault. We said: Look, it is our problem. China doesn't have a user problem with opioids today like we do. In fact, no other country has had more of a struggle with opium throughout its history than China. They know how terrible it can be. We said: We would like for you, Chinese officials, to help us by doing more of what you are already doing, by doing what we have done about fentanyl, by controlling every form of it, listing every form of fentanyl as a controlled substance so that our Department of Justice and our Drug Enforcement Agency can go after people who are distributing it illegally. Fentanyl is a white powder synthetic opioid that can come in a small package. If you open the package and a few grams escape into the air, DEA agents tell me they are almost overcome. They have to leave the room. A few grams can kill you, and it often is killing Americans. Among drug overdoses, it is the fastest rising killer in our country, with a 70-percent increase in our State between 2016 and 2017. The government of China has already been a good partner. I said this to the Chinese officials with whom we met. They work with our Drug Enforcement Agency and other law enforcement agencies to try to stem the flow of the chemicals that are produced in China but then find their way through Mexico and Canada, mainly, into the United States or through the mail directly into the United States. What China has already done, which we appreciate--and I said that to them--is that they have made 25 fentanyl compounds illegal, and according to the U.S Drug Enforcement Agency, when China did that, we saw an immediate and dramatic decrease in those chemicals coming into the United States. This action boosted our counternarcotics operation and made a dramatic decrease in the amount of those substances subsequently found in the United States. China cooperates with the United States, but our cooperation faces challenges when a fentanyl substance is not on China's control list. So the request that I made at each of our meetings was this: Would you please control all fentanyl substances? The Trump administration did this in the United States in 2017. We would like for China to do the same thing. That is the way to help stem the flow of fentanyl substances from China to the United States and other countries. I said to them: Look, we are trying to do our part. We just passed our landmark opioid legislation. It included Senator Portman's STOP Act, which many of us cosponsored, which would make it easier for us to stop fentanyl through the mail. We are doing everything we can think of to do, but when you do not control all fentanyl substances, what happens in China is, outside of the 25 you have controlled, some smart entrepreneur in China will figure out a different class of fentanyl and begin to sell it and mail it, and it comes to the United States through Mexico and Canada, and the drug agencies in China aren't really empowered to deal with that. To be clear, this is not a problem that the Chinese Government has caused, but this is a problem the Chinese Government can help us solve. This is not pointing a finger at China and saying: You are doing the wrong thing. In fact, they are doing the right thing by cooperating with us and classifying 25 substances. We want them to do more than what they are already doing, and they can be seen as the world leader in dealing with this dangerous synthetic opioid because most of the chemicals are produced in that country. On the trip with me was a very senior delegation: the chairmen of the House Appropriations and Budget Committees this ***year***, Congressmen Frelinghuysen and Black; then Senator Shelby, Enzi, Roberts, and Kennedy from this body. We worked with the U.S Ambassador to China, Terry Branstad. He is an exceptionally able representative of our country. He is the longest serving Governor in the history of the United States. Six months ago, when I first talked to Governor Branstad about our proposed trip to China, he said: I am going to ask you to do one thing, make fentanyl and the opioid crisis the primary point of your visit in China to help Chinese officials understand how important it is to us because we are working on many other issues with China right now. The President of the United States is meeting, apparently maybe next week, with the President of China in Argentina. Perhaps out of that, we will have a great deal. We have a lot of issues with China. Fentanyl and opioids doesn't rise to the top of the list in the Chinese minds, our Ambassador was saying. One reason it doesn't is because China doesn't have much of a problem with people using illegal opioids. Certainly, it has nothing like what we do. We know--and we heard and we said on this floor and we all voted for the opioid bill because we know what is happening in our country. Overdoses involving opioids killed more than 42,000 people in this country in 2016, and roughly 45 percent of those were due to synthetic opioids like fentanyl, the kind we are asking China to help us with. In my home county of Blount County in East Tennessee, there are 130,000 people. Last ***year*** there were 130,000 opioid prescriptions--1 for every person. The legislation we passed will help reduce the number of prescriptions. That is one way to deal with the problem. Another way is to stop the fentanyl from coming into our country. Our new law helps address the opioid crisis by the STOP Act. That is the fentanyl bill. The new law supports research to find new nonaddictive painkillers. It helps reduce the supply of opioids by empowering the FDA to require manufacturers to sell certain opioid pills in so-called blister packs. It provides more opportunity for treatment and recovery and helps babies born with opioid withdrawal. During this past ***year*** in our appropriations bills, we appropriated $8.5 billion to deal with opioids. Still, we have our problem with fentanyl that the Chinese can help us solve. Several of the Chinese officials reacted with surprise--and some not too well--when I told them most of the fentanyl that comes into our country originates, in one way or another, in China. The reason for that is not because they are not helping us; it is because of the ingenuity of Chinese entrepreneurs who, as soon as China lists a fentanyl substance as controlled, they create another kind of fentanyl substance and keep selling it. The Chinese officials were generous and respectful of our time. They listened and promised to consider our request. We met with Li Keqiang, the Premier; Zhao Kezhi, State Councilor and Public [[Page S6956]] Security Minister, under whom directly are the narcotics agents; Yang Jiechi, the Politburo Member and Communist Party Foreign Affairs Director. They understand how serious this is for us. They know it hurts because they had a long history with opioids which they dealt with. I appreciate the fact that they said they are willing to explore this. I intend to report our visit to President Trump and urge him to continue to ask China to help us. We also met with Ambassadors of other countries who are affected, such as Mexico and China and other countries whom Ambassador Branstad invited to the U.S Embassy for a meeting. They agreed to form a working group to try to help make clear to the Chinese we weren't pointing the finger at them saying it is your problem. We are just saying the only finger we would like to point is saying you can do more than anybody else to help solve the problem. I want to thank Ambassador Branstad, Terry Branstad, for setting up the relationships we had with the Ministers in China to help deliver the message that opioids is our biggest public health epidemic and that the fentanyl flowing into the United States is the most severe part of that. The staff at the U.S Embassy were very helpful. In particular, I would like to thank Steve Churchill, Rob Fordan, and Richard Jao for all their work. I want to thank, again, some of the Chinese officials with whom we met, Premier Li Keqiang, Minister Zhao Kezhi, and Director Yang Jiechi, for the time they spent with us and the commitment they made to continue to work with us on this public health epidemic. In conclusion, there is no public health crisis in the United States of America that compares with the opioid crisis. The most severe part of that crisis right now is the flow of fentanyl coming into the United States. What we respectfully ask China to do is more of what they are already doing. They are already controlling 25 different classes of fentanyl. We want them to control all of those classes of fentanyl. That frees their narcotics agents--and they are pretty good--to go after anyone in China who uses or produces fentanyl illegally or improperly. We saw the difference that made when China controlled 25 of the fentanyl substances. We look forward to the difference it will make when it controls the rest. My hope is, the President of the United States and the President of China will discuss this and that they see each other next week in Argentina. I hope the President will thank President Xi for what they have already done and ask him to do more. It is not China's problem. It is really our problem. We are the ones with the opioids problem. China can help us solve it by doing what we have already done about fentanyl in this country and doing more of what they have already done. If they do that, China can be seen as the country in the world doing the most to stop the flow of this deadly fentanyl, and the American people will be grateful for that action. I thank the President. I yield the floor. The PRESIDING OFFICER (Mr. Perdue). The Senator from Alaska. Coast Guard Reauthorization Bill Mr. SULLIVAN. Mr. President, I want to echo what my colleague from Tennessee just mentioned about a lot of bipartisan accomplishments on the Senate floor over the last several weeks. They are really important ones. He led the charge on the opioid bill which is going to help our entire country and so many others. They don't always get reported in the press, but it is important to make sure our fellow Americans, our constituents, know that is happening. This afternoon, I want to talk about another one that is a really important accomplishment that we were able to achieve on the Senate floor a couple of hours ago; that is, the Coast Guard Authorization Act of 2018. A number of Senators have already been down on the floor to talk about this: John Thune, the chairman of the Commerce Committee, which is where the oversight and responsibility of the Coast Guard lies; Senator Wicker from Mississippi; Senator Carper--so many Senators contributed to this important piece of legislation that we just passed today by almost a vote of over 90 Senators. It is a very bipartisan piece of legislation that we were able to get through the Senate floor today. As you know, this has taken some time. For almost 2 ***years***, we have been working on the Coast Guard bill. A number of us put a lot of time and effort into it. I do want to do a shout out to my staff: Eric Elam, my legislative director; Tom Mansour, a Coast Guard fellow in my office; and Scott Leathard. All of them worked literally for the last ***year*** and a half, night and day, on this bill. Again, it is important for America and certainly important for my great State of Alaska. It raises a broader issue. We just celebrated Veterans Day. Our country was rightfully focused on our veterans. There was a lot of focus on the centennial of the Armistice of World War I, the ending of World War I. Often when there is a focus on the armed services, it focuses on the armed services at the Pentagon--Army, Navy, Air Force, and Marines--and sometimes the brave men and women in the Coast Guard can be overlooked. They shouldn't be. We all know that. One of the things I tried to focus on in my time in the Senate is making sure they are not. Prior to 9/11, the Coast Guard was probably the only service in the entire U.S military--because they are a member of the services of the U.S military--whose members were risking their lives every single day on the job. Post-9/11, with the national security challenges we have, every member of our military--all the services--are risking their lives every day, but the Coast Guard does it day in and day out. Pre-9/11 and post-9/11, men and women in that wonderful service undertake a heroic mission with actions that we see saving American lives and defending our national security. What do they focus on and what does this bill focus on? Well, the bottom line is, this bill is focused on making sure the men and women of the Coast Guard have the resources to do their job. Their job is varied and extremely important. We have all seen the Coast Guard coming out of the sky to rescue us-- rescue Americans on seas when they are in trouble; with the hurricanes we have seen over the last couple of ***years***; the heroic pictures of the men and women in the Coast Guard doing thousands of rescues. We see that as part of their mission. They have been described as angels in helicopters. When they show up, it is certainly witnessing America at its very best. We have seen a lot of that. The mission of the Coast Guard also includes ice-breaking, marine environmental protection, port security, and international crisis response. Many members are deployed overseas in places like the Middle East, combating illegal fishing by other nations, protecting American fishermen, protecting Alaskan fishermen, readiness to support the Department of Defense operation. It is a long list. The Coast Guard does it very well. Importantly, the bill we just passed today will significantly help the men and women with this important mission. You and I serve on the Armed Services Committee. Again, what my colleague from Tennessee was talking about is another one of these bipartisan areas of achievement that we have seen in the Senate in the last ***year***, ***year*** and a half, consensus on issues like rebuilding our military. We are doing that on the Armed Services Committee through the National Defense Authorization Act that passes the Senate and the House every ***year***. I am certainly honored to be on the Armed Services Committee, where we are working on rebuilding from the cuts of 2010 to 2015. They were almost 25 percent of the Department of Defense budget while national security challenges were increasing all over the world. The other thing we are rebuilding--and it doesn't always get a lot of attention--we are rebuilding the Coast Guard. In essence, this bill we passed today is the NDAA for the U.S Coast Guard. The recapitalization and rebuilding of the Coast Guard is a core element of the bill we just passed. Let's run through a couple of examples. Like what we just did in the NDAA, increasing the end strength of the Army, Navy, Air Force, and Marines, this bill today works to increase the end strength of the U.S Coast [[Page S6957]] Guard. Importantly, it starts to really accelerate what we are doing in terms of recapitalizing the Coast Guard fleet. For example, this bill authorizes the building of six more fast response cutters--these are critical cutters for the U.S Coast Guard--and three more national security cutters for the U.S Coast Guard. These are incredible vessels. They are huge--400-plus feet. I had the honor to go out to a commissioning of the Douglas Munro, one of the new national security cutters. These ships can do it all. They look like big Navy ships that can do it all. That is what these national security cutters are doing. This legislation also helps to streamline the building of Navy ships, which is important as we recapitalize the fleet. It directs the Coast Guard's overall policies. Now I want to talk a little bit about some of the more specific provisions in this bill that relate to my great State, the great State of Alaska, where the Coast Guard and the people of Alaska have a very special relationship. We love the men and women of the Coast Guard. We see them in action all the time, doing heroic missions. We had the largest Coast Guard base in the country in Kodiak, AK, and District 17--that is the Coast Guard district in Alaska--is the largest geographic district in terms of square miles in the entire Coast Guard area of responsibility. There are close to 4 million square miles and over 47,000 miles of coastline just in the State of Alaska. That is more coastline than in the rest of the lower 48 States combined. So the Coast Guard has a huge mission in Alaska--a really important mission in Alaska--and it covers all kinds of territory. Let me just give you, again, a sense of the importance that District 17 and the men and women of the Coast Guard in Alaska have to my constituents, to their fellow Alaskans--a snapshot from District 17's website. It reads, just in an average month in Alaska, that the Coast Guard saves 22 lives, performs 53 assists, and conducts 13 security boardings and 22 security patrols throughout this gigantic area of District 17, just to name a few of its duties, in addition to making sure that illegal fishing in this part of our Nation doesn't occur. I am also grateful that as we look at the recapitalization of the Coast Guard's fleet, the former Commandant of the Coast Guard, Admiral Zukunft, recognized how important Alaska was and sent me a letter, as I am the chairman of the subcommittee in the Commerce Committee that is in charge of the Coast Guard. My team and I put in a lot of effort with Chairman Thune and others in writing this bill and in working on it for the last 2 ***years***. In a letter to me prior to his retirement, the former Commandant of the Coast Guard said that we know there are challenges and that there is a growing mission, from the Coast Guard's perspective, in Alaska. In terms of this recapitalization, we see a lot of these vessels coming to Southeast Alaska. For example, six fast response cutters that are being built and that are part of this bill are slated for Alaska, and two additional patrol boats are for Petersburg and Juneau. The FRCs will be home-ported--two of them--in Kodiak, one in Seward, one in Sitka, and two previously commissioned FRCs will remain stationed in Ketchikan. So those are a lot of assets coming, and I believe there are going to be more. We are going to continue to work on that. I thank the former Commandant and the current Commandant, Admiral Schultz, who has been on the job for about 6 months and has already been to Alaska three times. That is just another testament to recognizing how important the Coast Guard is to the great State of Alaska. I can't thank enough the men and women of the Coast Guard nationally and in my State for the great work they do. There are a number of provisions in this legislation, in addition to the national areas of recapitalizing the Coast Guard, that are actually focused, not surprisingly, on Alaska, given how important the Coast Guard is to Alaska. Let me just highlight a few of them. There is a provision that says the Coast Guard must position assets to respond to any incidences given the national security and economic significance growing in the Arctic region. The Department of Defense is starting to focus on the Arctic region, and, certainly, the Coast Guard is. The provision further states that it requires the Coast Guard, in consultation with the Department of Defense, to report to Congress on the progress being made in implementing the Coast Guard's Arctic strategy and to provide an assessment of the placement of additional Coast Guard assets and cutters in light of meeting those strategic objectives in the Arctic. We know that the demands of a more strategic Arctic are putting a strain on the Department of Defense and the Coast Guard. We believe--I believe--that the provisions in this bill state that the Coast Guard needs to look at that and provide more assets to do the mission if need be. As we are recapitalizing the fleet, it also talks about moving bigger cutters in for smaller ones in region 17 because the Coast Guard must continue to have adequate coverage. You don't want to move one ship out and another ship in and have a gap in coverage. This bill focuses on that--no gaps in coverage. The bill also requires the Coast Guard to deliver a plan to extend the life of the Polar Star, which is the heavy icebreaker that is home- ported in Seattle and has a critical mission. Again, in the NDAA this ***year***, we received authorization for six additional heavy icebreakers-- three heavies, three mediums. Yet we need to make sure that we still have coverage with the icebreakers we have as we look to build and deploy the new Coast Guard icebreakers that were authorized in the NDAA this summer. This provision focuses on that. It directs the Coast Guard to conduct persistent, aircraft-based surveillance in terms of monitoring illegal, unreported, and unregulated fishing in the Western Pacific. This is a huge problem. We have our 200-mile limit where American fishermen and Alaska fishermen can fish off the coast of Alaska and other States, but we often have pirate fishing going on. We have countries such as China that come and illegally take fish that should be in our economic zone or on the high seas. The Coast Guard does a great job in monitoring and catching this illegal fishing, which harms the oceans and harms our fisheries. This bill underscores how important that mission is and directs the Coast Guard to make sure there is persistent, aircraft-based surveillance in monitoring what we call IUU fishing--illegal, unreported, unregulated fishing--in the Western Pacific. The bill requires the Coast Guard to have tested the capability of oilspill vessel response plans in Alaskan waters and to report to Congress on these capabilities. It also, importantly, focuses on funding to update and maintain the Nation's nautical charts with there being an emphasis on the Arctic, where there is growing vessel traffic. Yet we have nautical charts that are 70 or 80 ***years*** old, and some places have never been charted. This bill facilitates the construction of a viable home port for the NOAA research vessel Fairweather in Ketchikan, AK, which is an issue that is important to my constituents, and to be perfectly honest, with regard to NOAA, it has been hanging out there for too long. This bill helps to make sure that the vessel is going to be home-ported where it should be legally home-ported under the law, and that is in Ketchikan. Those are just a few examples of the national aspects of this bill for the Coast Guard's recapitalization effort and of some of the more important provisions that focus on the Coast Guard's special relationship with Alaska. This act also contains many important items for our fishermen and fisheries and our maritime industry throughout the United States, whether in the oceans, whether on the Great Lakes, whether in the rivers that we have. It is very, very important to our fishing community, to our fishermen, and to the maritime workers throughout the country. Of course, this is important to my State. I often refer to Alaska as the superpower of seafood. What am I talking about? Almost 60 percent of the commercial and sport fish that is harvested in the United States of America comes from Alaska. It is billions of dollars in terms of the economic impact for our State. So included in this legislation is important language to permanently address issues that have plagued Alaskan fishermen, American fishermen, and [[Page S6958]] commercial vessel owners and operators of maritime fleets and, importantly, the workers in these important industries for decades-- regulatory problems and challenges that these important industries and the important men and women who work in these industries have been struggling with for decades with no long-term solutions. At long last, this bill addresses these--the long-term, permanent solutions. What am I talking about? Currently, our fishing fleets throughout the entire country, as well as vessel owners and operators--again, throughout the entire country in rivers, lakes, and oceans--are forced to comply with a patchwork of burdensome Federal and State regulations that are well-intentioned but often conflicted for incidental discharges off the decks of these ships and for ballast water. Let me start with the incidental discharges. Again, it is very important to my State but very important to any State with regard to the fishing industry and fishermen who work hard every day. If you are a commercial fisherman on a fishing vessel and you have caught some fish and you want to hose down your deck--because let's face it; fishing can be a bit of a messy business--through a long history of requirements and lawsuits, you are forced to report to the EPA these incidental discharges, and you need to get a permit to hose down your deck of a fishing vessel or you will face a fine. Now, you don't have to be a fisherman to recognize that this is ridiculous and that people--Democrats and Republicans in this body-- have been trying to address this issue for decades because it creates inefficiency, and it certainly doesn't help the environment. It adds to costs, inhibits economic prosperity, and hurts fishermen and the vessels they operate. This body has introduced short-term fixes for ***years*** to try and address this. Those have not been sufficient. So this bill addresses it for good. Let me talk about another provision that tries to cut through the patchwork of burdensome State regulations--again, well-intentioned but often conflicted for ballast water and vessels. Currently, ballast water is regulated by both the Coast Guard and the EPA. They both have separate, inconsistent, and sometimes directly conflicting sets of Federal requirements that are interdispersed with requirements from States. This is literally a patchwork of requirements for vessels that move through different State waters. Let me give you an example. You are the owner-operator of a commercial vessel that is going up the full length of the Mississippi River. You are moving commerce and keeping a strong economy stronger. As you do that, not only must you comply with inconsistent Coast Guard and EPA requirements, but you also will likely have to comply with different and separate requirements regarding ballast water for Minnesota, Wisconsin, Iowa, Illinois, and Missouri. You get the picture. It is a patchwork of regulations--all well-intentioned--that has the impact of inhibiting commerce and, most importantly, of inhibiting job opportunities for the men and women in this commerce. Twenty-five States have been regulating ballast water under separate, inconsistent, and sometimes directly conflicting sets of requirements. This has not only inhibited U.S economic growth, but it also actually makes it more likely that invasive species will accidentally be introduced into this ballast water because the requirements are so different, it is hard to keep up with them. So, again, what this bill does at long last, working across the aisle--and trust me, we worked on this for over a ***year***, on these provisions, Democrats and Republicans rolling up their sleeves, in good faith, getting to work. Because we know how important this is to our constituents, we looked at and focused on getting permanent solutions, not quick fixes--the way these issues have been handled in the past, for over a decade--to these significant challenges. This bill will provide a permanent exemption on incidental vessel discharges for all commercial fishing vessels and commercial vessels under 79 feet in length. This is very important to the American fishing industry, the men and women in that industry, and it is something that they have been advocating for and Members of this body, of both parties, have been trying to get for well over a decade. Well, we did it today. That is important. As I said, without this exemption, small vessel owner-operators would be required, as they have been for ***years***, to get an EPA permit to hose off their decks--not a good use of the EPA and not a good use of the hard-working time of American fishermen. Similarly, this bill provides a comprehensive solution to this patchwork ballast water challenge that I just described, establishing a single, nationally uniform standard for the regulation of ballast water and other vessel discharges, and the EPA and the Coast Guard, with input from the States, will work together. This uniform standard will have the impact of helping our environment and our maritime industry and fishing industry workers and the U.S economy all at the same time. That is an important accomplishment, and that is why over 90 Senators voted for this bill today. In conclusion, the men and women of the U.S Coast Guard do heroic work day in and day out. I am honored to chair the subcommittee of the Commerce Committee in charge of the Coast Guard. This bipartisan bill will support them and their incredibly important mission, and it was long overdue. It was long overdue, but we got it done. The Coast Guard's motto, ``Semper Paratus''--``Always Ready''--is a motto I think we can learn from here in the U.S Senate. It is so appropriate for what they do for us. I want to make sure that the members of the Coast Guard who are watching or learning about this bill know that it is a signal that they have strong bipartisan support from the vast majority of the Members of the U.S Senate. Hopefully, this bill will get over to the House quickly. We have been working closely with the House on a number of these provisions, and they are going to pass it, we hope, and we will get it to the President soon for his signature. Going forward, we have to work to make sure there is not an almost 2- ***year*** delay in getting the Coast Guard Authorization Act passed in the U.S Senate. When we work together, we can see that it is very bipartisan. As a member of the Armed Services Committee, the Presiding Officer and I both know that the National Defense Authorization Act moves every ***year***. What I think we need to do is make sure, when we start debating the NDAA in late spring, early summer every ***year***, as we do, that we reserve time to move and debate and pass the Coast Guard bill as well. This is an issue I have raised with the leadership on both sides of the aisle, with the chairmen of the Commerce Committee and the Armed Services Committee, and I am hopeful that we can make some progress on that so we are moving a Coast Guard Authorization Act, as we should be, with the other services in the NDAA. But that is for tomorrow. For today, we have an important accomplishment for our country, an important accomplishment for the State of Alaska, and most importantly, an important accomplishment for the men and women of the U.S Coast Guard who continue to undertake heroic actions day in and day out on our behalf. I yield the floor. The PRESIDING OFFICER. The Senator from Alaska.

**Load-Date:** November 16, 2018

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[***EXECUTIVE CALENDAR; Congressional Record Vol. 164, No. 180 (Senate - November 14, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TRN-8H51-F0YC-N022-00000-00&context=1516831)

Impact News Service

November 15, 2018 Thursday

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**Length:** 24896 words

**Body**

Washington: The Library of Congress, The Government of USA has issued the following house proceeding:

 The PRESIDING OFFICER. The clerk will report the nomination. The senior assistant legislative clerk read the nomination of Michelle Bowman, of Kansas, to be a Member of the Board of Governors of the Federal Reserve System for the unexpired term of fourteen ***years*** from February 1, 2006. The PRESIDING OFFICER. The majority whip. Senate Accomplishments Mr. CORNYN.

Mr. President, as I return to the Nation's Capital from home, back in Austin, TX, so we can finish our work out before the end of the ***year***, I want to relay some of the wisdom that I heard from working families and Texans back home about their verdict on what we have done so far this ***year*** and actually even last ***year***. I stopped by a couple of food banks--one in North Texas and one in El Paso--ahead of this ***year***'s upcoming holiday season. This is when they have the greatest demand for food by people who need either to supplement their diets or who rely on food banks to provide them with their basic sustenance. I also had a chance to visit with a Nobel Prize winner at the MD Anderson Cancer Center, Dr. Jim Allison, to discuss his groundbreaking work in cancer treatment, much of which was funded by money we have appropriated to the National Institutes of Health, which, in turn, provides grants for basic science and other research that come up with lifesaving cures, such as Dr. Allison has come up with. Then I met with the local leadership in the Corpus Christi area, down in the gulf coast, to discuss their Hurricane Harvey recovery process. It has been a little over a ***year*** since Hurricane Harvey hit. Of course, many of those communities and many families are continuing to recover from that devastation. I also held a roundtable with local leaders and the drug-free communities councils to discuss how local, State, and Federal leaders can work together to fight the supply of illegal drugs coming into the country and to support those who are in recovery from addiction. It won't surprise you that people had a lot to say. Yet their stories remind me that while being back here in Washington--although Texas is a long way away, about 3 hours or so by jet--folks back home are paying attention to what we are doing here, and I know some of that gets lost in the back-and-forth of the political campaigns that have just passed. There is one thing that we have done that I think has been well received, and that is, since the voters gave us a Republican in the White House and gave us Republican majorities in the House and the Senate, we have put our foot on the gas pedal and haven't let off since. We have delivered concrete results for the American people, and they have continued to see gains under this administration--promises made and promises kept. I will start with the transformation of the Federal judiciary. One of the most important jobs the U.S Senate has under the Constitution is to provide advice and consent on executive branch nominations--in this case, to our article III courts. A historic number of judges who will interpret the law as written have been confirmed under the administration. That number is 84, and it includes the most ever appellate judges--the midlevel Federal courts--to have ever been confirmed during a President's first 2 ***years*** in office. These are principled, experienced, highly skilled lawyers and judges who respect precedent and understand their critical but limited role under our system of government. Their job is to interpret the law; they shouldn't rewrite it. That is one of the principal battles we end up fighting when Supreme Court nominations come across the well of the Senate floor. There are those who think that judges should be able to impose their views on the American people even though they don't run for election and have lifetime tenures, but that is simply not our system. In my view, that is an impermissible role to be played by a judge. When it comes to judges, perhaps our two greatest achievements have been Neil Gorsuch and Brett Kavanaugh, both of whom were confirmed to the U.S Supreme Court. Yet, as I say, we have confirmed a total of 84 other Federal judges, including 3 on the Fifth Circuit Court of Appeals from Texas. All of these nominees and now judges have brought great intellect, legal expertise, impartiality, and good will to bear as they make decisions with their very distinguished colleagues. We saw the first major overhaul in the Tax Code in 31 ***years***. It lowered rates for every tax bracket, doubled the child tax credit to help working families, and made our business tax scheme more competitive globally. All of this has allowed many of those employers to pass along benefits through bonuses and higher wages. We have also incentivized investment in economically distressed communities in every State through the Opportunity Zone ***Program***. Some like to shrug off the benefits of the Tax Cuts and Jobs Act by calling the savings crumbs, which is what Ms. Pelosi has called them, but they are certainly not taking into account what I am hearing from my constituents back home in Texas. The effects of tax reform are real, and they are extremely significant to every American. All employers have been able to provide additional benefits--as I said, some in the form of bonuses or in increased pay. Those who have seen their pay remain the same have seen more take-home pay because their tax obligations have been reduced. One of the taxpayers I heard from in Texas was a gentleman by the name of David Tong from Arlington, TX, which is halfway between Fort Worth and Dallas. Dave wrote to me to say that the company at which he is employed has increased the number of hours people are able to work. He said Christmas bonuses have been promised, too, and that the company has hired more people, has bought more new machinery based on the accelerated depreciation provided for under the bill, and has made long overdue repairs to their working place. Now, with the tax law changes in place, David says the guys down on the shop floor are taking home a little more in their paychecks each week. He said all of this adds up and makes a huge difference in the lives of the guys on the shop floor. We have heard similar stories from around the country because more than 700 companies, including many that are based in Texas, have used the tax savings to benefit their employees and their customers. They have announced pay raises, as I said, and 401(k) match increases. We have actually seen seniors and people on fixed incomes have a decrease in their utility bills, when their electricity is provided by investor-owned utilities, because of the reduction in taxes to be paid by those investor-owned utilities. So there are lower utility rates for seniors and those on fixed incomes. These developments are part of the reason the economy is thriving. Since tax reform was signed into law, the economy has added more than 2 million jobs, and unemployment has been at its lowest rate since 1969. My State has a population that is roughly 38 to 40 percent Hispanic; yet Hispanic unemployment sits at the record low of 4.4 percent. That is a big deal to my constituents back home. Joblessness for African Americans has fallen to its lowest level ever--the lowest level ever-- under this administration. Then, of course, with more demand--with more money in people's pockets, more money to spend--there is more demand for goods and services. So in October alone, the economy has added another 250,000 jobs, exceeding all expectations. As a matter of fact, the biggest concern I hear from employers now is that they are looking for qualified employees who are able to perform the jobs that are now available, and many of these are very well-paying jobs. So people are back to work. They are earning more. They are investing, and the economy is moving at full throttle. But it wasn't just the work of the tax bill. That was just part of it. Part of it has to do with the increased confidence and optimism that people feel about their future as a result of the improvement of their economic circumstances. We saw that with the passage of the bipartisan Dodd-Frank reform. We have also provided additional relief to our community banks and credit unions so they are able to spend less money on redtape and have more money invested [[Page S6942]] in their local communities and in their small businesses. We also know that regulation is important, but overregulation is a job killer. We have rolled back overregulation that was stifling job creation, and we are creating an environment that fosters job growth. Our reforms have created a savings of at least $50 billion for small businesses and entrepreneurs. That is why the economy is on fire. We have also done important things to help improve access to healthcare. We have repealed the Independent ***Payment*** Advisory Board provisions of ObamaCare and repealed the costly individual mandate, which essentially was a tax on poor people and middle-income people when they couldn't afford to buy the ObamaCare policies with all of the coverage that they didn't necessarily even want or need, but it added to the cost of the policy. When they couldn't afford the policy, they were taxed by their own government and punished through the individual mandate. What we have done is to try to restore the authority and the power of citizens themselves to make healthcare decisions for themselves and their families that they want and that they can afford by starting to recreate an individual market. To me, that is the best way for us to offer choice and to keep prices down--to create an individual market, not for government to mandate a one-size-fits-all approach, which is what ObamaCare did. It forced many young people to pay a lot more for their insurance to subsidize others who were covered by ObamaCare. We also addressed the public health challenges we face in this country in another significant way. The Nation's drug addiction epidemic killed roughly 72,000 Americans last ***year***. Some 72,000 Americans lost their lives to drug overdoses. Nearly 50,000 of those were related to opioids, whether a prescription drug or heroin or fentanyl. It has left many families in disarray and overwhelmed medical professionals and emergency personnel in many communities. Through the collaboration of about 70 bipartisan proposals--people say nothing bipartisan happens here, but thanks to 70 bipartisan proposals--that were included in this landmark opioids bill, we are not only addressing stemming the tide of drugs coming across our border but also supporting those who are trying to recover from a drug addiction. Among other reforms, the law requires screening of packages being mailed from overseas for substances like fentanyl. It increases access to treatment for people with substance disorders. It expands research into nonaddictive painkillers, and it provides more money for enforcement and interdiction. But healthy communities are also safe communities. In addition to the opioids bill, we took further steps to enhance the safety of our communities and to help victims. With three new laws, we aimed to reduce the backlog of untested rape kits in forensic labs so that perpetrators of sexual assault can be identified with near certainty and those wrongly charged can be exonerated. We also have assisted our law enforcement in prosecuting cold cases and eradicating the scourge of online sex trafficking. We didn't stop there, though. We kept communities' needs in mind and turned toward fixing our Nation's outdated infrastructure. In October, we passed a major water infrastructure bill that helps to keep our communities safe by providing dams and levees and addressing the need for drinking water--clean, safe drinking water--and addressing the underdevelopment of wastewater systems across the country. But our work on infrastructure extended far beyond public water systems. It also included passing the Federal Aviation Administration Reauthorization Act, which modernizes airport infrastructure, increases safety, and boosts industry innovation. We also helped to support our men and women in uniform, past and present. By passing a Defense authorization bill, we gave our troops the largest pay raise in nearly 10 ***years*** and began to restore military readiness in an increasingly dangerous world. The National Defense Authorization Act, named after our former chairman of the Armed Services Committee, John McCain, ensures that our troops have the resources, the equipment, and the training they need to defend our country and keep Americans safe. For our veterans, we passed the VA Mission Act--again, a bipartisan piece of legislation. Access to healthcare had become a nightmare for many who sacrificed so much for our country. We saw them being met with difficulty getting appointments because they were backlogged so much, or they had to drive great distances to get access to basic healthcare. So we passed the VA Mission Act with an eye toward providing more efficient access to care in local communities. Beyond that, we did the basic work of funding the Federal Government on time and through regular order. We haven't finished that job yet. We have until December 7 to finish the job, and I hope we do. It is not a particularly flashy topic, but it is one of the most fundamental duties of the Congress. So our record is clear, and the voters responded by rewarding the majority with an even greater Senate majority in the next Congress. But we need to finish out the rest of this ***year*** strong. We are adding to our list of accomplishments this week by passing a bipartisan bill to provide critical funding for the Coast Guard. Our Coast Guard is made up of men and women who risk their lives to save others and to protect our ports and to stop illegal drugs from reaching our country. This bill ensures that they can continue that work with the predictability they deserve. Moving forward, we have a significant to-do list before we break for Christmas. We need to finalize the farm bill. We need to reauthorize a number of other bills, and despite the large number of nominations we were able to get done before we recessed, there is still a huge backlog of many executive branch nominations. For some reason, after the 2016 election, our Democratic colleagues decided they were going to obstruct or delay as many Trump nominations to executive agencies on the bench as they could. Unfortunately, they have been too successful in doing so, but I am confident that the Senate Majority Leader, Senator McConnell, will use the leverage of people wanting to get home at Christmastime and Thanksgiving to ensure that we get a maximum number of these noncontroversial nominees supported. These are people who will enjoy broad bipartisan support if we can just get our Democratic colleagues to quit the obstruction. We have just a short time left to finish this Congress strong, but the past 2 ***years*** have been an unmitigated success for the country. We have delivered on promises we have made. We have put money back in the pockets of hard-working families. We enhanced community safety and fought for victims. We have modernized infrastructure and supported our men and women in uniform. I hope we can continue this momentum into the 116th Congress that begins in January. I yield the floor. The PRESIDING OFFICER. The Senator from Washington. Coast Guard Reauthorization Bill Ms. CANTWELL. Mr. President, I come to the floor this afternoon to speak about the Coast Guard reauthorization legislation that just passed the Senate today. I thank my colleagues for all of their hard work on this important measure that literally has taken ***years*** to piece together. I thank Chairman Thune and Ranking Member Nelson for working on this legislation and for incorporating many of the things that the people of Washington were interested in seeing as part of this comprehensive bill. I certainly want to thank Senator Carper and the EPW staff for working on major provisions of this bill relating to ballast water and the solutions they put forward. This bill includes many provisions important to our Coast Guard, our environment, and to our shipbuilding community. It represents a true bipartisan effort to find solutions and to put those solutions into action. Our State of Washington is rich in its maritime heritage. The Coast Guard is a large part of that. With so much coastline, and so many rivers and streams, the Coast Guard is so important. Our State is home to fishermen, shipbuilders, Tribes, trade operators, and a thriving tourism economy. So for places from Cape Disappointment and [[Page S6943]] Grays Harbor to Neah Bay and all the way up the Columbia River, our Washington State Coast Guard works tirelessly to protect the Northwest and our environment. In our State, there are more than 2,000 Active-Duty coasties, 440 reservists, 192 civilian employees, and an impressive 869 volunteer auxiliary members in the Coast Guard. The Coast Guard plays an important role in the safety and oversight of our fisheries. Thousands of Pacific Northwest fishermen call Washington State home, and over 35,000 Washington State jobs are supported by the Alaska fisheries. While we usually talk about big assets here on the floor, like icebreakers and national security cutters, Washington State is also home to heavy surf stations that serve in some of the most extreme conditions that people have to operate under. This bipartisan Coast Guard legislation has many provisions that I would like to talk about this afternoon. I want to again thank my colleagues for their great bipartisan work on this legislation. This legislation has many different solutions for many of the challenges our agencies face. I want to again thank Senator Thune for working across the aisle on the various Coast Guard provisions that are included in this bill, and I want to thank Senator Sullivan for helping to cosponsor the authorization of the recapitalization of the Coast Guard heavy polar icebreaker, the Polar Star. The Polar Star is home- ported in Seattle and is our only operational heavy icebreaker, crucial for Arctic operations. The language that we just passed improves the oversight of ships that pose an oil spill risk in Puget Sound. This is so important for us moving forward to have these types of assets in these critical waters. This bill also includes language to strengthen the Coast Guard's family leave policies, as they moved forward to meet other branches in adding paid family leave. The legislation included language that helps to improve the flexibility of that paid family leave for various parts of our State that are most hard to serve. The Coast Guard families should not be forced to choose between serving their country and supporting their families, and I so appreciate the incorporation of this language into this legislation. This bipartisan deal also helps to protect good shipbuilding jobs at Dakota Creek Shipyard. I am a very strong supporter of the Jones Act, and I believe it is important that we continue to have the Jones Act in the future. I am proud that we were able to work together to find a solution to save good jobs at the Dakota Creek Shipyard, and I appreciate my colleagues working on the incorporation of that language. This legislation also included a critical compromise to address the threat of invasive species and the threat they pose to our waterways in many different parts of the United States. We worked hard on this solution, consulting with the State of Washington, and believe that this version, which does create regulatory certainty for maritime operators but does so while still protecting our environment, is critical. The bill allows the State of Washington, which has a strong history of protecting our waters from invasive species, to modify the west coast ballast water management practices, which is very important for us to protect our waterways for the future. It requires that the most rigorous scientific standards are used--including the Clean Water Act's best available technology standard so important to us in the Northwest. The bill also creates tools for emergency response to invasive species so they can be stopped before they take a stronghold in our environment. Lastly, it includes a permanent fishing vessel exemption for incidental discharges which do not pose a threat to our environment. All of these things were part of a very comprehensive Coast Guard bill that tried to give us the best tools possible to continue to operate in our coastal areas of the United States, to have the right resources, to have the right oversight, to have the right assets, and the right protection of our environment. Again, I thank our colleagues on both sides of the aisle for working so diligently to finally get this legislation over the threshold and on to the President's desk. The Coast Guard represents such an important maritime piece of our economy. I hope our colleagues will realize we need to give the Coast Guard the resources and assets to do their jobs, not just now in this legislation but moving forward as well. I also want to thank our Coast Guard fellow, Lieutenant Commander Michelle Rosenberg, for her time working on this comprehensive legislation for the last several ***years***. I, again, thank my colleagues. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The bill clerk proceeded to call the roll. Mr. TOOMEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER (Mr. Gardner). Without objection, it is so ordered. Gun Violence Mr. TOOMEY. Mr. President, winter has arrived in Pittsburgh. Today, 11 3-foot-tall wooden Stars of David make up a sidewalk memorial in the city's Squirrel Hill neighborhood, and they will be brought inside the Tree of Life Synagogue to protect this display of the city's grief from the snowstorm. Pittsburgh, the Jewish community and our entire country were shaken by a horrific anti-Semitic attack that occurred on October 27, during Shabbat morning services. Members of three Jewish congregations were present: the Tree of Life, Dor Hadash, and New Light congregations. Eleven innocent people were senselessly slaughtered in the attack, and six others were wounded, including four police officers who responded to the attack. Even within this act of evil, there were displays of amazing courage and humanity: the first responders, who rushed into danger to apprehend the shooter and protect others; the Jewish doctors and nurses who cared for not just the victims but the shooter as well. Like Dr. Jeffrey Cohen, president of Allegheny County Hospital--who is actually a member of the Tree of Life Synagogue--displayed an amazing, remarkable courage and humanity in visiting the shooter to ask him about his care and to try to make some sense of the attack. After such an inexplicable event, all of us looked for the motivation of the perpetrator and asked why. Well, let's be clear about what this shooting was about. It was a cowardly act of brutal violence, fueled by anti-Semitism, a corrupt and repulsive ideology that really betrays our most fundamental values and distorts history. John Adams had an interesting quote. John Adams said: If I was an atheist and believed in blind eternal fate, I should still believe that fate had ordained the Jews to be the most essential instrument for civilizing the nations. They are the most glorious nation that ever inhabited this Earth. The Romans and their Empire were but a Bauble in comparison to the Jews. They have given religion to three quarters of the Globe and have influenced the affairs of Mankind more, and more happily, than any other Nation ancient or modern. Despite Judaism's incredible contributions to mankind and to our own country and our country's founding, anti-Semitism is still far too prevalent. We can't ignore it. We must condemn it. We must challenge it. I think there is a lesson here from Dr. Cohen, whom I mentioned earlier. When asked how he could visit a patient with so much hatred, Dr. Cohen replied: I thought it was important to at least talk to him and meet him. You can't on one hand say we should talk to each other, and then I don't talk to him. I think Dr. Cohen's wisdom and insights in humanity could be useful for this body as well. I have spent a lot of time working with colleagues and others to try to find some commonsense solutions to address some element of the gun violence that plagues this country. Too often, it seems to me, we talk past each other rather than speaking with each other. I know there are strongly held views on the Second Amendment, and I am one of the Senators who has strongly held views on the Second Amendment. I am a strong supporter of the Second Amendment, but I am also convinced [[Page S6944]] there is common ground among people who have different views on the Second Amendment. In this session of Congress that we are wrapping, we overwhelmingly enacted legislation to improve NICS, the National Instant Criminal Background Check System, which is used to prevent the sale of firearms to people who should not have firearms. Now think about that. We all agree firearms should not be sold to criminals and the dangerously mentally ill. I have never heard any colleague in this body suggest that firearms should be sold to violent criminals or dangerously mentally ill people. No. We all agree, as does our entire society, that these are people who shouldn't have firearms. So we have a NICS system that is designed, when it works well, to identify people who should not be able to have firearms because they are convicted criminals or dangerously mentally ill, or both, and we in this body recently passed legislation to improve the effectiveness of that NICS system. Since we all accept the premise of the NICS system, and we have in fact enacted legislation to improve the effectiveness of the NICS system, shouldn't we also agree to close the remaining loopholes in the background check in this NICS system? One measure that I think ought to be a consensus measure, and I know has bipartisan support, is that using the NICS system, we should cover all commercial sales of firearms with a background check. This is just a commonsense measure that is entirely consistent and compatible with the Second Amendment. The Constitution guarantees the rights of law-abiding people to own firearms, but there is no such right for violent criminals and those who are dangerously mentally ill. I am not the only one who believes that. None other than the very pro-Second Amendment Justice Antonin Scalia wrote that it is completely compatible with the Second Amendment to have regulations like a background check. Senator Joe Manchin and I have introduced bipartisan legislation that would address this loophole, that would expand background checks. It is pretty simple. It simply says that all commercial sales of firearms, including those sales at gun shows and over the internet, need to be subject to criminal and mental background checks. If you pass the background check, you get to buy your gun, but if you fail the background check, then you are exactly the kind of person we have all agreed shouldn't be able to get a gun. This is just common sense. By the way, he and I built into this legislation a number of provisions to allow law-abiding gun owners to more fully exercise their Second Amendment rights. So I hope my colleagues will join me in working to advance this commonsense, bipartisan measure to keep our communities a little bit safer. I have never suggested that this would end mass shootings in America--that would be absurd--but it might make it a little more difficult for someone who doesn't belong owning a firearm to obtain one. I know in our country many people feel a deep sense of division. We saw it after the shooting at the Tree of Life. We see it sometimes in the debates here, including over gun safety, but this isn't the first time or even the worst time we have been divided. Interestingly, Pittsburgh's Tree of Life Synagogue was founded in 1864 during the Civil War. When I was in Pittsburgh following the tragedy, the day after the attack, I attended a beautiful memorial service just a few miles from the Tree of Life Synagogue. The service was at the Soldiers & Sailors Memorial Hall. At that ceremony, Catholics, Protestants, Muslims, Jews, people from every walk of life were represented. People from the Greater Pittsburgh area united to support their Jewish neighbors. It was fitting to gather at the Soldiers & Sailors Memorial. This memorial was founded by veterans of the Civil War in Allegheny County to honor the sacrifice and valor of those who were willing to die to save our country during that war. The very first soldier from Allegheny County to die in the Civil War was a married salesman in his early thirties from Pittsburgh. He died at the Battle of Williamsburg on May 5, 1862. His name was Jacob Brunn. He was Jewish. That didn't matter to Pittsburgh. The entire city turned out for his funeral, the entire city. As one historian put it, ``the city put religious and political differences aside to honor the man who was first to fall.'' I hope the Senate can also put aside some of our political differences and do something sensible. It is our duty, and it would be a fitting act of remembrance for victims of mass shootings--at the Tree of Life, Thousand Oaks, Sandy Hook, and all the others whose deaths from gun violence have scarred our country. I yield the floor. The PRESIDING OFFICER. The Senator from Arizona. Unanimous Consent Request--S. 2644 Mr. FLAKE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of ***Calendar*** No. 393, S. 2644. I further ask that the committee-reported substitute amendment be agreed to, the bill, as amended, be considered read a third time and passed, and that the motion to reconsider be considered made and laid upon the table. The PRESIDING OFFICER. Is there objection? The majority leader. Mr. McCONNELL. I object. The PRESIDING OFFICER. Objection is heard. Special Counsel Independence and Integrity Act Mr. FLAKE. Mr. President, I rise to speak in defense of Special Counsel Robert Mueller and to defend the vital role he has played since May of last ***year*** in yet another act of service to his country in what has been a lifetime of distinguished service. For his trouble, Mr. Mueller has been accused repeatedly and without basis in fact of conducting a ``witch hunt'' in the course of his current investigation by none other than the President of the United States. So I would like to take this opportunity to say a few words about what Special Counsel Mueller and his team have been investigating and why, as the point of this vital investigation seems to have been purposely confused and maligned by the White House in a rather alarming way. My colleague from Delaware, Senator Coons, and I have made the unanimous consent request to bring this to the floor, but it has been objected to already. This bill is designed to do one thing: protect the integrity of the special counsel's investigation and spare it of any influence or interference from the executive branch, including from those who may themselves be subjects of the investigation. The findings of Mr. Mueller's investigation are of utmost importance to the security of this country and to the well-being of our democratic institutions as well. In America, as we all know, no one is above the law. Our doctrine of separation of powers and the independence of the judicial system is what sets us apart from lawless countries, and Presidents do not get to determine who gets investigated and who and what does not. For the record and for history, this special counsel was appointed to thoroughly investigate the attacks on our electoral system by elements of the Russian Government during the lead up to our 2016 general election. How such an investigation can be a cause of controversy is beyond me. Surely, we all recognize it is essential to understand this new form of foreign aggression so that we might better defend America against such attacks in the future; right? One would think there would be unanimous national resolve to get to the bottom of such aggression from an enemy or foreign power, especially a foreign power with whom we spent much of the second half of the 20th century locked in a global ideological struggle, especially when in their renewed aggression toward us, they have targeted the institution we have and they don't--free and fair elections. Vladimir Putin knows he could not defeat us on the battlefield, and he knows the ideas at the center of his former empire were soulless and bankrupt. He wants to rob us of what makes the United States superior to his autocracy. His goal is to turn us against ourselves and, in doing so, to try to destroy our democracy. This is a matter of grave national importance. This is not a moment for our national leadership to be weak or [[Page S6945]] irresolute or compromised in any way. Some of us in Washington have seemed strangely incurious about just what the Russian malefactors did to America in 2016 at the direction of Vladimir Putin. Our President has been so incurious that at times over the past 2 ***years*** he has been eager to accept Putin's denials at face value. In fact, our executive branch has generally been in such a state of denial about the attacks on our democracy that the White House has not been aggressive at all in defending against future attacks. I defy any of us to name a threat so grave to which the government of the United States--that we, all of us, including this Senate--has responded so lackadaisically. Why is that? With the firing of the Attorney General and, in my view, the improper installation of an Acting Attorney General who has not been subject to confirmation by this body, the President now has this investigation in his sights, and we all know it. My purpose here is not to divine the President's motives in his seeming determination to sow doubt about and curtail Mr. Mueller's investigation. If, as the President says, there was no involvement by anyone in his campaign with the Russian malefactors, then this investigation--properly conducted--will discover and document that. Mr. Mueller has already brought dozens of indictments against Russian nationalists. It is in the national security interest of the United States to fully understand what they did to us in 2016. If the President doesn't understand this, we must. If he doesn't prioritize that, we will. We--all of us--talk much in this place about the defense of ``all that we hold dear.'' Those are the words we speak--``all that we hold dear.'' What do we actually mean when we say those words? Speaking personally, I can't think of values held more dear than the independence of our judicial system and an electoral system free of malign influence, either foreign or domestic. When I think of the things we must hold dear, those things are right at the top of the list. It is our sworn oath to keep it that way. On one further note on this unanimous consent request that has just failed today, Senator Coons and I are prepared to make it again and again until there is a vote on this vital bipartisan legislation on the Senate floor. I have informed the majority leader that I will not vote to advance any of the 21 judicial nominees pending in the Judiciary Committee or vote to confirm the 32 judges awaiting confirmation on the Senate floor until S. 2644 is brought to the full Senate for a vote. Mr. President, I yield to the Senator from Delaware. The PRESIDING OFFICER. The Senator from Delaware. Mr. COONS. Mr. President, first, I want to thank my colleague and my friend, Mr. Flake, the Senator from Arizona, for joining me today in calling for action on a balanced bipartisan bill to uphold the rule of law, to avoid a constitutional crisis, and to secure the ongoing position of Special Counsel Robert Mueller, as he moves to complete his investigation. This is a critical moment. Just a week ago today, President Trump forced the resignation of his Attorney General, Jeff Sessions, and effectively stripped Deputy Attorney General Rod Rosenstein of his authority to supervise the ongoing investigation by Robert Mueller--an investigation which, I will remind you, just the same day he forced Attorney General Sessions' resignation, the President attacked publicly as a hoax and a witch hunt. Let's take a step back to remember the bigger picture here. Robert Mueller--a career Federal law enforcement leader, a decorated combat veteran, a lifelong Republican--is leading an investigation into a foreign adversary's attack on our last election. This isn't about relitigating that election. It isn't about partisan politics. It is about protecting our democracy. As my colleague Senator Flake said, it is about protecting what defines us as a democracy. Yet our President is now in a position easily to interfere with or even end the Mueller investigation. Compounding that threat is the person who has been appointed as the Acting Attorney General, Matthew Whitaker. I have separate concerns about Mr. Whitaker's novel legal theories well outside the mainstream, about whether his experience makes him an appropriate person to be Acting Attorney General, whether his appointment is consistent with the Constitution and Federal law, but I will leave those concerns for another day. At the moment, I think Mr. Whitaker's comments about the Mueller investigation made a ***year*** ago make him a clear and present danger to the independence of the special counsel. In an editorial last ***year***, Mr. Whitaker argued that Mueller is ``dangerously close to crossing'' a redline, following reports saying he was looking into the President's finances. He said that without any examination of the facts or evidence. He said that if the investigation goes too far, then--and he openly pondered ways--an Attorney General could reduce special counsel Mueller's budget ``so low that his investigation grinds almost to a halt.'' For these reasons and others, I think Mr. Whitaker should recuse himself from overseeing the Mueller investigation, and we cannot wait for that action. We have asked our colleagues today to take a simple yet critical step to protect the special counsel and future special counsels in future administrations by supporting the bipartisan Special Counsel Independence and Integrity Act. This is a bill crafted by Senator Graham, Senator Booker, myself, Senator Tillis--a bipartisan bill that, with the support of Senator Flake and the Chairman, Senator Grassley, passed the Judiciary Committee in April by a strong bipartisan margin of 14 to 7. We had a hearing. We had a markup. We had a vote. It is ready for committee action. While I appreciate repeated assurances by the majority leader and many other Senators of the other party that it is not needed because they are confident the President will take no inappropriate action to interfere with the ongoing investigation, why would we not take this simple preventive measure? Given the President's repeated actions, given his repeated statements about the Mueller investigation, why pose this risk when a simple vote on the floor of the Senate could move this toward enactment? Let me be clear about what the bill does. It says that if the special counsel is removed, counsel has the opportunity to challenge the removal in court. A panel of three Federal judges would have 2 weeks to hear and determine whether the removal was based on good cause. If the panel doesn't find good cause, the counsel would be reinstated. It preserves staffing, documents, and materials of the investigation while that matter is pending for that brief period. The bottom line is this. The special counsel legislation we are urging today protects the integrity of this special counsel and future special counsels, something that Members of this body of both parties have repeatedly and publicly said we value. It strengthens the rule of law. It strengthens the principle that no one is above the law, and it ensures that we are not back on this floor trying to unravel an emerging constitutional crisis should the President precipitously act or should Matthew Whitaker precipitously act to impede Special Counsel Mueller's ongoing investigation. Let me close today by asking my colleagues who are listening to consider the fundamental principles that form the basis of our democracy--free and fair elections, respect for the rule of law, strong independent institutions that deliver justice impartially and transparently. It is because of these principles, enshrined in our founding documents, that the United States has grown from a fledgling experiment--at that time on the very fringes of world civilization--to a strong, vibrant, and inclusive nation that is a beacon for the world and the most sustained and greatest democracy in the history of the world. We cannot take these principles and we cannot take the institutions of our democracy for granted. They don't protect themselves. Every now and then, when founding principles are threatened, we have to demand elected officials put aside disagreements and come together to defend them. This is one such moment. [[Page S6946]] I am grateful to my colleague from Arizona for his statement and his leadership today. I am confident that if given the opportunity to come for a vote, this bill would get at least 60 votes, having spoken to colleagues on both sides of the aisle yesterday and today. I am puzzled as to why there are leaders in this body who continue to have great confidence given the President's statements and actions. I think the time for action has long since passed. We should have taken that action today. I will continue to work tirelessly with my colleague from Arizona until we secure passage of this bill. With that, I yield the floor to my colleague and cosponsor, the Senator from New Jersey. The PRESIDING OFFICER. The Senator from New Jersey. Mr. BOOKER. Mr. President, first of all, I want to give gratitude to both of the Senators who spoke before me, my friend Senator Coons and my friend Senator Jeff Flake. I want to especially thank Jeff Flake for his willingness not just to lead with words but to make a commitment on the Senate floor that he will not be voting on judicial appointments until this is brought to a vote. Senator Flake and Senator Coons have said pretty much all of what I was going to say. Perhaps just very succinctly and very candidly, I want to reiterate this moment we are in and the gravity of the moment we are in. This bill is not a partisan piece of legislation. It comes from a bipartisan effort. It started many months ago, when Senator Graham and I started talking and Senator Tillis and Senator Coons started talking many months ago, not just for this moment in history but also understanding that we have a flaw in our system that does not have an appropriate check and balance on a Presidential power that can put them in a position where they are not subject to the laws of our land. This Special Counsel and Independence Integrity Act came from a bipartisan effort to try to make sure that we have appropriate checks and balances to prevent a constitutional crisis. It is actually a forward-thinking bill, understanding that we should not be reactive in the cause of our democracy but proactive in preventing and securing the great Nation and our laws and our rules that we all cherish. We see a bipartisan bill worked on, crafted, compromised, brought to committee, be voted out of committee, and languish now without a vote, and I agree with Senator Coons that it would get more than 60 votes and would provide a reasonable check and balance. This is a bill that is important for history, but the urgency of this moment Senator Coons has already gone over. We now have the firing of Jeff Sessions, and Jeff Sessions was said to be fired by a President who literally said: ``I would not have hired you if I thought you were going to recuse yourself.'' He was replaced with a person--and Senator Coons has read the quotes--who talked about this investigation and what he would like to do. He called it a witch hunt, and he compromised himself now in the position he is in. The idea that the integrity of this investigation and the idea that the urgency of this investigation will continue under his leadership are in question. That is why this bill is necessary. More than that, we are a nation that has been, is, and will be under attack. All of our intelligence agencies have a consensus on the conclusion that our democracy is under attack. We need to understand what happened, what is happening, how to prevent it from happening again, and hold those people accountable. This investigation has led to numerous guilty pleas. This investigation has led to numerous indictments, and it should be able to run its course without interference. So I will conclude by saying that there is urgency in our country to uphold an ideal and a principle that no one, not a Congress person, not a Senator, not a mayor, not a Governor, not the President of the United States--no one in this country is above the law. There is ample evidence of this body taking reasonable, measured, bipartisan actions to make sure we have the balanced government that was designed and intended by our Founders. This is a reasonable, modest check and balance on Presidential power to ensure that no one, including the President of the United States, is above the law. I am deeply grateful for Senator Coons, Senator Tillis, Senator Graham, and especially for the leadership shown right now by Senator Flake in this important moment to avoid a constitutional crisis. Thank you. The PRESIDING OFFICER. The Senator from Arizona. Mr. FLAKE. Mr. President, I want to thank the Senator from Delaware, Mr. Coons, and the Senator from New Jersey, Mr. Booker, for doing this together with us to make sure that we have this bipartisan piece of legislation here on the Senate floor. It is not unremarkable to have such a bipartisan piece of legislation pass out of the Judiciary Committee. We don't have very many bipartisan pieces of legislation coming out of the Senate Judiciary Committee, but this one was--by a vote of 14 to 7, including the chairman of the committee. There is no reason it shouldn't be brought to the floor. It was passed out of the Judiciary Committee on April 26. I should note that the Judiciary Committee has been busy sending things to the floor during the intervening time. In fact, since April 26, when this bill passed the Judiciary Committee, we have sent 49 nominations through to the floor that we have voted on and confirmed here on the floor. Since that time, the floor actually has voted on 50. There was one that was already in the queue. So on the floor, since this bill passed the Judiciary Committee, we have voted on 50 confirmations of the President's nominees. Many of these nominees were blue-slipped in Democratic States; some, in Republican. We have been able to move on all of them. There is no reason we shouldn't move on this vital piece of legislation to protect the special counsel. When the leader said in April that there was no move on the special counsel, nobody was being fired, nothing to worry about here--if that was the case then, that certainly is not the case now. Since then, the Attorney General has been fired, and the oversight for this investigation, which sat with the Deputy Attorney General, has been wrested from him and turned over to someone who has not received Senate confirmation, someone who has expressed open hostility to the Mueller investigation. Does that not ring alarm bells around here? If that doesn't, what will? Why are we so sanguine about this? This would provoke a constitutional crisis. Yet, when we have the opportunity to pass legislation to protect the special counsel, which received a bipartisan vote in the Judiciary Committee, we fail to bring it up on the Senate floor. Why? Why do we do this to protect a man, seemingly, who is so incurious about what Russia did during the 2016 elections? Why do we do that? Do we have no more institutional pride here? Don't we more jealously guard our prerogative as Senators than to simply let this go? What will it take? I am prepared--and I know that the Senator from Delaware is, as well--to bring this up again. We will bring it up again until we can get a vote on the Senate floor. I hope in the next few days and in the coming weeks that the public will rise up and say that this needs to be done. A bipartisan piece of legislation that has passed the Judiciary Committee ought to be brought to the Senate floor for a vote. We are not saying that it has to pass, although we think it will; for sure it will. It has overwhelming support. We are just saying: Bring it to a vote; bring it to a vote. Until we do, the 21 nominations that are in the Judiciary Committee waiting for a vote there will not receive a vote, nor will I give my vote to the 32 nominations that are sitting here on the Senate floor. This is important. This should be a priority. I thank the Presiding Officer, and I thank the Senator from Delaware, and I will yield to him. Mr. COONS. Mr. President, I will just conclude by saying that I could not agree more with the comments of the Senator from Arizona, my friend and colleague. There come moments when we should step up and defend the prerogatives and [[Page S6947]] the role of this body. This is one of them. I understand it may annoy, it may displease the President for there to be a speed bump put in the way of interference with the special counsel. But this isn't just about the current special counsel; this is about taking Department of Justice regulations and making them statute. This is about providing a small modicum of protection for the groundless removal of a special counsel. This is something that, as my colleague has said, deserves prompt attention on the floor. We have a few weeks between now and the end of this Congress, time when we could be taking up and confirming nominees, time when we could be taking up and moving other pieces of legislation, but you have heard a very clear position by my colleague that we won't be moving forward nominees in the Judiciary Committee, and if just one more colleague joins him, we might well begin to prevent nominations from moving on the floor as well. To what end? Simply to get a vote on the floor. Simply to get an opportunity to be heard and for there to be a vote taken on this important piece of bipartisan legislation. I am grateful to my colleague for his work on this and for his stand today, and I look forward to continuing to work tirelessly with him on it. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The senior assistant legislative clerk proceeded to call the roll. The PRESIDING OFFICER. The Senator from Rhode Island. Mr. REED. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Remembering Claiborne Pell Mr. REED. Mr. President, next week will mark what would have been the 100th birthday of my predecessor, Senator Claiborne de Borda Pell, who was born on November 22, 1918. This ***year***, appropriately enough, the date falls on Thanksgiving. We lost Senator Pell nearly 9 ***years*** ago after a long struggle with Parkinson's disease, which robbed him of his mobility but not his spirit. He was sustained by the love of his wonderful family, especially his beloved wife, the late Nuala Pell. A person who dedicated his life to selfless service to Rhode Island and the Nation, Senator Pell would not want a showy commemoration of his centenary. He was not one to seek the limelight. Moreover, for him, his birthday--November 22--became a somber day for remembrance and mourning the loss of his dear friend, President John F. Kennedy. But at a time when differences seem more striking than our common cause and when there is a question of whether America's role in the world community should be guided solely by narrowly defined self- interest or by our democratic ideals, it is helpful for us to recall the example and standard Senator Pell set--both his accomplishments and the civility he maintained throughout his career. He was born into a family of great wealth and privilege, yet Claiborne Pell never exhibited a sense of entitlement. At a defining moment in the history of our country and a defining moment in his life, Claiborne Pell demonstrated that privilege and wealth was not a way to avoid the rigors of life. Rather, for him, they offered the opportunity and responsibility to meet the challenges of the times with vigor and wisdom and optimism. As World War II approached, Claiborne Pell, with family connections, poor eyesight, and a high draft number, could have easily secured a sinecure, a safe posting to ride out the war. Instead, before Pearl Harbor, he decided on his own to enlist in the Coast Guard and eventually sailed the dangerous North Atlantic convoy runs. Significantly, Claiborne chose to enlist not as an officer but as a seaman so that he could get a chance at sea duty. The complete lack of regard for status or pretense, which he showed in his World War II service, would continue to mark his public service and endear him to generations of Rhode Islanders. For 36 ***years***, Claiborne Pell did not simply represent Rhode Island in the U.S Senate; he represented the ideal of what a public servant should be. He said that his motto or statement of purpose was to ``translate ideas into action and help people.'' And that is what he did. One hundred ***years*** after his birth and 58 ***years*** after his first election to the Senate, millions of Americans continued to be helped by his ideas translated into action. He believed that government had a critical role in providing opportunity, particularly the opportunity for a good education for every American, and he knew that there were unbounded horizons for the initiative, invention, and innovation of these well-educated sons and daughters of America. Truly, they would continue and enhance the great endeavor that is America. He authored the legislation that established the Basic Education Opportunity grant, now known as the Pell grant. Today, roughly 7.5 million students rely on Pell grants to help pay for college. He wrote the legislation that created the National Endowment for the Arts and the National Endowment for the Humanities. To this day, these agencies support artistic, educational, and cultural ***programming*** in communities large and small across the Nation, fulfilling Senator Pell's commitment to strengthening and preserving our national cultural heritage for all Americans. He led the effort to establish the Institute of Museum and Library Services, helping libraries and museums across the Nation transform their communities through access to information and opportunities for lifelong learning. According to the Institute, people visited libraries over 1.3 billion times in 2015, and 55 million student groups visit museums each ***year***. The vision he articulated in the early 1960s for high-quality passenger rail service connecting the major population centers on the east coast into a megalopolis led to the creation of Amtrak and the Northeast Corridor. Decades later, it is interesting to see not only how much of his vision has been achieved but also how much of his vision is now reflected in ideas like Elon Musk's ``hyperloop.'' Touched by the death of two members of his staff who were killed by drunk drivers, Senator Pell authored the first Federal anti-drunk driving bill in 1976--4 ***years*** before the founding of advocacy group MADD, Mothers Against Drunk Driving. Senator Pell's legislation became the model for Federal policy efforts to combat impaired driving by giving the States strong incentives to toughen their laws. Senator Pell was also deeply committed to America's role in securing world peace. His notion of a powerful America leading the world--not standing apart from it--and his notion that our values, our system, and our commitment to human decency would prevail in the face of totalitarianism were wisdom of the ages. In his service on the Senate Foreign Relations Committee, he espoused those views, seeking to remind us that our destiny would take us far beyond what simply a military operation or our economic power might because of our ideals and commitment to creating a world community. Senator Pell's approach to legislating was unfailingly kind and civil. In his farewell speech to the Senate, he laid out his guiding rules. In his words: ``First, never respond to an adversary in ad hominem terms.'' In his six campaigns for the U.S Senate, Claiborne Pell never ran a negative ad or attacked his opponent personally. Rhode Islanders rewarded him with an average vote of more than 60 percent for each of his elections. ``Second, always let the other fellow have your way.'' For Senator Pell, winning an ally to achieve a legislative victory was more valuable than getting exclusive credit. ``Third, sometimes half a loaf can feed an army.'' He lived by those rules, but he feared that our politics and our media were pulling us in the opposite direction. That is why he used his farewell speech to urge us to stay true to a practice of politics worthy of our Democratic tradition, saying: If I could have one wish for the future of our country in the new millennium, it would be that we not abandon the traditional norms of behavior that are the underpinning of our democratic system. Comity and civility, transcending differences of party and ideology, have always [[Page S6948]] been crucial elements in making Government an effective and constructive instrument of public will. But in times such as these, when there is fundamental disagreement about the role of Government, it is all the more essential that we preserve the spirit of civil discourse. Those words ring very true and relevant today as they did when he gave them in his farewell address. Following in Senator Pell's footsteps, I am one who is in awe of his presence and accomplishments and feel a deep responsibility to continuing his legacy. He forged an enduring bond with the people of Rhode Island. He put ideas into action to help people. He was always civil and ready to find common ground. As we celebrate Senator Pell's 100th birthday, let's take inspiration from his spirit of service and collegiality. Let's translate ideas into action and help people. Mr. President, I know my colleague Senator Whitehouse is here. Mr. Whitehouse is someone who knew Senator Pell well, and he continues in the image and spirit of Senator Pell by being someone who brings his great talents and skills to serve the people of Rhode Island and the Nation with dignity, civility, and great energy. With that, Mr. President, I would like to yield to my colleague Senator Whitehouse. The PRESIDING OFFICER. The Senator from Rhode Island. Mr. WHITEHOUSE. Mr. President, let me begin by thanking my senior Senator, Jack Reed, for calling us to the floor to reflect and memorialize a truly splendid Senator who represented the State of Rhode Island, our friend and a great Rhode Islander, Claiborne Pell. I think my senior colleague has done an exemplary job of following in Senator Pell's footsteps of decency, civility, and quiet determination in the seat that Senator Pell once held. I cannot claim to hold the seat the Senator once held, but I can claim to have the desk at which Senator Pell once sat. If you look here right under where it says ``Pastore''--a Rhode Island Senator--in carved letters, you see in very small letters ``P-e-l-l'' and then ``R.I ''--like anybody needed to know that Claiborne Pell was from Rhode Island. Claiborne Pell was very important in my political life. He spent ***years***--in fact, decades--refusing to get involved in primaries. ``It is up to the party,'' he would say. When I ran for attorney general the first time I ran for elected office, I was in a three-way primary, and Claiborne Pell, for the first time in his career, endorsed me in that primary. He more than endorsed me; we went to a little park near his house in Newport, and he allowed me to film myself walking with him and conversing with him for my first commercial. Well, you can imagine, in a State like Rhode Island, when a legend like Claiborne Pell in the Democratic Party suddenly appears in your commercial in a primary--let me just say it was not a good day for my primary opponents. It was incredibly generous of Claiborne Pell to break a multidecade tradition on primaries in order to launch my first political effort, and I hope I have conducted myself since then in such a way that I never gave him or his family cause to regret it. As Senator Reed pointed out, one of the significant lessons from Claiborne Pell's career here in the Senate--and it is one that I think of all the time--was that he looked beyond the scrum of the moment. There is always something going on here in the Senate. There is always some fight or some issue that is on the front page of the Washington Post and on the news channels. That is always, always, always going on, and that bright, shiny object very often attracts an enormous amount of attention in this body. I suspect that Senator Pell paid less attention to that daily scrum than almost anybody who has served in the Senate. He had a much more patient soul and steadily and quietly and modestly worked away at his priorities. He used to make fun of himself for his interest in ``choo-choos.'' He would say ``choo-choo.'' Well, we have Amtrak in large part because of Senator Claiborne Pell's work. The Pell grant is named after him because of persistent leadership making sure that such a grant existed. Over ***years*** of work, he finally got it done. It was ultimately named for him, and it remains today an important part of how many young people here in the United States actually get to college and move toward their dreams. He fought for ***years*** to create the National Endowment for the Arts and National Endowment for the Humanities, and those institutions still exist. They are still doing great work today. In Rhode Island, we are very proud of Sea Grant. Sea Grant has ***programs*** in all of our coastal States. Sea Grant was the invention of Claiborne Pell and Dean John Knauss, later dean of the Graduate School of Oceanography at the University of Rhode Island. When you look back and think of who the Senators were at the time that Claiborne Pell served, you can go through all these desk drawers that I showed you, and there are lots of names of Senators. Many of them are ones you never heard of. They were certainly important in their day, but their day is done and their names are no longer remembered. Senator Pell is remembered. He left lasting legacies like those, and he did it by quietly and patiently sticking with his priorities, which he knew were Rhode Island's priorities and America's priorities. He might not have been on the talk shows as much as other Senators. He might not have been quoted on the front page of the Washington Post as much as other Senators. He was not as attentive to the daily scrum of Washington conflict. But, my goodness, when you look back at the legacy that he left that still operates today, it is hard to find somebody of his era whose footprint is larger than that of this shy, quiet, patient, civil, and persistent man. I would add to Senator Reed's comments about Claiborne Pell's philosophy a statement that he made to me that he made quite often. He said: One of the things that you must learn in politics, Sheldon, is how to let the other fellow have it your way. Always let the other fellow have it your way. What does it mean to always let the other fellow have it your way? What I take from that is that it means you have to stand by your principles. You have to achieve the goals you have set out for yourself and for your constituents, but on the way to getting there, if you can give others credit, if you can let other ideas join yours, if you can let other people have it your way, you are more likely to succeed. To this day, I still repeat that quote to new hires in my office. The picture of Claiborne Pell that he signed for me is still right there on my bookcase, and I see it every time I sit in the chair in my office. He was a remarkable and special individual. He was not your standard-issue U.S Senator. The particular way he chose to go about his duties has left a larger footprint than most of his colleagues were able to leave. I will end with a story about one of my final memories. Senator Pell was out of the Senate. His illness had caught up with him to the point where he was barely able to speak any longer. His friend Ted Kennedy, who sat in this space right here--at a different desk but right here at this spot on the Senate floor--was sailing through Rhode Island, and he called up Senator Pell, and he said: I would like to take you out on my boat. So it was arranged that Senator Pell would go out on his sailboat. That required getting a wheelchair onto a sailboat, over the tippy docks that Senator Kennedy's boat pulled up to. Sure enough, we all grabbed a piece of the wheelchair and hoisted it up and stepped over into the boat and set his wheelchair down in the cockpit of the boat. Senator Kennedy started up the motor and drove it off down into Newport Harbor and then shut off the motor and put up the sails. As the wind caught the sails, the boat heeled over, and this old coastguardsman, Claiborne Pell, smiled a smile that I will never forget as the wind took the boat and we began to move out into Narragansett Bay. The only other thing that was really fun about that was, because Senator Pell could barely speak any longer, he was actually a perfect fit for Senator Kennedy, who could basically not stop talking. There was this wonderful conversation with Teddy Kennedy and Claiborne Pell wherein Teddy Kennedy did all the talking for the both of them, and they both had a lovely time. They reflected on decades of friendship and service here. It was a real privilege to have a chance as a very new Senator to share that moment with those two [[Page S6949]] very different but mutually beloved lions of the Senate. I particularly thank my distinguished senior colleague for organizing our chance to come here and reflect on our friend Claiborne Pell. I think nobody better than he carries on the Pell tradition. I thank Senator Reed. Thank you, Mr. President. I yield the floor. The PRESIDING OFFICER. The Senator from Rhode Island. Mr. REED. I again want to thank my colleague Senator Whitehouse for his very eloquent words about a great American, Claiborne Pell. Just a final comment. If you ever want to feel truly beloved, embraced by constituents, respected and admired, do what I did several times--march in a parade with Claiborne Pell and pretend they cheer for you. Mr. President, I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER (Mr. Johnson). The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. THUNE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Coast Guard Reauthorization Bill Mr. THUNE. Mr. President, I know the perception out there is often that bipartisanship is dead, but the bill we passed this afternoon, the Coast Guard Authorization Act, is a good reminder that we can still come together and get things done for the American people. The bill we just passed overwhelmingly, which is headed to the President's desk, has been negotiated for almost 2 ***years***. Portions of this bill have been discussed for over a decade. It is good to see Senators and Representatives of both parties come together in compromise on such an important piece of legislation. We celebrated Veterans Day earlier this week. As always, it was a powerful reminder of everything we owe to the men and women who keep us safe, like the men and women of the U.S Coast Guard. This key branch of the military is responsible for defending our Nation's waters. The men and women of the Coast Guard stand on the frontlines preventing dangerous drugs, weapons, and individuals from entering our country by sea. When disaster strikes in the form of storms and hurricanes, the Coast Guard is on the scene conducting search and rescue and carrying people to safety. We owe the men and women of the Coast Guard a tremendous debt of gratitude. We owe it to the American people to ensure that our Nation's coastguardsmen have the tools and resources they need to carry out their mission. This bill will improve maritime safety, security, and stewardship. It gives the Coast Guard the authority it needs to conduct its military and law enforcement missions and authorizes the equipment it needs to react to national emergencies. The bill also creates uniform national ballast water and discharge standards for commercial vehicles that give industry certainty while ensuring the protection of our environment. It also reauthorizes the Federal Maritime Commission and the National Oceanic and Atmospheric Administration's hydrographic services. As chairman of the Commerce Committee, I have been honored to work with dedicated committee members of both parties. I would like to personally thank the members of our committee for all their hard work this Congress. Special thanks on this bill go to Senator Nelson, the committee's ranking member; Senators Sullivan and Baldwin, the chairman and ranking member of our Oceans, Atmosphere, Fisheries, and Coast Guard Subcommittee; and to Senators Fischer and Peters, chairman and ranking member of our Surface Transportation Subcommittee. I would also like to thank Chairman Barrasso and Ranking Member Carper from the Environment and Public Works Committee and Chairman Shuster and Ranking Member DeFazio of the House Transportation and Infrastructure Committee. They have been great partners. I appreciate everything they have done to help get this bill across the finish line. Finally, I would like to thank all the staff from both Chambers who worked tirelessly--including many late nights and weekends--on this bill. Without their efforts, the final product would not have been such a success. While everyone on the team worked hard on the bill, on my staff, I would like to especially thank Nick Rossi, Adrian Arnakis, Fern Gibbons, Jason Smith, Patrick Fuchs, Andrew Neely, Chance Costello, Alison Graab, Frederick Hill, and Brianna Manzelli. On Senator Nelson's staff, thanks go to Kim Lipsky, Jeff Lewis, Devon Barnhart, Sarah Gonzales-Rothi, and Catherine Carabine. From the Environment and Public Works Committee, I want to thank Richard Russell, Elizabeth Horner, Mary Frances Repko, Andrew Rogers, Christophe Tulou, and Zach Pilchen. I also would like to place in the Record the names of the staffers from our partner committees in the House who played key roles in this important legislation. On Chairman Shuster's staff, the individuals who should be thanked include Chris Vieson, Geoff Gosselin, John Rayfield, Bonnie Bruce, Luke Preston, and Cameron Humphrey. From Ranking Member DeFazio's staff, thanks goes to Kathy Dedrick and Dave Jansen. I am sure I have left someone off this list, and for that, I apologize. It underscores the amount of collective effort that went into our work here. I could also easily expand the list to include those at the Coast Guard and at the Environmental Protection Agency who provided valuable assistance and technical expertise. We look forward to working with them on the implementation of this bill. As I said earlier, the Coast Guard reauthorization that we just passed is a reminder that we can work together and get things done for the American people. It is a timely reminder given the election. Last week, the American people elected a Democratic majority to the House of Representatives and reelected a Republican majority to the Senate. If we are going to get things done in the new Congress, we are going to need to work together. Here in the Senate, we have spent the past 2 ***years*** working on an agenda to expand opportunities for working families and to put more money in Americans' pockets. We have also worked hard to ensure that those who keep our Nation safe have all the tools and resources they need. We are going to continue that agenda in the lameduck session and in the new Congress. I really hope Democrats will join us. We can work together to grow our economy, lift up working families, and protect our Nation, but it is going to require Democrats to make a choice. Democrats have spent most of the past 2 ***years*** attempting to relitigate the 2016 election. Losing elections is a fact of life in a democracy, but Democrats just haven't seemed to be able to let this one go. Over the past 2 ***years***, they have focused most of their energy on knee-jerk opposition to anything Republicans or the President propose, even when they have agreed with us. They routinely delayed confirmation of the President's nominees--not just the ones they didn't like but the ones they ended up supporting. They refused to work with Republicans on an overhaul of our Nation's burdensome, outdated Tax Code even though Democrats supported many of the measures that ended up in the final bill. Obviously, there are going to be times when the right thing to do as a Member of Congress is to oppose. We have a responsibility to say no when we think a bill or nominee would profoundly damage the country. But that is not what Democrats have done. Too many of them have made opposition not a tool to be deployed when needed but their standard operating procedure. I say again, Democrats have a choice. They can continue down the path of partisanship and opposition, or they can decide to start afresh and to work with Republicans. I hope they choose the latter. I look forward to working with my Democratic colleagues in this new Congress on the priorities that the American people sent us here to work on--to make our economy stronger, to grow at a faster rate, to create better paying jobs, to raise wages in this country, and to give future generations of Americans more opportunities at a higher standard of living and a better quality of life. I yield the floor. I suggest the absence of a quorum. [[Page S6950]] The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll. Mr. WHITEHOUSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. WHITEHOUSE. Mr. President, I ask unanimous consent to speak for up to 20 minutes as in morning business. The PRESIDING OFFICER. Without objection, it is so ordered. Climate Change Mr. WHITEHOUSE. Mr. President, it is hard, particularly for those of us from coastal States, to overstate the importance of the Earth's oceans as a storehouse of our food, as a regulator of our climate, as a highway for our travel and trade, and as a source of wonder, joy, and recreation. According to the Organization for Economic Cooperation and Development, oceans contributed $1.5 trillion to the global economy in 2010. But climate change is putting this all at risk. I have spoken frequently here on the floor about the threat climate change poses to our oceans and of the warning signals blaring around the world. One of the most overlooked of those signals is the enormous amount of heat accumulating in the oceans. As CBS News reported last week, ``recent revelations have been particularly alarming'' and ``deserv[ing] of a big neon sign on Broadway.'' My humble floor speeches may not be a big neon sign on Broadway, but I do hope they shine a little light on the plight of our oceans, which ultimately is our human plight. We know that more than 90 percent of the excess heat trapped by our greenhouse gas emissions has been absorbed by the oceans--no dispute, not even by the Trump administration. The Federal Government's ``2017 Climate Science Special Report,'' a multiagency report by experts from NOAA, NASA, and the Department of Energy, labeled as ``the United States' most definitive statement on climate change science'' by the New York Times, found that the oceans absorbed more than 9 zettajoules of heat energy per ***year***. What is a zettajoule? A zettajoule is a billion trillion joules. A joule is a measure of heat energy, J-O-U-L-E. So 9 zettajoules is 9 billion trillion joules. That is more than 12 times the total energy that human beings use globally each ***year***, just to put a scale on what 9 billion trillion joules is. To get another measure of how much energy that is, visualize the power of a detonated Hiroshima-style atomic bomb. Imagine its classic mushroom cloud erupting into the sky. Imagine all of that energy from a Hiroshima-style atomic bomb captured as heat--pure heat. Now imagine four Hiroshima-sized atomic bombs exploded every second-- every second. That is the equivalent of the excess heat going into our oceans because of climate change, because of our carbon emissions. More than four atomic bombs' worth of excess heat energy is being absorbed by the oceans every second of every day of every ***year***. That is a massive amount of heat energy, and adding it to the oceans has consequences. The most direct consequence of all that energy being pumped into the seas obviously is increased water temperatures. Global average ocean surface temperature is up around 0.8 degrees Celsius, or 1.5 degrees Fahrenheit, since preindustrial times. That is enough to throw off the delicate balance of ocean conditions that marine creatures rely on to survive. Within that global ocean warming are extreme ocean temperature spikes around the world. These marine heat waves in the ocean were first identified and characterized in 2011. This is a newly described phenomenon that climate change has brought to our seas. Although marine heat waves were first identified and characterized in 2011, they have already caused permanent damage in our oceans. The Great Barrier Reef is the largest coral reef in the world. It stretches for 1,400 miles off Northeastern Australia, and it is one of the seven natural wonders of the world. It is made up of corals--corals that can become heat stressed and evict the tiny algae that support corals and give corals their bright colors. Without the algae, the corals appear white, so these events are called coral bleaching. In the summer of 2016, the Great Barrier Reef was hit by the most severe marine heat wave on record. It caused the longest and worst mass coral bleaching event in history. Then another heat wave and bleaching occurred the next ***year***, in 2017. These unprecedented back-to-back bleaching events killed half of all corals in the Great Barrier Reef. If there is a wonder of the world, if there is a majestic feature of God's creation, it is the Great Barrier Reef, and we are busily wrecking it in this generation through carbon emissions. The prognosis for the rest of the world's coral reefs is grim. The U.N International Panel on Climate Change released a report last month, finding that coral reefs will all but disappear from Earth if we warm by 2 degrees Celsius--which, by the way, is the goal we are trying to stay under through the Paris accord. Even if we stay under that goal, corals will suffer immensely. Without any changes to our fossil fuel consumption, we are on track to blow by 2 degrees and hit 3 degrees Celsius of global warming by 2100, making corals virtually extinct. Warming oceans are wreaking havoc on the world's fisheries. Fish feed the world and power coastal economies. The World Health Organization says that fish are the main source of protein for around 1 billion people worldwide. The U.N Food and ***Agriculture*** Organization estimates that 60 million people are employed in fisheries and ***agriculture***. Across the globe and here at home we are seeing dangerous shifts affecting the fishing industry. Rhode Island once had a booming lobster industry. But the lobster population is shifting north as our waters warm, leaving Rhode Island lobster traps empty. The National Oceanic and Atmospheric Administration reports, ``The lobster industry in New York and southern New England has nearly collapsed.'' Maine, as Senator Angus King has pointed out, is temporarily benefiting from the northern movement of lobster, but the lobster will keep moving north into Canada as the oceans continue to warm. Rhode Islanders and other New England fishermen are also looking worriedly at declining shellfish populations. Total landings for eastern oysters, northern quahogs, softshell clams, and northern bay scallops declined 85 percent between 1980 and 2010. The National Oceanic and Atmospheric Administration identified warming ocean temperatures as the key driver for that decline. On the other side of that decline, of course, are the livelihoods of all the men and women in that industry. The accumulating heat energy in our seas is also causing them to rise. As water warms, it expands. This thermal expansion is responsible for around one-third of the rise we have measured in sea levels. The rest comes mostly from melting ice, again, thanks to climate change. Global sea level has already risen over eight inches on average in the past 100 ***years***--more in certain locations--and the rate of increase is accelerating. Warming and expanding waters eat away at the large ice sheets in the Antarctic. As the edges melt away, the glaciers behind them melt more quickly, adding additional water to the ocean. The IPCC warns that as the world reaches warming levels of 1.5 to 2 degrees Celsius--again, what we are trying to stay at; this is our target. This isn't if it is worse. At that 1.5 to 2 degrees Celsius, ice sheet melt could trigger multiple meters of sea level rise over time--meters, not inches. We are already 1 degree Celsius above preindustrial times, so there is not much room for maneuver between where we are and 1.5 to 2 degrees. Warmer seas also supercharge storms. Hurricanes gain strength from heat energy in the oceans below them. Warmer oceans also evaporate more water to the atmosphere, generating more rainfall. Stronger and wetter storms then ride ashore on higher sea levels, pushing larger storm surges ahead of them into our coastal States. Many of us remember the devastation Superstorm Sandy brought to the mid-Atlantic and southern New England States in 2012. Here is what Dr. Michael Mann, professor of atmospheric science and director of the Earth System Science Center at Pennsylvania State University, said about that storm: [[Page S6951]] Sea level rise adds to the storm surge of every single storm that makes landfall. In the case of Superstorm Sandy, in 2012, it added a foot to that 13-foot storm surge. One foot . . . meant 25 more square miles of coastal flooding. It meant several billion dollars worth of additional damage. At one point during this ***year***'s hurricane season, our tropics faced nine active tropical storms. The hallmarks of these warm, ocean-fueled storms can be seen in powerful hurricanes that hit United States territories in recent ***years***. Hurricane Harvey hit Houston; Hurricane Maria hit Puerto Rico and the Virgin Islands; Super Typhoon Yutu hit the Northern Marianas, Hurricane Florence hit in the Carolinas, and Hurricane Michael hit in Florida. No one storm can be blamed wholly on climate change, but scientists are increasingly able to link the increasingly dangerous level of storm damage to climate change, and we have had an eerie streak of record- setting storms in the past few ***years***. Hurricane Harvey was the single greatest downpour in U.S history, according to the U.S Geological Survey. It dumped over 50 inches of rain on Houston and over 30 trillion gallons of water over Texas, Louisiana, Tennessee, and Kentucky. How much is 30 trillion gallons of water? For comparison, the Chesapeake Bay holds around 18 trillion gallons of water. Basically, it dumped nearly two Chesapeake Bays onto those States. Harvey's deluge was fueled by record warm temperatures in the Gulf of Mexico. Scientists from the University of California, Berkeley, found that Hurricane Harvey was over three times more likely to have occurred due to climate change and that its rainfall was increased by around 38 percent due to climate change. Hurricane Florence intensified over water 1 to 2 degrees Celsius above average and dumped record rainfall and flooding on the Carolinas in September. Preliminary analysis suggests that Florence's rainfall was more than 50 percent higher due to climate change. When Hurricane Michael hit Florida just last month, it passed over water 2 to 3 degrees Celsius warmer than average. As it passed over these waters, Michael's winds increased by 80 miles per hour in just 48 hours, a phenomenon scientists refer to as ``rapid intensification.'' It became the strongest storm ever to make an October landfall in the United States. The direct link between sea temperature and hurricane intensification is well established: Each degree Celsius of ocean warming causes a 7- percent increase in maximum wind speed, and a storm's destructive potential increases by three times the wind speed increase. So how does that play through? To quote Professor Mann again: A 7 percent increase in wind speed is a 21 percent increase in the destructive potential of the storm. That is with one degree Celsius ocean warming. With Hurricane Michael, those temperatures were 2 to 3 degrees Celsius above preindustrial temperatures. If you do the math, that means it was probably twice as destructive as it would have been in the absence of human-caused warming. The result of the destructive power of Hurricane Michael was the almost complete demolition of the town of Mexico Beach, FL. Michael hit with 155 mile per hour winds and a storm surge of around 9 feet, completely demolishing 70 percent of homes and severely damaging many more. The degree of damage and the imposing costs of rebuilding mean that many Floridians simply will leave, and that is playing out across coastal properties. A falloff of coastal property values will spread, many sources anticipate, as people see more events like the destruction of Mexico Beach. Insurance companies, banks, and institutional property investors are already showing signs of anxiety in coastal communities. Freddie Mac has described the effect of this property value crash on America's coastal regions as follows. Freddie Mac--the great housing powerhouse--has said: ``The economic losses and social disruption may happen gradually, but they are likely to be greater in total than those experienced in the housing crisis and Great Recession.'' Any of us who lived through the 2008 mortgage meltdown should take that warning deadly seriously. It is not just Freddie Mac. Moody's now rates coastal municipalities' bonds for this risk--Moody's, Freddie Mac, Union of Concerned Scientists, the experience of coastal communities. It is all piling up, and yet we do nothing. I haven't even talked about acidification. That is a separate speech--the chemical changes happening in the ocean, in addition to the physical changes of warming and rising. Set that aside, but it is just as dangerous. Despite these warnings just about ocean warming, Republican heads in Congress and in the White House seem determined to remain buried in the sand. I don't know how many more storms need to hit us before we are willing to take meaningful action. Americans who live and work along our shores--Rhode Islanders and people who live in other coastal States--are the ones who are suffering the most from all of this, and they are the ones who will have to explain our delay. Those Americans are entitled to a voice, not just the lobbyists of the fossil fuel industry. We must protect our coasts for when the next storms batter their way ashore. This is getting worse, not better. We must take responsibility for the changes we are causing in the world's oceans. We will not be forgiven for our indolence and disregard just because there is a big industry behind our indolence and disregard. Our oceans are warning us loudly, and they are warning us clearly: It is time to wake up. I yield the floor. The PRESIDING OFFICER (Mr. Tillis). The Senator from Tennessee. Mr. ALEXANDER. Mr. President, I have come to the floor for three different reasons. Out of courtesy to the Democratic leader, who I see coming in, I will wait until he is here. Mr. SCHUMER. I am here. Tennessee Valley Authority Mr. ALEXANDER. Good. Mr. President, as the world knows, the country's largest public utility is the Tennessee Valley Authority and serves 9 million customers in our seven-state region. It is enormously important to our State of Tennessee. Its CEO, Bill Johnson, announced today that he is leaving. I will have more to say about him later, but he and the Board of Directors have led TVA in an excellent direction, and it is now up to the Board of Directors to choose his successor. It is a big job. As I said, it is a $10 billion-a-***year*** company. John Ryder, of Memphis, was nominated by President Trump 282 days ago to be one of those Directors. He has been approved by voice vote by the Environment and Public Works committee. For the last 176 days, he has been waiting for confirmation. He has the approval of the ranking Democrat on the committee, the Senator from Delaware, Mr. Carper. He has the approval of the ranking Democrat on the subcommittee, Senator Whitehouse. It is time Mr. Ryder, who is consistently named one of the finest lawyers in Memphis--he has been recognized by Business Tennessee Magazine as among the 101 Best Lawyers in Tennessee and listed in Best Lawyers since 1987. In other words, he is a well-qualified, noncontroversial nominee who is needed by the people of our region to select a successor to Bill Johnson, the CEO. The other nominees have been confirmed. The nominee from Alabama was confirmed. The nominee from Kentucky was confirmed but not the nominee from Tennessee. I am taking the step today of coming to the floor to ask that he be confirmed by consent. I can think of no reason why he would not be. Unanimous Consent Request--Executive ***Calendar*** No. 856 Mr. President, I ask unanimous consent that the Senate proceed to the consideration of executive ***calendar*** No. 856, the nomination of John Ryder to be a member of the Board of Directors of the Tennessee Valley Authority; that the Senate vote on the nomination with no intervening action or debate; that if confirmed, the motion to reconsider be considered made and laid upon the table; that the President be immediately notified of the Senate's actions; that no further motions be made in order; and that any statements relating to the nomination be printed in the Record. The PRESIDING OFFICER. Is there an objection? The Senator from New York. Mr. SCHUMER. Reserving the right to object. Very simply, there has to be some comity here. Republicans cannot [[Page S6952]] block Democratic nominees and then expect Republican nominees to go through, so I object. The PRESIDING OFFICER. Objection is heard. The Senator from Tennessee. Mr. ALEXANDER. To my friend from New York, who is he talking about? He knows my record. I worked with him three times when President Obama was there, worked with him directly to make it easier for President Obama to have nominees. Let me go through that because I think it is important the people know the efforts we made together. In 2011, working with the Senator from New York, we got rid of secret holds. We permitted waiver of the 72-hour rule that was used to block nominations and delay. We created 272 expedited privilege nominations. In 2012, we eliminated Senate confirmations for 163 positions, all to make it easier for President Obama to make Presidential nominations. In 2013, we created some new rules which said that Executive nominees could only be debated post- cloture for 8 hours and district judges for 2 hours. I personally made sure the current chairman of the Democratic Party, Tom Perez, got cloture so the Senate could vote on him. I voted against him, but I made certain he could come to a vote. When President Obama had a vacancy in the Department of Education in his last ***year***, I went to President Obama and said: Mr. President, I think it is inappropriate for us not to have a confirmed Senate nominee in a principal position like U.S Secretary of Education. If you will please nominate John King, with whom I disagree, I will make sure he is confirmed, and we confirmed him. That has been my record in terms of dealing with nominees of the President of an opposite party. I ask through the Chair, why pick on Tennessee? Why confirm Kentucky nominees, why confirm Alabama nominees, why work with me in three different Congresses to make it easier for President Obama to confirm nominees, why applaud me for allowing the chairman of the Democratic Party today to be confirmed as Secretary of Labor and then block a nominee for the Tennessee Valley Authority, who is eminently well- qualified, who is supported by the Democratic members of the committee who have jurisdiction and who is needed on the Board to pick a CEO for the millions of people in the seven-state region? Why pick on Tennessee, I would say to my friend from New York through the Chair. The PRESIDING OFFICER. The Senator from New York. Mr. SCHUMER. Mr. President, we have to have some bipartisanship here. I understand my friend from Tennessee. He is my friend. I hope he would work with us to create bipartisan packages to get nominees through. That is not happening. We need to do it. I yield the floor. The PRESIDING OFFICER. The Senator from Tennessee. Mr. ALEXANDER. Mr. President, I don't know what he is talking about. I am the chairman of the Health, Education, Labor, and Pensions Committee. I have, during my time, regularly confirmed Democratic nominees and Republican nominees. I have worked with the Democratic leader to make it easier for President Obama to confirm nominees and now he gives me no specific reason why he is objecting to the nominee from Tennessee. I ask him further--even though he has left the floor in what I would consider to be an act of discourtesy while I am speaking to him, and I mean that. I am very upset about this. I consider that an act of discourtesy when the Democratic leader leaves the floor while I am speaking directly to him through the Chair on a matter of importance to 9 million people in our area. I ask him what kind of precedent is he setting, the Democratic leader. Let's think about this for a minute. One hundred and nineteen times the majority leader, Senator McConnell, has had to file cloture to cut off debate in order to just get a vote on a nominee like Mr. Ryder, named one of the best lawyers in Tennessee since 1987, approved by Democratic colleagues, needed by the Tennessee Valley Authority, certain to be confirmed here almost unanimously. One hundred and nineteen times the Democratic opposition has required the Republican leader, Senator McConnell, to use a whole week to confirm a nominee. That happened 12 times to President Obama. That happened four times to President George W. Bush. It happened 12 times to President Clinton and zero times to George H.W Bush, whose administration I served in. That is the number of cloture votes on nominees required for previous Presidents in the same timeframe as President Trump. What kind of precedent does this set? Let's talk about that for a moment. This is a body of precedents. For many ***years***, we always confirmed nominees with 51 votes. That was until George W. Bush became President of the United States and the Senator from New York, before he was a Democratic leader, and others, decided they would use a cloture vote, a requirement for 60 votes, to block George W. Bush's nominees. That was the first time that it had happened. Up until that time, the tradition of this body was that while you could require 60 votes, at least since about 1920, no one ever did. Even Clarence Thomas--and that was a very controversial Supreme Court nomination--was confirmed by 52 to 48. No one thought at the time of requiring that his nomination require 60 votes. They could have but didn't. So that was the tradition in the Senate--always nominations by 51 votes. The one exception in the Supreme Court throughout the history of the Senate was Abe Fortas, under President Johnson, and that was an unusual situation. Never had a Federal district judge been required to have 60 votes. In fact, what the Democratic leader--I wish he were here on the floor to hear this--may have forgotten is that Senator McConnell tried at one time to require a cloture vote of Judge McConnell in Rhode Island, and I and a number of other Republicans objected because we had never done that before. We had never said that you have to have 60 votes to be confirmed as a Federal district judge. So we rejected that motion by the Republican leader, and as a result of that, never in the history of the Senate had we required 60 votes for a Federal district judge to be confirmed. Never in the history of the Senate had we required 60 votes for a Cabinet member to be confirmed. But then in the early ***years*** of George W. Bush, in 2003, I had just come to the Senate. The Senator from New York and others said: Well, we will do that for the first time. We will block George W. Bush's nominees. I don't want to debate that back and forth today except to say that became a precedent. And, sure enough, what goes around comes around. A few ***years*** later, by 2013, things had gotten so that the Democrats decided to break the rules to change the rules and used the so-called nuclear option, and when Republicans did the same thing that the Senator from New York had done, Democrats overruled that and seated judges on the Court of Appeals. So as a result of the precedent set by the Senator from New York on judges with George W. Bush, we had the nuclear option in the Senate, a using of that. Republicans then did what the Democrats did. That is what you call precedent. Well, it happened a second time. That first use of the nuclear option left it so you could require 60 votes in order to have a Supreme Court Justice. When President Trump nominated Neil Gorsuch to be a Supreme Court Justice, the Democrats filibustered Justice Gorsuch, an enormously well-qualified person. Remember, throughout the history of the country, we had not blocked a Supreme Court Justice by filibuster with that single exception of the Abe Fortas instance. Yet they did that. And as a result of that, the Republicans then said: Well, we will use the nuclear option and change the rules to 51. So that is what happened with the precedent. Now let's look at this precedent. Are we going to block for 282 days--let me get my numbers exactly right; it is 176 days on the ***calendar*** awaiting confirmation--a noncontroversial Board of Directors member for the Tennessee Valley Authority. That is what we have come to. So are we going to say, as the U.S Senate minority, that we will effectively block--we will effectively block--those kinds of nominations and effectively keep an elected President from setting up a government? Is that what we are going to say? [[Page S6953]] It looks like that is what we are saying if you are going to say that 119 times the majority leader of the Senate of whichever party will have to invoke cloture. That means it takes 3 or 4 days to confirm even a noncontroversial Presidential nomination, when there are 1,200 such nominations. Let's say we have a Democratic President one day and a Republican U.S Senate, or a Republican President and a Democratic U.S Senate. But let's just for purposes of discussion, since we are talking about precedent, let's say the Democrats make a big comeback and elect a Democratic President next time around. It is only 2 ***years*** before the Presidential election. And let's say the Republicans stay in power and still have a majority in the Senate and Republicans say: Well, we are a body of precedent. We will do to the Democratic President exactly what the Senate did to President Trump. If Republicans are in the majority, the Democratic President might not even be able to staff the government because the Republicans could say: We will not confirm anybody. Or even if the Republicans were to be in the minority and there were a Democratic President and the Republican minority did to the next Democratic President what this minority is doing to this one, then 119 times you would see this happen, at least through the first part of the administration. So where does that leave us as a Government of the United States? Well, here is where it would leave us. It would leave us with a government of the United States with the Senate having no role in the appointment of its principal officers. That is what it would leave, because there is on the books legislation called the Vacancies Act, which allows any President of the United States to appoint acting people to all of the positions in the government. They can serve for 210 days at least, and there are a wide variety of people who can be chosen for those positions. They can be people who are confirmed or they can be senior people in the government. We happen to have an example of that today in the United States Department of Justice--Matthew Whitaker. The Attorney General, Jeff Sessions, whom I admire and all of us know, resigned at the request of the President. And instead of nominating or picking a Senate-confirmed successor as the Acting Attorney General of the United States, President Trump did, as the Vacancies Act allows him to do, appointed Matthew Whitaker, Attorney General Sessions' Chief of Staff. I suppose a President could do that for every position. I mentioned earlier that toward the end of President Obama's term, he had no Education Secretary. Arne Duncan had decided to leave, and they used the Vacancies Act to allow John King, who was not confirmed by the Senate, in effect, to be the Acting Secretary of Education. As I said earlier, I had that conversation with President Obama. I said: Mr. President, I believe that, institutionally, we should have a Senate-confirmed Secretary of Education. Even if I disagree, as I did, with John King's education views, I will see to it that if you nominate him, he is confirmed. President Obama did that. He respected the importance of having institutionally confirmed principal officers in the government, and then we confirmed him. So I don't know where this is leading us. I think this is the same kind of dangerous precedent that was established when Democrats for the first time used a 60-vote opportunity to block President George W. Bush's judges, and what the Democrats then did--what most of them tell me they wish they hadn't done--was that they used the nuclear option and required a 51-vote cloture. So now they can't eventually block anyone, even John Ryder, if we all decide that we want to take a whole week to confirm him. That is what Senator McConnell has been doing. He has been putting a priority on district judges and on circuit judges, and the Democrats have been saying: We are going to slow you down. But you can't win that way. All that happens is that the Senate gradually gives up its advise-and-consent authority under the Constitution to help the President form a government. That is one of the important parts of what we do in this government. The late Justice Scalia said: Every tin horn dictator has a bill of rights. What the United States has that is different is checks and balances. One of the most important parts of that checks and balances is for the Senate to advise and consent on about 1,200 different Presidential nominees. That is why I worked with Senator Schumer and other Democrats, like Senator Levin, and Republicans, like Senator McCain and Senator Barrasso, and we took steps during the Obama administration three different times to reduce the number of Presidential nominees, to speed up Presidential nominees, and to put 272 of them at a privileged status so they could come through more rapidly. This goes in entirely the opposite direction, and it is a terrible precedent for this institution. So I am extremely disappointed. I am disappointed for John Ryder, who is a prominent lawyer, who thought he might get to be on the TVA Board and was nominated 282 days ago. I am disappointed for the people of Tennessee and the Tennessee Valley Authority region. There are millions of people who have had a very good Chief Executive Officer for the TVA for the last several ***years*** in Bill Johnson and now need a fully functioning Board of Directors to pick his successor, and yet the Democrats say: Even though we approve of him, even though we have no reason not to confirm him, we are just going to slow the train down just because we can. Well, if they can, someone else can later. That does not serve the people well. I don't see any partisan political advantage to the Democrats for doing something like this. I never have thought that. I always thought that it was the right thing to do to let a President staff his administration. If you don't like the nominee, you can always vote no, but at least you can have a vote. So he is talking about bipartisan packages. This nominee has been waiting for a long, long time. So I am not through with this. I think this is something that the people of Tennessee are going to be very disappointed about, and I would ask my friend from New York again: Why are you picking on Tennessee? Why would you confirm the Alabama nominee? Why would you confirm the Kentucky nominee? And why would you not confirm the Tennessee nominee? Why would you make him swing in the wind for 176 days when everybody approves of him--even the Democratic ranking member of the committee and Democratic ranking member of the subcommittee? Something smells here, and it is a bad precedent for the Senate. It is not good for our country, and it is completely contrary to the way that I have enjoyed working with the Senator from New York in 2011, 2012, 2013 to make it easier, then, for President Obama, but later for every President of the United States, to have his Presidential nominees promptly considered by the Senate and voted up or down. While I am on the subject of the Tennessee Valley Authority, I want to mention the fact that Bill Johnson, who has been the Chief Executive Officer of the Tennessee Valley Authority for the last several ***years*** announced today in a Board meeting of the TVA of Mississippi of his intention to retire next ***year***. My hope would be that John Ryder, whose term could have begun earlier this ***year***, would be there to help select his successor. Bill Johnson and the board have done a good job for the last few ***years*** with TVA. They have reduced its debt. They have kept electricity prices low. They provided a reliable, ample supply of electricity for a rapidly growing part of America, making it easier for us to recruit jobs, and the air is clean. As I will say more about this in just a minute, the new Foothills Parkway opened just outside the Great Smoky Mountains this past weekend, and it was packed with local people. On Sunday I was up there myself. We can see the mountains because TVA, over the last several ***years***, has put pollution control equipment on all of its coal plants, and we could immediately see the difference. Other Federal regulations have made the air cleaner. In fact, a lawsuit from North Carolina with TVA to keep dirty air from Tennessee from blowing into North Carolina has now been made a Federal regulation, and dirty air from Kentucky or Texas or other States can't [[Page S6954]] blow into Tennessee. The result is that when you come see the Great Smoky Mountains, you can call them the Great Smoky Mountains and not the great smoggy mountains, which they were some time ago. So I would congratulate Bill Johnson on his tenure as CEO. He has got TVA on the right track, and I would urge the Board of Directors to think long and hard as they select someone to fill his shoes because as a former Governor of that State and now as a U.S Senator from Tennessee for 16 ***years***, I know the importance of having ample supply of low-cost clean electricity to heat our homes, run our computers, and attract our jobs. Now, I have a Thanksgiving thought, to move away from the disagreeable, acrimonious dealings of the Senate for a moment. Great Smoky Mountains Mr. President, I suggest two more things that Tennesseans can be grateful for this Thanksgiving. One, there is a new 16-mile section of the Foothills Parkway, creating a spectacular view of the Great Smoky Mountains, and, two, because the air is now so much cleaner, you can actually see the mountains from this spectacular drive. In the 1990s, on the clearest days, according to the National Park Service, you could see for around 50 miles in the Smokies. Today you can see more than 90 miles on the clearest days. Even on the haziest days, visibility has improved. In the 1990s, visibility was less than 10 miles. Today you can see more than 30 miles on the haziest days, according to the Park Service. While that is still less than the natural visibility of 150 miles on the clearest days--by natural visibility, I mean the blue haze the Cherokees used to sing about that exists because of the moisture in the Smokies--and 90 miles on the haziest days, we have made great improvements in the last two decades, and visibility is continuing to improve in the park. The new section of the Foothills Parkway between Walland and Wears Valley is one of the prettiest drives in America. If you want the best view of the highest mountains in the Eastern United States, you will drive the Foothills Parkway. Last Sunday, when my wife and I drove it on the third day, it was open; it was packed, most of it with local people taking pictures of each other because they were so astonished by the view. It was a view so magnificent it surprises even those of us who grew up driving through the Smoky Mountains. Soon this drive will attract many of the more than the 11 million visitors who come to our park each ***year***--twice as many as any national park. But 16 ***years*** ago, these visitors would not have had such a good view. In 2002, the ***year*** I was elected to the Senate, the National Parks Conservation Association said that the Great Smoky Mountains National Park was the most polluted park in America. There were 3.5 million people who would visit the park in the summertime and the air was hazardous to breathe. The views were extremely limited due to pollution. Instead of the blue haze I mentioned earlier, we saw smog. The Great Smoky Mountains had become the great smoggy mountains just 16 ***years*** ago. Then a lot of people went to work. Federal clean air regulations, which I supported, required cleaner burning diesel fuels and cleaner vehicle engines, which also helped lower emissions. This especially helped the Smokies because of the large number of visitors' vehicles and because three interstates carry heavy truck traffic through nearby Knoxville, TN. I also voted to support other Federal clean air regulations that limited emissions from smokestacks of sulfur, nitrogen, and mercury and established rules to prohibit dirty air from blowing from one State into another. I have always thought that operating a coal-fired powerplant without air pollution control equipment on it was like driving at night without the lights on. We have equipment and TVA has proved, as other utilities have, that you can burn coal in a clean way if you will simply put on pollution control equipment for mercury, nitrogen, and sulfur. One of the biggest impacts, therefore, came in 2008, when the Tennessee Valley Authority began installing pollution control equipment on some of its coal-fired powerplants near the park. TVA has invested nearly $6 billion to reduce air emissions. That is money out of our pockets--we ratepayers. These efforts have resulted in a 94-percent reduction in sulfur dioxide emissions and a 91-percent reduction in nitrogen oxide emissions. Nitrogen and sulfur emissions have harmful effects on human health, the environment, and visibility. Those of us who live near the park can see the impact of TVA's actions almost immediately. Today, TVA has installed some type of emission control equipment on all of its coal-fired powerplants and continues to improve that equipment so that the air will become even cleaner. Over the ***years***, I met and worked with mayors in counties surrounding the park who did what they could locally to make the air cleaner; that is because one of their top priorities is clean air. The Sevierville Chamber of Commerce, when I walked in there not long ago, told me it was their top priority because tourists come to spend money in Sevierville and Pigeon Forge to see the Smokies, not to see the smog. Now ground-level ozone that creates the smog that is harmful to human health and the environment and reduces visibility has improved significantly--by 36 percent according to the Great Smoky Mountains Association. All of the counties in the region around the park meet the EPA's environmental quality standards for ozone pollution. On the parkway, in 1944--that was the ***year*** Congress first authorized the Foothills Parkway--this is what was going on: Allied Forces were invading Normandy Beach, Franklin D. Roosevelt was President, and Bing Crosby was singing ``I'll Be Seeing You.'' The State of Tennessee began acquiring right-of-way to the parkway and donating it to the Federal Government. In 1960, the construction of the parkway actually started. Dwight D. Eisenhower was President. Elvis had just come home from 2 ***years*** in the Army, and American women were wearing beehive hairdos. That was 1960, when construction on this parkway began. When I became Governor in 1979, the State had completed acquiring the right-of-way, and the State took the lead on 10 miles of the parkway between Carrs Creek and Wears Valley. Then construction halted because of environmental problems. By the time I got to the Senate in 2002--the same time the Smokies was declared the most polluted national park--all of the parties had agreed on a plan to build bridges to complete the so-called 1.65 mile ``missing link'' on the parkway. Then President Bush's administration and the 2005 Federal highway bill, President Obama's administration, and Governor Bill Haslam's State administration in Tennessee all chipped in effort, time, and taxpayer money to finish the job after 50 ***years*** and $200 million of construction. Since it was first authorized, it has taken 75 ***years*** to build a parkway and two decades to make the air clean enough so that visitors can see the mountains for 90 miles. So if you are looking for something else to be grateful for on Thanksgiving, try being grateful for the many visionaries, park officials, road builders, engineers, scientists, editors, and political leaders who have had the foresight to make it a priority to build the Foothills Parkway and clean up the air so that we can see the mountains. It has taken 75 ***years***, but the views are so picturesque that it has been well worth the wait. Senate Accomplishments Mr. President, on another subject, to people who come up to me with some wonderment and ask what it is like working in the U.S Senate, I often say: Think of Washington, DC, as a split-screen television. Let's take the 30 days between September 4 and October 6, between the beginning of Judge Kavanaugh's hearing and his confirmation. On one side of the screen there was as much acrimony as you could ever expect to see in the U.S Capitol--protesters, Senators upset, Judge Kavanaugh upset. It was a very difficult situation. That was on one side of the television set. But on the other side of the television set was one of the most productive 30 days we have ever had in the U.S Senate, with 72 Senators working together--half Democrats, half Republicans--to pass landmark opioids legislation to deal [[Page S6955]] with the largest public health crisis we have today. A lot of other things happened during that time. There was a major copyright bill, the first in a generation, to make sure songwriters get paid for their work. The Senator from North Carolina helped with that. There were appropriations bills which, for the fourth consecutive ***year***, had record funding for national laboratories, supercomputing, biomedical research to cure cancer, all of those things, all of those miracles, and an important bill to make our airlines safer for the next 5 ***years***, probably the most important infrastructure bill on locks and dams that we have had in several ***years***. We even passed a bill Senator Feinstein and I had worked on for a few ***years*** to make it illegal to make cell phone calls from airplanes so that you won't have to sit next to somebody revealing their innermost thoughts on a 5-hour flight across the country. All of that happened on this side of the screen during the same 30 days we saw the Kavanaugh hearing. I want to talk about the most important thing that happened during those 30 days, which is the opioids legislation. Opioids affect every single part of our country--we have established that--which is why 72 Senators worked together, eight committees in the House and five in the Senate, to produce a complex bill right in the middle of an election--right in the middle of the Kavanaugh hearing. One of the things we talked about was what do we do about synthetic opioids--fentanyl. Most of that fentanyl originates in China. Last week, I led a delegation of five Senators and two Members of the House of Representatives to China, where we met with officials for the express purpose of asking for their help in dealing with our opioids problem-- our fentanyl problem. We didn't say to them: It is all your fault. We said: Look, it is our problem. China doesn't have a user problem with opioids today like we do. In fact, no other country has had more of a struggle with opium throughout its history than China. They know how terrible it can be. We said: We would like for you, Chinese officials, to help us by doing more of what you are already doing, by doing what we have done about fentanyl, by controlling every form of it, listing every form of fentanyl as a controlled substance so that our Department of Justice and our Drug Enforcement Agency can go after people who are distributing it illegally. Fentanyl is a white powder synthetic opioid that can come in a small package. If you open the package and a few grams escape into the air, DEA agents tell me they are almost overcome. They have to leave the room. A few grams can kill you, and it often is killing Americans. Among drug overdoses, it is the fastest rising killer in our country, with a 70-percent increase in our State between 2016 and 2017. The government of China has already been a good partner. I said this to the Chinese officials with whom we met. They work with our Drug Enforcement Agency and other law enforcement agencies to try to stem the flow of the chemicals that are produced in China but then find their way through Mexico and Canada, mainly, into the United States or through the mail directly into the United States. What China has already done, which we appreciate--and I said that to them--is that they have made 25 fentanyl compounds illegal, and according to the U.S Drug Enforcement Agency, when China did that, we saw an immediate and dramatic decrease in those chemicals coming into the United States. This action boosted our counternarcotics operation and made a dramatic decrease in the amount of those substances subsequently found in the United States. China cooperates with the United States, but our cooperation faces challenges when a fentanyl substance is not on China's control list. So the request that I made at each of our meetings was this: Would you please control all fentanyl substances? The Trump administration did this in the United States in 2017. We would like for China to do the same thing. That is the way to help stem the flow of fentanyl substances from China to the United States and other countries. I said to them: Look, we are trying to do our part. We just passed our landmark opioid legislation. It included Senator Portman's STOP Act, which many of us cosponsored, which would make it easier for us to stop fentanyl through the mail. We are doing everything we can think of to do, but when you do not control all fentanyl substances, what happens in China is, outside of the 25 you have controlled, some smart entrepreneur in China will figure out a different class of fentanyl and begin to sell it and mail it, and it comes to the United States through Mexico and Canada, and the drug agencies in China aren't really empowered to deal with that. To be clear, this is not a problem that the Chinese Government has caused, but this is a problem the Chinese Government can help us solve. This is not pointing a finger at China and saying: You are doing the wrong thing. In fact, they are doing the right thing by cooperating with us and classifying 25 substances. We want them to do more than what they are already doing, and they can be seen as the world leader in dealing with this dangerous synthetic opioid because most of the chemicals are produced in that country. On the trip with me was a very senior delegation: the chairmen of the House Appropriations and Budget Committees this ***year***, Congressmen Frelinghuysen and Black; then Senator Shelby, Enzi, Roberts, and Kennedy from this body. We worked with the U.S Ambassador to China, Terry Branstad. He is an exceptionally able representative of our country. He is the longest serving Governor in the history of the United States. Six months ago, when I first talked to Governor Branstad about our proposed trip to China, he said: I am going to ask you to do one thing, make fentanyl and the opioid crisis the primary point of your visit in China to help Chinese officials understand how important it is to us because we are working on many other issues with China right now. The President of the United States is meeting, apparently maybe next week, with the President of China in Argentina. Perhaps out of that, we will have a great deal. We have a lot of issues with China. Fentanyl and opioids doesn't rise to the top of the list in the Chinese minds, our Ambassador was saying. One reason it doesn't is because China doesn't have much of a problem with people using illegal opioids. Certainly, it has nothing like what we do. We know--and we heard and we said on this floor and we all voted for the opioid bill because we know what is happening in our country. Overdoses involving opioids killed more than 42,000 people in this country in 2016, and roughly 45 percent of those were due to synthetic opioids like fentanyl, the kind we are asking China to help us with. In my home county of Blount County in East Tennessee, there are 130,000 people. Last ***year*** there were 130,000 opioid prescriptions--1 for every person. The legislation we passed will help reduce the number of prescriptions. That is one way to deal with the problem. Another way is to stop the fentanyl from coming into our country. Our new law helps address the opioid crisis by the STOP Act. That is the fentanyl bill. The new law supports research to find new nonaddictive painkillers. It helps reduce the supply of opioids by empowering the FDA to require manufacturers to sell certain opioid pills in so-called blister packs. It provides more opportunity for treatment and recovery and helps babies born with opioid withdrawal. During this past ***year*** in our appropriations bills, we appropriated $8.5 billion to deal with opioids. Still, we have our problem with fentanyl that the Chinese can help us solve. Several of the Chinese officials reacted with surprise--and some not too well--when I told them most of the fentanyl that comes into our country originates, in one way or another, in China. The reason for that is not because they are not helping us; it is because of the ingenuity of Chinese entrepreneurs who, as soon as China lists a fentanyl substance as controlled, they create another kind of fentanyl substance and keep selling it. The Chinese officials were generous and respectful of our time. They listened and promised to consider our request. We met with Li Keqiang, the Premier; Zhao Kezhi, State Councilor and Public [[Page S6956]] Security Minister, under whom directly are the narcotics agents; Yang Jiechi, the Politburo Member and Communist Party Foreign Affairs Director. They understand how serious this is for us. They know it hurts because they had a long history with opioids which they dealt with. I appreciate the fact that they said they are willing to explore this. I intend to report our visit to President Trump and urge him to continue to ask China to help us. We also met with Ambassadors of other countries who are affected, such as Mexico and China and other countries whom Ambassador Branstad invited to the U.S Embassy for a meeting. They agreed to form a working group to try to help make clear to the Chinese we weren't pointing the finger at them saying it is your problem. We are just saying the only finger we would like to point is saying you can do more than anybody else to help solve the problem. I want to thank Ambassador Branstad, Terry Branstad, for setting up the relationships we had with the Ministers in China to help deliver the message that opioids is our biggest public health epidemic and that the fentanyl flowing into the United States is the most severe part of that. The staff at the U.S Embassy were very helpful. In particular, I would like to thank Steve Churchill, Rob Fordan, and Richard Jao for all their work. I want to thank, again, some of the Chinese officials with whom we met, Premier Li Keqiang, Minister Zhao Kezhi, and Director Yang Jiechi, for the time they spent with us and the commitment they made to continue to work with us on this public health epidemic. In conclusion, there is no public health crisis in the United States of America that compares with the opioid crisis. The most severe part of that crisis right now is the flow of fentanyl coming into the United States. What we respectfully ask China to do is more of what they are already doing. They are already controlling 25 different classes of fentanyl. We want them to control all of those classes of fentanyl. That frees their narcotics agents--and they are pretty good--to go after anyone in China who uses or produces fentanyl illegally or improperly. We saw the difference that made when China controlled 25 of the fentanyl substances. We look forward to the difference it will make when it controls the rest. My hope is, the President of the United States and the President of China will discuss this and that they see each other next week in Argentina. I hope the President will thank President Xi for what they have already done and ask him to do more. It is not China's problem. It is really our problem. We are the ones with the opioids problem. China can help us solve it by doing what we have already done about fentanyl in this country and doing more of what they have already done. If they do that, China can be seen as the country in the world doing the most to stop the flow of this deadly fentanyl, and the American people will be grateful for that action. I thank the President. I yield the floor. The PRESIDING OFFICER (Mr. Perdue). The Senator from Alaska. Coast Guard Reauthorization Bill Mr. SULLIVAN. Mr. President, I want to echo what my colleague from Tennessee just mentioned about a lot of bipartisan accomplishments on the Senate floor over the last several weeks. They are really important ones. He led the charge on the opioid bill which is going to help our entire country and so many others. They don't always get reported in the press, but it is important to make sure our fellow Americans, our constituents, know that is happening. This afternoon, I want to talk about another one that is a really important accomplishment that we were able to achieve on the Senate floor a couple of hours ago; that is, the Coast Guard Authorization Act of 2018. A number of Senators have already been down on the floor to talk about this: John Thune, the chairman of the Commerce Committee, which is where the oversight and responsibility of the Coast Guard lies; Senator Wicker from Mississippi; Senator Carper--so many Senators contributed to this important piece of legislation that we just passed today by almost a vote of over 90 Senators. It is a very bipartisan piece of legislation that we were able to get through the Senate floor today. As you know, this has taken some time. For almost 2 ***years***, we have been working on the Coast Guard bill. A number of us put a lot of time and effort into it. I do want to do a shout out to my staff: Eric Elam, my legislative director; Tom Mansour, a Coast Guard fellow in my office; and Scott Leathard. All of them worked literally for the last ***year*** and a half, night and day, on this bill. Again, it is important for America and certainly important for my great State of Alaska. It raises a broader issue. We just celebrated Veterans Day. Our country was rightfully focused on our veterans. There was a lot of focus on the centennial of the Armistice of World War I, the ending of World War I. Often when there is a focus on the armed services, it focuses on the armed services at the Pentagon--Army, Navy, Air Force, and Marines--and sometimes the brave men and women in the Coast Guard can be overlooked. They shouldn't be. We all know that. One of the things I tried to focus on in my time in the Senate is making sure they are not. Prior to 9/11, the Coast Guard was probably the only service in the entire U.S military--because they are a member of the services of the U.S military--whose members were risking their lives every single day on the job. Post-9/11, with the national security challenges we have, every member of our military--all the services--are risking their lives every day, but the Coast Guard does it day in and day out. Pre-9/11 and post-9/11, men and women in that wonderful service undertake a heroic mission with actions that we see saving American lives and defending our national security. What do they focus on and what does this bill focus on? Well, the bottom line is, this bill is focused on making sure the men and women of the Coast Guard have the resources to do their job. Their job is varied and extremely important. We have all seen the Coast Guard coming out of the sky to rescue us-- rescue Americans on seas when they are in trouble; with the hurricanes we have seen over the last couple of ***years***; the heroic pictures of the men and women in the Coast Guard doing thousands of rescues. We see that as part of their mission. They have been described as angels in helicopters. When they show up, it is certainly witnessing America at its very best. We have seen a lot of that. The mission of the Coast Guard also includes ice-breaking, marine environmental protection, port security, and international crisis response. Many members are deployed overseas in places like the Middle East, combating illegal fishing by other nations, protecting American fishermen, protecting Alaskan fishermen, readiness to support the Department of Defense operation. It is a long list. The Coast Guard does it very well. Importantly, the bill we just passed today will significantly help the men and women with this important mission. You and I serve on the Armed Services Committee. Again, what my colleague from Tennessee was talking about is another one of these bipartisan areas of achievement that we have seen in the Senate in the last ***year***, ***year*** and a half, consensus on issues like rebuilding our military. We are doing that on the Armed Services Committee through the National Defense Authorization Act that passes the Senate and the House every ***year***. I am certainly honored to be on the Armed Services Committee, where we are working on rebuilding from the cuts of 2010 to 2015. They were almost 25 percent of the Department of Defense budget while national security challenges were increasing all over the world. The other thing we are rebuilding--and it doesn't always get a lot of attention--we are rebuilding the Coast Guard. In essence, this bill we passed today is the NDAA for the U.S Coast Guard. The recapitalization and rebuilding of the Coast Guard is a core element of the bill we just passed. Let's run through a couple of examples. Like what we just did in the NDAA, increasing the end strength of the Army, Navy, Air Force, and Marines, this bill today works to increase the end strength of the U.S Coast [[Page S6957]] Guard. Importantly, it starts to really accelerate what we are doing in terms of recapitalizing the Coast Guard fleet. For example, this bill authorizes the building of six more fast response cutters--these are critical cutters for the U.S Coast Guard--and three more national security cutters for the U.S Coast Guard. These are incredible vessels. They are huge--400-plus feet. I had the honor to go out to a commissioning of the Douglas Munro, one of the new national security cutters. These ships can do it all. They look like big Navy ships that can do it all. That is what these national security cutters are doing. This legislation also helps to streamline the building of Navy ships, which is important as we recapitalize the fleet. It directs the Coast Guard's overall policies. Now I want to talk a little bit about some of the more specific provisions in this bill that relate to my great State, the great State of Alaska, where the Coast Guard and the people of Alaska have a very special relationship. We love the men and women of the Coast Guard. We see them in action all the time, doing heroic missions. We had the largest Coast Guard base in the country in Kodiak, AK, and District 17--that is the Coast Guard district in Alaska--is the largest geographic district in terms of square miles in the entire Coast Guard area of responsibility. There are close to 4 million square miles and over 47,000 miles of coastline just in the State of Alaska. That is more coastline than in the rest of the lower 48 States combined. So the Coast Guard has a huge mission in Alaska--a really important mission in Alaska--and it covers all kinds of territory. Let me just give you, again, a sense of the importance that District 17 and the men and women of the Coast Guard in Alaska have to my constituents, to their fellow Alaskans--a snapshot from District 17's website. It reads, just in an average month in Alaska, that the Coast Guard saves 22 lives, performs 53 assists, and conducts 13 security boardings and 22 security patrols throughout this gigantic area of District 17, just to name a few of its duties, in addition to making sure that illegal fishing in this part of our Nation doesn't occur. I am also grateful that as we look at the recapitalization of the Coast Guard's fleet, the former Commandant of the Coast Guard, Admiral Zukunft, recognized how important Alaska was and sent me a letter, as I am the chairman of the subcommittee in the Commerce Committee that is in charge of the Coast Guard. My team and I put in a lot of effort with Chairman Thune and others in writing this bill and in working on it for the last 2 ***years***. In a letter to me prior to his retirement, the former Commandant of the Coast Guard said that we know there are challenges and that there is a growing mission, from the Coast Guard's perspective, in Alaska. In terms of this recapitalization, we see a lot of these vessels coming to Southeast Alaska. For example, six fast response cutters that are being built and that are part of this bill are slated for Alaska, and two additional patrol boats are for Petersburg and Juneau. The FRCs will be home-ported--two of them--in Kodiak, one in Seward, one in Sitka, and two previously commissioned FRCs will remain stationed in Ketchikan. So those are a lot of assets coming, and I believe there are going to be more. We are going to continue to work on that. I thank the former Commandant and the current Commandant, Admiral Schultz, who has been on the job for about 6 months and has already been to Alaska three times. That is just another testament to recognizing how important the Coast Guard is to the great State of Alaska. I can't thank enough the men and women of the Coast Guard nationally and in my State for the great work they do. There are a number of provisions in this legislation, in addition to the national areas of recapitalizing the Coast Guard, that are actually focused, not surprisingly, on Alaska, given how important the Coast Guard is to Alaska. Let me just highlight a few of them. There is a provision that says the Coast Guard must position assets to respond to any incidences given the national security and economic significance growing in the Arctic region. The Department of Defense is starting to focus on the Arctic region, and, certainly, the Coast Guard is. The provision further states that it requires the Coast Guard, in consultation with the Department of Defense, to report to Congress on the progress being made in implementing the Coast Guard's Arctic strategy and to provide an assessment of the placement of additional Coast Guard assets and cutters in light of meeting those strategic objectives in the Arctic. We know that the demands of a more strategic Arctic are putting a strain on the Department of Defense and the Coast Guard. We believe--I believe--that the provisions in this bill state that the Coast Guard needs to look at that and provide more assets to do the mission if need be. As we are recapitalizing the fleet, it also talks about moving bigger cutters in for smaller ones in region 17 because the Coast Guard must continue to have adequate coverage. You don't want to move one ship out and another ship in and have a gap in coverage. This bill focuses on that--no gaps in coverage. The bill also requires the Coast Guard to deliver a plan to extend the life of the Polar Star, which is the heavy icebreaker that is home- ported in Seattle and has a critical mission. Again, in the NDAA this ***year***, we received authorization for six additional heavy icebreakers-- three heavies, three mediums. Yet we need to make sure that we still have coverage with the icebreakers we have as we look to build and deploy the new Coast Guard icebreakers that were authorized in the NDAA this summer. This provision focuses on that. It directs the Coast Guard to conduct persistent, aircraft-based surveillance in terms of monitoring illegal, unreported, and unregulated fishing in the Western Pacific. This is a huge problem. We have our 200-mile limit where American fishermen and Alaska fishermen can fish off the coast of Alaska and other States, but we often have pirate fishing going on. We have countries such as China that come and illegally take fish that should be in our economic zone or on the high seas. The Coast Guard does a great job in monitoring and catching this illegal fishing, which harms the oceans and harms our fisheries. This bill underscores how important that mission is and directs the Coast Guard to make sure there is persistent, aircraft-based surveillance in monitoring what we call IUU fishing--illegal, unreported, unregulated fishing--in the Western Pacific. The bill requires the Coast Guard to have tested the capability of oilspill vessel response plans in Alaskan waters and to report to Congress on these capabilities. It also, importantly, focuses on funding to update and maintain the Nation's nautical charts with there being an emphasis on the Arctic, where there is growing vessel traffic. Yet we have nautical charts that are 70 or 80 ***years*** old, and some places have never been charted. This bill facilitates the construction of a viable home port for the NOAA research vessel Fairweather in Ketchikan, AK, which is an issue that is important to my constituents, and to be perfectly honest, with regard to NOAA, it has been hanging out there for too long. This bill helps to make sure that the vessel is going to be home-ported where it should be legally home-ported under the law, and that is in Ketchikan. Those are just a few examples of the national aspects of this bill for the Coast Guard's recapitalization effort and of some of the more important provisions that focus on the Coast Guard's special relationship with Alaska. This act also contains many important items for our fishermen and fisheries and our maritime industry throughout the United States, whether in the oceans, whether on the Great Lakes, whether in the rivers that we have. It is very, very important to our fishing community, to our fishermen, and to the maritime workers throughout the country. Of course, this is important to my State. I often refer to Alaska as the superpower of seafood. What am I talking about? Almost 60 percent of the commercial and sport fish that is harvested in the United States of America comes from Alaska. It is billions of dollars in terms of the economic impact for our State. So included in this legislation is important language to permanently address issues that have plagued Alaskan fishermen, American fishermen, and [[Page S6958]] commercial vessel owners and operators of maritime fleets and, importantly, the workers in these important industries for decades-- regulatory problems and challenges that these important industries and the important men and women who work in these industries have been struggling with for decades with no long-term solutions. At long last, this bill addresses these--the long-term, permanent solutions. What am I talking about? Currently, our fishing fleets throughout the entire country, as well as vessel owners and operators--again, throughout the entire country in rivers, lakes, and oceans--are forced to comply with a patchwork of burdensome Federal and State regulations that are well-intentioned but often conflicted for incidental discharges off the decks of these ships and for ballast water. Let me start with the incidental discharges. Again, it is very important to my State but very important to any State with regard to the fishing industry and fishermen who work hard every day. If you are a commercial fisherman on a fishing vessel and you have caught some fish and you want to hose down your deck--because let's face it; fishing can be a bit of a messy business--through a long history of requirements and lawsuits, you are forced to report to the EPA these incidental discharges, and you need to get a permit to hose down your deck of a fishing vessel or you will face a fine. Now, you don't have to be a fisherman to recognize that this is ridiculous and that people--Democrats and Republicans in this body-- have been trying to address this issue for decades because it creates inefficiency, and it certainly doesn't help the environment. It adds to costs, inhibits economic prosperity, and hurts fishermen and the vessels they operate. This body has introduced short-term fixes for ***years*** to try and address this. Those have not been sufficient. So this bill addresses it for good. Let me talk about another provision that tries to cut through the patchwork of burdensome State regulations--again, well-intentioned but often conflicted for ballast water and vessels. Currently, ballast water is regulated by both the Coast Guard and the EPA. They both have separate, inconsistent, and sometimes directly conflicting sets of Federal requirements that are interdispersed with requirements from States. This is literally a patchwork of requirements for vessels that move through different State waters. Let me give you an example. You are the owner-operator of a commercial vessel that is going up the full length of the Mississippi River. You are moving commerce and keeping a strong economy stronger. As you do that, not only must you comply with inconsistent Coast Guard and EPA requirements, but you also will likely have to comply with different and separate requirements regarding ballast water for Minnesota, Wisconsin, Iowa, Illinois, and Missouri. You get the picture. It is a patchwork of regulations--all well-intentioned--that has the impact of inhibiting commerce and, most importantly, of inhibiting job opportunities for the men and women in this commerce. Twenty-five States have been regulating ballast water under separate, inconsistent, and sometimes directly conflicting sets of requirements. This has not only inhibited U.S economic growth, but it also actually makes it more likely that invasive species will accidentally be introduced into this ballast water because the requirements are so different, it is hard to keep up with them. So, again, what this bill does at long last, working across the aisle--and trust me, we worked on this for over a ***year***, on these provisions, Democrats and Republicans rolling up their sleeves, in good faith, getting to work. Because we know how important this is to our constituents, we looked at and focused on getting permanent solutions, not quick fixes--the way these issues have been handled in the past, for over a decade--to these significant challenges. This bill will provide a permanent exemption on incidental vessel discharges for all commercial fishing vessels and commercial vessels under 79 feet in length. This is very important to the American fishing industry, the men and women in that industry, and it is something that they have been advocating for and Members of this body, of both parties, have been trying to get for well over a decade. Well, we did it today. That is important. As I said, without this exemption, small vessel owner-operators would be required, as they have been for ***years***, to get an EPA permit to hose off their decks--not a good use of the EPA and not a good use of the hard-working time of American fishermen. Similarly, this bill provides a comprehensive solution to this patchwork ballast water challenge that I just described, establishing a single, nationally uniform standard for the regulation of ballast water and other vessel discharges, and the EPA and the Coast Guard, with input from the States, will work together. This uniform standard will have the impact of helping our environment and our maritime industry and fishing industry workers and the U.S economy all at the same time. That is an important accomplishment, and that is why over 90 Senators voted for this bill today. In conclusion, the men and women of the U.S Coast Guard do heroic work day in and day out. I am honored to chair the subcommittee of the Commerce Committee in charge of the Coast Guard. This bipartisan bill will support them and their incredibly important mission, and it was long overdue. It was long overdue, but we got it done. The Coast Guard's motto, ``Semper Paratus''--``Always Ready''--is a motto I think we can learn from here in the U.S Senate. It is so appropriate for what they do for us. I want to make sure that the members of the Coast Guard who are watching or learning about this bill know that it is a signal that they have strong bipartisan support from the vast majority of the Members of the U.S Senate. Hopefully, this bill will get over to the House quickly. We have been working closely with the House on a number of these provisions, and they are going to pass it, we hope, and we will get it to the President soon for his signature. Going forward, we have to work to make sure there is not an almost 2- ***year*** delay in getting the Coast Guard Authorization Act passed in the U.S Senate. When we work together, we can see that it is very bipartisan. As a member of the Armed Services Committee, the Presiding Officer and I both know that the National Defense Authorization Act moves every ***year***. What I think we need to do is make sure, when we start debating the NDAA in late spring, early summer every ***year***, as we do, that we reserve time to move and debate and pass the Coast Guard bill as well. This is an issue I have raised with the leadership on both sides of the aisle, with the chairmen of the Commerce Committee and the Armed Services Committee, and I am hopeful that we can make some progress on that so we are moving a Coast Guard Authorization Act, as we should be, with the other services in the NDAA. But that is for tomorrow. For today, we have an important accomplishment for our country, an important accomplishment for the State of Alaska, and most importantly, an important accomplishment for the men and women of the U.S Coast Guard who continue to undertake heroic actions day in and day out on our behalf. I yield the floor. The PRESIDING OFFICER. The Senator from Alaska.

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Essex Chronicle

July 27, 2018 Friday

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**Section:** AGENCY:OTHER; Pg. 34-35

**Length:** 5470 words

**Body**

SUMMER LUNCH: The lunch will be in aid of the Mayor of Chelmsford's Charity of the ***Year*** - The Dementia Project, Broomfield Hospital.

A two course al-fresco lunch with wine, live entertainment and raffle will be held on Sunday, July 29 at 12.30pm at Cuton Hall, Chelmer Village way, Chelmsford CM2 6TD.

Tickets are £20 and available from [*yvonnespence@hotmail.com*](mailto:yvonnespence@hotmail.com) / 07889 610048 or [*paula@kidsinspire.org.uk*](mailto:paula@kidsinspire.org.uk) / 01245 348707 or [*fundraising@meht.nhs.uk*](mailto:fundraising@meht.nhs.uk) / 01245 514860.

fun day: Saturday, July 28 from 2pm to 5pm local people are invited to drop into Care UK's Manor Lodge on Manor Road to join in the celebrations at the summer fete.

Residents and visitors will be able to enjoy live entertainment from local artist, Saul Watts, and try their luck at traditional games including a tombola and raffle.

For younger visitors there will be a face painter, a sponge-throw and craft activities to take part in.

The care home's chefs will be preparing a variety of delicious food for everyone to enjoy.

Residents and visitors will also have the opportunity to get up close to some new furry friends when Churchfield Alpacas bring some friendly alpacas along to enjoy the summer celebrations.

For more general information, please visit: careuk.com/manor-lodge.

Twinning Association: Chelmsford Town Twinning Association (CTTA) held their Annual General Meeting at Galleywood Heritage Centre on June 6.

In his chairman's report, Alan Arnot reviewed the ***year***'s events, highlighting the visit of the Caprice wind orchestra to Annonay in October, the Backnang Advent Market, the first visit of a team from Backnang to the Cathedral Advent Fayre and the Strassenfest in June.

The CTTA had organised social events throughout the ***year***, the twinning meal in January and the Easter Saturday afternoon tea being particularly successful.

On Saturday, October 13, the Backnangblasorchester are giving a joint concert in the Cathedral with Caprice and the Autumn Quiz is set for Friday, November 16.

In the elections, the whole committee were re-elected unanimously.

Alan ended by thanking members for their attendance and the committee for their work. After the meeting, a presentation was given by Hal McClean of Chelmsford Community Radio, who spoke on the future of twinning.

RETIREMENT FELLOWSHIP: Stephen Smyth, vice chairman standing in for chairman Kim Wiggins who had double booked with a county bowls event, welcomed members to the July 10 meeting.

This would be the last meeting before the summer break and rather disappointingly was only attended by 18 members, one member was recovering from an operation, another was known to be unwell, but happily it did not seem a serious illness or accident were the main reasons for the low attendance.

It was thought more likely the continuous hot weather was putting people off.

The meeting was scheduled as a social afternoon and members enjoyed three games of bingo. Refreshments were served a little earlier than usual followed by the raffle.

This proved to be an entertainment in itself, as the final item Two Packs of Some Specialised Oats no-one wanted.

After drawing every ticket in the bag Stephen asked if anyone would like the item. Still no offers so one member said she would take it to a food bank collection.

The meeting concluded with Stephen wishing everyone a happy summer.

The first meeting after the summer break will be on September 11 and will be another social afternoon.

For more information contact Hazel Smyth on 01277 219048.

CAMBRIDGE SOCIETY: The Cambridge Society Of Essex held its Summer Outing for members in Colchester on Thursday, July 12. Members had a private visit to the recently revealed remains of the gateway to the Roman Temple of Claudius; had an excellent guided tour of Colchester Castle and then retired to lunch in the Tudor Town House of 'Timberleys'. After lunch chairman Brian Hughes chaired the Society's Annual General Meeting, reporting an exceptional ***year*** of events and announcing a full ***programme*** of lecture-and-lunch events for 2019, plus other social activities. Membership had increased and finances are secure. The existing Management Committee was re-elected but the chairman made a strong plea for more members to come forward to serve, especially to fill officer posts. He would be standing down in January and both the treasurer, Gordon Bell, and the secretary, Robert Jones, wished to stand aside.

There was a special vote of thanks for the new administrator, Debbie Wheeler, who had been appointed during the ***year*** and adjusted so expertly into the Society's business. After the AGM members visited other historical sites in the town.

There will be a summer break before the next lecture-and-lunch meeting, on Saturday November 17, when the guest speaker will be the Middle East expert, Stuart Lang, "What Future for the Middle East?" The chairman warned that already demand for attendance at this event had made it necessary to make special arrangements to increase the usual capacity.

In September the music and social lunching events will resume. Membership serves any who have studied and/or taught at Cambridge University. Membership enquiries may be made to 01245 266809 or [*robertjjones@phonecoop.coop*](mailto:robertjjones@phonecoop.coop)

SUMMER CONCERT: This ***year***'s event entitled "Let's Celebrate" certainly lived up to its name. From beginning to end visitors did just that. Organist Irina Cook played a lot of our well known and best loved tunes, soloists were Liz Armstead and Laura-Rose Barge, plus Daisy on her flute. Poems were read by Liz, Mike, Brenda, Vera and Ian. The comedy spot was taken by "The Mouldie Oldies" Margaret, Sally and Hazel. ***Programmes*** were designed and printed by Gordon Cook who also lead us through a just for fun music quiz. There were sea shanties, join in best loved hymns, singalong and flag waving. The church was decorated in red, white and blue, flags, flowers, bunting, the RBL standard and four "there but not there" perspex soldiers. The lucky ticket number was won by Vera, superb raffle prizes were won by Michael, Laura and Barbara. Our compere for the evening was Lorraine, Pimms and a vast array of nibbles was served in the interval.

The concert was commemorating the centenary of the end of WW1 and 100 ***years*** of the Royal Air Force in the first part and the various 2018 Royal celebrations in the second half. A brilliant £600 was raised for the RBL. They ended with We'll Meet Again - and hopefully they will, next time.

ANNUAL PET SERVICE: Sunday, July 29 at 3pm in the churchyard if fine or church if not. All pets welcome with well-behaved owners.

Priory Fields: Well Priory Fields has done it again. For eight ***years*** running they have been awarded the Green Flag as one of the very best green spaces in the country. Only 16 locations in the Chelmsford area won this ***year*** and Priory Fields got maximum marks for the highest possible environmental standards, maintenance and visitor facilities. Please note. No toilets or refreshment facilities.

This award is very difficult to attain when a green space is being managed for its wildlife and as an area for the community to walk, picnic, exercise dogs and as a children's play and discovery area.

The fields, comprising about 27 acres, also include the remaining arch from the ruins of Bicknacre Priory which is a scheduled ancient monument. It is possible to visit this area at any time, the paths are easily accessible in all but the worst weather and kept mown short. Access for mobility vehicles is good for most of the ***year***.

They have open meadows, trees, a community orchard and a brook runs through the centre via ancient water meadows.

If you have never visited before, try a pleasant walk one evening, bring the dog but please clear up after it to help keep this lovely place somewhere everybody would like to visit. There are plenty of bins for disposal of waste, picnic benches and seats scattered over the area. Parking is good in the car park to the rear of Priory Primary School, this is situated on Bicknacre Road postcode CM3 4ES for sat nav.

You can look at their website [*www.prioryfields.org.uk*](http://www.prioryfields.org.uk) for more info, or their Facebook page which also contains the full report that the Green Flag judges have published.

This beautiful place is completely managed by "The Friends of Priory Fields" a small group of volunteers who without any official funding ensure that it is a safe, lovely place to spend a morning, afternoon or evening. After visiting if you would like to help them look after the fields please contact them via the website, they always need help.

METAL DETECTING: A new club for metal detecting enthusiasts has started at The Cross Keys, White Notley. The Braintree Metal Detecting Club meet on the first Wednesday of the month at 7pm. They would like to encourage new members to attend the next meeting on August 1. For further information see their facebook page: [*https://www.facebook.com/groups/1466122933513124/about/*](https://www.facebook.com/groups/1466122933513124/about/).

new website: Burnham on Crouch Town Council has created a new website for the town, designed to promote Burnham to a wider audience. The new website is packed full of information about what makes Burnham so special. www.burnhamoncrouchtown council.gov.uk, also known as burnham.info (for ease of use) is designed to provide Burnham and the world with news and information about the town council, the town itself and places near Burnham.

It replaces the existing council website.

Pets Service: This will be on Sunday 29 beginning at 11.30am in St Stephens. Pets of all breeds and sizes welcome but under control or contained by their owners.

Mobile Library: The van will be in the village hall car park next Wednesday August 1 for half an hour between 12.25 and 12.55. The van only visits every three weeks now instead of fortnightly.

Bell Ringing: You may have noticed posters asking for ringers to commemorate the 100 ***years*** of the ending of the Great War. The hope is that the UK can recruit 1,400 bellringers lost during that time. New recruits are urgently needed in Purleigh, ringing the bells does not require strength or musical ability, just dedication to attend the practices and the patience to learn the technique of handling a bell rope.

If you are interested or would like more information then please contact Graham Snow on 828557, email [*graham.snow@yahoo.com*](mailto:graham.snow@yahoo.com) or go along to Purleigh Church on a Thursday evening to find out what it entails.

Coffee Morning: The seniors social morning will be Thursday, August 2 from 9.30 until 12 in the village hall. A chance to catch up with friends for a chat and a laugh over the very light hearted quiz. All welcome

Gardeners Society: On a hot and sunny day in early July members of the club met at Beth Chatto's garden and were given a very interesting guided talk by the Head Gardener who has been working in the garden for over 30 ***years***.

On arrival at the monthly meeting - on yet another hot and humid night - members were welcomed by a display of cool green herbs. The speaker, Zsuzsa Serer, originally from Hungary, has set up Herbalhaven, an on-line herb nursery based near Saffron Walden. She has an extensive knowledge of growing and using herbs and during her talk she told about the various uses of herbs and then encouraged members to try some of the more unusual flavours. As well as giving instructions on growing the herbs, Zsuzsa had brought a selection of plants along to purchase.

They do not have a meeting in August - but - they do have the Annual Flower Show on Saturday, August 18.

They hope that despite the drought they will be able to have a good display of flowers and vegetables, that there will be lots of homemade food and a wide range of crafts (including children's classes) for everyone to see.

The show is open to anyone to enter - schedules are available from Purleigh Village Stores or from Lindsey Bain (01621 827066). The show is open to the public from 2pm.

Entrance is £1 for adults, children are free. Tea and home-made cakes will be available. They look forward to seeing you there.

Free concert: The Parish Church of St John the Baptist, Danbury is pleased to announce a free concert to be performed by a visiting choir. The English Arts Chorale is due to go on a singing tour of Sienna, Italy but before they go they will be in St John's for an informal concert.

The concert on Sunday, August 19 will start at 7pm, with doors opening at 6.30pm and lasting around an hour. They will be performing a few of the pieces that they will be doing in Sienna including excerpts of Paul Carr's Stabat Mater and some lighter pieces by the likes of Bob Chilcott, Ola Gjeile, Morton Lauridsen and others.

There will be a retiring collection following the concert in aide of church funds.

NEW VICAR: On Thursday, July 12 the Revd Canon Jacqueline Jones was licensed by the Bishop of Chelmsford and installed by the Archdeacon of Chelmsford as priest in charge of the Parishes of St John the Baptist, Danbury and St Mary the Virgin, Little Baddow.

Meeting Point: The Danbury Meeting Point Summer Lunch was held on Wednesday July 11, when 18 members enjoyed a fish and chip lunch, provided by the local pub, the Bakers Arms.

Following the lunch they were treated to an afternoon of magic tricks by The Great Alprendo.

The August meeting will be the Summer Outing to Marks Hall. Then in September, they will have an afternoon of model railway videos prepared for them by James Morgan of his own layout. Meeting Point is a social club for retired people in and around Danbury, new members welcome, just come along from September, second Wednesday monthly at 2pm in the URC hall, newsletter and details are on their website.

Play in the Park: Free 'Play in the Park' at Dawson Memorial Field on Thursday, August 2 from 10am to 12 noon. Behind the Sports Centre free multi-activity sessions, plus Inflatable Assault Course for children aged between 3 and 11 ***years***. A wide variety of activities supervised by experienced Chelmsford City Council Play Leaders (children under 6 ***years*** must be supervised by parents). For further information see the Parish Council's website [*www.danbury-essex.gov.uk*](http://www.danbury-essex.gov.uk) and Facebook page or   [*www.chelmsford.gov.uk/play*](http://www.chelmsford.gov.uk/play)

Cricket: Oaklands Cricket Club will be playing at home on Dawson Memorial Field at 1pm on Saturday, July 28 against Rayleigh 6. All welcome. See Danbury Parish Council web site [*www.danbury-essex.gov.uk*](http://www.danbury-essex.gov.uk) for details of all home games.

Art club: Galleywood Art Club meet every Tuesday at Keene Hall, Watchouse Road, Galleywood, between 12.45 and 3.30pm. Membership (from April 1) is £40 annually or £15 for an associate membership. For more details call secretary Beth Schluter on 01245 630625.

Musical retirement: Enjoying your retirement? Play a musical instrument? Love to sing? Then Baddow and Galleywood U3A music performing group may interest you.

Members prepare small ensemble items, rehearsing in each other's homes, then perform them at meetings. They are a very friendly and encouraging group, aiming to improve as they go along. Their main aim is to enjoy making music with like-minded people. If you feel able to perform with and to others, at any standard, email: [*piano.greenwood@btopenworld.com*](mailto:piano.greenwood@btopenworld.com)

parish council: Mr Robert Long MBE (formerly a district councillor for Goldhanger) was invited to the meeting and told members of his visit to Buckingham Palace to receive his award from the Queen.

There is currently a vacancy on the Parish Council. If anyone is interested in joining the council they should contact the clerk.

The council is currently reviewing its Standing Orders and Risk Assessment Policy.

Parking Enforcement and Trucam speed monitoring: During June the Community Parkwatch rangers have issued one parking fine in Fish Street and made one capture for speeding on the Maldon Road with the Trucam equipment.

Highways: Councillors E Bamford and M Thompson (Maldon District Council) have had a meeting with the Local Highways Panel to discuss schemes for Goldhanger, but no report was available.

The next meeting of the Parish Council will be held on Tuesday August 14 at 7.30pm. Everyone is welcome to attend. The agenda will be published on the website shortly before the meeting.

women's institute: After welcome and Jerusalem, birthday cards were given to Rosemary and Angela. Details of all county mailing received can be found on the information board and table each month but they have been informed that from August National news will only be available on My WI, the Committee will do their best to pass on anything of interest. Suffragette items ie mugs, pens etc are still available from County also don't forget to check in Essex News for details of events etc.

Unfortunately as they only had a small team at the WI quiz the result was not as good as usual, they must have a full team if entering next ***year***.

Speaker Karen Lawrie was introduced and put everyone through their paces on keeping active, beginning quite gently and moving up slightly as time went on, surprisingly every member joined in as much as they were able. Everyone said how much they enjoyed themselves and Maureen gave the vote of thanks.

After tea Alison who was the delegate gave an interesting report of her enjoyable visit to the AGM in Cardiff, it's really well worth attending next time their turn comes around.

All members who are going on the trip on Friday, August 3 are reminded that the coach will be leaving Plantation Hall at 8.15am.

Reminder that cakes and help is needed from 2pm at the Hospitality Tea on Friday, August 9, in the Beaumont Suite next to Heybridge Primary School.

Cake donations will also be needed for stalls at the Party on the Planny September 9, more on this at the September meeting.

Lists were distributed about stalls at the Fayre on September 29 - they are sorry but donations requested again for these also as they need to keep their heads above water financially to secure good speakers at meetings.

Competition winners 1st Dorene, 2nd Sheila Lewis, and 3rd Ellen. Flower: 1st Pam, 2nd Ellen and 3rd Miriam and Val. Tea hostesses for September are Kathy McGowan Doherty, Chris Wareham and Alison.

Heybridge WI meets on the first Friday of the month in Plantation Hall at 2pm with visitors and new members always welcome.

Parish Councillors: Keith Bonsor, [*keith\_b0ns0r@btinternet.com*](mailto:keith_b0ns0r@btinternet.com) - 07482 098408. Mel Coates-Jones, [*melanieltbaddow@hotmail.com*](mailto:melanieltbaddow@hotmail.com) - 222731. Nic Cooper, [*redholmenicooper@aol.com*](mailto:redholmenicooper@aol.com) - 224436 . Peter Irvine, [*peterirvine264@btinternet.com*](mailto:peterirvine264@btinternet.com) - 07850 610929. Martyn Richmond, [*martyn.chezmoi@outlook.com*](mailto:martyn.chezmoi@outlook.com) - 225036. John Scott, [*jscott107@btinternet.com*](mailto:jscott107@btinternet.com) - 07902 382069. Bob Shepherd, [*chasecottages@tiscali.co.uk*](mailto:chasecottages@tiscali.co.uk) - 223709

Parish Clerk: Roger Upward, [*clerk@littlebaddowpc.org.uk*](mailto:clerk@littlebaddowpc.org.uk) - 01376 619506

Parish Website, [*www.littlebaddow.org.uk*](http://www.littlebaddow.org.uk). Hall Caretaker, Mrs Jackie Rymill, [*littlebaddowhallbookings@yahoo.co.uk*](mailto:littlebaddowhallbookings@yahoo.co.uk) - 227816

**OPEN DAY: Edgewood Vets are holding an Open Day on Saturday, July 14 from 1pm to 4pm at Purleigh surgery, Chelmsford Road, Purleigh CM3 6QR.**

Activities include tours and talks, bouncy castle, face painting, live demonstrations, petting corner and much more.

**Gardeners' Society: The speaker at the Purleigh and District Gardeners' Society July meeting was Zsuzsa Serer who runs Herbalhaven, an on-line herb nursery based near Saffron Walden. She has an extensive knowledge of growing and using herbs and during her talk she told about the various uses of herbs and then encouraged members to try some of the more unusual flavours.**As well as giving instructions on growing the herbs, Zsuzsa had taken a selection of plants along for members to purchase. They now all pray for some rain to ensure that these and all the other plants in their garden will survive.

There will be no meeting in August but they hope to see you at the Purleigh Flower Show on Saturday, August 18 in the Purleigh Village Hall from 2pm (Adults - £1/ children free). Show schedules (classes are open to anyone) from Lindsey Bain (01621 827066) or Purleigh Village Stores.

women's institute: Peter Bensen the speaker for the July meeting brought many samples of his craft of woodcarving. He and his wife are very involved with the carvings for the National Arboretum in Staffordshire and he told of the journey taking a large carved polar bear on a long loader through Billericay high street. He was a teacher before he retired becoming the President of British Woodcarvers for 14 ***years***. He was an extremely entertaining speaker and they hope to have him again to hear more about his carvings. Several members helped man the stall at the Sandon Village Fete on a beautiful sunny day and they hope to be lucky enough to have interested some new members especially after seeing the suffragette scarecrow. The August meeting will be a cream tea with Sandon memorabilia on display with time for reminiscences and chat.

Visitors are always welcome to attend on August 9, at 1.30pm and see what they are all about.

family day: On Saturday, August 4 from 11am till 4pm The Holly Clacy Foundation have their Family Fun Day at SWF RUFC, Saltcoats Playing Field, Ferrers Road, South Woodham Ferrers CM3 5WA.

Daytime activities from 11am to 4pm include inflatables, Go Karts, Bunjee Trampoline, games, rides, crafts, activities, face painting, petting zoo, Team Kinetix acrobatics, Britannia Pipe Band, displays, kids singing competition and over 50 market stalls.

From 6pm to midnight live music includes Dave Barnes (The Voice), Aaron Norman, Tom Newman-Clark, Unify, Elliott Clacy and more. There will also be a disco, face painting, bouncy castles, caricatures, raffle and food vendors. Children welcome.

buddhist centre: So much is happening at your local Buddhist Centre 17 Trinity Square, South Woodham Ferrers (opposite the library). Just pop in, there is a session for everyone. Thursday, August 2, from 7.30 to 9.30pm. Group meditation and talks related to Buddhism.

Friday, August 3, Poetry Essex from 7.30 to 9.30pm. An evening to share thoughts and feelings about poets and poems, this month: HAKUIN.

Every Monday from 7.30 to 8.30am, morning meditation. A great way to kick start your week. Also on Monday's from 2pm to 4pm, Art Classes for all.

Every Wednesday, Dharma Night from 7.30 to 9.30pm. Group meditation and talks related to Buddhism.

Every Thursday, Meditation and Buddhism from 10am to 12 noon. Learn to meditate and learn more about Buddhism.

Sangha Sit at 9am, 10am and 11am, Saturdays August 4, 11, 18 and 25.

Townswomen's Guild: On a beautiful summer evening, members and eight visitors gathered for their Strawberry Supper meeting. There was a cake sales table and a superb tombola. Ladies made purchases and tried their luck winning many wonderful prizes.

They were entertained by Lynn Creasy with her pedal harp. Lynn played a delightful selection of classical, traditional and popular pieces which she interspersed with many amusing anecdotes about her long career.

She also explained how the harp's foot pedals worked to alter the pitch of the strings so that it can play works written in any key. The C strings are coloured red and the F strings black.

After Lynn's first set, enthusiastically enjoyed by all, they had a break to relish the delicious strawberries, cream and shortbread. There was a lively buzz of conversation among friends and many revisited the sales table and tombola.

Then they all settled down to listen to Lynn's wonderful playing once again following which she was afforded a hearty applause. Members all could have listened to her beautiful music all night.

The next meeting, on September 11, is their Harvest Supper with a books, puzzles and produce, etc and members were reminded about forthcoming events and ***payments*** which will be due. Chairman Margaret then wished everyone a very enjoyable summer.

If you would like to learn more about the group, please call the secretary, Mrs Anne Rose, on 01245 352346.

Parish council: Meeting was held on Monday, July 9:

Security issues: The council has asked both the Police and its security officers to include Grove Lake site in their patrols where a nuisance activity by a gathering of persons, who make children on their way to/from school feel intimidated, has been reported.

Football Club: Representatives of Tiptree Heath Football Club asked for the reason for the delay in the provision of the land at Colchester Road under a 106 agreement. They said that the teams run by the club are playing a high standard of football and that, very soon, they will have to look for a ground outside Tiptree.

The chairman said that a signed certificate of ***transfer*** had been lost by the developer; another certificate was to be signed by him that evening and would be posted the following day.

He said that he will write to Colchester BC expressing his concern at the long delay, and asking the borough to put pressure on the developer to ***transfer*** the land as soon as possible.

Surgeries: Borough councillor Barbara Wood reported that the first surgery (a surgery will take place on the first Saturday morning of each month) had proved very successful, a number of residents having taken advantage of the opportunity to ask questions and make comments on parish issues.

The next such surgery will be held on Saturday August 4 from 10am to 12 noon in the meeting room of the community centre when borough councillor Derek Loveland will be in attendance.

Residents are welcome to just turn up with their questions and comments.

Major issues: Councillor John Jowers, now chairman of Essex CC, gave councillors an update on various issues affecting Tiptree, including the dualling of the A12, the proposed route of the A120, and housing developments in and around Colchester.

Priory Heath WI: Meetings are held on the second Tuesday of each month at 7.30pm in St Luke's Church extension, Tiptree. Visitors are always welcome.

The speaker at the July meeting was Joanne Hunt who brought with her a collection of essential oils and gels. She explained what each little bottle of oil would be used for, and passed round ten bottles for us to sniff and try. These included oils for calming (lavender), for soothing and healing (melaleuca), and frankincense (for inflammation) among others. Joanne practises from home and can visit clients.

We were very impressed with her talk and most of us ended up smelling quite interesting. (I was especially grateful to have some of her healing gel on a newly sprained wrist).

Following refreshments, one member described her trip to Denman, the WI college in Oxfordshire, and demonstrated the skills she had learnt when making some bags. After the raffle had been drawn and the competitions had been judged, the meeting closed.

Parish clerk retires: Councillors, staff and friends gathered in the community centre on Wednesday afternoon July 11 to bid farewell to Mrs Carolyn McSweeney who has served as parish clerk for the past 11 ***years***. Following refreshments, presentations to Mrs McSweeney were made by councillors and by staff after which the chairman, Cllr Steve Bays, thanked Mrs McSweeney for her valued service over the ***years*** and wished her a long and happy retirement.

Society bulletin: Witham and Countryside Society bulletin Chairman's Report: Renewals have come in for the Town Trail, and all participants have renewed with the exception of the Library, The Grove Centre and Newlands Shopping Centre. For The Grove Centre, Tesco has taken over the site and we welcome them as members.

For Newlands Shopping Centre, The Burger Junkie has now moved to that precinct so they will effectively take over that site. This leaves just the Library. It seems a great shame to me that it is the County Council, whose library we are talking about, is the only one that does not see that Witham is worth an investment of £12 per annum.

They would emphasise that this is not a reflection on the Library, and certainly not their staff, as they have been fully supportive of the project, but it is the higher levels of the County Council that cannot find a budget of £12 to support Witham, the local businesses and therefore the local economy.

The new Town Trail leaflets have been received from the printer, and are now being distributed. They are available from the Tourist Information at the Town Hall.

Members who receive paper copies of the bulletin will find one with their copy.

Lunchtime Concerts: Witham Community Music Lunchtime Concerts at 1pm on the first Wednesday in the month at Witham United Reformed Church and on the third Wednesday at Christ Church, Braintree. Refreshments available. Admission free with suggested donation of £4.

August 1, Witham and August 15, Braintree: Mitesh Khatri, tenor, and Hans Montanana, piano, performing English, French and German songs.

PUBLIC HALL: Events: Sunday, August 5 at 7pm The Essex Group present their summer concert Summer Breeze 4 with popular musical theatre song and dance. Tickets £14, concessions £12, from Town Hall, online from tickets2c.co.uk or 01376 567677.

Saturday, August 18 at 7.30pm: Marty Wilde and the Wildcats - a show by the British Rock'n' Roll artist. Tickets £20 from Town Hall, online at withampublichall. co.uk or by phone on 0345 017 8717.

Sunday, August 19 at 7.30pm: Wymondham Helicopter Group present The Bootleg Shadows with hits from the 60s. Tickets £16, concessions £15 from the Town Hall, online at withampublichall.co.uk or by phone on 0345 017 8717

Thursday 27 - Saturday 29 September, from 4pm on Thursday and from 12 noon on Friday and Saturday: Witham's Real Ale Festival. Open for three days this ***year***, 30+ real ales, ciders and perries, food.

Admission £3, £1 refundable on return of glass. Sponsored by Crittall Windows Ltd.

Bell Meadow Day: The event is organised by the Bell Meadow Village Association, which was formed on behalf of the Parish Council in 2005 by a group of volunteers with a keen interest in Bell Meadow after it was gifted to the village.

Bell Meadow Day has now become an annual event, held on the Sunday of the August Bank Holiday weekend, when the whole village comes together to celebrate its rural heritage and to warmly welcome visitors.

Now in its 18th ***year*** this traditional country fair, which celebrates the best of rural life, has become a popular event in the Essex summer diary, offering entertainment for all the family; there really will be something for everyone to enjoy in a wonderful rural setting.

Daytime events, from 12.30pm, include demonstrations and stalls with traditional crafts, rural skills and ever popular activities including: Competition Tent, Pets Corner, Pony Rides, Children's Entertainer, Bouncy Castle, Face Painting, Refreshments and Homemade Cakes, Breads, Cookies , Sweets and Jam, a Burger Van, Hog Roast, Ice Cream, Hot Doughnuts and of course the Beer Tent.

Traditional games and stalls plus displays of traditional rural skills and crafts, ***agricultural*** machinery.

Arena activities include Dog Display plus family games and events.

With live music on offer throughout the day across two stages, covering all genres of music, the entertainment will culminate in the evening with live music on our main stage from 'For Funks Sake', this truly is a fantastic family day out. We also featured on Penelope Keith's 'Hidden Villages' meaning this ***year***'s event is set to be more popular than ever

Woodham Walter is a hidden gem of a village which boasts a traditional old-fashioned community feel. The village is well worth a visit and on the day of the event, Sunday August 30, Woodham Walter (just off the A414 between Danbury and Maldon).

Evening WI: President Caroline Wheeler welcomed members to their Summer Party and Jerusalem was sung. Members were reminded of the forthcoming events including Afternoon Tea at the County Hotel, the Willow Weaving Workshop, the Village Fun Day and the next Soup and Cake Lunch.

Members then enjoyed a Ploughmans meal with delicious desserts provided by the committee which was followed by a different kind of Fashion Show. Many members of the committee had purchased outfits from various charity shops which they then paraded across the stage and down the hall for everyone to take note of. Members then had to guess what they thought each outfit had cost which caused some surprises with a prize going to the winning table. It was surprising what bargains can be picked up from charity shops.

The meeting finished with Caroline wishing members a happy summer before they meet again in September.

The next meeting open to all will be on Wednesday, September 12 in Writtle Village Hall at 7.45pm when the title of the topic is 'She's Electric'. Contact Mavis Awcock 01245 422668.

**Load-Date:** July 25, 2018

**End of Document**



[***UK Trade Tariff: imports and community transport inwards***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RF1-VC01-JDG9-Y0BT-00000-00&context=1516831)

Impact News Service

January 16, 2018 Tuesday

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**Length:** 35291 words

**Body**

London: UK Government has issued the following news release: 1. Rules

The rules governing customs procedure applying to the introduction of goods to the UK from places outside the European Union (EU) from their arrival until they’re entered to free circulation or another customs procedure are prescribed in:

* UCC Council Regulation (EU) No. 952/2013 (Articles 12 to 14)

1. Commission Regulations 2015/2446 and 2015/2447
2. Statutory Instrument 1991
3. No. 2724 (The Customs Controls on Importation of Goods Regulations 1991) as amended by Statutory Instrument 1992
4. No. 3095 (The Customs and Excise (Single Market etc) Regulations 1992) prescribe forms, procedures and the penalties for breaches of the rules

When an importing ship or aircraft arrives at the place where goods are to be unloaded, the goods must be ‘presented’ to customs by the person who brought them into theEUor by the person who assumes responsibility for their onward carriage (this includes freight haulage companies, shipping and aircraft lines).

Goods may be presented by either:

* using an approved computerised trade inventory system linked to customs

1. lodging form C1600A at the designated customs office

Goods which have been moved under a transit procedure should be presented to customs under the rules applicable to that procedure.

All goods must be electronically presented immediately upon arrival at the designated customs office approved by customs authorities. If the customs office is closed, presentation must be made within an hour of it re-opening.

Goods can only be ‘presented’ to customs when they’ve actually arrived at the place of unloading.

After presentation the goods must be covered by a declaration to a customs procedure or a temporary storage declaration containing the information needed to identify the goods. The declaration should normally be made at the same customs office as presentation.

The declaration must be made by any of the following:

* the person who conveyed the goods into the EU

1. the person who assumes responsibility for their onward carriage
2. the shipping, airline or haulage company
3. the representative of any of the above

Use form C88 for declarations in the UK. Customs may accept commercial documents or computer records if they contain the necessary details. Acceptable commercial documents include:

* bills of lading

1. air way-bills
2. container manifests
3. load lists
4. manifests
5. consignment records (on computerised inventory systems)

Where goods have travelled under a transit procedure, the copy of the transit document retained by the office of destination will be the declaration.

A declaration must be made 24 hours after presentation. If the goods are entered or re-exported from theEU, or destroyed before declaration has been made the declaration might be waived. Contact the customs office at the place of unloading for advice about these waivers.

Following declaration the goods may be put to a prescribed procedure (for example, entry to free circulation, a transit procedure or warehousing regime). Goods which are placed under theEUtransit procedure must be presented at the office of destination together with the Transit Accompanying Document (TAD) (or copies 4 and 5 of the Single Administrative Document (SAD) under the fallback procedure) to end the transit movement before they can be placed under another prescribed customs procedure.

An import declaration is only required for the following categories of goods on arrival in the UK:

* goods from a non-EU country direct

1. goods from a non-EU country via another EU country which have not already been cleared into free circulation
2. goods from the following special territories of theEU:

* Channel Islands

1. French Overseas Departments of Martinique
2. Guadeloupe
3. Reunion and French Guiana
4. Canary Islands
5. Mount Athos
6. Vatican City

When goods are imported into the UK it’s the responsibility of the importer or their authorised agent to declare them to customs. In most cases aSADis used for this purpose.

You can read about the exceptions for the Import Control System and other import procedures.

When theSADis used as an import declaration a plain paper print of the information may need to be declared after the input of data by the importer or agent to the customs entry processing computer (CHIEF). The plain paper print must conform, in terms of the location of the information, to the standard document laid down byEUlegislation. Alternatively pre-printed forms may be used, this includes forms that have been partially completed in another member state, any missing information must be added to the forms before they are signed and submitted to customs at the place of import clearance.

The input of data by traders toCHIEFis known as Direct Trader Input (DTI). The use of these facilities where they exist, though of substantial benefit to traders and customs alike, is not compulsory. Goods imported for clearance at these locations may be declared to customs on pre-printedSADsinstead, without usingDTI. These declarations will then normally be input toCHIEFby customs staff before the goods are cleared for importation. This method is known as customs input of entries (CIE).

Where declarations are lodged at a customs computerised locations, such as the National Clearance Hub (NCH) they should be given on a single copy of plain paper or pre-printed stationery (printed pads of copy 6 are available from the VAT: general enquiries helpline). Copy 6 of a set originating in another member state, properly completed and signed in the UK may also be used.

Where goods are declared by the use of manual declarations the dual purpose 4-part set provided in the UK should be used with the reference to export copy numbers 1, 2, 3 and 4 deleted. It’s necessary for carbon paper to be inserted between the last 2 copies if the declarant requires a copy for their own use. Copies 6, 7 and 8 of a set originating in another member state, properly completed and signed in the UK may also be used, but carbon paper has to be inserted between all copies prior to completion.

Manual declarations consist of copies 6, 7 and 8. On declarations atDTIandCIElocations a copy 6 is required.

In signing an import declaration the signatory accepts full legal responsibility for all the information it contains, including that which was provided in the export country, or utilizing the specified requirement in a ‘paperless entries’ environment, the signatory accepts full legal responsibility for all the information. The accuracy of the information already on the form must be checked. Any inaccuracies must be corrected and these corrections must be drawn to customs’ attention when the declaration is presented. If necessary a fresh import declaration should be completed.

Information declared on aSADcompleted in the export country must not be erased.

Additional copies of the declaration may be required when the goods are subject to certain procedures. These additional copies will be either:

* extra plain paper prints

1. extra copy 6s from UK produced pads
2. photocopies of copy 6

This part provides detailed information about how to use theSADas an import declaration, additional documents which may have to be provided, the range of special import facilities available and special requirements relating to certain goods or the circumstances under which they are being imported. 2. Standard import procedures (including customs warehouse removals - general requirements) 2.1 Completion of import declarations

This part explains in detail the information to be declared under each box heading on an import declaration. Customs staff at the place of entry presentation should be consulted if there is any doubt about the way in which particular boxes are to be completed.

The importance of declaring correct information cannot be over-stressed. Errors can lead to delayed clearance, the imposition of penalties and the seizure of goods which is costly to importers and agents alike. Additionally, there are heavy penalties for making false declarations.

Not all of the information which must be included on a paper declaration made at aDTIlocation has to be input toCHIEF. Indications are provided under each box heading, ofDTIinput requirements and the circumstances in which the information should (or should not) be declared.

Each box description in this section is preceded by 4 statements which specify the circumstances in which the information must be provided. These are:

* DTI input - an indication of whether the information must be input to CHIEF by traders using DTI

1. declaration methods - an indication of whether the information must appear on paper declarations presented when DTI or CIE are used, or when declarations are presented at manual locations
2. entry types - an indication of whether this box appears on a SAD, C21 - Customs Clearance Request, WRD - Warehouse Removal Declaration, or one of the following CFSP declarations:

* SFD - Simplified Frontier Declaration

1. FSD - Final Supplementary Declaration
2. SDI - Supplementary Declaration for Imports
3. SDW - Supplementary Declaration for customs warehouse removals
4. exceptions - an explanation of the circumstances when certain information should not be declared

It is important to understand that when information is required to appear on a declaration, it must also appear onDTIplain paper declarations, even when that information is not input toCHIEF. Notes

In several cases the following instructions indicate that boxes are to be left blank. Some of these boxes may have been completed onSADsarriving from other member states. Where that is so and the forms are being used as import declarations in this country the information must be allowed to stand - it must not be deleted or erased. ForDTIentriesCHIEFconverts lower case letters into upper case and displays data accordingly. 2.2 Trader identification

The identity of a trader is a combination of the country code of the issuing country and the Identity reference allocated by that country. For UK traders enter ‘GB’ followed by the trader’s Economic Operator Registration and Identification (EORI) number.

In the UK, identities areEORInumbers which are (with a few minor exceptions) 12 characters long and are usually a 9 digit VAT number followed by a 3 digit suffix (typically 000). Traders who areEORInumber members of a VAT group registration will have already been issued with a 3 digit suffix as part of their registration for VAT. Where exports are made by VAT group members they should use this same 3 digit suffix as theEORInumber suffix on export declarations. Notes

Some government departments and agencies have been issued with special registration numbers. If a UK trader is not registered for VAT they can apply for anEORInumber. Private individuals can use GBPR where there’s no commercial purpose involved (for example, household effects). Non UK traders who have an identity issued by anotherEUcountry can enter those details. If a trader has a UK allocatedEORInumber then this must be declared, even if the trader also has non-UK identities. Show identities on paper declarations after ‘No’. Non-EUtraders declaring goods for relief under temporary admission (such as the customs procedure code (CPC) in Box 37 is in the 53 series (excludingCPC53 00 002) or where a non-EUissued ATA carnet is used), don’t need to apply for anEORInumber. Box 1 - declaration

|  |  |  |
| --- | --- | --- |
| Declaration types | Screen name | EDI data element |
| C21, Full, SFD, SDI, SDW, FSD and WRD | Decln (1) | DECLN-TYPE |

This box has 3 subdivisions but only the first 2 are to be used. The whole of this box must be left blank onSADcontinuation sheets whenever they are used.

First subdivision

Enter the type of declaration as follows:

| **Code** | **Type of declaration** |
| --- | --- |
| CO | All the goods being declared are from a special territory of the EU |
| EU | All the goods being declared are from an EFTA member state |
| IM | All other goods |

When aSAD, partially completed in another member state, is being used as the import declaration and the first sub-division contains the code ‘EX, this code must be amended to read ‘IM’.

Second subdivision

Used to indicate both the type of declaration and if the goods have arrived or not at the goods location. ForDTIdeclarations the code used must be consistent with theCHIEFtransaction being used.

| **Code** | **Type of declaration** | **Goods Arrived or not** |
| --- | --- | --- |
| A | Normal (Full and WRD) declaration | Goods arrived |
| C | SDP SFD | Goods arrived |
| D | Normal (Full) declaration | Goods not arrived |
| F | SDP SFD | Goods not arrived |
| G | (Transit) SFD | Goods arrived |
| H | (Transit) SFD | Goods not arrived |
| J | C21 | Goods arrived |
| K | C21 | Goods not arrived |
| Y | SDP supplementary declaration or (import SDP and/or LCP) final supplementary declaration |  |
| Z | LCP (import or warehouse removal) supplementary declaration (SDI/SDW) |  |

Third subdivision

This is to be left blank in the UK. Box 2 - consignor/exporter

| **Declaration types** | **Screen name** |
| --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Consignor (2) |

The consignor/exporter name and address, and their identity details, if known, are to be provided. Notes

A consignor is the party which, by contract with a carrier, consigns or sends goods with the carrier, or has them conveyed by the carrier. An exporter is the person on whose behalf the export declaration is made and who is the owner of the goods or has a similar right of disposal over them at the time when the declaration is accepted. For paper and C21 declarations only one consignor/exporter is to be declared. For all other declarations, if there is only one consignor/exporter then the consignor/exporter details are to be supplied at header level. If there is more than one consignor/exporter then consignor/exporter details are to be supplied at item level (one consignor/exporter per item). Read about the completion rules for the multiple consignor procedure. Identity

| **Screen name** | **EDI data element** |
| --- | --- |
| Id | Header: CNSGR-TID Item: I-CNSGR-TID |

Enter the consignor/exporter identity if known. The identity of a consignor/exporter is a combination of the country code of the issuing country and the Identity reference allocated by that country.

The identity reference must take the following form:

* agency code (an..3) as listed in UN/EDIFACT 3055

1. exporter’s Identification Code (an..13)

For example, ‘JP1511234567890’ for a Japanese exporter (country code: JP) whose identification number with Japanese customs (agency code 151) is 1234567890 Name and address

| **Screen names** | **EDI data elements** |
| --- | --- |
| Name, Street, City, PstCde and Ctry | Header: CNSGR-NAME, CNSGR-STREET, CNSGR-CITY, CNSGR-POSTCODE, CNSGR-CNTRY Item: I-CNSGR-NAME, I-CNSGR-STREET, I-CNSGR-CITY, I-CNSGR-POSTCODE, I-CNSGR-CNTRY |

Enter the full name and address of the consignor/exporter, including the postcode. Where a country does not use a postcode or equivalent code, (for example, US zip code), enter ‘NA’ in this field. If the goods are imported under a contract of sale, the consignor/exporter is the first person or company selling them; otherwise it is the person or company owning the goods prior to their importation. Box 3 - forms

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Paper Full declaration | None | None |

If continuation sheets are not used (such as, it’s only a single item declaration) this box can be left blank. Otherwise enter the number of sheets being used (for example, if there are 2 continuation sheets, enter 1/3 on theSAD, 2/3 on the first continuation sheet and 3/3 on the second continuation sheet). The first figure is to be entered in the first subdivision of the box and the second figure is to be entered in the second subdivision Box 5 - items

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Paper full declarations | Items (5) | None |

Enter, the total number of items declared on all theSADandSADcontinuation sheets used for the consignment. The number of items must correspond to the number of ‘description of goods’ boxes (Box 31) completed. Any description of goods boxes onSADcontinuation sheets which are not used must be crossed through.

The maximum number of items that is to be entered is 99. If there are more than 99 items then further declarations must be submitted for the balance of the items. Box 6 - total packages

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Pkgs (6) | TOT-PKGS |

Enter the total number of packages making up the consignment covered by the declaration. When goods are imported in bulk (for example, grain, oil) enter 1. Box 7 - reference number

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW, FSD and WRD | D/Ref (7) | TDR-OWN-REF-ENT |

For optional use by the declarant to record a commercial reference for their own purposes. This field is not supported byCHIEFas a key to the declaration and is in addition to any Box 44. Declaration unique consignment reference (DUCR) andDUCRpart suffix, which should be used in preference. Box 8 - consignee and number

| **Declaration types** | **Screen name** |
| --- | --- |
| C21, Full, SFD, SDI, SDW, FSD and WRD | Consignee (8) |

Depending on the circumstances, the consignee’s identity and their name and address are to be provided.

The consignee can be declared at the header level or for each item. Notes

For paper and C21 declarations only one consignee is to be declared. For all other declarations, if there is only one consignee then the consignee’s details are to be supplied at header level, but if there is more than one consignee then consignee details are to be supplied at item level (one consignee per item). ‘Consignee’ includes any owner of the goods or any other person possessing, or beneficially interested in them at any time between their importation and their clearance by customs or the person to whom goods have to be delivered. When goods are being entered for a private customs warehouse, the name, address and Identity of the approved Warehouse trader is required unless shown in Box 14 as the declarant. Names and addresses of persons declared as consignees on declarations of imported goods are liable to be disseminated and published as part of overseas trade data. Therefore it is important that consignee details are accurate. For bulk declarations when the consignee is declared at item level, deferred ***payment*** cannot be to the consignees account (such as onlyDANprefix A is permitted unless the consignee is declared at header level) and ***payment*** can’t be secured by consignee (such as. method of ***payments*** U, V and X are not allowed if consignee is declared at item level). An import VAT certificate C79 will only be issued when the consigneeEORInumber is declared at the header level. In the absence of an import VAT certificate, a copy of the declaration will need to be kept as evidence of the importation. Identity

| **Screen name** | **EDI data elements** |
| --- | --- |
| Id | Header: CNSGE-TID Item: I-CNSGE-TID |

Enter the consignee’s identity.

Read more about entering the consignee’s identity.

When goods are declared for removal from free zones, other than for export, enter the identity of the person removing the goods or placing them in free circulation.

For bulked low valueCPCs, enter theEORInumber of the authorisation holder.

OnFSDdeclarations insert theEORInumber of the Customs Freight Simplified Procedures (CFSP) authorized trader.

For commercial importations by a consignee that is not registered for VAT anEORInumber must be used. This applies to all commercial imports including ‘one off’ consignments. For non-EUtraders declaring goods for relief under temporary admission who don’t require anEORInumber, enter ‘00500’ in the id field prefaced by the non-EUcountry code of the importer followed by their name and address. Name and address

| **Screen names** | **EDI data elements** |
| --- | --- |
| Name, Street, City, PstCde and Ctry | Header: CNSGE-NAME, CNSGE-STREET, CNSGE-CITY, CNSGE-POSTCODE, CNSGE-CNTRY Item: I-CNSGE-NAME, I-CNSGE-STREET, I-CNSGE-CITY, I-CNSGE- POSTCODE, I-CNSGE-CNTRY |

The full name and address is to be entered if either:

* the country code is other than ‘GB’

1. the identity is ‘GBPR’
2. it is a Paper declaration

Box 14 - declarant/representative

| **Declaration types** | **Screen name** |
| --- | --- |
| C21, Full, FSD, SFD, SDI, SDW and WRD | Declrnt (14) |

The declarant’s type of representation and, depending on the circumstances, their identity and name and address are to be provided. Type of representation

| **Screen name** | **EDI data element** |
| --- | --- |
| Rep | DECLT-REP |

This field must always be completed. Enter one of the following codes:

| **Code** | **Representation** |
| --- | --- |
| 1 | Trader completing own declaration, such as self-representation |
| 2 | Direct representation |
| 3 | Indirect representation |

On paper declarations the code must be shown in square brackets, that is [1], at the beginning of the ‘No’ field.

Any person may appoint a representative (agent) to perform the acts and formalities laid down by customs rules. Direct representation

Where an agent is acting as a ‘direct’ representative, in the name and on behalf of another person - the ‘declarant’, the agent must hold (and be able to produce on customs request), written authority of their powers to act as the declarant’s representative. Failure to produce written authority will result in liability resting with the agent.

Where an agent delegates the making of a declaration to a sub- agent and the sub-agent makes the declaration in a ‘direct’ capacity, in the name and on behalf of the first agent, the sub- agent must hold (and be able to produce on request to customs) written authority of their power to act. Failure to produce written authority will result in liability resting with the sub-agent. Indirect representation

Where the declarant is acting as an ‘indirect’ representative in their own name, but on behalf of another person, both parties accept joint liability for all information provided.

Where an agent delegates the making of a declaration to a sub- agent in an indirect capacity on behalf of the first agent, then the sub-agent becomes the customs debtor. The original agent ceases to be a customs debtor because they neither make the declaration nor have responsibility for performing the acts and formalities laid down by customs rules.

If the type of representation has been entered as ‘1’ then no further details need be supplied. In all other cases enter the declarant’s identity. Identity

| **Screen name** | **EDI data element** |
| --- | --- |
| Id | DECLT-TID |

Enter the declarant’s identity.

Read about entering the declarant’s identity.

Where a sub-agent, acting as a direct representative (DR), is completing aCFSPdeclaration (SFD,SDI,SDW) on behalf of aCFSPauthorised trader (IR), the identity of the IR must be entered in box 14 and the sub-agent’s identity must be (entered in box 44 under AI statement ‘GEN46’)(see UK Trade Tariff: additional information codes for harmonised declarations). Name and address

| **Screen name** | **EDI data elements** |
| --- | --- |
| Name, Street, City, PstCde and Ctry | DECLT-NAME, DECLT-STREET, DECLT-CITY, DECLT-POSTCODE, DECLT-CNTRY |

If the declarant’s identity has been entered, then the full name and address of the declarant must also be entered if either:

* the country code is other than ‘GB’

1. the identity is ‘GBPR’
2. it is a paper declaration

On paper declarations enter the full name and address of the person or company concerned, and the telephone number of the signatory. Box 15(a) - country of dispatch code

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SFD (in certain circumstances), SDW, SDI and WRD | Disp ctry(15a) | DISP-CNTRY |

Normally you should enter the relevant country code for the country from which the goods were initially dispatched to the UK. If, however, in the course of their transportation, there is a stoppage or legal action taken in respect of the goods in an intermediate country, such as a non-EUcountry causing them to remain in that country for a longer period than would normally have been the case, you should enter the country code for the last intermediate country, such as the non-EUcountry where the goods were last located before arrival in the UK. Notes

On SFDs for controlled goods this box must be completed only if a full licensing declaration at the frontier is required. Commercial transactions en route. For goods which have been subject to a further commercial transaction en route, for example a change of ownership in an Intermediate country, such as a non-EUcountry enter the code for the country where the change took place. Whale factory ships. For goods produced or manufactured on whale factory ships not registered in the UK and consigned direct to this country enter the code for the country in which the ship is registered. Deep sea fisheries. For goods consigned direct to the UK from the deep sea fisheries enter the code for the country in which the fishing vessel is registered. Show the description ‘deep sea fisheries’ in Box 31. Box 21 - identity and nationality of the active means of transport crossing the border nationality

On SFDs for controlled goods this box must be completed only if a full licensing declaration at the frontier is required.

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SFD (in certain circumstances), WRD, SDI and SDW | Trpt nat (21) | TRPT-CNTRY |

The nationality of the means of transport must not be declared if Box 25 is completed with 2, 5 or 7.

Enter the Nationality of the active means of transport crossing the border, except:

* for goods being declared for removal from, or use in, free zones enter ‘GB’

1. in the case of ships or aircraft registered in the colonies or dependencies of a foreign country enter the nationality of that country
2. in the case of ships or aircraft registered in the UK dependent territories enter the nationality of that territory
3. for fish landed directly at UK ports by foreign fishery vessels enter ‘FF’

Identity

|  |  |  |
| --- | --- | --- |
| Declaration types | Screen name (Security data) | EDI data element |
| C21, Full, SFD | Transport Id | TRPT-ID |

The identity of the means of transport will only be required, for the declaration types detailed above, when it is possible to submit a combined pre-arrival notification and customs declaration. Box 22 - invoice currency and total amount invoiced

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| Full, SFD (in certain circumstances), SDI, SDW and WRD | Curr/Inv amt (22) | INV-TOT-AC, INV-CRRN |

On SFDs for controlled goods this box must be completed only if a full licensing declaration at the frontier is required. Text in this box is conditional, dependent on definition in Tariff (for example Customs Procedure, Commodity) or elsewhere (for example license).

First subdivision - invoice currency

Unless the goods have been invoiced in more than one currency or a fixed rate of exchange as stipulated in the contract of sale, is being used enter in the space for codes on the extreme left of the box, the code from country and currency codes for the currency in which the goods have been invoiced.

If the goods have been invoiced in more than one currency or a fixed rate of exchange as stipulated in the contract of sale, is being used enter the code for sterling. The rate of exchange used must be declared in the plain language area of Box 44 as document code ‘9WKS’. A copy of the worksheet or valuation declaration showing how the conversion was made, must be attached. Evidence to support the use of fixed rates will normally be required.

CHIEFconverts foreign currency amounts into sterling using stored rates of exchange. The rate of exchange used for this purpose is the rate in force on the day the declaration is accepted.

Rates of exchange for most foreign currencies used for customs purposes are published by HM Revenue and Customs (HMRC) monthly, and apply from midnight on the last day of the month for use during the following month. The rate for a particular currency may be changed within this period whenever the value of sterling in relation to that currency changes by 5% or more. You can read about rates of exchange to be used for customs purposes, including any changes in published rates.

Second subdivision - Amount

In the remaining area of this box enter in the currency identified in the first subdivision either:

* the invoice price (or the adjusted invoice price when valuation methods 1 or 6 are used (see box 42 invoice price)

1. the customs value of the goods

This box should be completed with the sum of the item prices declared in Box 42, in the currency invoiced. The rules associated with the amounts to be entered at item level are set out in Box 42. Box 25 - mode of transport at the border

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Trpt Mode (25) | TRPT-MODE-CODE |

From the list below, enter the relevant code for the mode of transport corresponding to the active means of transport by which the goods entered theEU.

| **Mode of transport** | **Code** |
| --- | --- |
| Sea transport | 1 |
| Rail transport | 2 |
| Road transport | 3 |
| Air transport | 4 |
| Postal consignment (see below) | 5 |
| Fixed transport installations | 7 |
| Inland waterway transport | 8 |
| Own propulsion | 9 |

Code 5 should only be used for goods handled by the authorised postal operator which is governed by the Universal Postal Union, such as Royal Mail Group. The ‘actual’ mode of transport should be used for all other goods.

To be declared on SDWs and WRDs only when Box 62 is completed. Box 26 - inland mode of transport

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SFD and SD I | Inld Trpt Mode (26) | TRPT-MODE-INLD |

Completion of this box is mandatory when import formalities are carried out away from the point of entry into theEU. Completion isn’t required for entry into a customs warehouse or goods coming from a free zone.

From the list at Box 25 above enter the relevant code for the inland mode of transport which is expected to be or was used. Box 30 - location of goods

On SFDs for controlled goods this box must be completed only if a full licensing declaration at the frontier is required.

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SFD (in certain circumstances) and SDI | Locn Goods (30) | GDS-LOCN-CODE |

On supplementary declarations enter the place where the goods were unloaded. The goods location code has 3 parts - see below - but don’t enter any separator or space between the parts.

Part 1 - country code

In all cases enter ‘GB’.

Part 2 - location code

In all other cases from the list of freight location codes or inland clearance depots and free zone codes, enter the relevant code for where the goods are available for examination.

Part 3 - shed/local identity code

This part does not need to be completed unless the goods are at a location where computerised inventory systems are based on the use of transit shed identity codes, in these cases enter the appropriate CCS-UK transit shed code. Box 31 - packages and description of goods

For each item on the declaration a description of goods, package marks, number and kind and any container numbers are to be entered as set out below.

Any description of goods boxes on PaperSADcontinuation sheets that aren’t used must be crossed through.Description of goods

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Goods Description (31) | GDS-DESC |

This field must be completed except on FSDs.

The goods described in this box must all be subject to the same Binding Tariff Information Reference Number if held for the goods commodity code.

Enter a description of the goods that will identify them. If the goods described here don’t comprise the whole contents of a package, container or trailer this should be made clear by adding the words ‘part case’, ‘part container’, ‘part trailer’.

The description of the goods must be the normal trade description and detailed enough for immediate, precise identification and classification. This doesn’t mean copying out the full description as set out in the tariff. For example ‘magnesium potassium sulphate’ (heading 31.04 commodity code 310490000) should be described in those terms and not as ‘other mineral or chemical fertilisers, potassic’.

ForCFSPpurposes, enter a description of the goods which is enough to allow the identification and examination of goods.

Where the commodity code to be used depends on size, weight or other physical criteria, the description should include that information.

Chemicals classified in chapters 28 and 29 of the UK Trade Tariff should be described using their precise chemical name and the appropriate 5 digit reference number.

Certain imports requiring an additional code (such as goods subject to variable charges), certain anti-dumping duties, wine reference prices.

When goods are chargeable with excise duties in respect of parts or ingredients, their description should make this clear. The excisable parts or ingredients must be declared in Box 47 (calculation of taxes).Package marks, number and kind

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Package (31), Marks, Number, Kind | PKG-MARKS, PKG-COUNT, PKG-KIND |

Package counts and package marks are conditional, depending on whether ‘bulk’ or ‘unpacked’ is used.

Identify the packaging that holds the packaging that immediately surrounds the goods, such as ‘the number of individual items packaged in such a way that they cannot be divided without first undoing the packing, or number of pieces, if unpackaged’. Examples

For beer the packaging might be the crate or carton and not the bottle in which the beer is contained or if the goods are contained immediately within cartons contained on a pallet (for examples, books), the pallet instead should be declared. For a single consignment in one or a number of containers, the containers themselves can be deemed to be the outer packaging. There is only a need to supply the marks and numbers, quantity and container numbers. In effect, in this example, the container number(s) will be the marks and need only be entered as container details but with reference to this entered in the marks, for example ‘Package kindCN- see container id details entered’.

Where the goods are subject to different duty or VAT rates (for example mixtures of red and white wine or children and adults clothing) the lowest divisible level of packaging must be declared in order to aid identification. Thus, bottles, wrapping or other packaging will be more appropriate in these examples.

For each kind of package, enter:

a) Any marks and numbers on the packages. Taking into account the packaging examples given above, where there is one common identifying number for all of the packaging then only this number need be entered.

If there isn’t enough space to record all the information, create another set of package details with the same kind of packages code. On paper declarations put PM=’ in front of the marks and numbers - for example ‘PM=ABC123’.

b) The quantity of packages, or for unpackaged goods) the number of pieces. On Paper declarations precede the quantity by ‘PN=’ for example ‘PN=99’.

c) A ‘Kind of package’ code. On paper declarations put PC=’ in front of the package code - for example ‘PC=AE’.

On paper declarations if for an item there is more than one set of package marks/number/kind, separate each set of details by a semi-colon ‘;’.

Find a full list of packages codes.Containers

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Contnr Id (31) | CNTR-NO |

Complete this field as follows:

* if the goods will be in a container at the point of entering the EU, enter the container number(s)

1. if the goods are containerized but the container number(s) are not yet known then enter ‘number(s) unknown’
2. if the goods are not containerised or it is not known whether they are containerised then leave this field blank

To avoid duplication, the container number should only be declared against the first item of a declaration. Where further items on the same declaration are packed into different containers, Box 31 will need to show the correct container number at item level.

On paper declarations precede the (list of) container numbers by ‘CN=’ or, for part containers, by ’Part Container=’, and separate each container number by a comma, for example ‘Part Container=ABCD12345, BCDE234567, WXYZ98765’. Notes

The term ‘container’ covers:

* large, re-usable containers, for example ISO types designed to be transported by road, rail, sea, or air

1. smaller re-usable types of containers of an internal volume of a cubic metre or more designed to be transported by road, rail, sea or air and capable of specialised handling without unloading
2. specialised re-usable containers designed to be used for particular goods and transported by road, rail, sea or air

Goods are to be regarded as containerised even when a container is mounted on a road vehicle or rail wagon. Box 32 - item number

| **Declaration types** |
| --- |
| Paper Full |

Enter (in sequential number order, up to the total declared in Box 5) the item number. Box 33 - commodity code

On SFDs for controlled goods this box must be completed only if a full licensing declaration at the frontier is required.

|  |  |  |
| --- | --- | --- |
| Declaration types | Screen name | EDI data element |
| Full, SFD (conditional), SDI, SDW and WRD | Comm Code (33) | TARIC-CMDTY-CODE, EC-SUPPLEMENT, EC-SUPPLEMENT-2 |

You can find commodity codes in the UK Trade Tariff. The length of the codes varies according to the nature of the goods, and whether or not they are in free circulation.

For goods which are not in free circulation, the code normally consists of 10 digits but for goods which are subject to variable charges underCAP, wine reference price arrangements under theCAPor certain anti-dumping duties, an additional 4 digit code also applies.

The rules governing the location of commodity code digits in Box 33 must be followed precisely. The entry of codes constitutes a declaration which is basic information for the assessment of import charges.

Enter in the first sub-division the first 8 digits of the code for the goods described in Box 31 as set out in the UK Trade Tariff. The code number should be selected in accordance with the directions of the UK Trade Tariff.

Enter in the second sub-division the 2 digit TARIC code, if appropriate.

Enter in the third sub-division any additional code for the goods being declared as set out in the UK Trade Tariff. If no additional code is required, leave blank. Notes

Any Binding Tariff Information Reference Number held for the goods described is to be entered in Box 44, against Document code C626 (see document, certificate and authorisation codes for harmonised declarations). ForDTIdeclarations if you wish to delete an item after the declaration has been accepted byCHIEFenter ‘DEL’ in this field. There is no need to delete or amend any of the other fields for the item.

The following table should be used as a guide about how to complete this box:

| **Sub-divisions** | **Digit positions** | **All imports from outside the EU plus all imports from within the EU not in Free Circulation not requiring an additional code** | **Certain imports requiring an additional code (for example goods subject to variable charges; certain anti-dumping duties; and wine reference prices)** |
| --- | --- | --- | --- |
| 1 | 1-8 | XXXXXXXX | XXXXXXXX |
| 2 | 9-10 | XX | XX |
| 3 | 11-14 |  | XXXX |
| 4 | 15-18 |  |  |

Box 34(a) - country of origin code

On SFDs for controlled goods this box must be completed only if a full licensing declaration at the frontier is required.

|  |  |  |
| --- | --- | --- |
| Declaration types | Screen name | EDI data element |
| Full, SFD (in certain circumstances), SDI, SDW and WRD | Orig ctry (34a) | ITEM-ORIG-CNTRY |

Enter the code for the country of origin of the goods from the list of codes shown in country and currency codes. For goods not wholly produced in one country, the country of origin to be declared is the country where the final substantial processing took place, resulting in the manufacture of a new product or representing an important stage in its manufacture. Box 35 - gross mass

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Gross Mass (35) | ITEM-GROSS-MASS |

This box is only to be completed when indicator ‘1’ has been entered in Box 64, Freight Apportionment Indicator, on the Value build-up form or theSADis a declaration to enter goods for customs warehousing.

Enter, where necessary up to 3 decimal places, the gross mass in kilograms as given in commercial documents for the goods declared in Box 31. The gross mass is the total weight of the goods and packaging but excluding containers and any other transport equipment. Box 36 - preference

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Preference (36) | PREFERENCE |

The completion of Box 36 is mandatory for all imports where the goods are entering a free circulation regime.

The 3 digit code indicates whether a reduction in, or relief from, import duty applies. This includes specific duties and other equivalent charges applicable toCAPgoods.

The definition of the codes to be used in Box 36 is as follows:

| **First digit** | **Definition of the codes** |
| --- | --- |
| 1 | Normal tariff arrangement (no preference certificate) |
| 2 | Generalised System of Preferences (GSP) |
| 3 | Other tariff preferences (such as EUR1, EUR-MED (where this is used to establish the originating status) or Invoice Declarations) |
| 4 | Customs duties under the provisions of Customs Union Agreements concluded by the EU with Turkey for most industrial products (excluding coal and steel) and certain processed ***agricultural*** products are covered by forms ATR; Andorra for all products in Chapters 25-97 and for San Marino for all products (excluding coal and steel) in Chapters 1- 97 of the UK Trade Tariff. |
| 5 | Special fiscal territories |

| **Second and third digits** | **Definition of the codes** |
| --- | --- |
| 00 | None of the following. |
| 10 | Tariff suspension. |
| 15 | Tariff suspension with specified end-use. |
| 18 | Tariff suspension with certificate confirming the special nature of the product. |
| 19 | Airworthiness certificate. |
| 20 | Tariff quota. |
| 23 | Tariff quota with specified end-use. |
| 25 | Tariff quota with certificate confirming the special nature of the product. |
| 28 | Tariff quota following outward processing. |
| 40 | Special end-use resulting from the common customs tariff. |
| 50 | Certificate confirming the special nature of the product. |

A definitive list of combinations of these digits is as follows. 1 - Normal tariff arrangement

| **Digit** | **Description** |
| --- | --- |
| 100 | Normal third country tariff duty (including ceilings) This code stands for all cases where no preference but the normal third country rate is applied. |
| 110 | Tariff suspension Temporary suspensions from the autonomous customs duties are granted for certain goods of the ***agricultural***, chemical, aeronautical and microelectronic sector. Others are shown as footnotes to certain Combined Nomenclature (CN) codes. |
| 115 | Tariff suspension subject to a specific end-use Certain suspensions are linked to a specific destination, a so-called end-use pursuant to Article 82 of the Common Customs Code. Commodities are identified by the symbol ‘S’ in the UK Trade Tariff and the footnote ‘subject to end-use’. |
| 118 | Tariff suspension subject to the production of a special certificate No case has been found at present, such a possibility could however be created for example for goods to be denatured before being imported under a suspension. |
| 119 | Tariff suspension subject to Airworthiness Certificates Suspension of duty (not including VAT) for importations of civil aircraft parts which must be accompanied by an airworthiness certificate. An AI Statement - 10100 must be entered in Box 44 and endorsed ‘Import with Airworthiness Certificate’. |
| 120 | Tariff quota, notably GATT quota GATT quotas are shown as footnotes to the CN. Examples can be found in Chapter 3 and for codes 0802, 0805 and 0806. |
| 123 | Tariff quota, notably GATT quota, subject to a specific end- use Examples of GATT quotas under the condition of an end-use can be found in footnotes to codes 0102 90 (a quota with a serial number) and 0302 31 to 39 (a global quota without a serial number). |
| 125 | Tariff quota, notably GATT quota, subject to the production of a special certificate GATT quotas exist for handicraft products and those produced on handlooms. The preferential quota is only applied on the production of the relevant certificate, which must be entered in Box 44 against the relevant document code as shown in UK Trade Tariff: document, certificate and authorisation codes for harmonised declarations. Other cases could be created, for example for goods to be denatured before being admitted to a quota. |
| 128 | Tariff quota following outward processing No case has been found where the re-importation of textiles in the framework of an economic outward processing quota is admitted. Such a possibility could however be created. |
| 140 | Exemption for end-use resulting from the CCT All cases of end-use are marked by one of the following footnotes to the relevant CN code: - ‘Entry under this subheading is subject to conditions laid down in the relevant EU provisions’ - ‘Entry under this subheading is subject to conditions laid down in relief on goods used for a prescribed use - ‘Subject to end-use control - see UK Trade Tariff: relief on goods used for a prescribed use’ |
| 150 | Admission to certain CN subheadings subject to a certificate confirming the special nature of the goods The relevant certificates are mentioned in Annex 9 of Council Regulation 2658/87/EEC. |

2 - Generalised System of Preferences ()

GSP

| **Digit** | **Description** |
| --- | --- |
| 200 | GSP rate without conditions or limits (including ceilings) Application of the GSP duty rate without conditions or limits (form A) |
| 210 | Tariff suspension under GSP It is unlikely that a temporary suspension of the autonomous tariff duties for GSP only will be created. |
| 215 | Tariff suspension subject to specific end-use under GSP It is unlikely that a temporary suspension of the autonomous tariff duties for GSP only and subject to a specific end-use will be created. |
| 218 | Tariff suspension subject to a certificate confirming the special nature of the goods It is unlikely that a tariff suspension for GSP only and subject to a certificate confirming the special nature of the goods will be created. |
| 220 | Tariff quota The GSP rate is only applicable within the limits of a tariff quota. In these cases, the serial number for the quota is shown beside the preferential rate in the printed version of the TARIC. |
| 223 | Tariff quota subject to a specific end-use The application of the quota may be granted under the condition of an end-use only. |
| 225 | Tariff quota subject to a certificate confirming the special nature of the goods In this case, the use of a tariff quota under GSP would depend on the issue of a certificate confirming the special nature of the goods. |
| 228 | Tariff quota following outward processing No case exists, for the time being, where the re-importation of textiles in the framework of an economic outward processing quota is admitted under GSP. |
| 240 | Exemption for end-use resulting from the CCT No case has been found where the exemption for end-use resulting from the CCT is restricted to GSP. Such a possibility could however be created. |
| 250 | Application of GSP rates subject to a certificate confirming the special nature of the goods Currently, this case is not applicable. |

3 - preferential agreements

| **Digit** | **Description** |
| --- | --- |
| 300 | Tariff preference without conditions or limits (including ceilings) Application of the relevant preferential rate without conditions or limits (Certificates EUR1, EUR-MED, or equivalent proofs of preferential origin). |
| 310 | Tariff suspension under preferential agreements A temporary suspension of the autonomous duty rates under preferential agreements. |
| 315 | Tariff suspension subject to a specific end-use under preferential agreements It is unlikely that a temporary suspension of the autonomous duty rates subject to a specific end-use under a preferential agreement will be created. |
| 318 | Tariff suspension subject to a certificate confirming the special nature of the goods No case has been found, however, such a possibility could be created. |
| 320 | Tariff quota The preferential rate is only applicable within the limits of a quota. In these cases the serial number of the quota is mentioned beside the preferential duty rate in the printed version of the TARIC. |
| 323 | Tariff quota subject to a specific end-use The application of the quota is granted only where a specific end- use is prescribed for the imported goods. |
| 325 | Tariff quota subject to a certificate confirming the special nature of the goods Claim to other tariff preferences within the limits of a preference quota subject to a certificate being presented confirming the special nature of the product for example Volume 2 Additional Information Section states that a Certificate of Designation of Origin and a EUR1 is required for claims to a preferential quota for Western Balkan wine. |
| 328 | Tariff quota following outward processing This code applies to re-importation of textiles after economic outward processing within the framework of preferential agreements. |
| 340 | Exemption for end-use resulting from the CCT It is unlikely that exemption for end-use resulting from the CCT will be restricted to certain preferential agreements. |
| 350 | Application of preferential duty rates subject to a certificate confirming the special nature of the goods The relevant certificates are mentioned in Articles 16 to 34 of the implementing provisions of the UCC customs code. |

4 - customs union agreements

| **Digit** | **Description** |
| --- | --- |
| 400 | Non imposition of customs duties under the provisions of Customs Union Agreements concluded by the EU with Turkey For certain products in headings 1704, 1803, 1804, 1805, 1806, 1901, 190211, 190219, 1903, 1904, 1905, 2101, 2102, 2103, 2104, 2105, 210610, 210620, 2202, 2205 and for all products in Chapters 25-97 (with the exception of Coal and Steel (see the list in Notice 812) and products in Tariff headings 3502, 4501 5301 and 5302) which are covered by forms ATR (see code 420 below for those ***agricultural*** products which are exceptionally covered by forms ATR for the purposes of annual tariff quotas); Andorra for all products in Chapters 25-97 ), and for San Marino for all products (with the exception of coal and steel) in Chapters 1- 97 of the UK Trade Tariff. |
| 420 | Tariff Quota Non imposition of duty within the limits of annual tariff quotas for certain products in headings 1704, 1806, 1901, 1902, 1904, 1905 and 2106 which are imported from Turkey under cover of forms ATR. |

Box 37 - procedure

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW, FSD and WRD | CPC (37) | CPC |

Enter the appropriate (7 digit) Customs Procedure Code (CPC) from the list in UK Trade Tariff: customs procedure codes, using the relevantCPCdescription to help you complete the declaration.

On paper declarations, enter the first 4 digits in the first sub division; and the last 3 digits in the second sub division. Notes

EachCPCis allocated a series number. OnlyCPCsin the same series are allowed on the same declaration. TheCPCseries codes can be found at the end of the numerical index in UK Trade Tariff: customs procedure codes. All the items on a declaration for warehousing must be subject to the sameCPCand destined for the same warehouse. Separate declarations are required for goods subject to different warehousingCPCsor destined for different warehouses. TheCPCnotes explain these restrictions in more detail.

Entry of aCPCin this box constitutes a formal declaration that the conditions of relevant regulations will be complied with and legally binds the declarant accordingly. Box 38 - net mass

On SFDs for controlled goods this box must be completed only if a full licencing declaration at the frontier is required.

|  |  |  |
| --- | --- | --- |
| Declaration types | Screen name | EDI data element |
| Full, SFD (in certain circumstances), SDI, SDW and WRD | Net Mass (38) | ITEM-NET-MASS |

Completion of this box is dependent on the definition in the Tariff (for exampleCPC, commodity code) or elsewhere (for example license).

Enter, up to 3 decimal places, the net mass in kilograms of the goods described in Box 31. The net mass is the weight of the goods themselves without any packaging. Box 39 - quota

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Quota (39) | QTA-NO |

When a reduced or nil rate of Customs Duty is claimed against a Tariff quota enter the relevant serial number listed in the UK Trade Tariff.

Quota relief may be claimed for goods entered for excise warehousing. However quota relief cannot be claimed for goods which are being entered for customs warehousing.

This box must not be completed at importation on declarations for goods which are to be removed to a warehouse for Customs Duty relief purposes. Box 40 - Declaration/previous document

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Decln/Prev doc (40) | PREV-DOC-CLASS, PREV-DOC-TYPE, PREV-DOC- REF. |

This box must always be completed to identify a previous declaration or previous document(s).

A previous declaration or document is identified by Class, Type and Reference.

On paper declarations the details are separated with a dash in the format <class > - < type > - < reference > - < (for example ‘Z-380-12345’). Class

The codes for the possible classes of document are:

| **Document class** | **Code** |
| --- | --- |
| Declaration | X |
| Initial declaration of goods under simplified procedures | Y |
| Previous document | Z |

Type

The table in UK Trade Tariff: document types, codes and associated classes for Box 40 identifies the document codes that may be input against each document class. Reference

A reference (for example identity number of the declaration or document) must be supplied except for CO andEUdeclarations (see Box 1) when the reference must be left blank if the declaration or document is not available to customs and security will be required in such circumstances. Example

‘Z-380-12345’ for a straightforward importation of goods would be Class ‘Z’, Type ‘380’ (for an invoice) followed by the invoice number. Notes

If removed from warehouse orIPRinsert the document identity (for example,CHIEFentry reference orDUCR/Part that entered the goods to that regime). If goods are being placed in a warehouse enter the details of the documents relating to any previous administrative procedure. For anSFD, enter class code ‘’Z’; followed by type of document and the reference number of the previous document; For an SDPSDI, enter class code ‘Y’ and enter ZZZ, and the date of entry (yyyymmdd), EPU number and the entry number of theSFD; For an LCPSDI, enter the class code ‘Y’, followed by either:

* code ZZZ and date entry (yyyymmdd), EPU number and the entry number of the SFD (for UK national CT simplification)

1. code 820 or 821as appropriate and the Movement Reference Number (for EU/Common Transit)

For an LCPSDW, enter the class code ‘Z’ and date of entry (yyyymmdd), EPU number and the entry number for either theSDIor the full import entry‘ Box 41 - supplementary units

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| Full, SFD, SDI, SDW and WRD | Supp Units (41) | ITEM-SUPP-UNITS. |

Where, in the UK Trade Tariff more than one unit of quantity is shown in column 4 against the commodity code for the item, enter the quantity in terms of the unit numbered ‘2’ in that column - up to 3 decimal places if needed. Box 42 - item price

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| Full, SFD, SDI, SDW and WRD | Item price (42) | ITEM-PRC-AC. |

On SFDs for controlled goods this box must be completed only if a full licensing declaration at the frontier is required.

When value build-up facilities are supplied, (by eitherDTItraders using the screen format or, for paper entries, use of the value build-up form C89), this box must also be completed.CHIEFwill calculate the customs value in conjunction with any information declared in Boxes 42, 45 on theSADand Boxes 61, 62, 63, 65, 66, 67 and 68 on the value build-up form.

Enter the invoice price for the goods described in the relevant Box 31 in the currency used in Box 22.

In deciding which of these amounts to enter, the following rules must be used:

The invoice price must be declared for each item where the goods are in free circulation. It must also be declared for each item where the goods are not in free circulation unless the rules for declaring the customs value (see below) apply.

Where Valuation Method 1 or 6 is being used for Customs Duty purposes the invoice price per item must be adjusted to include:

For Valuation Method 1:

* any deduction allowable from a purchase price which is not shown in another box must be made manually and the net amount entered in this box (evidence to support the deduction is to be attached)

1. any addition to be made to a post CIF invoice or selling price for example for royalty or license fees must be made manually and the gross amount entered in this box

For Valuation Method 6 all calculations other than:

* percentage adjustments advised by either Customs Valuation Advisory Section or the local office of Revenue and Customs (which must be shown in Box 45)

1. freight costs (which must be shown in Box 63), must be made manually and the adjusted amount entered in this box

When the invoice price/value being declared is duty inclusive, the total invoice amount per item must include Customs Duty (including any secured duty), definitive anti-dumping duty, definitive countervailing duty and retaliatory duty. Customs value

The customs value of goods is defined in Notice 252. It must be declared when:

* an EU Simplified Procedure Value (SPV) applies

1. the valuation method used to determine the customs value is Method 2, 3, 4(a) or 5
2. the customs value using Method 4(b) is used for security purposes
3. the declaration is an SFD for controlled goods on which a full licensing declaration at the frontier is required

When importers or agents use their own valuation methods the customs value must also be declared in this box. Notes

On multi-item declarations, the total of all the Boxes 42 must equal the amount shown in Box 22.CHIEFwill convert any amounts declared in foreign currencies to sterling, using the rate of exchange current at the time the declaration is accepted by customs. If the current rate is not being used (for example because a fixed rate has been stipulated in the contract for sale of the goods-see Box 22) the amount shown in this box must be in sterling. Box 43 - valuation method

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Valn meth (43) | VAL-MTHD-CODE |

If any of the goods on the declaration are subject to ad valorem Customs Duty and the total declaration value exceeds £6,500, this box must be completed for all items on the declaration to indicate the valuation method to be used to calculate the value for Customs Duty. ForSPV(code 7), Box 43 must always be completed irrespective of the value of the goods.

Where the value has been established using a standard import value (SIV) and declared underCPC40 00 E02 Box 43 must be left blank.

Enter the appropriate valuation method code in this field and declare the document (and relevant status code) in Box 44 which supports the valuation method. The following table should be used to find the correct Document Code, see UK Trade Tariff: document, certificate and authorisation codes for harmonised declarations for further information:

| **Code** | **Valuation Method** | **Associated Document Code (Box 44)** |
| --- | --- | --- |
| 1 | Valuation Method 1 - Transaction value | N934 (and, if appropriate, C602 for any continuation sheet) |
| 2 | Valuation Method 2 - Transaction value of identical goods | 9200 |
| 3 | Valuation Method 3 - Transaction value of similar goods | 9200 |
| 4 | Valuation Method 4 - The Deductive Method | 9200 |
| 5 | Valuation Method 5 - The Computed Value Method | 9200 |
| 6 | Valuation Method 6 - The ‘Fall-back’ Method | 9200 |
| 7 | Simplified Procedure Value (SPV). Where all of the items on the declaration relate to Simplified Procedure Values, no value build-up details (for example, freight charges, air transport costs, insurance adjustments) are to be entered in Boxes 61-68. | No document declared |

Note

Valuation Method 4 comprises of both:

* Method 4(a) - with adjustment code (Box 45) not ‘M’

1. Method 4(b) - with adjustment code (Box 45) ‘M’ See Box 45 for further information

For goods exceeding £6,500 in value which are not chargeable with ad valorem duty but are subject to a positive rate of VAT which is being paid or deferred at importation, and:

* the importation is made by an unregistered person

1. the importation is made by a registered person but the goods are not for the purposes of his/her business
2. input deduction is not allowable, for example because the goods are used motor cars
3. the value of the goods is not being determined under customs Valuation Method 1

In these circumstances, enter ‘Value for VAT purposes’. Box 44 - additional information/documents produced/certificates and authorisations

| **Declaration types** | **Screen name** |
| --- | --- |
| C21, Full, SFD, SDI, SDW, FSD and WRD | ADDITIONAL INFORMATION (44) |

Box 44 data is entered at ‘header’ level and/or ‘item’ level:

* header level data applies to the whole declaration

1. item level data applies only to the specific item

There are 2 types of header and item level Box 44 data - ‘Additional Information’ and ‘Documents’. The term ‘Documents’ includes certificates and authorisations.

All the AI codes are listed in additional information codes for harmonised declarations.

All the document codes are listed in document, certificate and authorisation codes for harmonised declarations.

Some AI and document details are entered in specific EDI data elements or screen fields. In this case the AI and document codes are shown on the screen as part of the backdrop. All other AI statements and document details are entered in the relevant generic structure.

The formatting of AI statements and documents on paper declarations is the same as described above.

LCO (Local Control Office Scheme Details (SAD,SDI,SDW,WRD).

Except for Simplified authorisations where the following dummy authorisation code must be used:

* Entry to IP - IP/9999/999/99

Field 1: LCO scheme ID

The customs procedure covered by the scheme are identified using the following codes:

* Inward Processing (IP) see Notice 221

Box 44 Header level data

Header level AI Statements

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | AI Statement, Code | HDR-AI-STMT-TXT, HDR-AI-STMT |

Important and often used AI codes have specific screen and EDI data element names as defined below.

The A1 Statement code must also be used on Paper declarations. Other header level AI Statements are entered in the generic structure.

CFSPLCP initial declarations

AI codes: See below.

a) For goods moving under the Local Clearance Procedure:

* where the consignee is not the transit principal enter the full name and address of the principal - if the declarant is the principal then state ‘Transit principal is Declarant, use AI code ‘TRPRN’

1. where the consignee is not the guarantor enter the full name and address of the guarantor along with the waiver, or the guarantee details, use AI code ‘GRNTR’
2. insert the intended Office of Destination, use AI code ‘SPOFF’ (see below)
3. enter the designated premises code or the name and address of the premises to which the goods are moving, use AI code ‘PREMS’ (see below)

b) For goods moving under Simplified Declaration Procedure:

* (SFD and full paperless entries) - enter any other information required to be declared for example for Type D warehousing enter relevant information under document code N934

Declaration currency

| **Declaration types** | **Screen name** | **EDI data elements** | **AI code** |
| --- | --- | --- | --- |
| C21, Full, SDI, SDW and WRD | Declaration Currency | DECLN-CRRN | DCURR |

This is only to be entered if the UK joins the euro otherwise don’t enter this information.

All declared currencies (and, where appropriate, the pound sterling (£) equivalent) will be shown on screens and reports. Registered consignee

| **Declaration types** | **Screen name** | **EDI data elements** | **AI code** |
| --- | --- | --- | --- |
| Full, WRD | Regd Consignee | RCNSGE-EORI number | RCONE |

The registered consignee procedure allows details to be recorded of a VAT registered consignee who is accountable for VAT at importation, but is not the actual importer of the goods as shown in Box 8, and VAT is being paid on the imported goods.

Enter theEORInumber (without any ‘GB’ prefix) of the VAT registered consignee. Do not complete this field with a non VATEORInumber. Government contractor

| **Declaration types** | **Screen name** | **EDI data elements** | **AI code** |
| --- | --- | --- | --- |
| Full, SDI, SDW and WRD | Gov Contractor | GCON-EORI number | GCONT |

This field need only be completed if goods are imported on behalf of a government department for use in business, and not the consignee shown in Box 8.

Enter theEORInumber (without any ‘GB’ prefix) of the government contractor. Do not complete this field with a non VATEORInumber or ‘PR’. Premises

| **Declaration types** | **Screen name** | **EDI data elements** | **AI code** |
| --- | --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Premise, Name, Street, City, PstCde, Ctry | PREM-NAME, PREM-STREET, PREM-CITY, PREM-POSTCODE, PREM-CNTRY | PREMS |

Insert the full name and address of the location of the goods in the following circumstances:

* when Box 49 (PREM-ID) does not identify a UK allocated warehouse or Free Zone

1. when otherwise directed by customs

Box 49 (PREM-ID) is not applicable to C21. Supervising office

| **Declaration types** | **Screen name** | **EDI data elements** | **AI code** |
| --- | --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Sup Off, Name, Street, City, PstCde, Ctry | SPOFF-NAME, SPOFF-STREET, SPOFF-CITY, SPOFF-POSTCODE, SPOFF-CNTRY | SPOFF |

If a premises (see above) name and address has been provided then the name and address of the customs office (or other named office, as directed by customs) responsible for supervising the goods at those premises should also be given. Header level documents

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Code, St, Document Reference, Part, Quantity, Reason | HDR-DOC-CODE, HDR-DOC-STATUS, HDR-DOC- REF, HDR-DOC-PART, HDR-DOC-QTY, HDR-DOC-REASON |

Document details are mostly set out on screens in a generic structure. For each document code a status code may be declared, followed by, either, a reason, or (as appropriate) a document reference, line and quantity.

UK Trade Tariff: document, certificate and authorisation codes for harmonised declarations identifies what details have to be supplied for each document code along with permitted status codes (for the full list in UK Trade Tariff: document status codes for harmonised declarations) and whether a reason has to be given.

Important and often used documents have specific screen and EDI data element names, as set out below. The document code must also be given on paper declarations.

For other documents enter the relevant document code.

For each document, a status code and a document reference will usually have to be provided. The status code identifies the availability and reason for not supplying a document or the action to be taken with the document. For some status codes a document reference does not have to be entered. Declaration unique consignment reference (DUCR) andDUCRpart suffix

| **Declaration types** | **Screen name** | **EDI data elements** | **Document code** |
| --- | --- | --- | --- |
| C21, Full, SFD, SDI, SDW, FSD and WRD | Decln UCR and part | DECLN-UCR, DECLN-PART-NO | 9DCR (no Status code required) |

ADUCRand the optional part must be unique, and must comply with the rules and format as detailed in paragraph 1.6

The declaration of aDUCRis mandatory for allCFSPdeclarations (SFD/SDI/SDW/FSD). The sameDUCRmust be supplied on both theSFDand linked supplementary declaration.

It is highly recommended thatCFSPauthorised traders generate their ownDUCR/Part for all declarations, as theDUCR/Part is the main reference to theCHIEFdeclaration and can incorporate commercial references so that there is a single reference for accessing related information in trade and customs computer systems. The declaration of aDUCR/Part also allowsCHIEFto detect duplicates and identify potential problems at an early stage. TheDUCRmust contain theEORInumber of theCFSPauthorised trader.

On supplementary declarations enter the relatedDUCR/Part (s) for the linkedSFD(s). If a supplementary declaration covers more than oneSFD, use theDUCR/Part of firstSFDas theDUCR/Part for the supplementary declaration. TheDUCR/Parts of each of the other SFDs are to be declared as separate ‘9DCS’ documents. Master unique consignment reference (MUCR)

| **Declaration types** | **Screen name** | **EDI data elements** | **Document code** |
| --- | --- | --- | --- |
| C21, Full, SFD and WRD. | Mastr UCR | MASTER-UCR | 9MCR (no Status code required) |

This field is mandatory for C21s but optional in all other cases. It must be completed at all locations where computerised inventory control operates. In other places if in doubt leave this field blank.

For imports the only master UCR format that is currently supported is the inventory consignment reference as follows.

GB/i..i-s..s Master UCR allocated or required by a Community System Provider (CSP) or consolidator’s inventory system where:

* i..i 3 or 4 character Inventory system identity allocated by customs to a CSP or a consolidator

1. s..s inventory consignment reference of at least 5 characters
2. ‘GB’, ‘/’and ‘-’ are literal values

CHIEFallows just the inventory consignment reference to be supplied in this element when the associated inventory system is defined for the submitting trader role.

The rules about what other characters are allowed in aMUCRare the same as for declaration unique consignment reference (DUCR), such as restricted to numbers, upper case letters and certain special characters viz. ‘0’ to ‘9’, ‘A’ to ‘Z’, ‘-‘, ‘(‘ and ‘)’. Box 44 - Item level data

Item level AI Statements

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW, FSD and WRD | AI Statement, Code | ITEM-AI-STMT-TXT, ITEM-AI-STMT |

Important and often used AI codes have specific screen and EDI data element names as defined below. The AI Statement code must also be given on paper declarations.

Other item level AI Statements are entered in the generic structure. Third quantity

| **Declaration types** | **Screen name** | **EDI data elements** | **AI code** |
| --- | --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Third Quantity | ITEM-THRD-QTY | THRDQ |

Only required for certain commodity codes for example if the Tariff requires a third quantity in ‘litres’, record the number of litres for that item of the declaration. If no third quantity is required this field should be omitted. Supervising office

| **Declaration types** | **Screen name** | **EDI data elements** | **AI code** |
| --- | --- | --- | --- |
| Full, SDI and WRD | Sup Off, Name, Street, City, PstCde, Ctry | I-SPOFF-NAME, I-SPOFF-STREET, I-SPOFF-CITY, I-SPOFF-POSTCODE, SPOFF-CNTRY | SPOFF |

To be completed if aCPCrequires details of the customs office responsible for supervising the goods or controlling the customs procedure.

If a central UK customs office is responsible for control of the procedure, then only give the office name, for example ‘NIRU’. In all other cases the full name and address (Street, City, Postcode and country code) of the relevant supervising office is to be provided.SFDfor non-controlled goods

AI code: NCGDS

The AI code NCGDS (see additional information codes for harmonised declarations) must be entered on anSFDfor non-controlled goods.CFSPfinal supplementary declarations (FSDs)

AI code: FINSD

AFSDis a single item supplementary declaration withCPC06 19 090 (for customs goods) or 06 49 090 (for excise goods).

In the AI Statement text enter the number of supplementary declarations (excluding FSDs) due for the reporting period and the number actually submitted, for example, if 48 were due but only 45 submitted, insert ‘45/48’. These figures should be separated into supplementary declaration types to differentiate between import and/or removal from warehouse declarations, for example, ‘SDI= 45/48,SDW= 20/20.’

BothSDIandSDWstatements must be included.

Where supplementary declarations were also submitted in respect of previous periods insert on the same line the relevant period and number transmitted, for example, if 4 (late) July 2005 supplementary declarations imports were transmitted insert: ‘7/05 =SDI4’ This declaration would readSDI= 45/48,SDW= 20/20 7/05 =SDI4.

If no supplementary declarations were submitted during the reporting period enterSDI= 0/0,SDW= 0/0. Item level documents

| **Declaration types** | **Screen name** | **EDI data elements** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | Code, St, Reason, Document Reference, Line, Quantity | ITEM-DOC-CODE, ITEM-DOC-STATUS, ITEM-DOC-REASON, ITEM-DOC-REF, ITEM-DOC-PART, ITEM-DOC-QTY |

For declarations made using theCFSPpreference documents are not required to be attached to the declaration but will be made available at the trader’s local office.

Document codes are mostly set out on screens in a generic structure. For each document code a status code, document reference, part, quantity and reason are entered as required.

UK Trade Tariff: document, certificate and authorisation codes for harmonised declarations identifies what details have to be supplied for each document code along with permitted status codes (see the full list in UK Trade Tariff: document status codes for harmonised declarations) and whether a reason has to be given.

Important and often used documents have specific screen and EDI data element names, as set out below. The document code must also be given on paper declarations.

For other documents enter the relevant document code.

For each document, a status code and a document reference will usually have to be provided. The status code identifies the availability and reason for not supplying a document or the action to be taken with the document. You don’t have to enter a document reference for some status codes. Status code

Except for some special purpose document codes (often with data entered in specific elements/fields) a status code will have to be provided. The status code identifies the availability and reason for not supplying a document or the action to be taken with the document.

A full list of status codes can be found in UK Trade Tariff: document status codes for harmonised declarations. Reference

Except for some document codes and status values (which are shown in UK Trade Tariff: document status codes for harmonised declarations) a reference is always entered.

Enter code ‘XX’ if the actual goods don’t need the document code or status value and they’re identified by a commodity code that:

* covers some goods subject to a documentary requirement - for example a licence

1. others that aren’t - known as ‘ex-heading goods’

Part/quantity

Enter the part and quantity as required for the particular document. For example, some licence cover many products each identified by a line number which is declared in the part field. Reason

Enter a reason if required by the status of the document.

Below are some details of how to declare some common types of documents. Others are detailed in the relevantCPCsin UK Trade Tariff: customs procedure codes. Customs schemes

Authorisation to use a customs special procedure.

Customs schemes are declared as the document reference for a document declaration using the document code identified in the table below for the scheme.

If 2 procedures apply (for exampleOPRandIPR) the details for both should be entered.

The supervising office name and address must be declared. Only the name ‘NIRU’ need be entered for a simplified authorisation.

The document reference has the format:

< customs scheme > / < supervising office > / < reference > / < ***year*** >

where: < customs scheme > enter the relevant procedure using one of the following codes:

|  | **Description** | **Document Code** |  |
| --- | --- | --- | --- |
| IP | IPR (Inward Processing Relief) | C601 |  |
| OP | OPR (Outward Processing Relief) | C019 |  |
| OT | OPT (Outward Processing Trade in textiles) | Y009 |  |
| EU | End Use Relief | N990 |  |
| TA | TA (Temporary Admission) relief | N990 |  |

< customs schemes > enter the 2 digit ***year*** of expiry of authorisation or ‘99’ for a simplified authorisation.

< supervising office > enter the 4-digit Customs Unit code for the supervising office or ‘9999’ for a simplified authorisation.

< reference > enter the 3-digit authorisation reference allocated by the supervising office or ‘999’ for a simplified authorisation;

< ***year*** > enter the 2-digit ***year*** of expiry of authorisation or ‘99’ for a simplified authorisation.

For example: ‘IP/0120/123/07’ for a full authorisation, ‘OP/9999/999/99’ for a simplified authorisation.

Where the import goods are subject to specific commercial policy measures or these measures are to be applied at the moment of ***transfer***, the words ‘Commercial Policy’ should be entered in the ‘Reason’ field of Box 44 after the Customs Scheme declaration. Licences

The types of licences that can be declared for imports are identified in the following tables along with the document code (see UK Trade Tariff: document, certificate and authorisation codes for harmonised declarations) that must be used to declare the licence. Department for Business, Enterprise and Regulatory Reform

|  | **Licence Type** | **Document Code** |
| --- | --- | --- |
| Firearms and nuclear materials: • Open Individual Import Licence • Specific Individual Import Licence | OIL SIL | 9100 |
| Chemical Weapons: pre-cursor chemicals: - Specific Individual Import Licence | SIL | 9101 |
| Potassium Chloride from Belarus - Open Individual Import Licence | AOG | D009 |
| Textile Import Licence | TEX | L079 |
| Chinese non-textile quota licence | CNQ | L076 |
| All Other Goods (iron and steel surveillance, Chinese non-textile surveillance, Vietnamese footwear) | AOG | 9005 I004 |
| All Import licences other than those specifically identified by other document codes | AOG | L079 |
| Relating to certain restrictions on steel products from the Russian Federation | AOG | L113 |
| Relating to certain restrictions on steel products from Kazakhstan | AOG | L114 |
| Relating to certain restrictions on steel products from the Ukraine | AOG | L119 |
| Standard Individual Transshipment Licence | SIT | 9102 |
| Other Licence, Permit or Certificate | OTH | 9005 |

The declaration that the goods are subject to the Open General Import Licence is not required except for sensitive goods as detailed under ‘Status Code’ and ‘Reason’ below (see also UK Trade Tariff: customs procedure codes, box 44, ‘Licence’ codes).

Where a licence waiver is being claimed please enter AC as status code and waiver claimed in Box 44. Rural ***Payments*** Agency (RPA) Common ***Agricultural*** Policy (CAP) import licences

AnRPARegistration Number should also be given against Box 44 Header AI code ‘RPTID’.

|  | **Type** | **Document Code** |
| --- | --- | --- |
| CAP import licences only | CPI | L001 |
| Licence of conformity of hemp in accordance with article 5 of Regulation No 1673/2000 (OJ L 193/16) | CPI | L106 |

Other government department licences and certificates

|  | **Type** | **Document Code** |
| --- | --- | --- |
| Detonation Resistance Test or HSE Certificate of Exemption | HSE | 9103 |
| Department of Health document | DOH | 9005 |
| Common Veterinary Entry Document A (CVEDA) | CVD | C640 |
| Common Veterinary Entry Document P (CVEDP) | CVD | N853 |
| CITES Label Permit Notification | ICP | C635 C638 C639 |
| Animal Health Certificate: • Pelts/Leghold traps • Rabies • Seals • Hares • Pathogens | AHC | L125 9116 9118 9119 9120 |
| Common Entry Document (CED) | CED | N852 |
| Plant Health Certificate (phytosanitary) | PHC | N851 |
| Forest Law Enforcement Governance and Trade certificate | FGT | C690 |
| Forestry Commission or SEERAD Quarantine Release Certificate | QRC | 9115 |
| Conformity Certificate (fruit and veg): • issued in UK • issued in another member state • issued in an approved third country | CON CEU CAT | N002 |
| Processing Certificate (fruit & veg) | CPR | C633 |
| Attestation Document (horticulture and potatoes): • Control • Equivalence | ATT | C001 C628 |
| Import Waste Permit | IWP | C650 |
| Ozone Depleting Substance Authorisation | IOD | L100 |
| Home Office individual import licence for controlled drugs (such as one importer, one consignment) | HCA | 9113 |
| Home Office open individual import licence for drugs precursor chemicals | HOI | 9111 |
| Home Office open individual import licence for controlled drugs (such as one importer, multiple consignments) | HCC | 9114 |
| Home Office individual import licence for drugs precursor chemicals | HOB | 9112 |
| Illegal, Unreported and Unregulated (IUU) Fishing Regulation Catch Certificate | IUU | C673 |
| Kimberley Diamond Process Certificate | KIM | L116 |
| Toothfish Catch Document | TFC | C641 |
| Other Licence, Permit or Certificate | OTH | 9005 |

A licence is declared as a document with the code given in the above tables for the particular licence type being declared.

A status code and a document reference must always be declared. The document reference is currently required when the status identifies that a particular licence should not be supplied (x-series status codes). This is to identify the licence type because the document code is not currently enough to identify other details that can be declared for a document depend on the status and the licence. Status code

Enter the appropriate status code for the type of licence from the table below (see UK Trade Tariff: document status codes for harmonised declarations for status code definitions). The status must be permitted for the licence type and the commodity.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Electronic | Paper (held by Trader): attached | Paper (held by Trader): not attached | Held by issuing authority |
| Part attribution, such as licence still valid and will be used in future. | EP | AP | UP | IP |
| Surrendered, such as licence still valid but will not be used in future. | ES | AS | US | IS |
| Exhausted, such as nil balance. | EE | AE | UE | IE |
| Already attributed on simplified declaration. | EA | JA | UA | IA |
| ‘Late’ declaration after licence removed from CHIEF. | EL |  |  |  |
| Below de minimus. | XB | XB | XB | XB |
| Waiver claimed. | XW | XW | XW | XW |
| Goods covered by the commodity code don’t require a licence (ex-heading). | XX 1 | XX 1 | XX 1 | XX 1 |

Document Reference

Enter the Document Reference. The Document Reference for a licence is formatted: <country code > < licence type > < licence identifier >.

Don’t enter any separator or space between the 3 parts. The licence identifier is not supplied when the status identifies that a particular licence is not being declared.

< country code > For all UK government department/agency issued licences/AFCs/ permits (including those which were originally issued in another member state but which were subsequently re-issued - including any ‘extracts’ - by a UK government department/agency) enter ‘GB’.

For licences issued in another member state enter the relevant country code, for example for France enter ‘FR’.

< licence type > as identified in the tables above.

< licence identifier > enter the licence identifier allocated by the issuing authority. If the licence does not have a reference enter the title of the licence. A licence identifier is not supplied when the status identifies that a particular licence is not being declared (such as, status code is in the x-series).

Part

Some licences cover many products with each defined as a line. The document part field is used to identify the line number when required. If omitted, it defaults to 1 and the attribution applies to the first (or only) line of the licence.

Quantity

For licences monitored by a quantity enter the quantity in the units specified for the licence (line), for example if the licence (line) is specified in kilograms enter a quantity in (or converted to) kilograms. Box 46 - statistical value

For licences monitored by value the value (converted into the relevant currency if necessary) declared in Box 46. Statistical value will be used to attribute the licence. Reason

A reason must be supplied for some status values.

For ex-heading ‘sensitive’ goods (for example those covered by DoTI licences for firearms and nuclear materials), the following must be declared in the ‘Reason’ field: ‘Covered by Open General Import Licence’.

For licences monitored by value the value (converted into the relevant currency if necessary) declared in Box 46. Statistical value will be used to attribute the licence. Examples

L001- [AE] GBCPI1234567 Q=123.456

L001- [UP] GBCPI ‘eaten by dog - replacement in the post’ Box 45 - adjustment

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW, WRD | Valn adjt(45) | VAL-ADJT-CODE, ITEM-VAL-ADJT |

Completion of this box is dependent on the definition in the Tariff (for exampleCPC, commodity code) or elsewhere (for example licence).

This box has 2 fields - invoice terms to indicate the terms of the invoice price declared in Box 42 and percentage adjustment to declared the percentage adjustment, where necessary, to be applied to the invoice price for the item so thatCHIEFcan calculate the value for the purposes of ad valorem Customs Duty and/or ad valoremCAPcharge. Invoice terms

Enter ‘M’ and don’t enter a percentage adjustment if:

* the value for Customs Duty and/or ad valorem CAP charge is not being calculated by CHIEF

1. valuation methods 2, 3, 4(b) or 5, applies

Otherwise enter the appropriate code from the following list:

|  | **Description** | **Valuation method** |
| --- | --- | --- |
| A | Pre CIF/DAT invoice price/value | 1 or 6 |
| B | CIF/DAT invoice price/value or SPV | 1 or 6 |
| C | Post CIF/DAT invoice price/value | 1 or 6 |
| D | CIF/DAT duty inclusive invoice price/value | 1 or 6 |
| E | Post CIF/DAT duty inclusive invoice price/ value | 1 or 6 |
| F | Pre CIF/DAT selling price | 1 |
| G | CIF/DAT selling price | 1 |
| H | Post CIF/DAT selling price/unit price | 1 or 4(a) |
| I | CIF/DAT duty inclusive selling price/unit price | 1 or 4(a) |
| J | Post CIF/DAT duty inclusive selling price/ unit price | 1 or 4(a) |
| K | CFR/CPT invoice price value | 1 or 6 |
| L | CFR/CPT duty inclusive price | 1 or 6 |

Notes

For this purpose ‘CIF’ means ‘CIF-EUfrontier’, which may not be the same as ‘CIF-UK’. CIF includes goods which are not insured. Percentage adjustment

In the second field enter any additional percentage adjustment notified to the importer by either Customs Valuation Advisory Section or the localHMRCoffice. For example:

* adjustment of 10% = 10

1. adjustment of 12.5% = 12.5

If there is no percentage adjustment, enter ‘0’. For duty inclusive values, codes D, E, I, and J, the percentage adjustment must be ‘0’.

Where a negative percentage adjustment notified to the importer byHMRCis used to calculate the value for duty purposes, a separate worksheet must be attached to the declaration and the relevant calculations included in the total invoice amount and item price, boxes 22 and 42 respectively.

For multi-item declarations, all codes on the declaration must be either pre CIF (codes A and F), CIF (codes B, D, G or I), C and F (codes K or L) or post CIF (codes C, E, H or J). Different terms of trade (Incoterms) cannot be mixed on the same declaration. Where code M is used, it must apply to all items. Notes on particular codes

If codes A or F are used Box 63 must be completed. Boxes 64-67 may also be completed. If codes K or L are used Box 66 (or Box 67) must be completed. If codes B, C, D, E, G, H, I or J are used Box 63 must be left blank. If codes C or E are used and an addition is required to arrive at the customs value, this must be calculated outsideCHIEFand the result shown in Boxes 22 and 42. If codes D, E, I or J are used then any Anti-Dumping Duty payable outright or on deposit pending the outcome of a claim to exemption (declared by entering codeADDin the rate column of Box 47) must be included in the totals declared in Boxes 22 and 42. If codes D, E, I or J are used then any provisional Anti-Dumping Duty must however be excluded from the totals declared in Boxes 22 and 42. Box 46 - statistical value

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Stat Value (46) | ITEM-STAT-VAL-DC |

Where required by theCPCenter the statistical value for the item, in terms of the declaration currency, currently pound sterling (£) (see Box 44 Declaration currency).

For goods subject to ad valorem duty, the value for Customs Duty (as determined in UK Trade Tariff: valuing goods) is to be taken as the statistical value.

For all other goods (such as, goods free from or exempted from duty, including those imported from other member states of theEU, and goods subject to a specific duty), the statistical value is to be determined in relation to the point at which the goods enter the UK. This means that the value must include freight, insurance, commission and all other costs, charges and expenses incidental to the sale and delivery of the goods to the port or place of importation into the UK. Any duty or tax chargeable in the UK is excluded.

When the goods are re-imported after process or repair abroad, the value to be declared must include the cost of the process or repair and the value of the goods when exported. Box 47 - calculation of taxes

| **Screen name** |
| --- |
| Calculation of taxes (47) |

CHIEFallows more than one method of ***payment*** for a tax type using separate lines, for example, to allow some of the revenue to be paid outright and any revenue in dispute to be secured.

A summary box is provided on all continuation sheets, but it is to be used only on the final continuation sheet on paper declarations to show the total of each duty or tax payable for all the items covered by the declaration and its continuation sheets.

Each tax line requires up to 5 fields (4 on a C21) to be completed. The 5 columns are as follows:

* type: codes which identify the kinds of duty or tax (Customs Duty, VAT, Excise) being declared - any manual calculations made in conjunction with these codes are to be attached to the declaration

1. tax base: the actual value or quantity on which the tax or duty is to be calculated
2. rate: information about the rate of tax or duty to be applied; codes (see below) which are asterisked don’t apply, but any Customs Duty rate and/or suspension rate code must be entered
3. amount: the actual or potential amount payable
4. MP: the method of ***payment*** (for example deferment, security by bond) being adopted

The rules for completing each column are explained below. Box 47a - type

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SDI, SDW and WRD | Type | TTY-CODE |

Tax Type codes are to be used to identify any taxes to which the goods are actually or, in respect of certainCPCs, potentially liable.

Enter in this column the appropriate code from the list at UK Trade Tariff: Box 47(a) tax type codes. Box 47b - tax base

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SDI, SDW and WRD | Base amount and Base Quantity | ITLN-BASE-AMT-DC, ITLN-BASE-QTY |

For excisable composites enter the quantity required to be shown against the appropriate tax type code (see UK Trade Tariff: Box 47(a) tax type codes).

CHIEFwill normally calculate the tax base from other entered data. The amount in the declaration currency, currently pounds sterling (see Box 44 Declaration currency), should only be entered in the following circumstances:

* when code ‘M’ has been entered in Box 45 (adjustment), enter the value in accordance with the definitions of value in UK Trade Tariff: volume 1

1. for cigarettes, when the code ‘VRP’ is being entered in the rate column, enter the total UK retail price of the cigarettes

For paper declarations, prefix a quantity with ‘Q’. Box 47c - tax rate identifier and override code

Box 47c consists of 2 fields, each consisting of 3 characters, as defined below. Box 47c - field 1: tax rate identifier

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Rate | TAX-RATE-ID |

The tax rate is entered in the first field of Box 47c as specified below for Customs Duty, Excise Duty and VAT tax lines. Otherwise the field is left blank.

1) Customs Duty Tax Line

For a Customs Duty line, enter the duty code and, when required, the suspension code. The duty rate code must occupy the first 2 spaces and the optional suspension rate code must be entered in the third space. If the Customs Duty rate code consists of a single character the second space must be left blank, for example ‘F B’.

a) Duty codes

| **Code** | **Description** |
| --- | --- |
| F | The goods are liable to duty at the full rate. This includes goods being entered for a Tariff quota relief to which none of the codes below apply |
| AT | A preferential rate of duty is being claimed under another preference agreement between the EU and Turkey on goods which are covered by Forms EUR1 or EUR-MED or by a preferential origin declaration on an invoice or other commercial document. |
| G | A preferential rate is being claimed under the GSP scheme |
| A | A preferential rate is being claimed under another EU preference agreement |
| U | Non imposition of customs duties under the provisions of Customs Union Agreements concluded by the EU for Andorra for all products in Chapters 25- 97 and for San Marino for all products (excluding coal and steel) in Chapters 1- 97 of the UK Trade Tariff. |
| UT | Non imposition of customs duties under the provisions of the Customs Union Agreement concluded by the EU and Turkey for most products (excluding coal and steel and products in Tariff headings 3502, 4501, 5301 and 5302) in Chapters 25-97 of the UK Trade Tariff and for certain products in headings 1704, 1803, 1804, 1805, 1806, 1901, 190211, 190219, 1903, 1904, 1905, 2101, 2102, 2103, 2104, 2105, 210610, 210620, 2202, 2205 which are covered by Forms ATR |

When a preference is claimed but is subject to a Tariff Quota (see the UK Trade Tariff), Box 39 must also be completed, unless the goods are also being entered for Customs warehousing in which case the kind of preference to be claimed on removal from warehouse must be stated in Box 44 Item Additional Information under code WHSRP.

b) Suspension codes

When a suspended rate of duty is claimed in accordance with the UK Trade Tariff one of the following codes must be used as a suffix to the Customs Duty rate codes.

| **Code** | **Description** |
| --- | --- |
| B | If a suspension rate exists for the commodity code for goods from the appropriate country |
| C | Goods intended for use in the construction of aeroplanes of an unladen weight exceeding 15,000kg |
| D | Goods intended for use in the maintenance or repair of aeroplanes of an unladen weight exceeding 15,000kg |
| H | Goods intended for use in the maintenance or repair of aeroplanes and helicopters of an unladen weight exceeding 2,000 kg but not exceeding 15,000kg |
| J | Goods for use in the construction in the Union of aeroplanes or helicopters or in the maintenance or repair of aeroplanes or helicopters constructed in the EU or for use in aeroplanes or helicopters imported duty free. |
| K | Goods subject to end-use other than those covered by C-J above |
| W | Goods subject to suspension with an airworthiness certificate |

2) Excise Duty Tax Line

This field is left blank for an Excise Duty tax line except for composite goods and suspension.

Excise Duty codes

| **Code** | **Description** |
| --- | --- |
| C | For composite goods subject to excise duty, code ‘C’ must appear at the beginning of this field on an Excise Duty type line. |
| EXL | A Customs Duty relief CPC is used and a suspension of Excise Duty on ‘tied’ hydrocarbon oils is also claimed. EXD must be entered as the tax rate override code and 0.00 entered in the amount column. |

3) VAT Tax Line

The VAT rate code is entered at the beginning of this field on a VAT tax line.

VAT Rate codes

| **Code** | **Description** |
| --- | --- |
| Z | The goods are zero rated |
| S | The goods are liable to VAT at the standard rate |
| L | The goods are liable to VAT at the lower rate |
| E | The goods are exempt from VAT |
| A | 5% lower rate for certain goods |

Box 47c - field 2: tax rate override code

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SDI, SDW and WRD | Ovr | TTY-OVR-CODE |

The following codes can be used to overrideCHIEFrevenue calculations. The trader calculated amount is entered in Box 47d.

Customs Duty override codes

| **Code** | **Description** |
| --- | --- |
| DTY | The amount of duty payable is being calculated by the trader (DTI only) |
| DTA | The adjusted amount of duty payable is being calculated by the trader |
| PDY | The potential amount of duty payable as calculated by the trader |

Anti-Dumping Duty override codes

| **Code** | **Description** |
| --- | --- |
| ADO | Anti-Dumping Duty is being calculated by the trader |
| ADD | The Anti-Dumping Duty is being calculated by the trader pending the outcome of claims to exemption or relief (for example by the subsequent production of documents, re- exportation) |
| ADX | Trader claiming outright or provisional exemption from the Anti-Dumping Duty |
| ADP | Provisional Anti-Dumping Duty is being secured by MCD or bankers guarantee |
| PDY | The potential amount of Anti-Dumping Duty is being calculated by the trader |

CAPoverride codes

| **Code** | **Description** |
| --- | --- |
| VCL | The total amount of Variable Charge (specific element of duty) due is being calculated by the trade |

Excise Duty override codes

| **Code** | **Description** |
| --- | --- |
| RED | Remission of Excise Duty on perfumed spirits claimed |
| REX | The amount of Excise Duty repayable is being calculated by the trader |
| EXD | The Excise Duty payable is being calculated by the trader |
| ITD | The amount of Tobacco Products Duty, which is other than current rate, is being calculated by the trader |
| MPR | An exemption is being claimed from Excise Duty on spirits contained in an imported article, which is recognised by the Commissioners as being used for medical preparations. |
| TPR | The goods are liable to Tobacco Products Duty but relief is being claimed |
| VRP | To declare the total UK retail price of cigarettes has been entered in the tax base column |
| REM | The goods are liable to Excise Duty but remission of spirits duty is being claimed |

VAT override codes

| **Code** | **Description** |
| --- | --- |
| VAT | To declare the amount of VAT calculated by the trader |
| VAX | To claim exemption from ***payment*** of VAT |

Box 47d - amount

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SDI, SDW and WRD | Amount | ITLN-DECL-TAX-DC |

This box must be left blank when the rate code indicates that no duty or tax is payable.

On paper declarations enter for each line of tax the amount of tax or duty payable, or potentially payable. The amount is to be rounded down to the nearest penny.

WhenDTIis usedCHIEFwill calculate the amount due and so the box can be left blank unless Box 45 or the rate column indicates that the calculation is being one outside the system.

Further information about these requirements is contained in Notice 780. Box 47e - method of ***payment***

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SDI, SDW and WRD | MOP | MOP-CODE |

This column must always be completed for each tax line when tax or duty is either payable or is being secured. For all other lines, it must be left blank.

ForSDIandSDWdeclarationsFASmethods of ***payment*** are not permitted.

The following codes can be used in conjunction with each other:

* A, F, N, Q and any security code S to Z

1. D, F, P, Q and any security code S to Z

Excise Duty on certain petrol substitutes cannot be deferred. In these instances a mixture of cash and deferment is allowable.

Enter one of the following codes:

| **Code** | **Description** |
| --- | --- |
| A | Immediate ***payment*** by cash or equivalent (paper declarations) |
| D | Immediate ***payment*** debited to FAS account (DTI) |
| F | Deferred ***payment*** |
| G | Postponed accounting for VAT approved |
| N | Security by individual cash deposit (MCD cash - paper declarations) |
| P | Security from agent’s FAS account (MCD cash - DTI) |
| Q | Security from deferment account (MCD-deferment) |
| S | Security by individual guarantee |
| T | Security from declarant’s guarantee account |
| U | Security from consignee’s guarantee account (standing authority). Note. Cannot be used if Consignee is declared at item level. |
| V | Security from consignee’s guarantee account (specific authority). Note. Cannot be used if Consignee is declared at item level. |
| W | Security by declarant’s general bond |
| X | Security by consignee’s general bond. Note. Cannot be used if Consignee is declared at item level. |
| Y | Security by ordinary bond |
| Z | Security by undertaking. Note. Prior HM Revenue and Customs (HMRC) authorisation is required to use this code. |
| Blank | No ***payment*** due for tax type |

* If a declaration is processed as a paperless declaration, any authority must be retained at the traders registered premises (for 4 ***years***) and may be subject to audit by customs.

1. When codes N or P are inserted, a deposit slip (form C&E955) must be attached to the declaration.
2. When code Q is used deposit slip (form C&E955D) must be attached.
3. Failure to attach forms C&E955 and C&E955D could result in a delay in any future repayment.

Evidence of VAT paid will normally be issued direct to consignees in the form of a monthly VAT certificate form C79.

A declarant acting on behalf of a consignee may not use the consignee’s guarantee account without being authorised to do so. This authority may be specific (relating to one consignment) and be presented with the declaration, or alternatively may be a standing authorisation, which covers all consignments. Box 48 -deferred ***payment***

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SDI, SDW and WRD | DAN 1 (48) and DAN 2 | FIR-DAN-PFX, FIR-DAN, SCND-DAN-PFX, SCND- DAN |

The ***payment*** of tax and duty (other than excise duty on certain petrol substitutes), may be deferred at importation by consignees and declarants approved by customs for this purpose. All the duty and tax may be deferred to either the consignee’s or the declarant’s account, or alternatively, the charges can be split between the 2 accounts. When ***payment*** is being deferred to both the consignee’s and the declarant’s accounts, both deferment approval numbers (DANs) must be entered in this box.

When 2 deferment numbers are present, VAT amounts will be processed against the deferment account forDAN2. All other amounts deferred will be processed against the deferment account forDAN1. There is no restriction to whichDAN(the consignee’s or the declarant’s) is used forDAN2 usage.

The deferment approval number(s) entered in this box, (which must belong to the consignee shown in Box 8 and/or the declarant shown in Box 14), must be preceded by a code to indicate which account is being used. Where a declarant is using a consignee’s deferment approval number the code indicates whether a specific or standing authority is held.

The codes are:

| **Code** | **Description** |
| --- | --- |
| A | Declarant’s account (or account belonging to the trader identified by ‘No’ in Box 14) |
| B | Consignee’s account-specific authority |
| C | Consignee’s account-standing authority |
| D | Consignee’s account (Consignee completing the declaration). Note. Cannot be used when 2 deferment numbers are entered. |

Notes

A declarant acting on behalf of a consignee may not use the consignee’s deferment approval number without first being authorised to do so. This authority may either be a ‘specific authority’ which relates to one particular consignment and must be presented to customs with the declaration, or alternatively, a consignee may give a standing authority which covers all consignments (see Notice 101 Deferring duty, VAT and other charges for full details and examples on giving authority to use deferment accounts). If the declaration is processed as a paperless declaration, this authority must be retained at the traders registered premises (for 4 ***years***) and may be subject to audit by customs. Declarants must not quote third party deferment accounts without first being authorised to do so. Consignee’s account (codes B, C, D) can only be used if the consignee is identified by a GBEORInumber at the header level. Box 49 - Warehouse

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SFD, SDI, SDW and WRD | Premise Id (49) | PREM-ID |

This box must not be completed unless aCPCfor warehousing or involving a Free Zone is entered in Box 37. In all other circumstances leave blank.

The warehouse must have been approved by one of theEUmember states.

Enter the Identity of the warehouse, which is in 3 parts - Type, Reference and Country code. Don’t enter any separator or space between the 3 parts.

1) Type

Enter, as appropriate one of the following codes:

| **Warehouse Class** | **Type** |
| --- | --- |
| Customs warehouses | A to E as appropriate, A to E (CCC authorisations) U or R (UCC authorisations) |
| Excise warehouses | Y |
| Free Zones | Z |

2) Reference

Enter the reference allocated to the approval by the authorising country. In the UK:

* customs warehouses have a 7 digit reference

1. excise warehouses have a 13 digit reference
2. the Free Zone is 0000006 - Isle of Man

3) Country code

Enter the country code for theEUcountry which issued the warehouse reference. For UK warehouses the code is ‘GB’.

An example of a Customs warehouse identity is ‘A1234567GB’. An example of an Excise warehouse identity is ‘YGB00001234567GB’, where:

Y = warehouse type (see table above);

GB00001234567 = 13 character excise warehouse reference; GB = country code.

If the warehouse identity is not a UK allocated code (prefixed by ‘GB’), the premises name and address must be supplied as an AI Statement (see Box 44). Box 54 - place and date, signature and name of the declarant/representative

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| C21, Full, SFD, SDI, SDW and WRD | None | None |

Where, as a result of declaration processing, it is determined that customs will accept a declaration without the need for the presentation of the paper copy, theCSPbadge/user identity will replace the hand-written signature as the authentication credential for that declaration.

TheCHIEFrole and location identified by theCSPbadge/user identity will determine the liability for all data transmitted in that declaration. In a paperless environment theCSPbadge will have the same legal status as the hand-written signature on the paper declaration.

Individual liability will rest with the signatory within the company for the use of that credential (such as theCSPbadge/user identity). If there is to be a change of person who will act as signatory, this must be notified immediately toHMRCin writing, whereupon its records will be updated.

Where the declarant is completing the declaration themselves under ‘self-representation’, they shall be liable for the content of all declarations so completed and submitted.

Where the declarant is acting as a ‘direct’ representative, in the name of and on behalf of another person, and is transmitting the declaration under the declarant’s ownCSPbadge/user identity, the declarant must hold (and be able to produce on request to customs) written authority of their powers to act. Failure to do so will result in liability resting with the representative.

Where an agent delegates the making of a declaration to a sub- agent, and the sub-agent makes the declaration in a ‘direct’ capacity, in the name of and on behalf of the first agent, but using the sub-agent’sCSPbadge/user identity as the authentication credential; the sub-agent must hold (and be able to produce on request to customs) written authority of their powers to act. Failure to produce written authority will result in liability resting with the sub-agent.

Where the declarant is acting as an ‘indirect’ representative in his/her own name, but on behalf of another person, both parties accept joint liability for all data transmitted under theCSPbadge/user identity. A declarant failing to state the level of representation on the electronic declaration will be deemed to be acting in his/her own name and on his/her own behalf.

Where an agent delegates the making of a declaration to a sub- agent, in an ‘indirect’ capacity on behalf of the first agent (but using the sub-agent’sCSPbadge/user identity as the authentication credential), then the sub-agent becomes the customs debtor. The original agent ceases to be a customs debtor because they neither make the declaration nor have responsibility for performing the acts and formalities laid down by customs rules.

The declaration must be signed according to the following rules. If the consignee is:

* an individual, by that individual or an employee who has been authorised in writing

1. a partnership, by one of the partners, or one of their employees authorised in writing by a partner
2. a company incorporated in the UK under the Companies Acts, by a director or the secretary, or an employee of the company authorised in writing by a director or the secretary
3. a corporation incorporated in the UK by statute, by a person authorised by law to sign for the corporation, or an employee of the corporation authorised in writing by such a person
4. a foreign firm or company, or a corporation incorporated abroad by statute, by a person authorised by the law of the country in which the firm or company, is established

Alternatively the declaration may be signed on behalf of the consignee by any firm, company or individual to whom the consignee has given the authority to act as a declarant for customs purposes. The manner of authorisation is a matter of arrangement between consignees and their declarant but, in giving authority to a declarant, the consignee will be assumed to have given authority to the clerks and servants authorised by the agent to carry out all of the consignee’s customs business. Customs may at any time require evidence that a declarant has been authorised by a consignee to sign declarations on the consignee’s behalf.

Under direct representation enter:

* the place at which the declaration was made and the date

1. the name of the declarant
2. ‘pp’ or ‘by’ the name of the agent
3. the handwritten signature/or approved electronic equivalent of the person completing the form
4. the full name of the person completing the form
5. the status of the person completing the form (for example director, clerk)

Under indirect representation enter:

* the place at which the declaration was made and the date

1. the name of the agent
2. the handwritten signature/or approved electronic equivalent of the person completing the form
3. the full name of the person completing the form
4. the status of the person completing the form (for example director, clerk)

In signing Box 54 a legal declaration is being made that the details shown on the form and any continuation sheets are true and complete and that the requirements of any national orEUlegislation have been met.

When aSADpartly completed in another member state is being used as the import declaration, the person signing Box 54 is committing themselves to the accuracy of all the information on the form, including that which was already completed when they received the document. 2.3 Value build-up

Value build-up is a facility which, in conjunction with the declaredSADdetails, allowsCHIEFto calculate the value for Customs Duty, when the invoice price is not ‘CIFEUfrontier’, and to arrive at the values for VAT, statistical and other purposes. The value build up facility applies to Full,SDI,SDWandWRDdeclarations.

Value build-up is only compulsory where the invoice price is not also the basis of value for Customs Duty purposes. Even at those locations its use is optional for goods where the invoice price is the basis of value for Customs Duty purposes.

Additionally, there is the option to use the facility at customs computerised locations to avoid the need to calculate values forDTItraders, and to have computer comparison of declared amounts for traders submitting paper declarations.

WhenDTIis used, the elements of the value build-up appear as fields on the screen format and print out on the entry acceptance advice. The results of the system’s calculations are printed out on the paper declaration (or have to be entered in the appropriate boxes if the declaration is not printed out by the system).

For paper declarations the information must be declared on a separate document (form C89), but the person making the declaration must also calculate the values themselves and enter them in the appropriate places on the declaration (Box 46 in Box 22 (Total amount invoiced) and Box 47) before presentation to customs.

At all customs computerised locations value build-up is not required when the value is calculated manually and the trader’s own worksheet is being attached to the declaration (Boxes 46 and 47).

The following directions must be followed when value build-up is used. Box 61 - airport of loading

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Airport of loading (61) | FARP-CODE |

This box must not be completed for goods which have been entered underSPV(see Box 43 notes).

When goods are imported by air into the UK, that part of the air transport costs covering the distance flown inside theEUis excluded from the value for duty.CHIEFcalculates the appropriate deduction, excludes it from the customs value for duty but includes it in the value for VAT.

This box is to be completed only when a deduction of air transport costs is being claimed for goods arriving by air in the UK direct from non-EUairports (see section 46 of Notice 252). This box must not be completed where the customs value has been shown in Box 22.

Enter the 3-alpha IATA airport code shown on the air waybill, unless the flight was from an airport in an overseas department of anEUcountry (for example Martinique). In these cases, enter code 999 in this box and the full amount of the air transport costs between the overseas department of theEUcountry and the UK in Box 62 (air transport costs). Where the goods were shipped from an airport not listed in section 46 of Notice 252, if the 3-Alpha IATA code for the airport is not one of those shown in Notice 252, the code of the nearest listed airport must be used. Where no separate airports are listed for a country of departure code AOA should be used. Box 62 - air transport costs

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Air transport costs (62) | ATRPT-COST-AC |

This box must not be completed for goods which have been entered underSPV(see Box 43 notes).

This box is only to be completed when Box 61 has been completed.

Enter those charges relating to the air transport of the goods which represent the freight charges only. Don’t include items like the handling charges or agency fees.

Charges must be expressed in the currency shown on the air waybill and this must be the same currency as is used for any charges shown in Box 63. Box 63 - AWB/freight charges

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | AWB/Freight charges (63) | FRGT-CHGE-CRRN, FRGT-CHGE-AC |

Where all items on the declaration are entered underSPV, this box should be left blank.

This box should not to be completed when freight charges have been included in the invoice amount (like boxes 22 and 42). In this case, the adjustment code (Box 45) indicates that:

* the invoice price is either CIF or post-CIF (codes B, C, D, E, G, H, I, or J)

1. a manual calculation of Customs Duty (code M) is being undertaken

If this box is completedCHIEFwill include the charges in its calculation of the customs and other values abated by any air transport deduction arising from the information declared in boxes 61 and 62.

Enter in the first subdivision the code from country and currency codes for the currency the charges are being declared in. This must be the same currency as was used to declare any air transport costs in Box 62.

Enter in the second subdivision the total amount of freight charges to no more than 2 decimal places. The charges may be entered in the currency shown on the commercial transport documents but the appropriate currency code from the list in country and currency codes must then be shown in the first subdivision of this box.

For goods imported by surface transport (land or sea) when the freight charge includes the cost of transport within theEU(which is not part of the value for Customs Duty), any deduction necessary to arrive at the dutiable element (meaning the costs incurred for transport outside theEU) must be made before the box is completed so only the dutiable element is declared. For VAT the non-dutiable element must be added back into Box 68. Box 64 - freight apportionment indicator

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Freight apport ind (64) | FRGT-APRT-CODE |

For multi-item declarationsCHIEFdivides any freight charges (boxes 62, 63 and 68) between the items in proportion to their value or gross weight according to the declarant’s choice.

If the charges are to be apportioned according to the value of the goods, this box must be left blank. If the charges are to be apportioned according to the weight of the goods, enter ‘1’ in this box. In addition enter the gross weight of each item in Box 35 (gross mass). Box 65 - discount

This box should not be completed for goods which have been entered underSPV(see Box 43 notes).

This box may be used to declare an allowable cash discount (See Notice 252 paragraph 3.16(d)) from the total invoice price shown in Box 22. It must not be used when:

* the customs value is declared in Box 22

When Box 45 indicates that:

* a selling price is being used as the basis of customs valuation (like codes F, G, H, I or J have been entered)

1. a manual calculation of customs value (code M) is being undertaken

CHIEFapplies the discount to the total invoice price declared in Box 22 to arrive at a net amount. For multi-item declarations it divides the discount between the items in proportion to the value of the items.

The discount may be declared either as an actual amount or as a percentage of the total invoice price in Box 22 - see below. Box 65(a) - discount amount

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Discount amount (65a) | INV-DAMT-CRRN, INV-DAMT-AC |

If the amount is being declared, enter in the first subdivision the code from country and currency codes for the currency in which the amount is being declared. In the second subdivision of box 65(a), enter the amount of the discount to no more than 2 decimal places. Box 65(b) - discount percentage

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Discount percent (65b) | INV-DPCT |

If the discount is expressed as a percentage enter this figure in Box 65(b), for example 2.5 if the rate is 2.5%. Box 66 - insurance

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Insurance amount (66) | INS-AMT-CRRN, INS-AMT-AC |

This box is used to declare the amount of insurance being paid to cover the transport of the goods, such as to cover the value of the goods plus the cost of their transport taking any other charges or deductions (as declared in Box 67) into account. It must be completed, if additional insurance has been arranged by the buyer, and that cost is not included in any other box.

If the box is completed,CHIEFwill include the insurance in its calculation of the value. For multi-item declarationsCHIEFwill divide the calculated insurance between the items in proportion to the value of the items.

Enter in the first subdivision the code from country and currency codes for the currency in which the insurance is being declared.

Enter in the second subdivision the amount of insurance being paid, to no more than 2 decimal places. Box 67 - other charges/deductions

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Other chrgs/dedctns (67) | OCD-CRRN, OCD-AC |

This box need not be completed:

* for goods which have been entered under SPV (see Box 43 notes)

1. when other charges/deductions have been taken into account when declaring the total invoice price (Box 22)

To arrive at the customs valueCHIEFadds the amount to the other elements of the value, except when the code declared in Box 45 indicates a post CIF price (like codes C, E, H or J have been entered in that box) in which case the amount will be deducted. Where an addition has to be made to a post CIF invoice or selling price it must not be declared here, but should be included in the amounts entered in Boxes 22 and 42.

For multi-item declarations,CHIEFdivides the charges/deductions entered in this box between the items in proportion to the value of the items.

If separate amounts are to be both added and deducted, this box should not to be used. The customs value must be separately calculated and declared in Box 42, the manual calculation being attached to the declaration.

Enter in the first subdivision the code from country and currency codes for the currency in which the amount is being entered.

Enter in the second subdivision any other charges or allowable deductions, to no more than 2 decimal places to be taken into account when calculating the value for customs or other purposes. Box 68 - adjustment for VAT value

| **Declaration types** | **Screen name** | **EDI data element** |
| --- | --- | --- |
| Full, SDI, SDW and WRD | Vat val adjt (68) | VAT-ADJT-CRRN, VAT-ADJT-AC |

CHIEFcalculates the value for VAT by adding any duties, levies or additional costs to be included in the VAT value, to the value declared in Box 22. This box must only be used when there are any additional costs, not included in the total invoice value (Box 22) which need to be added to arrive at the value for VAT, for example freight charges covering transport within theEU(see Notices 252 and Notice 702).

If the value for VAT is less thanCHIEFwould normally calculate for Customs Duty purposes, the amount of VAT payable must be calculated manually. The code ‘VAT’ is to be entered in the rate column of Box 47 followed by the calculated ***payment*** due in the amount column.

Enter in the first subdivision the code from country and currency codes for the currency in which the amount is being declared.

Enter in the second subdivision the amount of the additional charges to no more than 2 decimal places.

For multi-item declarations the adjustment for VAT value is apportioned as specified by the freight apportionment indicator (Box 64).’ 2.4 Presentation of import declarations toHMRC

Import declarations (but excluding certainCFSPand paperless Route 6 entries) must be presented to theNCH:

BT-NCHHM Revenue and Customs BX9 1GZ

Fax: 0800 496 0699

Email: [*Northregionepuoperations@hmrc.gsi.gov.uk*](mailto:Northregionepuoperations@hmrc.gsi.gov.uk) or [*NCHLAP@hmrc.gsi.gov.uk*](mailto:NCHLAP@hmrc.gsi.gov.uk)

Import declarations must be made directly following presentation of the goods toHMRC.

Import declarations can be pre-entered ontoCHIEFup to 30 days prior to the arrival of the vessel/goods. This period includes weekends and public holidays. For declarations entered byDTI, goods which have not arrived within 30 days are expected to be removed fromCHIEFby the importer or their agent until the necessary system changes have been made to allow theCHIEFauto delete facility to function in tandem with [air]port inventory systems.

The paper copy of the import declaration and any supporting papers for those entries which importers and/or their agents believe will be allocated a Route 1, 2 or 3 can be pre-lodged with theNCHup to 5 actual days prior to the arrival of the goods / vessel. This period includes weekends and public holidays.

Customs clearance is normally linked to the port or airport of importation but clearance facilities for goods transported in secure vehicles or containers are, with some exceptions, provided at specified inland clearance depots.

Goods must not be removed from the place of importation or clearance without customs authority. 2.5 Acceptance of import declarations

Legal acceptance of a declaration submitted in advance of the goods’ arrival will only occur:

* after the vehicle, vessel or aircraft has arrived at its intended place of discharge, or another place designated by customs

1. the arrival of the goods in the UK has been notified to customs
2. the declaration is valid and contains no apparent errors

Notice of arrival will generally be effected by the delivery to customs of a manifest showing details of all goods carried by the ship, aircraft or vehicle. In certain circumstances (see schedule below) an individual notice of arrival (form C27) must be submitted to customs if the free circulation or home use declaration is presented prior to the arrival of the goods. This requirement does not apply toDTIdeclarations, where an electronic notification is required from either the declarant or the inventory system operator.

However, acceptance of a declaration input toCHIEFby aDTIagent after arrival of the goods, shall (except for SDIs and SDWs) be the date and time that the computers’ acceptance responses are output on the VDU screen of theDTIagent. This date and time is printed on the entry acceptance advice and is recorded onCHIEF.

The rates and amounts of import duties, and other rules and provisions relating to goods released for free circulation or home use, are those in force at the time the declaration is legally accepted by customs.

Where the rate of exchange advised by customs for the expected date of acceptance of the declaration differs from that in force on the date of presentation, the rate of exchange which will be in force when the declaration is accepted must be used when calculating any duties and taxes.

The circumstances when form C27 must be provided with the declaration are:

Goods liable to duty or VAT

| **Class of good** | **Period during which form C27 is required** |
| --- | --- |
| Those affected by an announcement: - of a new or increased rate of duty - of an increase in the rate of VAT - that a temporary exemption from duty is not being renewed | From the time of the announcement until midnight on the day before the change takes effect, or for 6 clear days before the change, whichever is the shorter |
| Those affected by a seasonal increase in the rate of duty, or a seasonal change from an ad valorem to a specific rate of duty or vice versa (for example, certain fresh fruit)2 | 6 clear days before the day of increase or change. |
| Those wholly or partly liable to excise duties (except alcoholic liquor goods and tobacco products) and those on which VAT is to be paid at importation by exempt persons3 | 6 clear days before Budget Day and up to midnight on the Budget Day itself. |
| Goods liable to variable charges under EEC Regulation 3033/80 | 6 clear days before the day of a change in the rate of the fixed or variable charge. |
| Goods liable to ***agricultural*** charges covered by a CAP import licence. | 6 clear days before the end of the period of validity of the licence. |
| Goods eligible for relief under quota. | At all times. |

A form C27 must also be presented with a declaration for certain goods, subject to countervailing charges under theCAP, during the period indicated in the following table.

| **Combined Nomenclature** | **Product** | **Period during which form C27 is required** |
| --- | --- | --- |
| 07020010, 07020090 | Tomatoes | 1 April - 20 December |
| 07051110, 07051190 | Cabbage Lettuce | 1 November - 31 May |
| 07052900 | Endives | 15 November - 31 March |
| 07070011, 07070019 | Cucumbers | 11 February - 10 November |
| 07091000 | Artichokes | 1 November - 30 June |
| 07093000 | Aubergines | 1 April - 31 October |
| 07099070 | Courgettes | 21 April - 30 September |
| 08051011, 08051015, 08051019, 08051021, 08051025, 08051029, 08051031, 08051035, 08051039, 08051041, 08051045, 08051049 | Sweet oranges | 1 December - 31 May |
| 08052010 | Clementines | 1 November - End February |
| 08052030 | Satumas | 1 November - End February |
| 08052050, 08052070, 08052090 | Mandarins and other hybrids | 1 November - End February |
| 08053010 | Lemons | 1 June - 31 May |
| 08061011, 08061015, 08061019 | Table grapes | 21 July - 20 November |
| 08081091, 08081093, 08081097 | Apples | 1 July - 30 June |
| 08082031, 08082033, 08082035, 08082039 | Pears | 1 July - 30 April |
| 08091000 | Apricots | 1 June - 31 July |
| 08093000 | Peaches (including nectarines) | 11 June - 30 September |
| 08092010, 08092090 | Cherries | 21 May - 10 August |
| 08094011, 08094019 | Plums | 11 June - 30 September |

When the declaration covers more than one of the above classes the most restrictive period applicable operates. 2.6 Selection of imported goods for examination (including removal to private premises for this purpose)

All imported goods are liable to be examined by customs. If goods are selected for examination, the opening, unpacking and repacking must normally be done by employees of the dock company or an agent of the importer.

The examination of goods normally occurs at the place where they are being declared for importation. However, goods may be removed to private premises for examination subject to customs approval if, for example, they are dangerous or sensitive and need to be unpacked by people familiar with the risks involved. Customs retain the right to require goods to be examined at the place of importation.

Importers who wish to have any goods which are selected for examination removed to private premises for this purpose should consult customs before the goods are imported to prevent delay when the goods arrive. Notice 112A provides information about the charges which will be raised for the attendance of customs officers at private premises. It also gives directions as to how requests for such attendances are to be made. 2.7 ***Payment*** of customs duties and other charges

Customs duties and other charges that are due must be paid, deferred or secured before the goods are cleared by customs. The deferred ***payment*** of customs duties and other charges is subject to the provision of adequate security and to other conditions (see Notice 101: deferring duty, VAT and other charges). Notice 101 also contains details of the Simplified Import VAT Accounting (SIVA) scheme which allows approved businesses to reduce the security requirement for deferred import VAT.

Customs duties and other charges due for immediate ***payment*** are charged to aDTIauthorised trader through an account maintained inCHIEF. This accounting procedure is known as the Flexible Accounting System (FAS) and goods will not be cleared from customs control unless the credit balance in the account is enough to cover all the charges due.

When the precise amount of duty or other charges payable cannot be assessed at the time the declaration is presented, clearance can usually be allowed on ***payment*** of a deposit or provision of security to cover that element of duty considered to be in dispute. This may be equal to the full duty amount or the difference between 20 potential duty amounts. For non-VAT registered traders, the amount of VAT consequently in dispute must be secured. For VAT registered traders VAT is normally paid outright based on the value which includes the highest potential duty regardless of whether this is secured by cash or cashless security. These traders also have the option to secure the disputed element of VAT.

The following methods of securing revenue charges are available. Notes

All cash deposits will be by Miscellaneous Cash Deposit. Dependent on the reasons for securing of charges, adjustment of the entry will be carried out by either National Temporary Admission Seat (NTAS) or theNCH. In the majority of circumstances where there is a need for security,CHIEFis able to identify from other details on the entry, the Reason for Security Code (RFS) which the system will automatically generate after clearance. TheRFScode is an aid to the department for post clearance adjustment and will not appear on the declarantsCHIEFscreens or paper outputs. In some circumstances there will be a need to insert a manualRFScode in Box 44. A list of manualRFScodes is in paragraph 3.1.1 under the information to be declared in Box 44. A. Miscellaneous Cash Deposit (MCD)

MCDsare cash securities held in a suspense account by customs pending confirmation of correct charges/eligibility for refund. ***Payment*** of anMCDmay be deferred when it is payable at the time of passing the entry.

Form C&E955 or C&E955D, as appropriate, must accompany allMCDentries. B. Security by guarantee

As an alternative to cash securities, importers have the option of securing charges by the lodgement of a guarantee from an approved bank or financial institution. Such guarantees are available for one entry only, (individual guarantee) or for a number of entries (guarantee account).

i. Individual Guarantee

Blank forms are available fromNTASand the approved guarantee must accompany the entry.

ii. Guarantee account

Blank guarantee forms are available only fromNTASwho will also require details of authorised users.

Telephone: 03000 579 0554

The level of the guarantee is to be set to cover the maximum amount of security considered to be necessary. The guarantee level will be monitored byCHIEF. Processing of the entry will be suspended if the guarantee level is insufficient.

Adjustment ofMCDsand securities by guarantee

The following list shows the conditions under which goods cleared by securing the revenue in dispute will be controlled byNTAS:

* evidence of value at the time of presentation of the entry is incomplete or unsatisfactory

1. an instruction authorising acceptance of a provisional value is in force
2. the goods are of a kind allowed to be entered for ‘official test’
3. admission is claimed under intra-EU or preference arrangements but the evidence is incomplete or unsatisfactory
4. exemption is claimed from levy but the evidence is incomplete or unsatisfactory
5. exemption is claimed from Anti-Dumping Duty but the evidence is incomplete or unsatisfactory
6. a quota rate is claimed but evidence is incomplete or unsatisfactory or quota critical procedure has been introduced
7. tariff classification is in dispute (note that this applies to genuine disputes and entries are not acceptable with security if the importer, or their authorised agent, has simply failed to determine and declare the Tariff declaration)
8. specific directions have been issued by a customs headquarters branch allowing entry by security

C. Bonds and undertakings

(i) A bond is an instrument, under seal, by which the person entering into it bind themselves to pay to the Crown specified sums of money on breach of any of the terms mentioned.

Bonds should not be used for securing customs duties and similarEUimport duties. This will also include Anti-Dumping Duty and all customs duties on ***agricultural*** goods. Alternative methods of security need to be used.

Bonds are classified as follows:

* Ordinary bonds each covering a specific transaction.

1. General bonds covering a number of transactions of a similar kind, or relating to conditions which are likely to be observed for an indefinite period or during the continuance of a concession; or given by a parent company to cover transactions by that company and associated companies.
2. Premises bond covering both the premises and their contents.
3. Comprehensive bonds covering liabilities under both general and premises bonds.

(ii) An undertaking is an official document, signed by an importer, or an authorised agent, by which they undertake to pay duty and any other charges due on goods imported under duty relief provisions, if there is a breach of any of the conditions of the relief. Undertakings may also be made for the subsequent production of certain documents. 2.8 Diversion of imported goods including part and/or split consignments from one location to theNCH

If, after a declaration has been presented at and all or part of the consignment of goods are diverted solely on account of:

* unforeseen transport or labour difficulties

1. being short shipped
2. being on carried
3. being imported through a place of discharge and/or examination other than that entered

The goods may be cleared without the need for a new entry at the other location. This concession is subject to the following conditions:

* after the goods have been landed the application must be made to the NCH where the entry was originally presented

1. the application must be made on form C6, fully completed in duplicate, supported by a copy of the entry and the removal note (if already issued by customs)

During the period between the date of presentation of the entry and the date of importation of the goods there must have been no change in:

* the value for duty and/or VAT

1. the period rate of exchange except where invoiced in sterling
2. the rate of duty and/or VAT
3. other charges payable on importation or any relief or restriction affecting the goods

Where there have been changes a fresh entry is required.

Goods normally subject to Notice of Arrival (form C27) procedure, for example tariff quota andCAPgoods, are not included (these goods are not eligible for C6 diversion procedures). Minor diversion within the same port

Where a ship is diverted to another wharf in the same port, an application by letter to use and amend the original entry is normally acceptable. A letter of request would also apply to entries where the import vessel has been amended from the entered vessel. ‘No Goods’ Entries

As an alternative to the above procedure a consignee/declarant can request an entry to be made ‘NO GOODS’ at theNCH, supporting invoices will be returned if necessary, and a new entry submitted for the second location if this is more convenient. Note to container operators

Certain intentional transport arrangements known prior to importation are not covered by these special concessions. An example of such arrangements are mixed consignments of containers entered to one entry, the full loads (FCL) intended for clearance at the port of import and the part loads (LCL) intended for removal to anICDfor clearance. Requests for such arrangements will not be accepted. Goods diverted to an inventory linked location

When goods are diverted to an inventory linked location, a form C21 (usingCPC00 09 00) will be required. 2.9 Examination of the goods by the consignee or declarant before a declaration is made

When a consignee or their declarant is unable to complete a declaration because they don’t have enough information about the goods they may ask customs at the place of clearance for permission to examine or sample the goods under their supervision.

Whenever sampling is requested (and in some other cases) a written application will be required, signed by the person making the request and containing:

* the name and address of the applicant

1. the location of the goods
2. all other information necessary to identify the goods

2.10 Economic Operator Registration Identification ()

EORI

EORIwas introduced in theEUon 1 July 2009.

EORIreplaced the previous national system Trader Unique Reference Number (TURN). A UKEORInumber is prefixed with GB followed by a 9 digit VAT or Non VAT number suffixed by 3 digits normally 000. VAT Group registration numbers will have suffixes higher than 000.

ExampleEORInumber is: GB123456789000.

TheEORInumber will be required if you are submitting a customs declaration a C88. Applying for anEORInumber

To apply for anEORI, you must submit anEORIapplication form available at:

* registered for VAT (if you didn’t get one when registering for VAT online)

1. not VAT-registered and you’re exporting
2. not VAT-registered and you’re importing

For economic operator’s registering for VAT viaHMRConline services who have indicated the requirement for anEORInumber, there’s no need to submit anEORIapplication form.

If after 3 working days theEORInumber has not been sent to you, by an email, you should contact the Applications Team through theEORIteam.

Evidence of import VAT is in the form of a monthly VAT certificate, form C79, direct to importers at their VAT registered address. Individual declarations are listed on the certificate under theEORInumber.

Consignees must ensure that they pass details of theirEORInumber to their agent or courier acting on their behalf. TheEORInumber is used in the production of the VAT certificate C79. Use of incorrect or out of dateEORInumbers could lead to a VAT certificate not being issued.

Under the oldTURNsystem it was possible to identify imports/exports and revenue due against individual branches/divisions. UnderEUlegislation branches and divisions will not qualify for anEORInumber.HMRChas designed some solutions to assist economic operators to associate declarations to individual branches/divisions. These are optional. Option 1

HMRChave set up 2 additional information codes statements (UK Trade Tariff: additional information codes for harmonised declarations) at header level in Box 44 of theSAD(C88) declaration. The codes are:

* BR followed by a 3 digit numeric code for importers/exporters

1. AG followed by a 3 digit numeric code for agents/declarants

These codes allow identification of the branch importing, exporting or acting as declarants as appropriate for example BR001, AG008 when a customs declaration is made. It is likely the 3 digit numeric code could be the same as the oldTURNsuffix, however you are free to choose any number you wish. It is acceptable for both codes to appear on the same declaration if necessary.

There are 4EORIbranch code reports available to importers and exporters and agents/declarants as appropriate on a monthly basis. These reports are provided free of charge. They list all entries made where the BR or AG code has been entered in box 44 to assist reconciliation to be carried out, in particular C79s. If no code is entered in the box 44, the entry will not appear on the MSS report.

The 4 reports available will be:

* BR imports

1. BR exports
2. AG imports
3. AG exports

Information on the reports include entry number, date, EPU, agent’s reference and BR/AG code in box 44.

Import reports will be provided from the 4th working day of the month and export reports will normally be provided from the 19th of the month.

Apply for MSS reports at:

HM Revenue and Customs Trade Statistical Unit 3rd Floor Central Alexander House 21 Victoria Avenue Southend on Sea Essex SS99 1AA

Email: [*frontiersmssteam@hmrc.gsi.gov.uk*](mailto:frontiersmssteam@hmrc.gsi.gov.uk)

Get full details about theEORIbranch code reports including the registration form by reading about the Economic Operator Registration and Identification scheme. Option 2

This solution applies to importers only and involves including the branch identifier as part of the agent’s reference in box 7 of theSAD(C88) declaration for example TGR12867498/002 or 001— FWAYU561829. Box 7 of the declaration also appears on the C79. The C79 is a form detailing each month all your imports where VAT has been charged. Adding the agent’s identifier to box 7 may help with reconciliation of your imports against branch(es) and may be used in conjunction with or instead of the MSS report option.

Submitting traders/paying agents authorised before 1 April 2009.

If you are submitting trader/paying agent with more than one branch/TURNwho:

* also acts as an agent to submit declarations on behalf of others

1. submits declarations for your own business

The following will apply:

* you will need to acquire an EORI number for your parent company/head office if your details are required in Box 2, 8 or 14 of the customs declaration

1. however you may continue to use your existing badge/role (to submit declarations) as well as access existing FAS accounts

This concession will not apply to any new badges/roles which are set up onCHIEFafter 1st April 2009 which will only be set up against anEORInumber. Applying for anEORInumber

The Eori application form is available from theHMRCwebsite [*www.gov.uk/eori*](http://www.gov.uk/eori)

You can also phone theHMRChelpline on 0300 200 3700.

If you are not VAT registered you can apply for a non VATEORInumber. Once you become VAT registered it is in your own interest to apply for a VATEORInumber by completing another application form.

Only a UK VATEORInumber will generate a C79 VAT certificate which is required to reclaim import VAT paid.

A non VATEORInumber is required if:

* you wish to enter goods to a public (type A/R) customs warehouse and remove them from there to free circulation or to another customs procedure

1. you are the person removing goods to free circulation or to another customs procedure from a private (type A, D, E or U) customs warehouse

For private importations, GBPR should be entered in Box 8 of theSADwhen the ‘goods’ being entered are for Personal use.

There are certain goods that need special treatment.

Motor vehicles - for private importations, goods classified under UK Trade Tariff chapters 8703 and 8711 should be entered usingCPC40 00 074 (‘means of transport permanently imported by private persons on ***payment*** of Customs Duty and VAT’). For commercial imports where a VAT registration number is not in existence, a non VATEORInumber should be used.

Firearms - if you are importing firearms classified within the UK Trade Tariff chapter 93 that require a Department for Business, Innovation and Skills (BIS) licence you should not enter these goods to GB PR, even if they are for private use. BIS require the importer to be in possession of either a non VATEORInumber or anEORInumber prior to issuing an import license.

Racehorses - if privately owned and for non-business use, GBPR should be entered. If the horse is owned by a syndicate/other legal entity for business use then anEORInumber should be obtained.

Personal effects - for example personal possessions, holiday purchases, human remains - further guidance on relevant forms to be used in specific circumstances is found below.

GBPR has no value limit and therefore should be used for all non-commercial, non-business related entries regardless of value. 2.11 Plain paper declarations

Applications for approval to use plain paper declarations should be submitted at least 1 month before the facility is required, enclosing a plain paper declaration specimen and a removal note (if required) produced by the applicant’s terminal equipment for each of the plain paper versions ofDTIentries or declarations that the applicant intends to use.

Approval is subject to the following conditions:

|  |  |
| --- | --- |
| Type | Conditions |
| Paper | All versions must be produced on A4 paper or continuous stationery perforated at A4 length, with a minimum weight of 55 grams per square metre. A tolerance of 1/2 inch wider and/or longer than A4 is acceptable. The paper size and quality will be acceptable if produced within reasonable manufacturer’s tolerances. |
| Printing | All copies of the plain paper declaration must be clearly legible otherwise they may be rejected when lodged at the entry processing unit. Paper should be properly aligned to avoid a page of the declaration overlapping the perforations. Any pages of the declaration which do overlap the perforation will be rejected by customs. |
| Declaration format | The format must be in accordance with the appropriate official form. In particular the following features are required: - each line should contain 10 characters to the inch and there should be 6 lines to the inch vertically - the position and length of fields (including plain language fields) should conform - box numbers must be computer printed onto the plain paper and aligned as shown for easier identification - box numbers should be made easily distinguishable by printing the box numbers in a type-size half that of the coded data - this is possible for standard dot matrix printers capable of a variety of pre-set type sizes - if daisy wheel printers are used and variable type size is impossible, box numbers should be distinguished by bold (heavier) type, alternatively standard size box numbers may be printed but must then be underlined - if the space provided for any of the boxes is insufficient, information should be continued on separate worksheets and box(es) endorsed ‘see worksheet attached’ (as part of the software print ***program***) |
| Data | The: - plain paper declaration should be printed following entry input to, and acceptance by CHIEF - plain paper declaration as well as meeting requirements for plain language information, should also reproduce the data finally accepted by CHIEF taking into account any errors corrected following initial entry input - EPU code, entry number (including check digit) and date should be captures automatically from the CHIEF acceptance response and included in the plain paper declaration |

Customs changes to printed declaration forms will require corresponding changes to plain paper declaration formats. This will require changes to traders’ plain paper declaration software ***programs*** at their own expense for implementation on the required date. 3. Import Control System (ICS)

This section of the Tariff covers the operation of theICS. 3.1 Security and Safety legislation relating to imports into theEU

The implementation of Security and Safety legislation is laid down in Commission Regulation 952/2013 (commonly known as the UCC). The Data elements forICSare in Annex 30A of Commission Regulation 2454/93 until Community IT systems are updated. OnceEUIT systems are updated, unlikely to be before 2020, Annex B of Implementing Regulation 2015/2446/EU. 3.2 Import Control System (ICS)

ICSrequires the electronic submission of an Entry Declaration (ENS) providing pre-arrival information to the customs authorities for all goods brought into the customs territory of theEU.

The responsibility for ensuring that ENSs are submitted lies with the ‘carrier’. The carrier is defined as the ‘operator of the active means of transport on or in which the goods are brought into the customs territory of theEU(for example the vessel, aircraft, train or road vehicle)’.

TheICSguidance outlines the processes carriers will need to follow when bringing goods into theEUvia the UK. 3.3ICSmain principles

TheICSEntry Declaration (ENS):

* should be submitted (within the deadlines set by the legislation) to the ICS electronic system of the member state where the first [air]port of entry into the EU is situated (the ‘Office of First Entry’ (OoFE))

1. should include, in the specified format, the data elements of Annex 30A of Commission Regulation 2454/93 including should be submitted (within the deadlines set by the legislation) to the ICS electronic system of the Member State where the first [air]port of entry into the EU is situated (the ‘(OoFE)’)
2. should include, in the specified format, the data elements of Annex 30A of Commission Regulation 2454/93 including information to identify:

* the cargo

1. the traders involved in the movement
2. the vessel/aircraft
3. the envisaged route into and across the EU

It is the responsibility of the carrier to ensure that anENSis submitted for all goods on board the vessel/aircraft entering the Community even where they remain on board during the passage of the vessel/aircraft through theEU.

It should be noted in particular that anENSfor cargo arriving in deep sea containers must be submitted before loading of the goods on the vessel in the third country. Information may have to be provided many weeks in advance of actual arrival of the cargo. 3.4 Time limits for lodging entry declarations

The time limits laid down in Article 105 to 110 of Commission Regulation 2015/2446 for all modes of transport are as follows:

* containerised maritime cargo (except short sea containerised shipping) - at least 24 hours before commencement of loading of the vessel that brings the goods into the EU at the port of departure

1. bulk/break bulk maritime cargo (except short sea bulk/ break bulk shipping) - at least 4 hours before arrival at the first port in the EU
2. short sea shipping movements between:

* Greenland

1. Faroe Islands
2. Ceuta
3. Melilla
4. Norway
5. Iceland
6. ports on the Baltic Sea
7. ports on the North Sea
8. ports on the Black Sea or ports on the Mediterranean
9. all ports of Morocco
10. the EU (except French overseas departments, Azores, Madeira and Canary Islands to which other rules apply) at least 2 hours before arrival at the first port in the EU

Movements between a territory outside theEUand French overseas departments, Azores, Madeira and Canary Islands where the duration is less than 24 hours - at least 2 hours before arrival at the first port in theEU:

* short haul flights (less than 4 hours duration) - at least by the time of the actual take off of the aircraft

1. long haul flights (more than 4 hours duration) - at least 4 hours before arrival at the first airport in the EU
2. rail and inland waterways - at least 2 hours before arrival at the customs OoFE in the EU
3. road traffic - at least 1 hour before arrival at the customs OoFE in the EU

3.5 Movement Reference Number (

MRN

) - inclusion on

MRN

Import Declaration

TheMRNnumber is automatically generated by theICSSystem and allocated to eachENSafter successful validation, acceptance and registration. Importers or agents should include the information in Box 44 of theCHIEFimport declaration. 3.6ICSRisk Assessment

All information submitted toICSwill be assessed against a set of common (EU) risk criteria and any positive risks identified at the first [air]port of entry into theEUwill be passed on to subsequent [air]ports in other member states (Offices of Subsequent Entry (OoSE)).

Where positive risk results are detected, the UK Border Agency (UKBA) (as delivery partners forHMRCat the UK frontier) will assess whether to intervene. This may mean issuing a ‘Do Not Load’ message (for maritime deep sea cargo sector only), intercepting the goods on arrival in the UK, and/or forwarding the positive risk results to customs administration(s) in subsequent identified [air]port(s) in theEU. 3.7 TheICSarrival notification

Where the UK is either anOoFEor anOoSE, the lead carrier, should arrange for the electronic submission of anICS‘Arrival Notification’ to the UKICSsystem when the means of transport carrying the goods reaches the UK.

The existing process for [air]port/inventory arrivals by inventory systems for legal presentation andCHIEFentry purposes will not change, theICSArrival Notification is in addition to this. However, some inventory systems may include this additional functionality within existing processing - carriers should contact theirECSystems Provider for information on whether this functionality is available. At locations where Arrival Notification functionality is not being provided by the inventory system or where an inventory system is not in use, carriers must make provision for an electronic Arrival Notification (IE347) to be submitted to theICSsystem - in common with allICSfunctionality, no manual (paper) submission option is available. 3.8 TheICSDiversion Request

Where the active means of transport (vessel/aircraft/lorry) is to be diverted to an Office of First Entry in a member state which was not identified on the originalENS, the carrier must lodge a ‘Diversion Request’ to the initially declaredOoFE. This office then transmits information to the actualOoFEabout any consignments for which a positive risk was identified. If the declaredOoFEdid not find any risks, no information will be forwarded to the actualOoFE. The Diversion Request (IE323) must be submitted electronically. 3.9ICSoperation in member states other than the UK

Where cargo destined for the UK initially enters theEUvia another member state traders will need to consult anyICSguidance issued by the member state responsible for theOoFE. The UK guidance can only cover theICSprocess where the UK isOoFE. 3.10ICSinformation

Further information onICSin the UK, including the full guidance document can be found on theICSweb page. 3.11 UK Fallback Arrangements for theICSIf an Economic Operators system is unavailable

The UK will not acceptICSdeclarations by ‘other means’ for example by paper, data key or email. Economic Operators will need to make arrangements for the Entry Declaration (ENS) to be submitted by another Economic Operator on their behalf, or keep trying to submit anENSup to the point that the Arrival Notification is processed. The later theENSis sent in these circumstances the greater the possibility of encountering delays upon arrival.

A validENSdeclaration will be required to be submitted to allow Economic Operators to fulfil their legal obligations.

Not being able to declareENSdata from their own systems due to system failure will not automatically be accepted as a valid excuse for not declaring anENSto the UKICS. If aCSPsystem is unavailable

If aCSPsystem is unavailable, Economic Operators should operate under their individual CSPs fallback arrangements (usually by use of anotherCSPsystem) or submit their declaration via the Trader Front End (TFE).

If allCSPsystems are unavailable, Economic Operators will need to either use the publishedCSPfallback provisions or use an alternative electronic method (such as, another traders system where the trader links to the front end) to allow theENSto be declared. If the core UKICSsystem, includingTFE, is unavailable to both UK and Economic Operators

Economic Operators and CSPs should continue to send messages to UKICSuntilHMRCconfirm the non-availability of the coreICSsystem. These will be queued until the system is restored. When theICSsystem is restored, anENScan be sent for consignments en-route that have not yet had the Arrival Notification processed.

HMRCwill advise other member states when the UKICSis not available so other MS can be aware that some consignments, particularly involving short flights, may not have aMRNallocated. 4. Other import procedures

In addition to the procedures already detailed for declaring goods at import a number of special arrangements exist to facilitate trade in a variety of different circumstances. These facilities are summarised in this section. 4.1 Bulk consignments procedures

Bulking of consignments of documents eligible for admission underCPCs4000C31, 4000C34, 4000C35, 4000C36, 4900C31, 4900C34, 4900C35 and 4900C36.

Declaration of items under the aboveCPCsmust be made on an abbreviated form C88 using a validEORInumber, subject to the following conditions:

* prior approval by customs must be given

1. the single item declaration must be supported by a manifest identifying the individual items in the consignment with enough detail for control purposes, subject to the satisfaction of local customs
2. invoices for each item in the consignment must be held by the trader to support the manifest, except for un-invoiced documents of CPCs 4000C31, 4000C34, 4000C35, 4000C36, 4900C31, 4900C34, 4900C35 or 4900C36, when details of the names and addresses of the consignor and consignee must be held - these will occasionally be required to verification by local customs and must be produced on request
3. the consignee box 8 is to show a valid EORI number

Low Value Bulking Imports (LVBI)

CPC’s 40 00 003 and 49 00 003 for goods not exceeding £15 intrinsic value.

CPCs40 00 005, 49 00 005 for goods of an intrinsic value of between £15 and £135.

CPCs49 00 011 and 49 00 012 for goods not exceeding £135 dispatched from the Channel Islands Only.

Prior authorisation for use of theseCPCsmust be obtained from:

National Imports Relief Team (NRIT) HM Revenue and Customs Sapphire Plaza Watlington Street Reading Berkshire RG1 4TE

TheseCPCsmust not be used for goods:

* subject to a prohibition or restriction

1. intended for any customs regime or relief
2. subject to Excise Duty

Goods must not be intended for Onward Supply relief (OSR) or the CSDR samples relief proper toCPC40 00 C30.

Consignments of bulked goods must be dispatched from either a third country (40 00 003 and 40 00 005) from a special territory (49 00 003 and 49 00 005) or from the Channel Islands (49 00 011 and 49 00 012) direct to a consignee in theEU. The goods must be entered to free circulation at the port/airport prior to onward dispatch to consignee in another member state.

Where goods are from multiple consignors or intended for multiple consignees boxes 2 and 8 must be completed as follows: Box 2

Multiple consignors must be entered as AI code 00200 in each of the name, street, city and postcode fields. TheEORIfield can be left blank for multiple consignors. Box 8

Multiple Consignees must be entered as AI code 00200 in each of the name, street, city and postcode fields and enter theEORInumber of the deferment account you are authorised to use. Box 14

Enter Name, Address andEORInumber ofLVBIapproved entity. Where theEORInumber is the same as Box 8, leave all fields blank. The declarant’s/agent’s details must be entered in Box 44 as a GEN 46 statement along with the appropriate representation code. Enter AI statement BULKD and enterLVBIapproval number in text box at item level. 4.2 Multiple consignors forLVBIprocedures

If there is more than one consignor and you are inputting the entry direct toCHIEF, additional information code 00200 (see additional information codes for harmonised declarations) can be entered in the address fields. The country code field (for Box 2) should contain the code for the country from which the goods have been exported. For the name field ‘00200 - see list attached’ should be entered. These details will need to be entered at header level. 4.3 Customs Freight Simplified Procedures (CFSP)

CFSPoffers a 2 part declaration procedure. The initial declaration will have a reduced number of boxes to complete in comparison to a full declaration. The second part of the declaration is where the duty and import VAT due is calculated and declared toHMRC. Get authorisation to useCFSPby completing a C&E48 form.

Full details ofCFSPdeclarations and how to apply is in Notices 760. 4.4 Goods imported by post

Consignments of goods imported by letter or parcel post must comply with internationally agreed arrangements which are embodied in UK postal and customs regulations. One essential requirement is that postal packages must be accompanied by a properly completed customs declaration, either on form CN22 or CN23 (a ‘green label’) as appropriate, which describes in full the nature, quantity and value of the goods contained in the package.

Most imported postal packages are cleared by customs under this arrangement, but a full import declaration, on aSAD, must be presented for high value consignments and for goods which are eligible for certain duty or tax reliefs or when further information about the goods is required.

Full information about the customs procedures for postal imports are contained in the Post Office guide, copies of which are available for reference at most main post offices. 4.5 Imports of personal and household effects

Standard import declarations are replaced by declarations on form C3 for all personal and household effects imported as freight.

A written declaration is not normally required when these goods are imported in accompanied baggage. 4.6 Imports of privately owned motor vehicles or pleasure craft

Standard import declarations are not required for privately owned motor vehicles or pleasure craft accompanied at import by the owner if they are for their personal use. Full details about the special declarations required in these circumstances are contained in Notice 8 and Notice 3.

Commercially imported motor vehicles and pleasure craft are subject to normal declaration requirements. 4.7 Goods imported in a passenger’s baggage

Commercial importations in a passenger’s accompanied baggage must be declared to customs in the normal way. Procedures relating to merchandise in baggage are described in Notice 6.

A formal written declaration on form C88 is not usually required if the goods:

* have a value of less than £800

1. are covered by an ATA Carnet
2. are re-imported samples covered by the simplified procedures as described in Notice 236

4.8 ATA Carnets

An ATA carnet is an international customs document that can be used in place of normal customs documents to temporarily export certain goods for use outside theEU. It can also be used to temporarily import non-EUgoods for use in the UK/EU.

Full information about the use of ATA carnets can be obtained from Chambers of Commerce or can be found in Notice 104. 4.9 Customs Clearance Request (CCR) form C21 Introduction

The customs clearance request (form C21) is only for use at locations with computerised inventory links. The clearance request is required in order to clear inventory records and contains the minimum of information necessary to identify the goods and declare any revenue due. Conditions of use

The C21 is used for inventory clearance purposes when a declaration is not required forCHIEF. TheCPCswhich relate to these situations are:

* 00 00 010

1. 00 00 020
2. 00 00 011
3. 00 00 040
4. 00 00 041
5. 00 00 042
6. 00 02 090
7. 00 08 020
8. 00 09 090

Full details of the customs procedures which relate to theseCPCsare contained in customs procedure codes. Plain paper option

DTItraders may opt to present computer produced plain paper versions of the clearance request. The conditions of use are the same as for the plain paperSAD.

Plain paper forms must be fully completed in the same way as the printed form. VAT

Evidence of VAT paid will normally be issued direct to consignees in the form of a monthly form C79 VAT certificate. To avoid incorrect claims and delays in VAT recovery, it is essential that declarants/consigneesEORInumber details are shown correctly. See Box 8 and Box 14. Documents to be presented with the C21

Items such as commercial invoices, airway bills and packing lists.

If appropriate, form C1207S where charges are to be deferred under specific authority from the importer.

E2 output-acceptance advice, and if appropriate

E1 output-examination advice.

Preference forms, orEUtransit/status forms where appropriate.

Any other documents required underCPCinstructions. Examination, Amendment and Clearance Procedures

All of these will follow the same principles that apply to theSAD. Completion of the form

The rules for completion of the form are set out in completion of import declarations. 5. Imports to certain regimes 5.1 Customs Warehousing General

This is anEUcustoms procedure under which non-EUgoods may be stored without ***payment*** of the Customs Duty and import VAT due.

Type R is a public warehouse authorised for use by warehouse keepers whose main business is the storage of goods deposited by other traders.

Type U is a private warehouse authorised for use by individual traders for the storage of goods. Although the warehouse keeper has to be the same person as the depositor, meaning the person bound by the declaration placing the goods under the warehousing procedure, it is not necessary that they also have to own the goods. Entry to customs warehousing procedure

Goods imported for customs warehousing must be declared to customs in the normal way using theSAD. However, goods can be entered to customs warehousing by the simplified declaration procedure and Entry in the Declarant’s Records (EIDR) by authorisedCFSPtraders. Removal from customs warehousing procedure

a) Removals from customs warehousing for export to non-EUcountries must be declared on a form C88. Read about UK Trade Tariff: community and common transit outwards.

b) For removals from customs warehousing to free circulation and other suspensive procedures, declarations can be made on a form C88 for each individual removal or by usingEIDR.

Information on valuation for removals from customs warehouse is contained in Notice 252 for Customs Duty and Notice 702 VAT: Imports and warehoused goods for import VAT. Further information

You can get more information about customs warehousing, including simplified procedures for removals in Notice 3001 or from the Imports and exports: general enquiries helpline. 5.2 Excise Warehousing

Goods liable to Excise Duty and VAT may also be imported for warehousing. Excise warehousing takes place at premises specifically approved for this purpose and, unless the premises are also authorised as a customs warehouse, the goods must be in free circulation before they can enter the warehouse. Goods imported from non-EUcountries must be declared in the normal way using aSADbefore entering an excise warehouse. Goods acquired from other member states of theEUshould be covered by an Administrative Accompanying Document (AAD).

Goods imported for excise warehousing are not subject to any requirement that they should be re-exported.

When goods are subject to both customs and excise warehousing the procedure for putting them into free circulation (normally a declaration on form C88 is separate from the arrangements for entry into home use (which requires ***payment*** of the excise duties and VAT) even though the 2 events may be simultaneous.

Similar rules apply to tobacco products imported into registered or entered excise premises except that the products cannot be simultaneously declared for customs warehousing.

More information about the procedures for importation into excise warehouses or into registered or entered excise premises can be found in:

* Excise Notice 179: motor and heating fuels - general information and accounting for excise duty and VAT

1. Excise Notice 197: receipt into and removal from an excise warehouse of excise goods
2. Excise Notice 476: Tobacco Products Duty

5.3 Temporary Admissions (TA) Goods to be re-exported without alteration

Relief from customs charges is available for goods which are imported for temporary use in the UK in a wide range of circumstances. The ‘total’ duty reliefs extend to import VAT for goods temporarily imported into the UK. For most goods security will be required for the full amount of duties and import VAT potentially due.

To claim relief an authorisation is required. Application can be made at the time of entry for an authorisation by declaration using the appropriateCPCin the ‘53’ series on a full customs import declaration, this constitutes an application for relief under TA and a formal declaration, that the conditions for the relief claimed are met and will be observed. Prior written application for full authorisation can also be made using form SP5.

If relief has been granted but the goods are subsequently released to home use instead of being re-exported, a diversion entry declaration must be made and any charges paid.

Details of the goods and uses for which relief may be available, the qualifying conditions and the variousCPCsare in Notice 3001. TheCPCsin the ‘53’ series are listed in the Imports: summary of temporary admission relief customs procedure codes guide in the UK Trade Tariff: customs procedure codes section of the Trade Tariff. Goods to be re-exported after processing

Goods may be imported for processing (for example, for use in manufacture in the UK) with relief from customs duties or ***agricultural*** levies and eventually re-exported to a non-EUcountry. The procedure (which is governed by Council regulation 950/2013) is known as Inward Processing (IP).

IP duty suspension means duty or levy is not paid at the time of import on goods incorporated in products re-exported but is payable if goods are placed to the home market in the UK. Deferment may be used as a method of ***payment***.

Importers usingIPRmust be authorised.

Further information about these reliefs can be found in Notice 3001. 5.4 Re-importations

Goods may be reimported into the UK, after processing outside theEU, with total or partial relief from duty if they were originally exported under Outward Processing Relief (OPR) arrangements, and the conditions of that procedure have been met. The rules governingOPRare contained in EEC Council Regulation 950/2013.

For the simplified procedure, official evidence of the original exportation, obtained from customs at the time of export, must be presented with the import declaration. The relief is also available for goods which were originally exported from another member state if documentary evidence issued by customs in that member state is presented with the import declaration.

The relief is confined to that proportion of the imported goods which was originally exported.

More information aboutOPRcan be found in Notice 3001.

For reimported goods which have not been processed outside theEU, Returned Goods Relief (RGR) exists.

Under this procedure, goods exported from theEUmay be wholly or partially relieved from import duty (which includes anti-dumping duties and ***agricultural*** levies) when they are returned providing this occurs within 3 ***years*** of their exportation.

VAT relief is available to registered and unregistered traders reimporting goods in the same state in which they were last exported, subject to the conditions of Notice 702, paragraph 5.4 There are also special arrangements for reimported works of art. More details about these arrangements can be found in Notice 718.

Full details of the conditions for claimingRGRcan be found in Notice 236. 6. Special requirements for certain goods

There are a number of situations when additional information to that required for the generality of imports has to be entered on the import declaration. Some of these requirements arise relatively rarely and are described in Notices or other special instructions. In some cases their application is fairly common and these are summarised in this part, which should be read in conjunction with the notes on completion of Box 44, the additional information codes in quantity codes and customs procedure codes. 6.1 Common ***Agricultural*** Policy (CAP) goods

***Agricultural*** goods imported from non-EUcountries may be liable to Customs Duty and under theCAPto:

* countervailing charges

1. variable charges (specific element of duty)
2. safeguard charges

They may also be subject toCAPlicensing requirements.

A list of goods subject to theCAPis contained in Notice 780.CHIEFworks out all but the most complexCAPcharges at the rate applicable at the time of acceptance of the entry.

IfCHIEFis unable to calculate the charges, code VCL as appropriate and the amount(s) payable must be entered in Box 47.

Further details of the special provisions that apply to imports ofCAPgoods, including the application ofCAPlicensing are in import prohibitions and restrictions and in a series of leaflets and notices published by the Rural ***Payments*** Agency. 6.2 Hydrocarbon oil goods

When hydrocarbon oil (including chargeable road fuel additives or substitutes liable to Excise Duty) is imported the description of the hydrocarbon oil in Box 31 of the import declaration must be enough to show whether or not it is liable at a reduced or rebated rate of Excise Duty. For additional information on excise classification, reduced and rebated rates of Excise Duty, and chargeable road fuel additives or substitutes, see UK Trade Tariff: excise duties, reliefs, drawbacks and allowances.

If rebate is claimed on imported hydrocarbon oil, or on the chargeable road fuel additives or substitutes the import declaration at manual locations must include in Box 47:

* the appropriate ‘rebated rate’ Tax Type code

1. the effective (such as rebated) Excise Duty rate
2. the actual net charge

If the effective rate is NIL this must be shown, and the amount column of Box 47 left blank.

If a conditionally reduced or rebated rate of hydrocarbon oil Excise Duty is being claimed (for example, for unmarked oil imported under a marking waiver), or if hydrocarbon oil goods are being conditionally relieved of Excise Duty (such as ‘tied’ oil), an appropriate coded statement of compliance with the relevant conditions, with any additional plain language information required, must be shown in Box 44 of the import declaration (see UK Trade Tariff: quantity codes).

An additional copy of the declaration (copy 6 of theSAD), must be provided for tied oil importations. The extra copy must be marked ‘TIED OIL’ in red at the top of the form. Information about tied oil imports is given in Notice No.184A.

The quantity in standard litres (See UK Trade Tariff: excise duties, reliefs, drawbacks and allowances or Notice 179) must be shown in Box 41 (Supplementary Units). 6.3 Animals, plants and fur skins

When animals (other than common, domestic or farm animals), reptiles, birds, plants, fur skins and articles containing fur skin and plumage are imported and these are not covered by a permit or certificate issued under theEUCITES Regulations, the import declaration must include a coded statement in Box 44 (see quantity codes) indicating the species being imported or from which the imported goods are derived and stating that they are not subject to restriction under that Act, or those regulations, if that is the case.

Box 44 should also be used to state the presence of:

* ivory or tortoise-shell incorporated in goods which are not classified in commodity codes 050710, 050790, 960110 or 960190

6.4 Containers and pallets

When containers or pallets are imported with other goods a coded statement must be entered in Box 44. A full list of these codes (additional information codes) can be found in quantity codes. For temporarily imported containers or pallets see Notice 3001. 6.5 Supplementary statistical requirements

Supplementary statistics are compiled about chemicals of a value exceeding £1,000 and falling within Chapters 28 and 29 of the UK Trade Tariff. For this purpose the precise chemical name and the 5-digit reference Chemical Abstracts Service (CAS) number shown in theEUCommission’s publication ‘European Customs Inventory of Chemicals’ must be declared in the Packages and Description of Goods box (Box 31) on the entry, or, if the chemical is not listed, the precise name in accordance with British Standard 2474/1983 and the words ‘not listed’ must be declared in the Packages and Descriptions of Goods area (Box 31) on theSAD. 6.6 Beer

The Excise Duty on beer imported is assessed on the percentage of alcohol by volume.

The total net weight should be shown in box 38 and the number of litres of beer in Box 41.

The percentage of alcohol by volume is to be declared in the additional information Box 44 using code ‘3Q=’ followed by the percentage figure. 7. Documents to accompany declarations

The rules regarding documents in support ofCFSPdeclarations are set out in Notice 760. Where declarations are processed as paperless declarations all accompanying documentation specified within this section should be retained for customs audit purposes at the company’s registered premises. 7.1 Notice of arrival

When declarations are submitted before the ship, aircraft or vehicle carrying the goods has arrived and an individual notice of arrival is required this must be provided on form C27. The form will be stamped with the number of the declaration and returned to the consignee or their declarant. When the ship, aircraft or vehicle arrives at the place where the goods are to be unloaded the declaration on the notice of arrival must be completed and the form re-submitted to customs. If any details on the declaration require amendment, the re-submitted notice of arrival must be accompanied by a request to this effect. 7.2 Removal note

Except at locations with computerised inventory links, or when free zone goods which are to remain in the free zone are being declared, a removal note (form C130) or locally produced removal note must be attached to the declaration. When the goods have been cleared, the removal note will be stamped by customs to indicate that the goods can be removed and the note will be returned to the consignee or their declarant. 7.3 ***Payment*** slip and deposit detail slip

When duties or taxes are being paid in cash a ***payment*** slip (form C513) must be attached to manual declarations.

CHIEFwill calculate the amounts payable except when the tax base column of Box 47, indicates that the calculation is being made by the declarant but in either case the actual amount will be notified to the declarant. For deferred ***payments*** the amount will appear on 1 of the 4 periodic statements issued each month and no ***payment*** slip is required.

In certain circumstances (see notes on method of ***payment*** Box 47e), a deposit detail slip (form C&E955 or C&E955D) may also be required. 7.4 Commercial invoices and packing lists

Declarations must normally be accompanied by the commercial invoice for the goods. If a consignee wishes to have this invoice returned to them they must supply an extra copy for retention by customs. The invoice should include a clear description of the goods. If they are described in a foreign language a translation may be required.

When the invoice is made out to a person established in a member state other than the UK and a declaration of value (for example, form C105A) is required, an additional copy of the invoice must be provided for certification by customs. This certified copy invoice will then be returned to the consignee so that it can be forwarded to the person to whom the invoice is made out.

Unless details of the contents of individual packages are shown on the invoice, a packing list, weight note or similar advice is usually needed as well. Facsimile copies of the invoice and of other supporting commercial documents are normally accepted.

Find detailed information about the acceptance of telexed information, facsimile documents and undertakings to produce documents.

In certain circumstances an extra copy of the commercial invoice is required.

When end-use relief (Notice 770) is claimed on used goods and the original invoices are not available, a detailed list with estimated values is acceptable in place of invoices, as long as the detail is enough for the items to be identified.

If clearance of the goods is required urgently and any of the documents described above have not been received or need correction, alternative evidence in the form of telex or similar messages can be submitted instead. Customs will decide whether it is acceptable and whether subsequent confirmation is required. 7.5 Value build-up

AtCIElocations where the value build-up facility is used form C89 must be presented with the declaration. WhenDTIis used the information must be input as part of the declaration but printed out separately on the entry acceptance advice. The form contains everything needed to convert the invoice price to the values for duty and other purposes.

Find full details about how to use the form.

At manual locations the declarant’s own worksheets must be attached.

If the documentary evidence is not available when the declaration is presented, the goods will usually be released against suitable security, normally a deposit equal to the charges that would be payable if relief were not granted. The deposit will be refunded when the evidence is produced. 7.6 Valuation declaration and general valuation statement (GVS)

Importers are no longer required to complete a valuation declaration when the value of the imported goods exceeds the legal threshold limit of £6,500 or hold a signed copy of a C105 form at their registered premises for electronic entry declarations.HMRCwill retain the right to request the completion of a valuation declaration at any time, for example in respect of import declarations examined by our officers on a post importation audit. 7.7 Documents supporting application for relief

When relief from duty is claimed, the declaration must be supported by either documentary evidence to show that the conditions of the relief are met and/or an undertaking that they will be met, depending on the nature of the relief appropriate. Further details of such reliefs are given in export prohibitions and restrictions. 7.8 Documents supporting declarations for goods claimed to be in free circulation or claims to preferential rates of duty and/or tariff quota reliefs

When goods are claimed to be in free circulation or a claim to a preferential rate of duty is made, the declaration must normally be supported by the appropriate documentary evidence.

Information about reduced or nil rates of duty available underEUpreferential trade arrangements is in the UK Trade Tariff and UK Trade Tariff: trade arrangements for countries outside theEU.

Information about tariff quota reliefs is in the UK Trade Tariff and tariff quotas and ceilings.

Further guidance about procedures for making claims on declarations for imported goods is in Notice 826 (forEUpreferential treatment) and Notice 375 (for tariff quota reliefs).

Claims for Turkish preference must be supported by the appropriate movement certificate (ATR). Further information on claiming preferential treatment for Turkish goods is in Notice 812.

If supporting documents are not available when the declaration is presented, the claim should still be made using the appropriate rate code in Box 47 and document identifier code in Box 44. Where appropriate, any serial number for tariff quota relief should be entered in Box 39. The claim will normally be accepted provisionally and the goods will be released against suitable security, normally a guarantee or a deposit equal to the duty that would be payable if the claim were not granted. The guarantee will be discharged or the deposit refunded when the evidence is produced, provided duty at the full rate has not been re-imposed or any applicable tariff quota has not exhausted. 7.9 Import licences, permits and certificates

If the goods require anEUor individual import licence, permit or certificate for their importation, the document, other than an open individual licence, must be attached to the declaration or declared either as being with the goods or the reason for its non-availability explained in Box 44. 7.10 Assembly of supporting documents

The processing of declarations will be made easier if, as far as possible, the documents are assembled (when they are required), by pinning rather than stapling, in the following order:

* notice of arrival (form C27)

1. ***payment*** slip (form C513) (manual locations)
2. removal note (form C130)
3. deposit form C&E955 or C&E955(D)
4. undertaking advice (form C578)
5. original copy (6) of the declaration
6. value build-up sheet (form C89)
7. bulk entry details (form C515 and form C515A continuation) or (forms C516 and C516A continuation)
8. supporting documents, for example CT documents, preference certificates and invoices
9. form C105A or form C105B
10. statistical copy (7) of the declaration (manual locations only)
11. additional copy of the declaration when required, for example CPC 71 00 000, 730000
12. consignee’s copy (8) of the declaration (VAT copy if required)
13. declarant’s copy if required

If customs’ attention needs to be drawn to a particular document or procedure requiring priority treatment (for example a request for urgent clearance on form C1397, removal to trader’s premises), the relevant document should be placed on top of the removal note.

Any continuation sheets are to be positioned with the original, statistical or other copies of the declaration. 7.11 Consignee’s/declarant’s request for return of documents

Consignees or declarants who wish to have certain documents supporting the declaration returned to them must complete form C1394. 7.12 Acceptance of telexed information, facsimile documents and undertakings to produce documents

The table at the end of this section explains when telexed information or facsimile copies (including documents produced by other electronic means) are normally acceptable in support of declarations and when an undertaking to produce documents may be given. The acceptance of these documents and undertakings is a concession which may be withdrawn from anyone who does not comply with the conditions specified here or by the local customs. The concession which allows belated production of a valuation declaration is limited to form C105A (item 2 of the table) and is granted only if customs are satisfied that urgent clearance is essential. It may well be preferable to use a general valuation statement.

The examples given in the table are for guidance and are not necessarily exhaustive. For certain types of importation, original documents must be produced with the declaration. Information about documents not referred to in the table can be obtained from the customs office where the declaration is to be presented.

Entitlement to a preferential rate of duty is established only if the original document or proof of origin is declared on the declaration and is in the declarant’s possession and at customs disposal. If this rate ceases to apply before the original document is produced, the non-preferential rate of duty must be paid.

When subsequent production of an original document is required, security may have to be in the form of a deposit, although in most cases security is acceptable in the form of an individual undertaking or guarantee. Details of the types of security acceptable in particular circumstances and the time limits for production of the original document are shown in the table.

When consignees or declarants wish to obtain release of goods pending production of evidence of entitlement to preference by paying the preferential rate of duty outright and securing the balance by cashless security, the guidelines in paragraph 3.8.15 should be followed.

In all cases customs reserve the right to require production of the original document when the declaration is presented, or before the goods are cleared or after clearance has been given.

Supporting documents which were not available when the declaration was submitted to customs have to be produced subsequently. They must be presented within 14 days (unless the following table indicates otherwise) at the place where the declaration was originally presented. Please note that for goods imported through London airports, this post clearance aspect is controlled at Dover and documents should be sent to:

London Airport (LAP) Correspondence HM Revenue and Customs Priory Court St. Johns Road Dover Kent CT17 9SH

However, when security is controlled by Lytham Sub Office, the documents must be sent, quoting the number of the declaration, to:

Lytham Sub-office HM Revenue and Customs Anthony House St. Georges Road Lytham St Annes Lancs FY8 2AJ

| **Document** | **Is telexed information acceptable?** | **Is facsimile copy acceptable in place of original document?** | **Must original document always be produced?** | **Type of security required pending production** | **What is the time limit for production?** |
| --- | --- | --- | --- | --- | --- |
| Commercial invoice, packing list, weight note or similar advice 4 5 6 | Yes. Unconditionally for declarations on which no duty is payable or which don’t require a Form C105 for VAT purposes and declarations for goods liable only to specific duty; provisionally for all other declarations, pending production of the actual document. 7 | Yes | No | For invoice; an undertaking given on the declaration, if subsequent production is required | 14 days |
| Declaration for Valuation Purposes on form C105A | No | No | Yes | Where valuation method 1 is being used and specifically authorised by customs: An undertaking on form C578 | 14 days |
| Declaration for Valuation Purposes on form C105B | No | No | Yes | Original document must be produced with entry | Not applicable |
| Preference certificates (except ATR1 and ATR3 forms) for goods subject to preference other than those subject to tariff quotas | No | No | Yes | Deposit of duty in dispute or Guarantee | 4 months 8 |
| Preference certificates (except ATR1 and ATR3 forms) for goods subject to preference subject to tariff quotas | No | No | Yes | Deposit of duty in dispute; or Guarantee | 4 months 9 |
| Common ***Agricultural*** Policy (CAP); Import Licences | Yes -from issuing authority | No 10 | Yes | Undertaking declaration plus, where document determines rate, deposit at full rate of potential charge; or Guarantee | 14 days |
| EU Turkey movement certificates ATR | No | No | Yes | (a) undertaking on entry and guarantee | (a) 4 months from date of entry |
| Particular goods: (a) Beer: declaration of quantity and Alcohol by Volume (ABV%) | Yes | Yes | Yes | General Bond | Pending result test |
| Particular goods: (b) Wines and spirits of in cask: list of capacities and contents | Yes | Yes | No | General Bond | Pending result test |
| Particular goods: (c) Oils in packages: of weight note or packing note | Yes | Yes | No | General Bond | Pending result test |
| Particular goods: (d) Duty free oils for of industrial oil relief scheme (see Notice 184A): certificate by approved person or agent. | No | Yes | No | General Bond | Pending result test |

Any guarantee must be endorsed by a bank or Financial institution approved byHMRC.

Where these manifest extracts are used, the original invoices must be retained in entry number order so they can be easily retrieved for inspection byHMRC, if needed. 7.13 Release of goods where security is byMCD, Individual Guarantee or Guarantee Account

Release of goods can be obtained by paying the undisputed charges outright and securing the balance by a cash or cashless security.

Enter more than one line for the same tax type in Box 47 of theSADto do this. The first tax line should show details for the undisputed amount using the appropriate tax type, and the appropriate Method of ***Payment*** (MOP)Code , if required, in column 47e.

The second tax line should show the details for the amount to be secured, using the appropriate tax type and in column 47e theMOPindicating the form of security.

The following examples demonstrate the additional information required to be input on theSAD. A preferential rate of Customs Duty has been claimed but the preference document is not available and no facsimile produced

The following information will be required on the entry:

Box 44 - additional information

DT - Document Identifier

First character (Document Type) must have ‘C’ input. Second character (document status) must have ‘1’ input.

Box 47 - calculation of taxes

The amount to be secured is the difference between the full rate and the preferential rate.

i) The preferential rate claimed is positive:

The first Customs Duty tax line should show the charges due using the preferential rate code, for example G andMOPCode A, D or F as applicable. The second Customs Duty tax line should show the amount to be secured using the full rate code, such as F and the appropriate securityMOPCode.

ii) The preferential rate claimed is zero:

In addition to completing column 47a, the first Customs Duty tax line should show the appropriate preferential rate code in column 47c; all other columns should be left blank.

The second Customs Duty tax line should show the amount to be secured using the full rate code, such as F and the appropriate securityMOPCode. A claim is made to a critical tariff quota and the quota rate claimed is a zero rate of duty.

Box 44 - additional information

DT - Document Identifier

First character (Document Type) ‘C’ or ‘L’ to be input as appropriate.

Second character (Document Status) ‘2’, ‘3’, ‘5’ or ‘6’ as appropriate.

Box 47 - calculation of taxes

The amount to be secured is the full rate.

In addition to completing column 47a, the first Customs Duty tax line should show the appropriate quota rate Code in column 47c, all other columns should be left blank.

The second Customs Duty tax line should show the amount to be secured using the full rate code, such as F and the appropriate securityMOPCode. An entry is made but there is a classification dispute.

The amount to be secured will be the difference between the 2 possible duty rates. The following information will be required on the entry:

Box 33 - commodity code

This should show the commodity code attracting the higher duty rate.

Box 44 - additional information

IR - Item Request Identifier must have ‘H’ input.

RS - Reason for Security must have ‘2M’ input.

The additional information miscellaneous text should include details of the commodity code attracting the lower duty rate together with any appropriate customs reference.

Box 47 - calculation of taxes

The amount to be secured is the difference between the higher duty rate and the lower duty rate.

The first Customs Duty tax line will show the charges due using the lower duty rate, and the appropriate tax type. An override code must be declared in order thatCHIEFcan calculate the amount to be secured (the difference between the lower amount declared and the amount calculated for the commodity code declared in Box 33). The second tax line will show details of the amount to be secured. 8. Check List 8.1 General

The simple checks listed below should be carried out before presentation of the declaration to customs. They will help to detect errors and omissions and avoid unnecessary delay to the clearance of goods. The list is not exhaustive and it includes some items which may not be applicable to some types of importation. 8.2 Completeness of the declaration

Check that no space on the declaration which should be completed has been left blank and, where appropriate, the following are shown correctly:

* the duty deferment approval number(s) in Box 48

1. the trader’s unique reference number in Box 8
2. the agent’s reference number in Box 7
3. the CPC in Box 37
4. for goods liable to ad valorem duty, the valuation method has been declared in Box 43
5. Box 54 has been correctly completed, signed and dated
6. the correct number of copies of the declaration have been prepared
7. all copies are legible and any corrections have been made clearly and initialled on all copies
8. any special declaration, claim or request has been made correctly

8.3 Tariff, statistical and VAT classification

Check that:

* the description of goods, commodity code and where appropriate the rates of duty are consistent

1. for goods chargeable with VAT, the correct value for VAT and the rate, are indicated
2. if a reduced rate of duty is being claimed, the codes declared in boxes 15(a), 34(a), 39 (where applicable), 44 and 47 are consistent with the claim

Binding Tariff Information Reference Number, if held, should be entered in Box 44 in the additional information miscellaneous text area. 8.4 Quantity and value

Check that:

* all the goods and the full value on each invoice page are included in the declaration

1. the proper rate of exchange has been used
2. the quantities are expressed in figures only and in the correct units
3. the proper valuation method has been used and any adjustments appropriate to that method have been made

8.5 Calculations

Ensure that the method of ***payment*** code is properly completed. Carry out a check for each calculation to detect any obvious error, such as misplaced decimal points and/or transposed figures, in:

* currency conversions

1. quantities
2. values
3. amounts of duty or other charges

Tax lines are to be completed in full according to the rules of the tariff, irrespective of whether duty may be waived or not, such as, there is no change to the rules as to when tax types, tax override codes, amounts of duty or method of ***payment*** codes are to be shown. Waiver of duty will be automatically applied byCHIEF. The value for VAT will exclude any duty waived. 8.6 Supporting documents

Check that all the relevant supporting documents are attached and assembled in the correct order and are correctly completed. Where declarations are processed as paperless declarations all accompanying documentation specified within this section should be retained for customs audit purposes at the company’s registered premises, that is:

* notice of arrival

1. ***payment*** slip or deposit detail slip
2. removal note
3. value build-up sheet
4. duty deferment ‘specific authority’ when the code which precedes the consignee deferment approval number in Box 48 is ‘B’
5. import licence, permit or certificate; other licences or certificates
6. documentary proof of origin for textile goods
7. invoice or other evidence of value, packing list, specification and, where necessary, translations
8. evidence of freight charges
9. form VAT 905 where relief from VAT is claimed at the time of importation in respect of antiques, works of art and scientific collections
10. additional copies of the invoice:

* if evidence of duty ***payment*** is required

1. for VAT (where goods are consigned to more than one consignee, like ‘bulked’ declarations)
2. if some of the goods on the invoice are to be entered on a separate declaration
3. if the invoice is made out to a person established in a member state of the EU other than the UK
4. if necessary to identify goods when a claim is made to end-use relief
5. if chemicals in tariff chapters 28 and 29
6. if gold falling within commodity codes 710811 710812, 710813 and 710820
7. if crude oil falling within commodity code 270900
8. evidence of free circulation status or entitlement to preferential duty rates or tariff quota relief
9. consignee authority when required for the declarant to give an undertaking or to make a special request, claim or declaration
10. work sheet when:

* there are several invoices

1. the declaration consists of more than one item
2. the goods are subject to Excise Duty, Anti-Dumping Duty, and/or CAP charges and calculations cannot be shown on the declaration itself, because there isn’t enough space
3. form C578, where an undertaking to produce form C105A, invoice, CAP licence or facsimile preference certificate has been given

9. Underpayments of customs charges: post-clearance demand notes

The National C18 Team, Grimsby is responsible for the processing of declarations in respect of C18 Post Clearance Demand Notes. Contact the National C18 Team:

National C18 Team HM Revenue and Customs Imperial House 77 Victoria Street Grimsby DN31 1DB

Telephone: 01472 245 923

Fax: 01472 245 948

Email: [*npcc@hmrc.gsi.gov.uk*](mailto:npcc@hmrc.gsi.gov.uk)

See Notice 199 Section 7. 10. Claim for repayment or remission of import duties (including excise duties)

See section 8 of Notice 199. 11. Non-availability of computer systems: fallback 11.1 Introduction

For a variety of reasons there may be occasions where theCHIEFcomputer and/or the local computerised inventory control system is not available. The procedures which will be introduced in these circumstances are known as ‘fallback’.

Fallback procedures may involve manual processing of declarations and/or other documents by customs. To assist this processing, declarations and related forms may need to be completed differently, and/or other forms may need completing- see below for details.

If the local computerised inventory control system is not available special procedures will apply. Even if the inventory system is available, the operation of these general instructions might cause certain problems with recovery which require the operation of a modified procedure. As local system differ from place to place these special procedures will be notified by the collector. 11.2 Accounting procedures

When theCHIEFcomputer system is not available, all locations (such asDTI,CIEand Manual) may be affected and revised accounting procedures may have to be introduced. This may affect entry processing procedures and the production and distribution of, for example,FASand deferment statements. If revised accounting procedures have to be introduced, instructions will be issued to affected traders by the collector. 11.3 Notice to traders

Notice that the computerised entry processing system (CHIEF) is not available and that fallback procedures are to be introduced will be given to traders in each locality by the collector, in association with the local computer system operator. Notification of restoration of the system and the ending of fallback procedures will similarly be given. 11.4 Types of fallback procedures

There are 2 types of fallback procedures, short term (when the system isn’t available for up to 24 hours), and long term (when the system isn’t available for over 24 hours). Short term procedures allow for the manual clearance of goods during fallback but require that the declaration information is later keyed into the computer system. Long term procedures don’t require the declaration information to be keyed in. 11.5 Entry forms

When short term fallback procedures are introduced entry forms should still be completed in the normal way.CIEand Manual procedures are not affected by short term fallback procedures.

When long term fallback procedures are introduced, declarations are to be completed as if they were being presented at a manual location and modified as follows:

* all declarations and copy declarations presented to customs are to be marked in red in the top right hand corner ‘FALLBACK’

1. at inventory linked locations all declarations are to be accompanied by a manual removal note (form C130 or similar locally approved form)
2. form C21 should not be used - if revenue charges are found to be due on consignments for which a clearance request would normally be lodged, the examining officer will issue form C102A, in triplicate to the paying agent, ***payment*** is to be made to the appropriate cashier who will return 2 copies of the form C102A to the paying agent

These must then be presented to the examining officer to obtain clearance of the goods.CAPImports

Electronic and paperCAPlicence details should be included on the declaration, in Box 44. Copies of paper licences must also be sent to theNCHfor stamping.

TheNCHwill return this copy which must be presented along with the original to your nearest office for the stamp to be ***transferred***. 11.6DTIfallback committee

In long establishedDTIlocations it has been found that the creation of a fallback committee is useful for the smooth introduction to, and recovery from, fallback procedures.

The committee is made up of representatives from the local systems operator, customs and other trade bodies. It advises and takes decisions on all matters relating to fallback. Ideally, the decision making group should be quite small but should not stop wider representation to plan procedures for implementation and dissemination of information. The committee will need contact points in all companies represented so that decisions may be communicated with the greatest speed and certainty.

Any special arrangements relating toCHIEFwould be separately notified to the local tradingEUby the collector. 11.7DTICategories of fallback

The committee may well decide to categorise declarations according to the anticipated length of the break in service, and issue instructions in advance for each category. A possible breakdown into categories is:

* break in service of less than 1 hour

1. break in service of 1 to 24 hours (short term fallback)
2. break in service of more than 24 hours anticipated (long term fallback)

11.8

DTI

system unavailable for less than 1 hour, or limited in availability

Usually fallback procedures will not need to be introduced. Traders should apply to the appropriate customs office for clearance of consignments of special urgency.

Occasionally an interruption to the system may occur for a short time only during peak hours of working, not requiring fallback procedures to be adopted. During such times a one-line broadcast will be sent to the system, such as ‘system in recovery - please make essential inputs only’. 11.9DTIShort term fallback procedures Entry forms and clearance requests (Including plain paper versions)

The declaration or clearance request is to be prepared in the normal manner. The form, accompanied by a form C1402 (F) Copy 1 and a manual removal note (form C130 or similar local form), is to be lodged at the usual customs office with the normal supporting documents. A duplicate of the entry or clearance request, and form C1402 (F) Copy 2 is to be retained by the agent.

If release of the goods is required and charges are payable, form C1402 (F) Copy 1 should be noted with the type of security being offered - for example deferment, bond, guarantee, deposit. Acceptance of this security is subject to the collector’s approval.

On resumption of service the charges due will be collected in the normal way and the security offered will (where appropriate) be cancelled or refunded. Recovery

As soon as practicable after the system recovers, the information contained on the duplicate declaration or customs clearance request is to be input to the system in the normal manner. If the original declaration has been amended, the amended version must be input. If the declaration is not accepted by the computer, any necessary amendments are to be made and a form C20X (obtained from theNCH) completed, listing the amendments.

When the declaration is accepted, the output E2 (and E1 if produced) is to be attached to the form C1402 (F) Copy 2. The declaration is to be signed and the form lodged with any forms C20X (obtained from theNCH) within the agent’s normal time out period. Changes to rate of exchange or rates of charges

The rate of exchange and the rates of any charges payable are those current at the time of acceptance of the paper declaration by customs. If, between the lodging of the paper declaration and the subsequent inputting of the details from the duplicate declaration, there have been changes which affect any charges on the declaration, the charges obtaining at the time of lodging the paper declaration must be calculated and shown in Box 47 of the declaration. A form C20X (obtained from theNCH) should be completed showing these amendments and submitted with the form C1402 (F) Copy 2. 11.10DTIlong term fallback procedures Declarations and clearance requests (Including plain paper versions)

Form C21 should not to be used. Declarations are to be completed as if they were being presented at manual locations - see entry forms. Presentation of declarations

Declarations are to be presented to the appropriate customs office accompanied by a manual removal note (form C130 or similar locally approved form). Local instructions:

* will detail how and where the forms are to be presented

1. may require that the declarations be listed on local schedules before presentation
2. will explain how traders will be advised of route selection and declarations numbers

Recovery

After restoration of the system, fallback procedures will continue at inventory linked EPUs for consignments that were received when the system was not available. After a period, which the local fallback committee will specify at the time, transit shed operators will be required to input details of consignments received during the period of failure and for which a declaration has not been made. The use of fallback procedures for declarations will then cease. 11.11DTIqueries and amendments

Form C20X (obtained from theNCH) will be used for the notification of queries and amendments. 11.12DTIClearance

Clearance will be notified by the issue of the manual removal note. 11.13DTIuncleared declarations input when the system was available

If clearance is required for uncleared declarations input when the system was available a manual removal note (form C130 or similar locally approved form) and a form C1397, both stating the declaration number, date and route, is to be presented to the place where the declaration was originally lodged. 12.NCHInterimCHIEFImport Fallback Arrangements 12.1 Introduction

This information forms the basis of how theNCHwill deal withCHIEFoutages for Imports. It is considered a short term solution in the absence of agreed National Fallback arrangements.

This will not cover every eventuality and theNCHroster duty manager, withNCHsenior management, will still have the authority to deal with any situation that arises in the most appropriate manner. 12.2 Timescales

All of the procedures listed refer to short term fallback only and will allow for the manual processing of goods duringCHIEFdowntime.

Short Term Fallback is for outages of up to 4 hours only. Any system disruption that continues for over 4 hours will require further detailed arrangements.

Long term fallback requires Grade 7 approval or above, and the decision to invoke this will be made by either anNCHor ECSM Senior Manager. 12.3 Imports Short Term Fallback

For the first 4 hours of any outage theNCHwill only clear entries as follows:

Under 1 hour - on presentation of entry paperwork or a completed form C1402 fallback request, form C130 manual release note, manual C88 and supporting docs, clearance will be given to:

* life or death consignments only

1. serum
2. transplant tissue
3. medical radioactive for hospitals, pacemakers

Between 2-4 hours - on presentation of entry paperwork or a completed C1402 fallback request, C130 manual release note, manual C88 and supporting documents, clearance will also be given to:

* live animals

1. human remains
2. urgent medical supplies on dry ice
3. dangerous goods
4. firearms
5. explosives on key side
6. extremely high value goods (for example, artwork)
7. perishable goods
8. aircraft on ground

For the port of Dover only - after 1 hour theNCHwill liaise withUKBAand put in place a local fallback arrangement whichUKBAwill manage.

After 4 hours, and with the agreement of theNCHsenior managers, theNCHwill continue to require presentation of paperwork for the above categories but all other consignments will be allowed to be cleared.

These would effectively be route 6s and importers/agents will have to guarantee to submit all paperwork once theCHIEFService is restored.

All of the above may be a challenge for theNCHto achieve and if work volumes became a problem, then priority will continue to be given to the above categories of goods and airfreight traffic. 12.4 EmergencyNCHcontact details

NCHHelp Desk Telephone: 03000 588 454

NCHFax: 0800 496 0699

Email: [*NCHLAP@hmrc.gsi.gov.uk*](mailto:NCHLAP@hmrc.gsi.gov.uk)

TheNCHsenior managers will take responsibility for liaising with ECSMCHIEFOperations, Aspire, IMS Live Services and others and will communicate updates back to theNCHduty manager.

* In circumstances where some goods covered by the declared commodity code require a licence and others don’t (ex-heading), then A1 Code LIC 99 can be declared instead of the ‘XX’ status (see additional information codes for harmonised declarations) when the licence does not apply to the goods. ↩ ↩2 ↩3 ↩4

1. These restrictions don’t apply to goods entitled to admission at a preferential rate of duty and, irrespective of any change in the full rate, remain entitled to admission at the same preferential rate, as long as:

* the appropriate rate code is inserted in Box 47 of the declaration

1. the entry is supported by the necessary evidence of entitlement to the preference
2. no duty is payable under any other provision

↩

1. A declaration for these goods cannot be presented to customs after 5pm on Budget Day. ↩
2. When documentary proof of origin is required for textile goods telexed information and photocopies of that proof and other commercial documents supporting the declaration are not acceptable and goods will not be released in advance of presentation of original documents. However, a certificate of origin prepared by the use of a carbon stencil or photocopying process may be accepted as an original document if it bears an original authenticating stamp with an original or facsimile signature and is otherwise acceptable. Original signatures are required on declarations of origin. ↩
3. Where telexes are presented as invoices in their own right, ie not preliminary advices of documents to follow at a later date, they will be accepted as final documents. ↩
4. Electronically produced manifest extracts may also be accepted instead of invoices subject to the following requirements. The manifest extract must include the following information:

* name of sender

1. name of importer
2. marks and numbers of packages
3. number and type of packaging
4. description of goods
5. net weight
6. gross weight
7. country of origin
8. value and currency
9. invoice terms commodity code
10. consignment number
11. flight number or ship
12. date

↩

1. This concession applies only to goods which:

* are shown as free of ad valorem Customs Duty in the full rate of duty column in the UK Trade Tariff and on which no other charges (for example levy, Excise Duty) except VAT are payable or deferrable at importation

1. are covered by a valid CT document where appropriate

This concession does not apply to goods which are duty-free under preference. Additionally, where the goods are chargeable with VAT at a positive rate and the total entered value exceeds £100 (exclusive of VAT), the invoice number(s) and value must be quoted on the telex. ↩

1. The claim will not be allowed, however, if the duty has been re-imposed in the meantime. ↩
2. The claim will not be allowed, however if the quota has been exhausted before the document is produced. ↩
3. This does not apply where an importer retains the original licence for stamping at the frontier. ↩

**Load-Date:** January 17, 2018

**End of Document**



[***No Headline In Original***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5T4T-TVP1-JCG2-C524-00000-00&context=1516831)

North Devon Journal

August 30, 2018 Thursday

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**Section:** AGENCY:OTHER; Pg. 42-43

**Length:** 8342 words

**Body**

COFFEE MORNING and MARKET

In the Village Hall on Saturday, 10-11.30am.

Variety of tables with fresh vegetables and fruit, groceries, home baking, garden plants (perennials and annuals), bric-a-brac, decorative glass bottles with lights, bath bombs, jewellery, selection of wild bird food and small furry animal pet foods, locally produced honey and table for Hospicecare with selection of new ladies clothing from size 14 to 20, casual shoes size five and much more.

Come and see what is on offer, enjoy a cup of tea or coffee with biscuits, chat to old friends and make new ones. All welcome.

To book a table prior to the market, at £4 each, call Angela 01769 520357 and leave a message.

GARDEN SHOW

On Saturday, September 8, in the Village Hall with prize giving at 2.30pm, followed by cream teas and activities on the village green. Vintage sideshows and games, the Woolley alpacas are coming along and Mini Ring miniature bell tower for a have-a-go session. A raffle will be held. Make it an afternoon of fun! All welcome.

Mobile Library

Next date for Ashreigney and Riddlecombe is Thursday, September 27.

Mervyn Mugford, Tranquillity, Parracombe, 01598 763261, [*mervyn@bodley.demon.co.uk*](mailto:mervyn@bodley.demon.co.uk)

Harvest Festival

St Bartholomew's parishioners celebrate Harvest Festival with Holy Communion on Sunday at 11am. Monday, at 6.30pm in the village hall, auction of produce followed by harvest supper.

Shirley Punt, 01271 343716, [*shirleypunt16@gmail.com*](mailto:shirleypunt16@gmail.com)

Christ Church

Sunday: 10.30am Communion Service led by Rev Don Macalister, retiring collection for Christian Aid Kerala Floods Appeal; 6.30pm Rejoice! Worship, prayer and praise.

Tuesday: 9.30am-noon Coffee Morning.

Friday: 10-11.30am Hob Nob, tea, coffee and cakes.

Sticklepath Methodist Church

Harvest Supper with homegrown entertainment at 6.30pm on Saturday, September 8. Proceeds to Water Aid. Tickets £5 from Sandy Peters 325602 and Sue Parsley 375939

Foodbank

Urgent appeal: Stocks are low, probably because of the impact of school holidays. Particularly urgently needed: rice pudding, custard, biscuits, long-life fruit juice, squash and biscuits.

Barnstaple and District Horticultural Society

The 84th Autumn Show is open to anyone wishing to enter. Schedules available from St John's Garden Centre. Entries to be in by Tuesday to Mrs S McNeill, 3 Roselyn Terrace, Barnstaple, EX31 1JX.

The show is at St John's Garden Centre on Saturday, September 8, 11am-5.30pm, and Sunday, September 9, 10.30am-4pm.

Children's Hospice South West

Summer Raffle tickets are now on sale at £1 each. Every ticket bought or sold will help make a difference to the children and families they support. Entry closes on Wednesday and the draw takes place on Monday, September 17, at Little Bridge House. Tickets can be ordered online at chsw.org.uk/raffle.

Bubble Rush Barnstaple at Coxleigh Barton on Sunday, September 9. Run, jog or walk your way through 5km of colourful bubble stations where foam cannons will shower you in frothy bubbles - something for the children and big kids alike! The earlier you sign up, the more money you could save on your entry fee. Visit chsw.org.uk/bubble for more details or call 01271 325270.

The New Inn Car Run is on Sunday at 10.30am. Join in the car run, starting from The New Inn, Fremington, and finishing at Little Bridge House. There will be free tea and coffee available at the start, as well as bacon baps for sale. Entry costs £15 per car and two people, and includes a rally plaque, route map and finishers' trophy. Please book your place in advance. For more details and an application form, call Diane Harrison 01271 860914.

North Devon Road Runners

Meet at the Tarka Tennis Centre every Tuesday and Thursday at 7pm.

The 2018 Jewson Barnstaple Marathon and Half Marathon is on September 30.

Art for Leisure and Pleasure

Meeting each Thursday at St John's Community Centre, Barnstaple, 1.30-4pm. New members welcome. Info: David 07964 250436.

Quaker Meetings

Sundays at 10.30am at Pilton Bluecoat School, Abbey Road, EX31 1JU. Info: 01271 344203 or swquakers.org.uk.

Library

Open Mon, Tue, Thu, Fri 9am-6pm; Wed 10am-6pm; Sat 9am-5pm.

Fun Palace on Saturday, October 6. Fun Palaces is a campaign promoting community at the heart of culture and culture at the heart of community, with an annual weekend of action created by, for and with local people.

Sciencedipity: 10am-noon Children's Library. Explore science and art in this session with Ruth from Sciencedipity, jam-packed with creative science and making artwork through chemistry. Suitable for all ages. Come and join in the art meets science fun!

The Voice Community Choir: 10.30-11.30am Foyer and ground floor. Come and join a group of enthusiastic people from all walks of life who love to sing - no need to read music and no experience necessary, everyone a music maker!

Kanzashi with Sue Rudall: 10am-12.30pm FabLab. Try something very different with Sue in the FabLab. Kanzashi-Ribbon burning crafting to make beautiful floral creations. This session involves a lit flame and is not suitable for under-16s. Maximum of seven people at a time, sessions last half an hour, so if there is not room you can pop

back. Everyone a maker!

The ONO Dixie and Swing Band: 1.30-2.30pm Foyer. Join in the musical fun with this great local group. Help create beautiful noise. Percussion fun suitable for all ages as ONO band invite you to join in familiar songs old and new.

Art for Leisure and Pleasure group: noon-2pm 3B. Explore your artistic side as the local-based community art group join us on the top floor of the library. Watercolour and acrylic-based fun suitable for everyone. Everyone an artist!

Ley Holloway-Vintage Beadery: 1-3pm FabLab. Join Ley Holloway from Vintage Beadery in the FabLab making jewellery with copper and silver, fusing silver to copper to create unique unrepeatable pieces. Unfortunately not suitable for under-12s as this session involves blowtorches. Parental supervision essential.

Laughter Yoga: 3-4pm IT suite. Join Rosie Godfrey from The Laughter Well for a fun session full of gentle relaxing movement, explore the release that laughter can give. Laughter Yoga uniquely combines laughter exercises with ancient yoga breathing techniques in a way that is accessible and fun! Suitable for everyone.

Table Tennis: 10am-4pm between children's and adult fiction.

Wow

North Devon's scrap store, based on the third floor of Barnstaple Library. Great value art and craft materials starting at less than 50p. Open Tue 9.30am-12.30pm, Thu noon-4pm, Fri 9.30am-1.30pm.

Golden Coast Big Band

At Portmore Golf Park on Sunday, September 16, 8pm, entry £3.

Barnstaple Macular Support Group

Meet on the fourth Tuesday of each month at the Imperial Hotel, 10.15am.Info: Sue 07723 701578.

ROUNDSWELL COMMUNITY CENTRE

Adjacent to Sainsbury's, the centre is run as a charity (charity no. 1063837) and provides facilities for hire. These include a large main hall suitable for a larger event and a small room for meetings. It has a large modern kitchen available for use by hirers of either room. Ample car parking space is provided next to the centre. For further information call Helen, the booking secretary, on 07918 729201.

Roundswell Church

Sunday Service to be led by Mr Tim Street at Roundswell Community Centre at 10am. The preacher will be Mr Bob Hookins and everyone of any denomination is welcome to attend this friendly family service.

Roundswell Monday Club

Regular meeting at Roundswell Community Centre on Monday. The meeting starts at 2pm and will take the form of a film show. Everyone is welcome to enjoy this interesting afternoon. Refreshments are provided.

Cheryl Woollacott, Capitol Farm, Bishops Nympton, EX36 4PH, 01769 550435, cherylwoollacott@ hotmail.com

Bish Nym Bash

On Saturday from 3pm. All-round family entertainment, including fire engine, bouncy castle, kids' craft tent, face painting, ice cream and sweetie stall, with so much more. There will be table-top stalls and a mini beer festival provided by the Community Club. Between 3.30-4.15pm, Captain Coconut Crew's Icky Sticky Show will be there, followed by Country and Western Singers at 5pm. From 7.30pm Syd Greenfield on the double bass and then at 9pm more live music from Landspeeder. Something for everyone! Admission is £2 per adult, £1 per child between two and 14 ***years***, with under-twos free.

Flower and Vegetable Show

Opened by Rev Stuart Innalls, the show took place on one of the wettest days of the summer, but those who entered were awarded the following prizes: Garth Chanter - Heard Bowl and Oakmoor Challenge Cup; John Searle - Joe Drewer Cup, Dennis Gunn Cup, Verney Cup and Parishioners Shield; Sally Wilson - Hutchins and Silver Cup, Cup for Lady gaining highest points, Bennet Silver Salver, Lammas Cup, Margaret Greenslade Cup and Jean Quick Cup; Lindsey Turner - Chanter Cups for Photography; Kath Hasler - The Tull Cup; Jill Verney - The Vooght Cup; Pip Finch - King-Fretts Cup; Carolyn Kaye - Lesley Chilcott Cup for the Longest Runner Bean.

In the Children's Section, Joshua Verney won the Child's Cup for best exhibit. Matilda Selley won cup for highest points in the children's classes and the Gillian Huckle Cup for child's best vegetable. Naomi Cooke won the Child's Armstrong Cup for photography.

Despite the weather, which did clear up as the afternoon went on, a Dog Show was also held with several pets attending. Teas were served and enjoyed in the hall, thank you to everyone who organised and took part.

Flower Festival and Harvest

Taking place during the weekend of September 15-16. The theme is 100 ***years*** remembering the end of the First World War. If anyone has any artifacts, written pieces, photos, etc, that could be included in the displays, please contact Angela 01769 550793 or Cheryl 01769 550435. Stewards will be in the church at all times. Teas and stalls will be available each day, with the Harvest Supper on the Sunday at 6.30pm.

History Club AGM

On Monday, September 10, at 7.30pm in the hall, including a talk by local Kath Hasler and new ***programmes*** for the 2018-19 ***year*** will be available.

Breakfast Church

Resumes on Sunday, September 9, from 9.30am.

Norman and Gwen Rider, 01271 322109, [*gwen@riderfamily.co.uk*](mailto:gwen@riderfamily.co.uk)

CHURCH

Sunday: 11am Holy Communion. September 9: 11am Morning Prayer. September 16: 11am Holy Communion. September 23: 11am Harvest Festival and Baptism, followed by bring-and-share lunch.

If you have any news or information for next month's Parish Bulletin please send to [*davelewis69@hotmail.com*](mailto:davelewis69@hotmail.com) or ring Dave 01271 312904.

HARVEST FESTIVAL CELEBRATIONS

On Saturday, September 22, the parish church will be open 10am-4pm for children to join in the Harvest Mouse Hunt with prizes and surprises all day long.

That night it's the Harvest Celebration in the Village Hall from 6pm, with a barbecue and bar. Tickets are £5, £2.50 for children, from Trish Pay at 2 Valley Cottages.

Over the last couple of ***years*** the Harvest Celebration has become a highlight of Bishops Tawton's social ***calendar*** - good food, great music from Rob Street and his pals, and a chance to catch up with friends. If you cannot attend this then please do stay for the bring-and-share lunch after our joint service at Newport on Sunday, September 30.

CHURCH AND VILLAGE EVENTS

Every Monday: 10am Bishops Tawton Toddlers (term time only).

Saturday, September 8: 10.30am Coffee Morning.

Tuesday, September 25: 8pm Pints of View at the Chichester Arms. All welcome.

LITTLE VILLAGE CRAFT WORKSHOP

Embrace the world of craft and learn new creative experiences. Located beside the Chichester Arms, their workshops are tailored to suit from the beginner to the more advanced. They have a huge selection throughout the ***year*** and are always looking for new ideas. Everyone welcome.

PRIVATE PEACEFUL

A huge well done to Linda Corns, Gwen and Norman Rider from our village together with a cast of enthusiastic amateur artists who performed in two shows at Centre Stage in this monumental dramatisation of Michael Morpurgo's First World War story.

Self-taught and inspired director Jordan Buckingham and twin Billy, who performed as one of the brothers in the show, were themselves members of Scouting and had both performed in Gang Show and continue to perform in many various challenging acting roles to this day.

It was a real step back in time and moved everyone to the root.

Church service

Sunday: 9am Methodist Chapel Hot Breakfast followed by United Church and Chapel Service.

Neighbourhood watch

Open meeting on Wednesday, 7.15pm, at the Methodist School Room. Agenda: Devon and Somerset Fire and Rescue at Home Presentation, local policing matters.

Ring and Ride

Thursday, September 6: £4.50, Okehampton and supermarket. Booking: 01409 259001.

Saturday, September 8: £6.50, English Heritage Open Day.

Live music

Saturday, September 8: The Other Band, Bradworthy Inn, 8.30pm.

MAcmillan Coffee afternoon

On Friday, September 28, 2-4pm at Sunday Schoolroom, Methodist Chapel.

Neighbourhood Plan

Draft policy documents relating to Bradworthy Plan can be read at bradworthy.org.

Please read, leave feedback or contact the committee via email.

The plan is now at the official writing stage so your input is even more relevant.

Bradworthy Inn Gallery Room

Features the work of Gil Everest during August and September. Visit the BIGR Facebook page to see past contributing artists. To exhibit your own work contact [*bradworthyarts@btinternet.com*](mailto:bradworthyarts@btinternet.com)

Regular activities

Monday: Toddlers group, 10am-noon, Bradworthy Memorial Hall (BMH); Badminton, 7-8.30pm, BMH.

Tuesday: Citizens Advice open session, first Tuesday of month, 9.30am-noon, BMH; Knit and Natter, alternate Tuesdays, Collacott Room, 8-10pm; gymnastics, juniors 5.45-6.45pm, seniors 6.45-7.45pm, school hall.

Wednesday: Bradworthy History Society 10am-noon, Collacott Room; WI meet first of month, 7.30pm, Chapel Room; All Blacks netball, Holsworthy Community College outdoor court, 8-9.30pm; See Hear Centre, 10-11.30am, 2nd of month, The Square.

Thursday: Baby and Toddlers Group, 10am-noon, BMH; Badminton, 2-3pm, BMH; Running Group, 6.30-7.30pm, The Square; Baroque Choir, 7.30-9pm, Bradworthy Church.

Lesley McLean, 13 Church Close, Bratton Fleming, EX31 4TB, 01598 710115, [*lesmclean1@hotmail.co.uk*](mailto:lesmclean1@hotmail.co.uk)

PARISH CHURCH

Rev Chris Tull led our service of Morning Prayer at last Sunday's service.

Tomorrow evening, members of our congregation will travel to Christ Church, Braunton, for the welcome service for Methodist Minister Rev Jonathan and Mrs Louise Froggatt who are taking our services on the third Sunday of the month.

Next Sunday, Holy Communion at 9.30am led by Rev Mike Miller. All welcome.

TOUR OF BRITAIN

On Monday, arriving about 2pm and the rolling road block from 1.30pm. There is a clearway through the village 9am-4pm, no cars should be on the road then. Members of the Parish Church will be supplying free refreshments by the garage. Contact Sue or Terry Squire for flags to wave, call 710526 or email terry@ terrysquire.com.

THE HUB

Eat, play, learn and chat on Thursday, September 20, 4.45-6.30pm, in the Wesley Suite. Crafts and skills workshops. Do you have a skill to offer? Contact Terry or Sue Squire 710526.

WORLD's BIGGEST COFFEE MORNING

Coffee morning and stalls for Macmillan Cancer Support on Friday, September 28, 10am-noon in the Wesley Suite. Phone Sue Squire 710526 for transport.

FOODBANK

So far in 2018, 104.5kg of food and sundries has been donated, equivalent to 250 main meals. Thank you. There are also give and take boxes in the church porch providing tinned and packet food.

BAPTIST CHURCH

Sunday: Peter Ayrton morning and evening. Monday: Bright Sparks (children's group), 6pm. Wednesday: Ignite youth club for 11 to 16-***year***-olds, 7pm.

SCHOOL

Resumes on Wednesday.

PRE-SCHOOL

Monday to Friday, 8am-5pm, from Wednesday. Contact: 01598 710019.

BABY AND TODDLER GROUP

In the Village Hall, 9.30-11.30am, every Wednesday. Contact: 710019.

SPORTS CLUB

Sunday: Five-a-Side Football Tournament and Family Fun Day.

BRATTON STORES Curry night

Thursdays, every fortnight, from September 6. Car boot sales every Saturday from September 8, noon. OAP Tuesdays from September 11, £5 meal from noon.

CHARITY BINGO

Old Station Inn, Blackmoor Gate, on Friday, September 7, in aid of the Seamoor Unit. All welcome. Info: 763520.

GARDENING CLUB

Autumn Show on Saturday, September 8, in Village Hall, 2.30pm. Admission £1. Entries 8.30am and 11am. Presentation 3.30pm.

Entry forms/fees Brian Williams 710452. More entry forms in shop.

Rural Alliance Housing and Business Survey

Contact Frank Benbow 710695 or Margaret Done [*margaretdone@hotmail.co.uk*](mailto:margaretdone@hotmail.co.uk)

CRICKET CLUB

Training for nine to 14-***year***-olds, 7.15-8.15pm. Cost £3 each per session. Info: Frank Benbow 710695, Darrin Drew 07864 913395.

SHORT MAT BOWLS

Tuesdays, 7-9pm, and Wednesdays, 2-4pm. All welcome.

CRAFT WORKSHOPS

In the shop, Thursdays, 10am, £6. Contact: Charmain Woolley 01271 850917.

FRIDAY KLUB

Returns September, 6-8pm, £1 admission, tuck shop, 7-15yrs.

HATTON BOXING FITNESS

Mondays, 5.45-6.45pm. Contact: Jonny 07702 738346.

KIDS FOOTBALL

For ages 5-13yrs, Sports Club, Mondays, 6-7pm.

LIFE DRAWING GROUP

Returns on Thursday, September 6, 7.30-9pm. Contact: Louise 07758 077089.

PILATES

Mondays at 7pm. Info: 01271 343944.

Braunton Ladies Handbell Ringers

Coffee Morning at Mariners Court on Saturday, 10am-noon. All welcome.

Library

Calling all young library members, have you finished your reading challenge? Still time to finish and get your goodie bag.

Saturday Craft Club: every Saturday 10.30am-noon.

Writers Group: second Wednesday every month, £2 per session, refreshments included.

Monday: Colouring and Coffee, 2.15-3.15pm, all materials supplied; Story Time, 10.15-10.45am. Tuesday: Lego Club, 3.30-4.30pm. Wednesday: Bounce and Rhyme, 11-11.30am. Thursday: Craft Knit and Natter, 10.30am-12.30pm. Friday: Wii Club, 3.30-4.30pm, term time only.

Free use of computers with library card and PIN number, free wifi.

We still need more volunteers, two hours a week could make a difference. For details of these and other events check out the Friends of Braunton Library Facebook page.

Braunton and District U3A

Monthly meeting on Tuesday, 10.30am, in the Parish Hall. This month's speaker is Robert Hesketh on Smuggling In Devon. Entry £1 includes tea/coffee and a biscuit. For more details on U3A check the website.

Museum

As August comes to a close and we say farewell to all the families who have shared this lovely area of Devon with us, we say hello to those who choose to come at a quieter time. We still have a lot to offer in our museum, our displays cover a wide range of periods of history both recent and those of former ***years***. The railway line from Barnstaple through to Ilfracombe, which was closed in the Seventies, still attracts a great deal of interest and we are proud of the working model and video which tells the story. We have stories and artefacts from both the First and Second World Wars which have been kindly loaned by local residents. Why not look in some time?

Our shop has a range of gifts and handcrafted goods and a very wide selection of maps, books and leaflets describing places to visit and things to see.

We now have a new publication in stock entitled The Last Boat Home, the memoirs of Gil Mock as told to his son-in-law Robert Lee. Gil was a Braunton boy who enlisted in the Second World War, joining the Royal Engineers. His story reveals the conflict from a very personal point of view.

Saturday, September 8, is our next Coffee and Crafts Morning at the Parish Hall from 10am. Anyone wishing to book a table for a craft stall please ring the museum on 01271 816688. Look out for our special September Raffle!

Fundraising Group for Cancer Research UK

We shared in the celebrations of The Braunton Venue's 50th birthday and are delighted to say they have given all proceeds from that day to Cancer Research. The final combined totals are not currently available but we would like to thank them for their generosity and will publicise the figures as we receive them.

Our next event is the meeting on Monday being held at The Venue at 7pm. All welcome.

Coffee and Crafts Morning on Saturday, September 15, at the Parish Hall, 10am-noon. Admission £1 to include coffee and biscuit. Tables for craft stalls may be booked by calling 01271 815125. Please come and support us.

Quiz and Supper on Thursday, September 27, at The Braunton Venue. Supper by Squires Fish and Chips. To find out more please ring 01271 814475. Tickets available soon.

Coffee Morning

Coffee Morning and Cake Stall with raffle at Christ Church on Saturday, 10am-noon. Proceeds will go to support Mary's Meals, a registered charity which sets up school feeding ***programmes*** in some of the world's poorest communities, where hunger and poverty prevent children from gaining an education. All are welcome.

Madeleine Brownell, brownell19361949@ btinternet.com

BRAYFORD ACADEMY PRE-SCHOOL

Spaces available for autumn term. Brayford Brumble Bees is a Foundation Stage Unit for children aged three to five ***years*** old, situated at Brayford Academy. There are a number of placements available with funding currently being accepted. Please contact the school on 01598 710 345 if you are interested in your child growing and developing in this nurturing environment. The pre-school offers teaching in small groups, individual learning ***programmes***, stimulating environment both inside and outside, weekly forest school sessions, fantastic facilities and staff. Five sessions per week: Tuesday and Wednesday 9am-noon and noon-3pm, Friday 9am-noon.

WORLD'S BIGGEST COFFEE MORNING

In Support of North Devon Hospice and Macmillan Cancer Support on Saturday, September 29, 10.30am-12.30pm, Brayford Village Hall. Stalls, cakes, refreshments, tea tables for all. Private stalls available for a donation. Gifts of saleable items and raffle prizes gratefully received. Info: Doreen 01598 710409.

Susan Fraser-Smith, admin@ burringtonnorthdevon.com

Parish Hall

Upcoming events: Holy Trinity Harvest Supper - September 16; Bingo - September 27; Community Shop Quiz - October 13; Remembrance Sunday Lunch - November 11; Christmas Fayre - November 17; Christmas Bingo - November 29; EFH Christmas Lunch - December 9; Dance - December 15.

Monthly regulars: Women's Link - first Wednesday; Over 60s Community Lunch - second Friday; parish council meeting - last Tuesday; Flex 'n' Fun - every Wednesday 7.30pm.

Bookings/enquiries: 01769 520601, burringtonph@ gmail.com, Facebook Burrington Parish Hall.

Sioux, combemartinmuseum@ googlemail.com

Tour of Britain

The race is coming through Combe Martin at approximately 2.20pm on Monday.

All cars to be off of the road, there will be a shuttle-bus service running to and from Kiln Car Park to the overflow car park opposite the wildlife park.

All the pubs will be showing the race on their big screens. A seven-seat tandem will be ridden through the village ahead of the race at 1pm, please cheer them on.

There will be refreshments at Adam's Hey and the Museum. The Dolphin are putting on a hog roast and live music.

Flags will be given out on the day.

There is a photographic competition, send your images to combemartinmuseum@ googlemail.com, we would like to create a record of the day, £10 prize for the winner.

If you would like to help steward this event, please ring 07795 415211.

MUSEUM MEAT RAFFLE

Every Sunday at the Dolphin, £1 per strip (or 5 tickets). First prize a joint of meat and veg; second prize rump or gammon steak, mushrooms and tomatoes; third prize breakfast consisting of half a dozen eggs, bacon, sausages, tomatoes and mushrooms.

MUSEUM

Open 10.30am-5pm, Monday to Friday, and 11am-3pm on Saturday and Sunday.

There will be a Coffee Morning on Tuesday, 11am-1pm. Entry to the museum is free from 10.30am while the event is on.

Messy Church

Teddies from the Tower fundraiser at St Peter Ad Vincula Church on Saturday, September 8, 1-4pm. Bring along your favourite soft toy and watch it zipwire from our church tower! Plus lots of activities, stalls, and raffles.

SHAMMICK ART GROUP

Combe Martin Church Parish Hall, every Thursday, 2-5pm, art workshops by arrangement. Info: Judy Jones on 01271 883863 or Linda Thomas on 01271 883345.

Shamwick Gardening Club AGM

On Wednesday, September 12, 7pm, at the Church Hall, Rectory Road. The AGM kicks off the start of the new Gardening Club ***year***. This will be followed by a quiz, drinks and nibbles. If any club members would like to stand for election to the committee could they please contact Desmond or let chairperson Jenny know at the meeting.

The results of our potato-growing competition will be judged with a grand weigh-in at the September meeting.

Here is a sneak preview of our speakers for the next couple of months - October: Autumn and Winter Colours by Sarah Chesters; November: How Plants Grow by Stuart Holder, a nurseryman from Bideford.

Paul Donovan, Courtiford, Dolton, EX19 8RE, 01805 804425, [*pauldon876@btinternet.com*](mailto:pauldon876@btinternet.com)

JUMBLE SALE

Bargains galore are expected at Phoenix Ladies' jumble sale on Saturday in the hall. Doors open at 2pm with stalls selling books, shoes, clothes (men's, women's and children's), bags, jewellery, linen, toys and odds and ends. An additional draw is the cafe with cakes, tea and coffee in the small hall. All the proceeds will go to Sir Michael and Clare Morpurgo's charity Farms for City Children. Since it began in 2012, this annual event has drawn visitors from as far afield as Liskeard, Braunton and South Molton - clearly demonstrating the power of bric-a-brac.

PARISH COUNCIL

The next meeting of Dolton Parish Council after its one-month summer break is on Monday, starting at 7.30pm in the hall.

BINGO NIGHT

Rosemary Lock's community bingo, always on the first Wednesday of the month, takes place on Wednesday in the hall. Eyes down at 7.30pm.

Peter Bunch, Arlington Old School, EX31 4LW, 01271 850215, peter.bunch562@ btinternet.com

Keep Fit

John and Kit's session on Wednesdays, 6-7pm at the Village Hall, is having a late, short summer break and will recommence September 5. Room for more participants for the varied exercises including circuit training, weights, toning and exercises for suppleness and balance. Info: John and Kit 07402 920720/07341 336689

Bingo

Tomorrow, 7.30pm, at the Village Hall. The Young Farmers are running the event in aid of Devon Air Ambulance, do come and support. Raffle prizes welcome.

Flower Festival

Take the tall mainly Victorian Gothic church with a particularly long aisle of St James, Arlington, keep it cool to maintain the freshness of the blooms, then, organised by master flower arranger Jenny Dellow, fill it with wonderfully imaginative colourful displays supplied by the churches of the Shirwell Mission Community and Ilfracombe Flower Club, on the theme Our Green and Pleasant Land based on the Hymn Jerusalem, and the ingredients of a superb Flower Festival are in place.

Despite mixed weather which may have reduced visitors, the four-day festival is still expected to raise £400 to £500 towards the next major work of renovating the church, electrical rewiring and heating.

Coffeeshop

As usual, the first Thursday in the month, September 6. Hosts Liz Smyth and Jill Parker, with additional savoury and sweet contributions always welcome. 100 Club draw will be made and there is a small library of books to exchange, with surplus plants and flowers always popular.

Do come and join friends and neighbour at the ever-popular Coffeeshop.

Songs of Praise

At St James Church, Arlington. Despite the onset of autumn rain, a congregation of around 60 people attended a lovely uplifting Hymn Sandwich with hymns specially chosen by members of the congregation interspersed with appropriate "flowery" readings reflecting the Flower Festival, masterminded by Jenny Dellow, during which the service was held, all linked together by Curate Martyn Tyrrell in a humorous as well as Christian discourse.

Roger Martin played the organ with great aplomb and the delightful Shirwell Choir, with a few singers from other churches, sang two solos.

A really successful and enjoyable event which added the nearly £200 collection to the Flower Festival proceeds for renovating the church.

Sue Squire, 2 Threeways, Bratton Fleming, 01598 710526, [*sue@suesquire.com*](mailto:sue@suesquire.com)

RURAL DEMENTIA CHALLENGES AND SOLUTIONS

A talk on this subject will be given by Ian Sherriff, academic partnership lead for dementia, University of Plymouth, ahead of the September parish council meeting in the Parish Hall on Tuesday, September 25, starting at 7pm. Everyone will be welcome to attend. As parking is limited it would be helpful to have an idea of numbers and if any readers plan to attend they are asked to let the parish clerk know by emailing [*sue@suesquire.com*](mailto:sue@suesquire.com) or calling 01598 710526.

Fremington flower show

On Saturday at the parish hall, 2-4pm. Entry 50p for adults, with children free. Refreshments and raffle available.

Maureen Poole, Wyndene, Hele Lane, Frithelstock Stone, 01805 622834, [*maureenpoole@talktalk.net*](mailto:maureenpoole@talktalk.net)

SKYDIVE

Maureen Poole would like to thank everyone who has been kind and generous in sponsoring her when she did a tandem 15,000ft skydive at Dunkerswell, near Honiton. She has raised £1,237 for Cancer Research UK.

PARISH COUNCIL

The August meeting will be held today in Georgeham Village Hall at 7pm.

There are six planning applications to consider: outline application for the erection of three dwellings together with new access works (all other matters reserved) at Moor Park, Moor Lane, Croyde; extension and improvements to car park (amended plans and additional information) land to rear of 2-10 Hobbs Hill, Croyde; raising of roof to allow for first-floor extension and alterations to dwelling at 21 Longland Lane, Georgeham; conversion of one ***agricultural*** building to form one dwelling at land adjacent to Forda Hill Farm, Forda, Croyde; notice of an application to discharge a planning obligation under regulation three of the T&CP (modification and discharge of planning obligations) regulations 1992 in respect of the section 106 agreement (affordable housing) attached to planning permissions 55517 and 58596 - land adjacent to Higher Roylands, Moor Lane, Croyde; erection of replacement dwelling and outbuilding at 9 Broad Park Close, Croyde.

TOUR OF BRITAIN

This cycle race will be passing through Georgeham and Croyde on Monday. Those taking part include Chris Froome and Geraint Thomas. The full route and estimated timings are available to view at tourofbritain.co.uk/stages/stage-two.

The advance escort and rolling road closures should arrive in Georgeham and Croyde at 2.42pm. Between 2.57-3.22pm, the race should arrive and take a maximum of 10 minutes to pass through.

It is recommended spectators should be at the roadside 30 minutes to one hour before the race is due to pass.

To ensure the safe passage of the race it has been necessary to implement a clearway (no waiting or parking) as the race passes through Georgeham and Croyde. The clearway will run from 9.30am-4pm. A recovery vehicle will travel approximately two hours ahead of the race to remove any vehicles that are parked illegally within the clearway.

We would very much value the support of any volunteers in advance with any door knocking to residents/businesses or sharing via social media through local groups. This should be to remind people to park elsewhere and reschedule things like deliveries, particularly avoiding the afternoon of the race when we will be more actively policing the clearway.

On the day itself it would also be helpful if volunteers could keep an eye on the clearway and remind motorists/residents to keep the route clear. This would be of particular assistance after noon so organisers can be made aware of issues.

If you would like to be a volunteer, please contact the parish clerk, Sue Squire, by emailing [*sue@suesquire.com*](mailto:sue@suesquire.com) or calling 01598 710526.

Mary Tonkin, 01271 378910, [*goodleighnews@lundybay.net*](mailto:goodleighnews@lundybay.net)

Chris the Post

All tickets have been sold for the farewell party on Sunday at 3pm at Goodleigh Village Hall. Bring yours to claim your hog roast, ice cream and strawberries, don't forget to bring your own drinks. Hog roast by John May, butcher of South Molton, and Tennacott Farm Dairy ice-cream van, music from Nellie's Disco. Hog roast from 4pm. Info: Mary Tonkin 01271 378910.

Talk

Goodleigh Village Hall is hosting a talk by Paul Rendell on Exmoor, Land of Combes on Wednesday, September 19, at 7.30pm. Entry will be £5 to include tea, coffee and biscuits. All welcome.

Horticultural society

Annual meeting and dinner at Portmore Golf Club on Wednesday, September 12, 7pm for 7.30pm.

For information and to book a meal contact Dave Hopkins on 01271 345246. New members welcome.

Polka Dot Family Concerts

Mondays at 10am in Goodleigh Village Hall. September 6: Mime artist - Kirsty Allen. October 29: Violin - Kathryn Colman. November 26: Guitar - Hannah Woolacott. £5 entry includes coffee and cake. Info: Caroline Clipsham [*cclipsham@yahoo.co.uk*](mailto:cclipsham@yahoo.co.uk)

WI

Goodleigh WI welcomes new members at any meeting and meets on the third Tuesday of each month at 7.30pm in Goodleigh Village Hall. The autumn ***programme*** continues on September 18 with a talk by Ian Roome, fundraiser for the Over and Above charity North Devon District Hospital. On October 16 there is a cake decorating workshop to practise for Christmas cake decoration. Info: Janet Bryant 01271 344583 or Mary Fardon 01271 344629.

United Church

Christians Together in Goodleigh invite you to their Sunday Service at 9.30am. On Sunday, Family Worship. Sunday, September 9, Holy Trinity service at 10 am on Saunton Sands. Info: Lynda Thorne 01271 346566 or Andrew Moore 01271 321502.

Christians Together are collecting used stamps for Devon Air Ambulance. Please leave donations in the porch.

Informal Music Concert

Raising funds for our community church building on Friday, October 5, in Goodleigh Village Hall, 6.30-9pm. Includes local music talent and a ploughman's supper and cocktail. £10 for adults and £3 for children. Info: Goodleigh Church Facebook page or 01271 346566

Pilates

Pilates with Louise on Tuesdays, there is a "re-rehabilitation" session for those who need more time or have an injury at 4.15pm, followed by the regular class at 5.30pm in the village hall. Info: Louise 01271 343151. Resumes on Tuesday after the summer break.

Art classes

Continue with Avice Yeo, Mondays 10.30am-12.30pm, £10 per session. Info: Avice 01271 870849.

Music and movement

Ladies' Music and Movement Class in Goodleigh Village Hall on Tuesdays with Marie Johns, 10.30-11.30am.

Mobile library

Next visit is on Monday, September 17, 11.50am-12.20pm.

Bratton Fleming Dance club

Next club night is Tuesday, 7.30-10pm. There is a charity dance on Saturday, September 22, 7.30-11.30pm. Bring and share supper. Info: Lynn 01769 573239 or Mike 01271 373095.

Parkinson's UK

Next meeting on Saturday in Goodleigh Village Hall, 10am-1pm. It is a friendly club for those with Parkinson's and neurological issues and their carers and partners. We have a variety of speakers and visitors to entertain and we enjoy coffee, tea and sandwiches.

Tricia Oakley, 01237 441690, [*barnpark@live.co.uk*](mailto:barnpark@live.co.uk)

News items

Please send items for this column to the above email address or phone by the weekend before publication - any later than the Saturday and it will not be possible to include them.

Church services

Sunday: Morning Worship at St. Nectan's, Stoke, 11am. As this is a united service with our Methodist friends, there will be no service at the Methodist Church.

HARTLAND PLAYERS

Actor, 50-60, wanted for good part in Hartland Players' February production. Contact: Deirdredeirdre.conniss@ btinternet.com.

Hartland Royal British Legion

It has now been confirmed that we have the oldest and youngest serving members on our committees. Ida Keens, our ladies' president, is 100 ***years*** old and Haydn Dawkins, our branch chairman is just 22.

The women's section will be renewing the membership as from September 30. This ***year*** the cost will be £14, this will have to be paid only by cheque with your name and membership number printed on the back of the cheque and sent direct to head office. If anyone is facing difficulties with this, this ***year*** please get in touch with Kathy Taylor, ladies' section secretary at the Legion.

Branch membership will be able to be renewed in the usual way, either by ***payment*** at the Post Office or direct debit.

All new members welcome, membership forms are available at the RBL Club, just talk to Marcel. You can join from the RBL website, if you have access to a computer.

We are in the process of organising a number of events. The first will be a Sunset Parade by the Cadets of 326 Sqd Hartland ATC, who will march from the Methodist Church along Fore Street, around to the Legion and then undertake to lower the RAF Ensign to mark the end of the day. This will be held on September 15 and the parade will start at 7.30pm. The Cadets will be led by the Hartland Town Band. Anyone who would also like to march would be most welcome. This is to mark 100 ***years*** of the Royal Air Force. This will be followed by an evening of entertainment with a Neil Diamond tribute at the club. Tickets are available from Marcel Jeffrey, just come in and talk to him.

Enquiries

About church weddings and baptisms should be directed to the Parish Office, which is situated in the Church Rooms in the car park. The office is open on weekday mornings, 10am-noon; answerphone 01237 441142; email hartland [*coastparishes@gmail.com*](mailto:coastparishes@gmail.com)

Shirley Jones, Sunnydale, 4 Avenue Road, Ilfracombe, EX34 9AT, 01271 863630, [*shirleyjns311@gmail.com*](mailto:shirleyjns311@gmail.com)

Farmers Market

On Saturday at the Lantern Centre, High Street, 10am-12.30pm. Fresh local and organic produce and craft. Refreshments. New traders welcome. Info: 01271 864621.

Sea Ilfracombe Maritime Festival

On Saturday and Sunday. This is an annual celebration of Ilfracombe's unique character and coastal life. The main festival hub is in Ropery Road car park, spreading down to the harbour and beyond to many of the pubs, eateries, galleries and venues all around the seafront. ***Programmes*** for the event are available at the Tourist Information Centre.

Community Minibus

The Out and About group enjoyed a trip out to Plymouth on Wednesday, August 15. Contact 01271 863630 for details of further trips.

Ilfracombe Pensioners Social Club

Future meetings will be held at The Lantern, starting Wednesday, 2-4pm.

Very special thanks are given to The Osborne Hotel who took us in several ***years*** ago when the Lantern closed for repair and renovation. Their hospitality is very much appreciated.

The last meeting there was on Wednesday, August 22, when members played Beetle followed by a most sumptuous bring and share tea. The next meeting back at The Lantern will see Sweet Williams, the High Street flower shop, talk about their work. Please pass on the message of our return to The Lantern.

superfast BROADBAND public meeting

On Thursday, September 6, at 6.30pm in Kentisbury and Trentishoe Village Hall, A BT Openreach representative will be present to update and answer questions about broadband connection. Everyone welcome. Please try to attend as it affects us all.

The public meeting will be followed by the September parish council meeting to which everyone is welcome to stay and observe the parish council at work.

Parish council

There are three vacancies on the parish council to be filled by co-option. If you are interested and would like to know more, please contact the parish clerk, Sue Squire, email [*sue@suesquire.com*](mailto:sue@suesquire.com) or phone 01598 710526.

This is an ideal opportunity to see what it is like being a parish councillor, as the life of this council comes to an end in May 2019 when elections are held. Meetings are held in Kentisbury and Trentishoe Village Hall on the first Thursday of the month, 7.30pm during spring and summer, 7pm during autumn and winter, and usually last about two hours.

Horticultural Society

The society is seeking someone to fill the general secretary's position. It would involve taking and producing minutes of meetings (not too many each ***year***) and organising the entertainment, etc, on Show Day. If you would be interested please contact Bett Parker 01271830051 for further details.

Tour of Britain

The race will be passing through Landkey on Monday. The Village Hall will be open from noon for coffee, tea and biscuits at a nominal cost.

Chris Harrington, 01271 850200, 2012LoxhoreNews@ gmail.com

COFFEE MORNING

On Thursday, September 6, 10am, at the Village Hall. Everyone is welcome. We usually have cakes, cards, crafts and books for sale.

PARISH COUNCIL

Meeting on Thursday, September 6, 6pm at Loxhore Village Hall. All welcome to attend.

QUIZ with SUPPER

On Saturday, September 22, at Loxhore Village Hall. Teams of up to six people.

Mervyn Mugford, Tranquillity, Parracombe, 01598 763261, [*mervyn@bodley.demon.co.uk*](mailto:mervyn@bodley.demon.co.uk)

Lynton cinema

Showing The Beatles - Yellow Submarine (U), for the final time today at 2.30pm and Swimming With Men (12A) for the final time this evening at 8pm. Starting tomorrow for seven days, Walt Disney's Christopher Robin (PG), showing each evening at 8pm with four matinees, Friday to Monday at 2.30pm. Coming next, The Happy Prince (15). Enquiries and booking: 01598 753397.

Evening Epilogues

At St John the Evangelist, Countisbury, the final service for this summer will be held on Sunday at 8.30pm.

Lyn Valley Craft and Farmers Market

Saturday, 9am-2pm, Lynton Town Hall. Local produce and crafts available and market tearoom. Entertainment from the Lyn Line Dancers.

Margaret Greenslade, 01271 372065

Church

Marwood Bellringers meet for practice on Wednesdays at 7.30pm. Beginners welcome.

Soup and Pudding Night: Saturday, September 8, at Marwood Church Hall, 7 for 7.30pm. Bring your own drink. Proceeds for Marwood Church. Tickets £10. Info: 346435/07867 526457.

Remembrance Sunday

We invite relatives of those named on Marwood War Memorial to join us for this ***year***'s service in November. More details later.

Cream Teas

Now in its fifth decade of producing cream teas, the ladies and gentlemen who make up Marwood Cream Teas look forward to seeing old friends and making new ones during the 2018 season. There may not be as many openings as in previous ***years*** but the welcome will be just as warm, the cakes just as delicious and the scones and cream just as melt-in-the-mouth good. Final teas for the season on Sunday, September 23.

1st Marwood Scouts

The Beavers, Cubs and Scouts meet at Marwood Community Hall on Thursdays. Vacancies in all three sections.

Marwood Ladies

Next meeting on Thursday, September 6, at 3pm in Marwood Gardens Tearooms.

Muddiford Inn

Muddifest on Saturday, September 8, 3pm-midnight. Live music, DJs, family fun, food and drink.

Website

Look on the website marwood matters.com for more Marwood information.

Ruth Govier, 01598 740661, [*ruth.govier@btinternet.com*](mailto:ruth.govier@btinternet.com)

KNIT NATTER AND CRAFT

Meeting in the Old School on Wednesday, 2-4pm, £2 per session which includes tea and homemade cake.

David Kelsey, Wooletts, Rectory Rise, EX20 3HQ, 01837 810796, [*davidindevon@btinternet.com*](mailto:davidindevon@btinternet.com)

CIDER AND PASTY WALK

The church PCC ran a very successful event on Sunday, August 19. More than 60 walkers and dogs left the Recreation Ground at 2.15pm, led by Richard Gooding and Emma Wiseman, returning at 4.45pm to enjoy pasties and glasses of cider.

The Rev Susanna Metz held an impromptu service in the bar area at 5.30pm which ended a very enjoyable afternoon despite the slightly drizzly conditions.

Ann Luxton and the PCC must be congratulated on organising a very pleasant event, also many thanks to Emma and Richard for planning the route.

Heritage group

There will be a return visit to Tapley Park on at noon, when Peter Christie will be conducting a tour of the house. This event is free to members, with refreshments available after the visit. To book please contact Ann Luxton 01837 810728.

The next meeting of the group will be in the Clinton Hall on Friday, September 14, at 7.30pm when Simon Dell will be speaking on Conchies on Dartmoor.

GARDENING CLUB

Meeting in the Baxter Hall on Tuesday, September 11, at 8pm when the speaker will be Sara Rittershausen from Orchids Paradise and her subject Welcome to the World of Orchids.

Masked ball

To celebrate the 40th anniversary of the Baxter Hall on Saturday, September 15, 7pm for 7.30pm. There will be a two-course dinner with live music provided by Archive.

St Peter's Church

Annual Carvery Lunch to be held on Sunday, September 16, in the Village Hall, 12.45pm for a 1pm start. Tickets £13.50 each, £6 for children. This includes a glass of wine, turkey or beef roast followed by a variety of puddings, tea or coffee. Tickets: Hazel 01271 850396 or David 01271 850447. All are welcome.

Family Fun and Games Afternoon to be held in the Village Hall, 2.30-4pm, on Sunday, September 9.

Cream tea is our treat. Variety of board games. Indoor or outdoor games, such as boules or skittles (weather permitting). All welcome.

Debbie Quick, 01769 573103, debbie.quick65@ btinternet.com

Treasure Hunt

The South Molton committee are holding a Treasure Hunt on Sunday, September 9, starting at 2pm from South Molton Car Park for Cancer Research UK, £5 per head, children under 16 free. Info: 01769 573453. Join us for a fun afternoon.

Keyboard and Light Music Club

Concert with Matthew Bason from Wellingborough, tomorrow at 7.30pm in the Methodist Church Hall. Members £3, guests £7 to include tea and biscuits. Everyone welcome.

Museum

South Molton Museum is delighted that Sheila Lovell, an artist based in Chulmleigh, will be showing some of her exquisite Chinese paintings during August.

After spending time in China studying at the Central Academies of Fine Art in Beijing and Xian, Sheila has truly mastered the art of the expressive brushstroke. Open Monday and Tuesday 10.30am-4pm, Thursday and Saturday 10.30am-1pm.

Guildhall Rooms Tours

The Friends of South Molton Museum will be running tours of the Guildhall Rooms on Saturday. Contact the museum for details, email curator@ southmoltonmuseum.org.

Just Sing

The community choir meets on Wednesdays, 7-8.30pm, at South Molton Scout Hut (by Cattle Market). We welcome new choristers. Contact: John Parkhouse [*jparkhouse110@gmail.com*](mailto:jparkhouse110@gmail.com) or 07971 963943.

Tour of Britain

The top cyclists are scheduled to pass through our Pannier Market on September 3 at around 1.30pm. Timings are subject to change. Come along and make this a day to remember.

South Molton Singers

Commence their autumn rehearsals on Thursday, September 6, 7.30-9.30pm at South Molton Assembly Rooms. ***Programme*** Part One, Handel's Messiah, plus traditional Christmas music. New choristers welcome.

Working Day

South Molton Vintage Rally Club is holding its annual working day at South Leigh Farm, South Molton, on Sunday, by kind permission of Mr M Burnell, from 10am. Everyone welcome. Vintage tractors and ploughs, ***agricultural*** machinery. Refreshments. Info: 01769 572965.

Carnival Queens Search

Elaine Symons is looking for past carnival queens, if you were one or knew anyone who was one, please get in contact.

We are looking for 2001 Sophie Broader, 1980 Christine Porcher now Burd, 1970 Susan Williams (this is her married name as she got marred two weeks before carnival), 1965 Virgina Jenkins, 1960 Marline Wright, 1950 Edna Parker, 1934 Gwen Hill maybe now Elworthy.

The ***years*** we are unsure of are 2004, 2000, 1964, 1954, 1953, 1952, 1951, 1948 to 1935 and 1921 to 1933.

Please note that if the date is not listed she has found them and the names quoted may be maiden or married names.

Elaine will be revisiting the archives and doing more searching.

In the meantime, if you can help in any way, please contact Elaine 01769 579398/07483 243105 or email elaine. [*symons@hotmail.com*](mailto:symons@hotmail.com)

She is also posting within the South Molton Notice Board page on Facebook.

Thanking everyone in advance for their help.

Carnival

South Molton Carnival is being held on Saturday, September 29.

Bank

NatWest's mobile bank will be in South Molton Pannier Market every Tuesday morning, but only for half an hour, from 10.45-11.15am.

VARIETY SHOW

At West Down Parish Hall tomorrow and Saturday, doors open 7pm for 7.30pm start, adults £6, children 12 and under £3. Tickets on sale at West Down Community Shop or on 01271 866396.

Craft Market

Westward Ho! Craft Market is coming to the end of its second Summer Season with the last two markets in September at the Baptist Church Hall on Wednesday and September 19, both 10am-3pm. We started the season with 18 stallholders and have steadily increased to an amazing 26, having to spread into outside space and gazebos! It's a huge thanks to our lovely regular customers and holidaymakers that more crafters have been able to - and wanted to - come to Westward Ho!. The tombola we run aid of the RNLI is already at the point of raising more that last ***year***'s total, thanks to the donation of prizes from crafters. But we have not finished completely for the ***year***, we are back on October 24, 10am-3pm, with our Autumn Fayre, which is promising to be just as big, then on December 21 with Westward Ho! Ho! Ho! Christmas Festival, 2-7pm. We look forward to seeing you at one of our events - if not all of them! For more information and photos of crafts find us on Facebook.

Singer needed

A small local singing group is in need of a bass singer who must be able to sight-read music. Practices are held on Thursday evenings in Westward Ho! and auditions will be held on September 27, 7.30pm, at 15 Beach Road, Westward Ho! Contact: 01237 420652. We look forward to seeing you!

Stephen Harrison, The Old Chapel, Yarnscombe, EX31 3LN, 01769 560400, [*oldchapel08@outlook.com*](mailto:oldchapel08@outlook.com)

SOCIAL CLUB

Abba Chique on Saturday in the Victory Hall are now sold out - tickets will not be available on the door. There will be a food van and overflow parking at Northchurch Farm - follow the signs.

BINGO

Recommences on Friday, September 7, at the Victory Hall. Doors open 6.30pm with eyes down 7.30pm. Assorted prizes to be won.

**Graphic**

Colourful displays from the Flower Festival held at St James Church, Arlington, on the theme Our Green and Pleasant Land. See East Down section

**Load-Date:** August 29, 2018

**End of Document**



[***COMMISSION DELEGATED REGULATION (EU) 2018/179 of 25 September 2017 amending Regulation (EU) No 1233/2011 of the European Parliament and of the Council on the application of certain guidelines in the field of officially supported export credits***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RP3-61X1-F0YC-N1TX-00000-00&context=1516831)

Impact News Service

February 10, 2018 Saturday

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**Body**

Brussels: Official Journal of the European Union has issued the following Legislation:

COMMISSION DELEGATED REGULATION (EU) 2018/179

of 25 September 2017

amending Regulation (EU) No 1233/2011 of the European Parliament and of the Council on the application of certain guidelines in the field of officially supported export credits

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1233/2011 of the European Parliament and of the Council of 16 November 2011 on the application of certain guidelines in the field of officially supported export credits and repealing Council Decisions 2001/76/EC and 2001/77/EC (1) and in particular Article 2 thereof,

Whereas:

(1)

Regulation (EU) No 1233/2011 provides that the guidelines contained in the Arrangement on Officially Supported Export Credits of the Organisation for Economic Cooperation and Development (‘OECD’) (‘the Arrangement’) apply in the Union. The text of the Arrangement is set out in Annex II to that Regulation.

(2)

The Participants to the Arrangement have agreed upon a substantial number of amendments to it. On 1 February 2017, the OECD published a revised version of the Arrangement which takes into account all those amendments. The text of the Arrangement in the Annex to Regulation (EU) No 1233/2011 should therefore be replaced by that consolidated revised version.

(3)

Regulation (EU) No 1233/2011 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Annex II to Regulation (EU) No 1233/2011 is replaced by the text in the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 25 September 2017.

For the Commission

The President

Jean-Claude JUNCKER

(1)  OJ L 326, 8.12.2011, p. 45.

ANNEX ‘

ANNEX II

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CHAPTER I

GENERAL PROVISIONS

1.   PURPOSE

(a)

The main purpose of the Arrangement on Officially Supported Export Credits, referred to throughout this document as the Arrangement, is to provide a framework for the orderly use of officially supported export credits.

(b)

The Arrangement seeks to foster a level playing field for official support, as defined in Article 5(a), in order to encourage competition among exporters based on quality and price of goods and services exported rather than on the most favourable officially supported financial terms and conditions.

2.   STATUS

The Arrangement, developed within the OECD framework, initially came into effect in April 1978 and is of indefinite duration. The Arrangement is a Gentlemen's Agreement among the Participants; it is not an OECD Act (1), although it receives the administrative support of the OECD Secretariat (hereafter: “the Secretariat”).

3.   PARTICIPATION

The Participants to the Arrangement currently are: Australia, Canada, the European Union, Japan, Korea, New Zealand, Norway, Switzerland and the United States. Other OECD Members and non-members may be invited to become Participants by the current Participants.

4.   INFORMATION AVAILABLE TO NON-PARTICIPANTS

(a)

The Participants undertake to share information with non-Participants on notifications related to official support as set out in Article 5(a).

(b)

A Participant shall, on the basis of reciprocity, reply to a request from a non-Participant in a competitive situation on the financial terms and conditions offered for its official support, as it would reply to a request from a Participant.

5.   SCOPE OF APPLICATION

The Arrangement shall apply to all official support provided by or on behalf of a government for export of goods and/or services, including financial leases, which have a repayment term of two ***years*** or more.

(a)

Official support may be provided in different forms:

(1)

Export credit guarantee or insurance (pure cover).

(2)

Official financing support:

—

direct credit/financing and refinancing, or

—

interest rate support.

(3)

Any combination of the above.

(b)

The Arrangement shall apply to tied aid; the procedures set out in Chapter IV shall also apply to trade-related untied aid.

(c)

The Arrangement does not apply to exports of Military Equipment and ***Agricultural*** Commodities.

(d)

Official support shall not be provided if there is clear evidence that the contract has been structured with a purchaser in a country which is not the final destination of the goods, primarily with the aim of obtaining more favourable repayment terms.

6.   SECTOR UNDERSTANDINGS

(a)

The following Sector Understandings are part of the Arrangement:

—

Ships (Annex I)

—

Nuclear Power Plants (Annex II)

—

Civil Aircraft (Annex III)

—

Renewable Energy, Climate Change Mitigation and Adaptation, and Water Projects (Annex IV)

—

Rail Infrastructure (Annex V)

—

Coal-Fired Electricity Generation Projects (Annex VI).

(b)

A Participant to either Annex I, II, IV or V may apply the respective provisions for official support for export of goods and/or services covered by the relevant Sector Understandings. Where a Sector Understanding does not include a corresponding provision to that of the Arrangement, a Participant to that Sector Understanding shall apply the provision of the Arrangement.

(c)

For the export of goods and/or services covered by Annex III, the Participants that are also Participants to that Sector Understanding shall apply the provisions of that Sector Understanding.

(d)

For the export of goods and/or services covered by Annex VI, the corresponding provisions of that Annex shall be applied in lieu of those of the Arrangement. Where Annex VI does not include a corresponding provision to that of the Arrangement, a Participant to that Sector Understanding shall apply the provisions of the Arrangement.

7.   PROJECT FINANCE

(a)

The Participants may apply the terms and conditions set out in Annex VII to the export of goods and/or services for transactions that meet the criteria set out in Appendix 1 of Annex VII.

(b)

Paragraph (a) above applies to the export of goods and services covered by the Sector Understanding on Export Credits for Nuclear Power Plants, the Sector Understanding on Export Credits for Renewable Energy, Climate Change Mitigation and Adaptation, and Water Projects, the Sector Understanding on Export Credits for Railway Infrastructure, and the Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects.

(c)

Paragraph (a) above does not apply to the export of goods and services covered by the Sector Understanding on Export Credits for Civil Aircraft or the Sector Understanding on Export Credits for Ships.

8.   WITHDRAWAL

A Participant may withdraw by notifying the Secretariat in writing by means of instant communication, e.g the OECD On-Line Information System (OLIS). The withdrawal takes effect 180 ***calendar*** days after receipt of the notification by the Secretariat.

9.   MONITORING

The Secretariat shall monitor the implementation of the Arrangement.

CHAPTER II

FINANCIAL TERMS AND CONDITIONS FOR EXPORT CREDITS

Financial terms and conditions for export credits encompass all the provisions set out in this Chapter which shall be read in conjunction one with the other.

The Arrangement sets out limitations on terms and conditions that may be officially supported. The Participants recognise that more restrictive financial terms and conditions than those provided for by the Arrangement traditionally apply to certain trade or industrial sectors. The Participants shall continue to respect such customary financial terms and conditions, in particular the principle by which repayment terms do not exceed the useful life of the goods.

10.   DOWN ***PAYMENT***, MAXIMUM OFFICIAL SUPPORT AND LOCAL COSTS

(a)

The Participants shall require purchasers of goods and services which are the subject of official support to make down ***payments*** of a minimum of 15 % of the export contract value at or before the starting point of credit as defined in Annex XV. For the assessment of down ***payments***, the export contract value may be reduced proportionally if the transaction includes goods and services from a third country which are not officially supported. Financing/insurance of 100 % of the premium is permissible. Premium may or may not be included in the export contract value. Retention ***payments*** made after the starting point of credit are not regarded as down ***payment*** in this context.

(b)

Official support for such down ***payments*** shall only take the form of insurance or guarantee against the usual pre-credit risks.

(c)

Except as provided for in paragraphs (b) and (d), the Participants shall not provide official support in excess of 85 % of the export contract value, including third country supply but excluding local costs.

(d)

The Participants may provide official support for local costs, provided that:

(1)

Official support provided for local costs shall not exceed 30 % of the export contract value.

(2)

It shall not be provided on terms more favourable/less restrictive than those agreed for the related exports.

(3)

Where official support for local cost exceeds 15 % of the export contract value, such official support shall be subject to prior notification, pursuant to Article 48, specifying the nature of the local costs being supported.

11.   CLASSIFICATION OF COUNTRIES FOR MAXIMUM REPAYMENT TERMS

(a)

Category I countries are High Income (2) OECD countries. All other countries are in Category II.

(b)

The following operational criteria and procedures apply when classifying countries:

(1)

Classification for Arrangement purposes is determined by per capita GNI as calculated by the World Bank for the purposes of the World Bank classification of borrowing countries.

(2)

In cases where the World Bank does not have enough information to publish per capita GNI data, the World Bank shall be asked to estimate whether the country in question has per capita GNI above or below the current threshold. The country shall be classified according to the estimate unless the Participants decide to act otherwise.

(3)

If a country is reclassified in accordance with Article 11(a), the reclassification will take effect two weeks after the conclusions drawn from the above-mentioned data from the World Bank have been communicated to all Participants by the Secretariat.

(4)

In cases where the World Bank revises figures, such revisions shall be disregarded in relation to the Arrangement. Nevertheless, the classification of a country may be changed by way of a Common Line and Participants would favourably consider a change due to errors and omissions in the figures subsequently recognised in the same ***calendar*** ***year*** in which the figures were first distributed by the Secretariat.

(c)

A country will change category only after its World Bank category has remained unchanged for two consecutive ***years***.

12.   MAXIMUM REPAYMENT TERMS

Without prejudice to Article 13, the maximum repayment term varies according to the classification of the country of destination determined by the criteria in Article 11.

(a)

For Category I countries, the maximum repayment term is five ***years***, with the possibility of agreeing up to eight-and-a-half ***years*** when the procedures for prior notification set out in Article 48 are followed.

(b)

For Category II countries, the maximum repayment term is 10 ***years***.

(c)

In the event of a contract involving more than one country of destination the Participants should seek to establish a Common Line in accordance with the procedures in Articles 58 to 63 to reach agreement on appropriate terms.

13.   REPAYMENT TERMS FOR NON-NUCLEAR POWER PLANTS

(a)

For non-nuclear power plants not covered by Annex VI, the maximum repayment term shall be 12 ***years***. If a Participant intends to support a repayment term longer than that provided for in Article 12, the Participant shall give prior notification in accordance with the procedure in Article 48.

(b)

Non-nuclear power plants are complete power stations, or parts thereof, not fuelled by nuclear power; they include all components, equipment, materials and services (including the training of personnel) directly required for the construction and commissioning of such non-nuclear power stations. This does not include items for which the buyer is usually responsible, in particular costs associated with land development, roads, construction villages, power lines, and switchyard and water supply located outside the power plant site boundary, as well as costs arising in the buyer's country from official approval procedures (e.g site permits, construction permit, fuel loading permits), except:

(1)

in cases where the buyer of the switchyard is the same as the buyer of the power plant, the maximum repayment term for the original switchyard shall be the same as that for the non-nuclear power plant (i.e 12 ***years***); and

(2)

the maximum repayment term for sub-stations, transformers and transmission lines with a minimum voltage threshold of 100 kV shall be the same as that for the non-nuclear power plant.

14.   REPAYMENT OF PRINCIPAL AND ***PAYMENT*** OF INTEREST

(a)

The principal sum of an export credit shall be repaid in equal instalments.

(b)

Principal shall be repaid and interest shall be paid no less frequently than every six months and the first instalment of principal and interest shall be made no later than six months after the starting point of credit.

(c)

For export credits provided in support of lease transactions, equal repayments of principal and interest combined may be applied in lieu of equal repayments of principal as set out in paragraph (a).

(d)

On an exceptional and duly justified basis, export credits may be provided on terms other than those set out in paragraphs (a) through (c) above. The provision of such support shall be explained by an imbalance in the timing of the funds available to the obligor and the debt service profile available under an equal, semi-annual repayment schedule, and shall comply with the following criteria:

(1)

No single repayment of principal or series of principal ***payments*** within a six-month period shall exceed 25 % of the principal sum of the credit.

(2)

Principal shall be repaid no less frequently than every 12 months. The first repayment of principal shall be made no later than 12 months after the starting point of credit and no less than 2 % of the principal sum of the credit shall have been repaid 12 months after the starting point of credit.

(3)

Interest shall be paid no less frequently than every 12 months and the first interest ***payment*** shall be made no later than six months after the starting point of credit.

(4)

The maximum weighted average life of the repayment period shall not exceed:

—

For transactions with sovereign buyers (or with a sovereign repayment guarantee), four-and-a-half ***years*** for transactions in Category I Countries and five-and-a-quarter ***years*** for Category II Countries.

—

For transactions with non-sovereign buyers (and with no sovereign repayment guarantee), five ***years*** for Category I Countries and six ***years*** for Category II Countries.

—

Notwithstanding the provisions set out in the two previous tirets, for transactions involving support for non-nuclear power plants according to Article 13, six-and-a-quarter ***years***.

(5)

The Participant shall give prior notification in accordance with Article 48 that explains the reason for not providing support according to paragraphs (a) through (c) above.

(e)

Interest due after the starting point of credit shall not be capitalised

15.   INTEREST RATES, PREMIUM RATES AND OTHER FEES

(a)

Interest excludes:

(1)

any ***payment*** by way of premium or other charge for insuring or guaranteeing supplier credits or financial credits;

(2)

any ***payment*** by way of banking fees or commissions relating to the export credit other than annual or semi-annual bank charges that are payable throughout the repayment period; and

(3)

withholding taxes imposed by the importing country.

(b)

Where official support is provided by means of direct credits/financing or refinancing, the premium either may be added to the face value of the interest rate or may be a separate charge; both components are to be specified separately to the Participants.

16.   VALIDITY PERIOD FOR EXPORT CREDITS

Financial terms and conditions for an individual export credit or line of credit, other than the validity period for the Commercial Interest Reference Rates (CIRRs) set out in Article 21, shall not be fixed for a period exceeding six months prior to final commitment.

17.   ACTION TO AVOID OR MINIMISE LOSSES

The Arrangement does not prevent export credit authorities or financing institutions from agreeing to less restrictive financial terms and conditions than those provided for by the Arrangement, if such action is taken after the contract award (when the export credit agreement and ancillary documents have already become effective) and is intended solely to avoid or minimise losses from events which could give rise to non-***payment*** or claims.

18.   MATCHING

Taking into account a Participant's international obligations and consistent with the purpose of the Arrangement, a Participant may match, according to the procedures set out in Article 45, financial terms and conditions offered by a Participant or a non-Participant. Financial terms and conditions provided in accordance with this Article are considered to be in conformity with the provisions of Chapters I, II and, when applicable, Annexes I, II, III, IV, V, VI and VII.

19.   MINIMUM FIXED INTEREST RATES UNDER OFFICIAL FINANCING SUPPORT

(a)

The Participants providing official financing support for fixed rate loans shall apply the relevant CIRRs as minimum interest rates. CIRRs are interest rates established according to the following principles:

(1)

CIRRs should represent final commercial lending interest rates in the domestic market of the currency concerned;

(2)

CIRRs should closely correspond to the rate for first class domestic borrowers;

(3)

CIRRs should be based on the funding cost of fixed interest rate finance;

(4)

CIRRs should not distort domestic competitive conditions; and

(5)

CIRRs should closely correspond to a rate available to first class foreign borrowers.

(b)

The provision of official financing support shall not offset or compensate, in part or in full, for the appropriate credit risk premium to be charged for the risk of non-repayment pursuant to the provisions of Article 23.

20.   CONSTRUCTION OF CIRRS

(a)

Each Participant wishing to establish a CIRR shall initially select one of the following two base rate systems for its national currency:

(1)

three-***year*** government bond yields for a repayment term of up to and including five ***years***; five-***year*** government bond yields for over five and up to and including eight-and-a-half ***years***; and seven-***year*** government bond yields for over eight-and-a-half ***years***; or

(2)

five-***year*** government bond yields for all maturities.

Exceptions to the base rate system shall be agreed by the Participants.

(b)

CIRRs shall be set at a fixed margin of 100 basis points above each Participant's base rate unless Participants have agreed otherwise.

(c)

Other Participants shall use the CIRR set for a particular currency should they decide to finance in that currency.

(d)

A Participant may change its base-rate system after giving six months' advance notice and with the counsel of the Participants.

(e)

A Participant or a non-Participant may request that a CIRR be established for the currency of a non-Participant. In consultation with the interested non-Participant, a Participant or the Secretariat on behalf of that non-Participant may make a proposal for the construction of the CIRR in that currency using Common Line procedures in accordance with Articles 58 to 63.

21.   VALIDITY OF CIRRS

The interest rate applying to a transaction shall not be fixed for a period longer than 120 days. A margin of 20 basis points shall be added to the relevant CIRR if the terms and conditions of the official financing support are fixed before the contract date.

22.   APPLICATION OF CIRRS

(a)

Where official financing support is provided for floating rate loans, banks and other financing institutions shall not be allowed to offer the option of the lower of either the CIRR (at time of the original contract) or the short-term market rate throughout the life of the loan.

(b)

In the event of a voluntary, early repayment of a loan of or any portion thereof, the borrower shall compensate the government institution providing official financing support for all costs and losses incurred as a result of such early repayment, including the cost to the government institution of replacing the part of the fixed rate cash inflow interrupted by the early repayment.

23.   PREMIUM FOR CREDIT RISK

The Participants shall charge premium, in addition to interest charges, to cover the risk of non-repayment of export credits. The premium rates charged by the Participants shall be risk-based, shall converge and shall not be inadequate to cover long-term operating costs and losses.

24.   MINIMUM PREMIUM RATES FOR CREDIT RISK

The Participants shall charge no less than the applicable Minimum Premium Rate (MPR) for Credit Risk.

(a)

The applicable MPR is determined according to the following factors:

—

the applicable country risk classification,

—

the time at risk (i.e the Horizon of Risk or HOR),

—

the selected buyer risk category of the obligor,

—

the percentage of political and commercial risk cover and quality of official export credit product provided,

—

any country risk mitigation technique applied, and

—

any buyer risk credit enhancements that have been applied.

(b)

MPRs are expressed in percentages of the principal value of the credit as if premium were collected in full at the date of the first drawdown of the credit. An explanation of how to calculate the MPRs, including the mathematical formula, is provided in Annex IX.

(c)

Irrespective of the destination country the premium rates charged by Participants for Market Benchmark transactions, i.e , involving ultimate obligors/guarantors (i.e credit risk entities) in Category 0 countries, High Income OECD Countries and High Income Euro Area Countries (3) shall be determined on a case-by-case basis. In order to ensure that the premium rates charged for transactions involving obligors, and where appropriate guarantors, in such countries do not undercut private market pricing, the Participants shall adhere to the following procedures, using agreed conventions to translate the relevant benchmark pricing into premium rates:

(1)

Where a Participant provides official support as part of a syndicated loan package that is structured as either an asset-backed (4) or project finance (5) transaction, then:

—

the all-in cost of the direct lending portion shall be no less than the all-in cost charged by the commercial market participant(s) in the syndicate,

—

the premium charged for pure cover shall be no less than the translated equivalent of that charged by the commercial market participant(s).

To qualify as a syndicated loan package, all of the following conditions must be met:

—

at least 25 % (6) of the syndicate is commercial market loan(s)/guarantee(s), without any bilateral or multilateral support (e.g , ECA, DFI, IFI or MDB) (7), where all parties to the financing are on pari passu terms on all financial terms and conditions, including security package, and

—

the transaction financial terms and conditions are fully compliant with the Arrangement, as modified by these provisions of Market Benchmark pricing in syndicated loans/guarantees transactions.

(2)

For all other Market Benchmark Transactions, the following procedures shall apply:

—

Taking into consideration the availability of market information and the characteristics of the underlying transaction, Participants shall determine the premium rate to be applied by benchmarking against one or more of the market benchmarks set forth in Annex X, choosing the benchmark(s) deemed most appropriate for the specific transaction.

—

Notwithstanding the preceding paragraph, Participants may not charge a premium rate that is lower than the corresponding premium determined by the Through the Cycle Market Benchmark (TCMB) model, based on the risk classification and total term (WAL of the whole transaction) of the transaction unless the market benchmark is derived from a Name-Specific or Related Entity (i) secondary market bond or (ii) Credit Default Swap (CDS). A Participant charging a premium rate lower than the corresponding premium determined by the TCMB model, based on the Accredited Credit Rating Agency (8) (CRA) rating of the Name-Specific market benchmark (9) shall give prior notification in accordance with Article 48. However, the premium charged may not be less than the corresponding Minimum Actuarial Premium.

—

In determining the premium rate, a Participant shall determine a risk rating for the ultimate obligor/guarantor, including whether the obligor/guarantor is rated by an Accredited CRA. A Participant may set a rating one notch better (on the Accredited CRA's scale) than that provided by an Accredited CRA. If there is no Accredited CRA rating, the risk classification may not exceed (be more favourable than) the CRA rating of the sovereign in the obligor/guarantor's domicile by more than two notches. Participants must give prior notification in accordance with Article 48 in the following scenarios:

—

where a Participant classifies the obligor/guarantor as better than the best rating from an Accredited CRA, or

—

if there is no Accredited CRA rating, where a Participant classifies a transaction as CC2 or better, or a credit rating letter equivalent to AAA to A-, or equal to or more favourable than the best Accredited CRA rating of the sovereign in the obligor's/guarantor's domicile.

(d)

The “highest risk” countries in Category 7 shall, in principle, be subject to premium rates in excess of the MPRs established for that Category; these premium rates shall be determined by the Participant providing official support.

(e)

In calculating the MPR for a transaction, the applicable country risk classification shall be the classification of the obligor's country and the applicable buyer risk classification shall be the classification of the obligor (10), unless:

—

security in the form of an irrevocable, unconditional, on-demand, legally valid and enforceable guarantee of the total debt repayment obligation for the entire duration of the credit is provided by a third party that is creditworthy in relation to the size of the guaranteed debt. In the case of a third party guarantee, a Participant may choose to apply the country risk classification of the country in which the guarantor is located and the buyer risk category of the guarantor (11), or

—

a Multilateral or Regional Institution as set out in Article 28 is acting either as borrower or guarantor for the transaction, in which case the applicable Country Risk Classification and buyer risk category may be that of the specific Multilateral or Regional Institution involved.

(f)

The criteria and conditions relating to the application of a third party guarantee according to the situations described in the first and second tirets of paragraph (e) above are set out in Annex XI.

(g)

The HOR convention used in the calculation of an MPR is one-half of the disbursement period plus the entire repayment period and assumes a regular export credit repayment profile, i.e repayment in equal semi-annual instalments of principal plus accrued interest beginning six months after the starting point of credit. For export credits with non-standard repayment profiles, the equivalent repayment period (expressed in terms of equal, semi-annual instalments) is calculated using the following formula: equivalent repayment period = (average weighted life of the repayment period – 0,25)/0,5.

(h)

The Participant choosing to apply an MPR associated with a third party guarantor located in a country other than that of the obligor shall give prior notification according to Article 47. The Participant choosing to apply a MPR associated with a Multilateral or Regional Institution acting as a guarantor shall give prior notification in accordance with Article 48.

25.   COUNTRY RISK CLASSIFICATION

With the exception of High Income OECD countries and High Income Euro Area countries, countries shall be classified according to the likelihood of whether they will service their external debts (i.e country credit risk).

(a)

The five elements of country credit risk are:

—

general moratorium on repayments decreed by the obligor's/guarantor's government or by that agency of a country through which repayment is effected,

—

political events and/or economic difficulties arising outside the country of the notifying Participant or legislative/administrative measures taken outside the country of the notifying Participant which prevent or delay the ***transfer*** of funds paid in respect of the credit,

—

legal provisions adopted in the obligor's/guarantor's country declaring repayments made in local currency to be a valid discharge of the debt, notwithstanding that, as a result of fluctuations in exchange rates, such repayments, when converted into the currency of the credit, no longer cover the amount of the debt at the date of the ***transfer*** of funds,

—

any other measure or decision of the government of a foreign country which prevents repayment under a credit, and

—

cases of force majeure occurring outside the country of the notifying Participant, i.e war (including civil war), expropriation, revolution, riot, civil disturbances, cyclones, floods, earthquakes, eruptions, tidal waves and nuclear accidents.

(b)

Countries are classified into one of eight Country Risk Categories (0-7). MPRs have been established for Categories 1 through 7, but not for Category 0, as the level of country risk is considered to be negligible for countries in this Category. The credit risk associated with transactions in Category 0 countries is predominantly related to the risk of the obligor/guarantor.

(c)

The classification of countries (12) is achieved through the Country Risk Classification Methodology, which is comprised of:

—

The Country Risk Assessment Model (the Model), which produces a quantitative assessment of country credit risk which is based, for each country, on three groups of risk indicators: the ***payment*** experience of the Participants, the financial situation and the economic situation. The methodology of the Model consists of different steps including the assessment of the three groups of risk indicators, and the combination and flexible weighting of the risk indicator groups.

—

The qualitative assessment of the Model results, considered country-by-country to integrate the political risk and/or other risk factors not taken into account in full or in part by the Model. If appropriate, this may lead to an adjustment to the quantitative Model assessment to reflect the final assessment of the country credit risk.

(d)

Country Risk Classifications shall be monitored on an on-going basis and reviewed at least annually and changes resulting from the Country Risk Classification Methodology shall be immediately communicated by the Secretariat. When a country is re-classified in a lower or higher Country Risk Category, the Participants shall, no later than five working days after the re-classification has been communicated by the Secretariat, charge premium rates at or above the MPRs associated with the new Country Risk Category.

(e)

The country risk classifications shall be made public by the Secretariat.

26.   SOVEREIGN RISK ASSESSMENT

(a)

For all countries classified through the Country Risk Classification Methodology according to Article 25 (d), the risk of the sovereign shall be assessed in order to identify, on an exceptional basis, those sovereigns:

—

that are not the lowest-risk obligor in the country, and

—

whose credit risk is significantly higher than country risk.

(b)

The identification of sovereigns meeting the criteria listed in paragraph (a) above shall be undertaken according to the Sovereign Risk Assessment Methodology that has been developed and agreed by the Participants.

(c)

The list of sovereigns identified as meeting the criteria listed in paragraph (a) above shall be monitored on an on-going basis and reviewed at least annually and changes resulting from the Sovereign Risk Assessment Methodology shall be immediately communicated by the Secretariat.

(d)

The list of sovereigns identified under paragraph (b) above shall be made public by the Secretariat.

27.   BUYER RISK CLASSIFICATION

Obligors and, as appropriate, guarantors in countries classified in Country Risk Categories 1-7 shall be classified into one of the buyer risk categories that have been established in relation to the country of the obligor/guarantor (13). The matrix of buyer risk categories into which obligors and guarantors shall be classified is provided in Annex IX. Qualitative descriptions of the buyer risk categories are provided in Annex XII.

(a)

Buyer-risk classifications shall be based on the senior unsecured credit rating of the obligor/guarantor as determined by the Participant.

(b)

Notwithstanding paragraph (a) above, transactions supported according to the terms and conditions of Annex VII and transactions having a credit value of SDR 5 million or less may be classified on a transaction basis, i.e after the application of any buyer risk credit enhancements; however, such transactions, regardless of how they are classified, are not eligible for any discounts for the application of buyer risk credit enhancements.

(c)

Sovereign obligors and guarantors are classified in buyer risk category SOV/CC0.

(d)

On an exceptional basis, non-sovereign obligors and guarantors may be classified in the “Better than Sovereign” (SOV+) buyer risk category (14) if:

—

the obligor/guarantor has a foreign currency rating from an Accredited CRA that is better than the foreign currency rating (from the same CRA) of their respective sovereign, or

—

the obligor/guarantor's is located in a country in which sovereign risk has been identified as being significantly higher than country risk.

(e)

The Participants shall give prior notification according to Article 48 for transactions:

—

with a non-sovereign obligor/guarantor where the premium charged is below that set by Buyer Risk Category CC1, i.e CC0 or SOV+,

—

with a non-sovereign obligor/guarantor having a credit value of greater than SDR 5 million where a Participant assesses a buyer risk rating for a non-sovereign obligor/guarantor that is rated by an Accredited CRA, and the buyer risk rating assessed is better than the Accredited CRA rating (15).

(f)

In the event of competition for a specific transaction, whereby the obligor/guarantor has been classified by competing Participants in different buyer risk categories, the competing Participants shall seek to arrive at a common buyer risk classification. If agreement on a common classification is not reached, the Participant(s) having classified the obligor/guarantor in a higher buyer risk classification are not prohibited from applying the lower buyer risk classification.

28.   CLASSIFICATION OF MULTILATERAL AND REGIONAL INSTITUTIONS

Multilateral and Regional Institutions shall be classified into one of eight Country Risk Categories (0-7) (16) and reviewed as appropriate; such applicable classifications shall be made public by the Secretariat.

29.   PERCENTAGE AND QUALITY OF OFFICIAL EXPORT CREDIT COVER

The MPRs are differentiated to take account of the differing quality of export credit products and percentage of cover provided by the Participants as set out in Annex IX. The differentiation is based on the exporter's perspective (i.e to neutralise the competitive effect arising from the differing qualities of product provided to the exporter/financial institution).

(a)

The quality of an export credit product is a function of whether the product is insurance, guarantee or direct credit/financing, and for insurance products whether cover of interest during the claims waiting period (i.e the period between the due date of ***payment*** by the obligor and the date that the insurer is liable to reimburse the exporter/financial institution) is provided without a surcharge.

(b)

All existing export credit products offered by the Participants shall be classified into one of the three product categories which are:

—

Below standard product, i.e insurance without cover of interest during the claims waiting period and insurance with cover of interest during the claims waiting period with an appropriate premium surcharge,

—

Standard product, i.e insurance with cover of interest during the claims waiting period without an appropriate premium surcharge and direct credit/financing, and

—

Above standard product, i.e guarantees.

30.   COUNTRY RISK MITIGATION TECHNIQUES

(a)

The Participants may apply the following country risk mitigation techniques, the specific application of which is set out in Annex XIII:

—

Offshore Future Flow Structure Combined with Offshore Escrow Account

—

Local Currency Financing.

(b)

The Participant applying an MPR reflecting the use of country risk mitigation shall give prior notification according to Article 47.

(c)

No country risk mitigation shall be applied to Market Benchmark transactions.

31.   BUYER RISK CREDIT ENHANCEMENTS

(a)

The Participants may apply the following buyer risk credit enhancements (BRCE) which allow for the application of a Credit Enhancement Factor (CEF) greater than 0:

—

Assignment of Contract Proceeds or Receivables

—

Asset Based Security

—

Fixed Asset Security

—

Escrow Account.

(b)

Definitions of the BRCE and maximum CEF values for both Category 1-7 obligors as well as Market Benchmark obligors are set out in Annex XIII.

(c)

BRCEs may be used alone or in combination with the following restrictions:

—

The maximum CEF that can be achieved through the use of the BRCEs is 0,35 for Category 1-7 transactions, and 0,25 for Market Benchmark transactions.

—

“Asset Based Security” and “Fixed Asset Security” cannot be used together in one transaction.

—

In a Category 1-7 transaction where the applicable country risk classification has been improved through the use of “Offshore Future Flow Structure Combined with Offshore Escrow Account”, no BRCEs may be applied.

(d)

The Participants shall give prior notification according to Article 48 for transactions with a non-sovereign obligor/guarantor having a credit of greater than SDR 5 million where BRCEs result in the application of a CEF of greater than 0, or whenever BRCEs are used in a Market Benchmark transaction that result in pricing below the corresponding TCMB MPR.

32.   REVIEW OF THE VALIDITY OF THE MINIMUM PREMIUM RATES FOR CREDIT RISK

(a)

To assess the adequacy of MPRs and to allow, if necessary, for adjustments, either upwards or downwards, Premium Feedback Tools (PFTs), shall be used in parallel to monitor and adjust the MPRs on a regular basis.

(b)

The PFTs shall assess the adequacy of the MPRs in terms of both the actual experience of institutions providing official export credits as well as private market information on the pricing of credit risk.

(c)

A comprehensive review of all aspects of the premium rules of the Arrangement, with a special emphasis on the Market Benchmark Pricing Rules, shall take place no later than 31 December 2018.

CHAPTER III

PROVISIONS FOR TIED AID

33.   GENERAL PRINCIPLES

(a)

The Participants have agreed to have complementary policies for export credits and tied aid. Export credit policies should be based on open competition and the free play of market forces. Tied aid policies should provide needed external resources to countries, sectors or projects with little or no access to market financing. Tied aid policies should ensure best value for money, minimise trade distortion, and contribute to developmentally effective use of these resources.

(b)

The tied aid provisions of the Arrangement do not apply to the aid ***programmes*** of multilateral or regional institutions.

(c)

Principles do not prejudge the views of the Development Assistance Committee (DAC) on the quality of tied and untied aid.

(d)

A Participant may request additional information relevant to the tying status of any form of aid. If there is uncertainty as to whether a certain financing practice falls within the scope of the definition of tied aid set out in Annex XV, the donor country shall furnish evidence in support of any claim to the effect that the aid is in fact “untied” in accordance with the definition in Annex XV.

34.   FORMS OF TIED AID

Tied aid can take the form of:

(a)

Official Development Assistance (ODA) loans as defined in the “DAC Guiding Principles for Associated Financing and Tied and Partially Untied Official Development Assistance (1987)”;

(b)

ODA grants as defined in the “DAC Guiding Principles for Associated Financing and Tied and Partially Untied Official Development Assistance (1987)”; and

(c)

Other Official Flows (OOF), which includes grants and loans but excludes officially supported export credits that are in conformity with the Arrangement; or

(d)

Any association, e.g mixture, in law or in fact, within the control of the donor, the lender or the borrower involving two or more of the preceding, and/or the following financing components:

(1)

an export credit that is officially supported by way of direct credit/financing, refinancing, interest rate support, guarantee or insurance to which the Arrangement applies; and

(2)

other funds at or near market terms, or down ***payment*** from the purchaser.

35.   ASSOCIATED FINANCING

(a)

Associated financing may take various forms including mixed credits, mixed financing, joint financing, parallel financing or single integrated transactions. The main characteristics are that they all feature:

—

a concessional component that is linked in law or in fact to the non-concessional component,

—

either a single part or all of the financing package that is, in effect, tied aid, and

—

concessional funds those are available only if the linked non-concessional component is accepted by the recipient.

(b)

Association or linkage “in fact” is determined by such factors as:

—

the existence of informal understandings between the recipient and the donor authorities,

—

the intention by the donor to facilitate the acceptability of a financing package through the use of ODA,

—

the effective tying of the whole financing package to procurement in the donor country,

—

the tying status of ODA and the means of tendering for or contracting of each financing transaction, or

—

any other practice, identified by the DAC or the Participants in which a de facto liaison exists between two or more financing components.

(c)

The following practices shall not prevent the determination of an association or linkage “in fact”:

—

contract splitting through the separate notification of the component parts of one contract,

—

splitting of contracts financed in several stages,

—

non-notification of interdependent parts of a contract, and/or

—

non-notification because part of the financing package is untied.

36.   COUNTRY ELIGIBILITY FOR TIED AID

(a)

There shall be no tied aid to countries whose per capita GNI, according to the World Bank data, is above the upper limit for lower middle income countries. The World Bank recalculates this threshold on an annual basis (17). A country will be reclassified only after its World Bank category has been unchanged for two consecutive ***years***.

(b)

The following operational criteria and procedures apply when classifying countries:

(1)

Classification for Arrangement purposes is determined by per capita GNI as calculated by the World Bank for the purposes of the World Bank classification of borrowing countries; this classification shall be made public by the Secretariat.

(2)

In cases where the World Bank does not have enough information to publish per capita GNI data, the World Bank shall be asked to estimate whether the country in question has per capita GNI above or below the current threshold. The country shall be classified according to the estimate unless the Participants decide to act otherwise.

(3)

If a country's eligibility for tied aid does change in accordance with paragraph (a) above, the reclassification shall take effect two weeks after the conclusions drawn from the above mentioned World Bank data have been communicated to all Participants by the Secretariat. Before the effective date of reclassification, no tied aid financing for a newly eligible country may be notified; after that date, no tied aid financing for a newly promoted country may be notified, except that individual transactions covered under a prior committed credit line may be notified until the expiry of the credit line (which shall be no more than one ***year*** from the effective date).

(4)

In cases where the World Bank revises figures such revisions shall be disregarded in relation to the Arrangement. Nevertheless, the classification of a country may be changed by way of a Common Line, in accordance with the appropriate procedures in Articles 58 to 63, and the Participants would favourably consider a change due to errors and omissions in the figures subsequently recognised in the same ***calendar*** ***year*** as the figures that were first distributed by the Secretariat.

37.   PROJECT ELIGIBILITY

(a)

Tied aid shall not be extended to public or private projects that normally should be commercially viable if financed on market or Arrangement terms.

(b)

The key tests for such aid eligibility are:

—

whether the project is financially non-viable, i.e does the project lack capacity with appropriate pricing determined on market principles, to generate cash flow sufficient to cover the project's operating costs and to service the capital employed, i.e the first key test, or

—

whether it is reasonable to conclude, based on communication with other Participants, that it is unlikely that the project can be financed on market or Arrangement terms, i.e the second key test. In respect of projects larger than SDR 50 million special weight shall be given to the expected availability of financing at market or Arrangement terms when considering the appropriateness of such aid.

(c)

The key tests under paragraph (b) above are intended to describe how a project should be evaluated to determine whether it should be financed with such aid or with export credits on market or Arrangement terms. Through the consultation process described in Articles 51 to 53, a body of experience is expected to develop over time that will more precisely define, for both export credit and aid agencies, ex ante guidance as to the line between the two categories of projects.

38.   MINIMUM CONCESSIONALITY LEVEL

The Participants shall not provide tied aid that has a concessionality level of less than 35 %, or 50 % if the beneficiary country is a Least Developed Country (LDC), except for the cases set out below, which are also exempt from the notification procedures set out in Articles 49(a) and 50(a):

(a)

Technical assistance: tied aid where the official development aid component consists solely of technical cooperation that is less than either 3 % of the total value of the transaction or SDR 1 million, whichever is lower; and

(b)

Small projects: capital projects of less than SDR 1 million that are funded entirely by development assistance grants.

39.   EXEMPTIONS FROM COUNTRY OR PROJECT ELIGIBILITY FOR TIED AID

(a)

The provisions of Articles 36 and 37 do not apply to tied aid where the concessionality level is 80 % or more except for tied aid that forms part of an associated financing package, described in Article 35.

(b)

The provisions of Article 37 do not apply to tied aid with a value of less than SDR 2 million except for tied aid that forms part of an associated financing package, described in Article 35.

(c)

Tied aid for LDCs as defined by the United Nations is not subject to the provisions of Articles 36 and 37.

(d)

The Participants shall give favourable consideration to an acceleration of tied aid procedures in line with the specific circumstances:

—

a nuclear or major industrial accident that causes serious trans-frontier pollution, where any affected Participant wishes to provide tied aid to eliminate or mitigate its effects, or

—

the existence of a significant risk that such an accident may occur, where any potentially affected Participant wishes to provide tied aid to prevent its occurrence.

(e)

Notwithstanding Articles 36 and 37, a Participant may, exceptionally, provide support by one of the following means:

—

the Common Line procedure as defined in Annex XV and described in Articles 58 to 63, or

—

the justification on aid grounds through support by a substantial body of the Participants as described in Articles 51 and 52, or

—

a letter to the OECD Secretary-General, in accordance with the procedures in Article 53, which the Participants expect will be unusual and infrequent.

40.   CALCULATION OF CONCESSIONALITY LEVEL OF TIED AID

The concessionality level of tied aid is calculated using the same method as for the grant element used by the DAC, except that:

(a)

The discount rate used to calculate the concessionality level of a loan in a given currency, i.e the Differentiated Discount Rate (DDR), is subject to annual change on 15 January and is calculated as follows:

—

The average of the CIRR + Margin

Margin (M) depends on the repayment term (R) as follows:

R

M

less than 15 ***years***

0,75

from 15 ***years*** up to, but not including 20 ***years***

1,00

from 20 ***years*** up to but not including 30 ***years***

1,15

from 30 ***years*** and above

1,25

—

For all currencies the average of the CIRR is calculated taking an average of the monthly CIRRs valid during the six-month period between 15 August of the previous ***year*** and 14 February of the current ***year***. The calculated rate, including the Margin, is rounded to the nearest ten basis points. If there is more than one CIRR for the currency, the CIRR for the longest maturity as set out in Article 20(a), shall be used for this calculation.

(b)

The base date for the calculation of the concessionality level is the starting point of credit as set out in Annex XV.

(c)

For the purpose of calculating the overall concessionality level of an associated financing package, the concessionality levels of the following credits, funds and ***payments*** are considered to be zero:

—

export credits that are in conformity with the Arrangement;

—

other funds at or near market rates;

—

other official funds with a concessionality level of less than the minimum permitted under Article 38 except in cases of matching; and

—

down ***payment*** from the purchaser.

***Payments*** on or before the starting point of credit that are not considered down ***payment*** shall be included in the calculation of the concessionality level.

(d)

The discount rate in matching: in matching aid, identical matching means matching with an identical concessionality level that is recalculated with the discount rate in force at the time of matching.

(e)

Local costs and third country procurement shall be included in the calculation of concessionality level only if they are financed by the donor country.

(f)

The overall concessionality level of a package is determined by multiplying the nominal value of each component of the package by the respective concessionality level of each component, adding the results, and dividing this total by the aggregate nominal value of the components.

(g)

The discount rate for a given aid loan is the rate in effect at the time of notification. However, in cases of prompt notification, the discount rate is the one in effect at the time when the terms and conditions of the aid loan were fixed. A change in the discount rate during the life of a loan does not change its concessionality level.

(h)

If a change of currency is made before the contract is concluded, the notification shall be revised. The discount rate used to calculate the concessionality level will be the one applicable at the date of revision. A revision is not necessary if the alternative currency and all the necessary information for calculation of the concessionality level are indicated in the original notification.

(i)

Notwithstanding paragraph (g) above, the discount rate used to calculate the concessionality level of individual transactions initiated under an aid credit line shall be the rate that was originally notified for the credit line.

41.   VALIDITY PERIOD FOR TIED AID

(a)

The Participants shall not fix terms and conditions for tied aid, whether this relates to the financing of individual transactions or to an aid protocol, an aid credit line or to a similar agreement, for more than two ***years***. In the case of an aid protocol, an aid credit line or similar agreement, the validity period shall commence at the date of its signature, to be notified in accordance with Article 50; the extension of a credit line shall be notified as if it were a new transaction with a note explaining that it is an extension and that it is renewed at terms allowed at the time of the notification of the extension. In the case of individual transactions, including those notified under an aid protocol, an aid credit line or similar agreement, the validity period shall commence at the date of notification of the commitment in accordance with Article 49 or 50, as appropriate.

(b)

When a country has become ineligible for 17-***year*** World Bank Loans for the first time, the validity period of existing and new tied aid protocols and credit lines notified shall be restricted to one ***year*** after the date of the potential reclassification in accordance with procedures in Article 36(b).

(c)

Renewal of such protocols and credit lines is possible only on terms which are in accordance with the provisions of Articles 36 and 37 of the Arrangement following:

—

the reclassification of countries, and

—

a change in the provisions of the Arrangement.

In these circumstances, the existing terms and conditions can be maintained notwithstanding a change in the discount rate set out in Article 40.

42.   MATCHING

Taking into account a Participant's international obligations and consistent with the purpose of the Arrangement, a Participant may match, according to the procedures set out in Article 45, financial terms and conditions offered by a Participant or a non-Participant.

CHAPTER IV

PROCEDURES

SECTION 1

Common procedures for export credits and trade-related aid

43.   NOTIFICATIONS

The notifications set out by the procedures in the Arrangement shall be made in accordance with, and include the information contained in Annex VIII, and shall be copied to the Secretariat.

44.   INFORMATION ON OFFICIAL SUPPORT

(a)

As soon as a Participant commits the official support which it has notified in accordance with the procedures in Articles 47 to 50, it shall inform all other Participants accordingly by including the notification reference number on the relevant reporting form.

(b)

In an exchange of information in accordance with Articles 55 to 57, a Participant shall inform the other Participants of the credit terms and conditions that it envisages supporting for a particular transaction and may request similar information from the other Participants.

45.   PROCEDURES FOR MATCHING

(a)

Before matching financial terms and conditions assumed to be offered by a Participant or a non-Participant pursuant to Articles 18 and 42, a Participant shall make every reasonable effort, including as appropriate by use of the face-to-face consultations described in Article 57, to verify that these terms and conditions are officially supported and shall comply with the following:

(1)

The Participant shall notify all other Participants of the terms and conditions it intends to support following the same notification procedures required for the matched terms and conditions. In the case of matching a non-Participant, the matching Participant shall follow the same notification procedures that would have been required had the matched terms been offered by a Participant.

(2)

Notwithstanding subparagraph (1) above, if the applicable notification procedure would require the matching Participant to withhold its commitment beyond the final bid closing date, then the matching Participant shall give notice of its intention to match as early as possible.

(3)

If the initiating Participant moderates or withdraws its intention to support the notified terms and conditions, it shall immediately inform all other Participants accordingly.

(b)

A Participant intending to offer identical financial terms and conditions to those notified according to Articles 47 and 48 may do so once the waiting period stipulated therein has expired. This Participant shall give notification of its intention as early as possible.

46.   SPECIAL CONSULTATIONS

(a)

A Participant that has reasonable grounds to believe that financial terms and conditions offered by another Participant (the initiating Participant) are more generous than those provided for in the Arrangement shall inform the Secretariat; the Secretariat shall immediately make available such information.

(b)

The initiating Participant shall clarify the financial terms and conditions of its offer within two working days following the issue of the information from the Secretariat.

(c)

Following clarification by the initiating Participant, any Participant may request that a special consultation meeting of the Participants be organised by the Secretariat within five working days to discuss the issue.

(d)

Pending the outcome of the special consultation meeting of the Participants, financial terms and conditions benefiting from official support shall not become effective.

SECTION 2

Procedures for export credits

47.   PRIOR NOTIFICATION WITH DISCUSSION

(a)

A Participant shall notify all other Participants at least ten ***calendar*** days before issuing any commitment in accordance with Annex VIII if:

—

the applicable country risk classification and buyer risk category used to calculate the MPR is that of a third party guarantor located outside of the obligor's country (i.e determined according to the first tiret of Article 24(e)),

—

the applicable MPR has been decreased through the application of a country risk mitigation technique listed in Article 30, or

—

it intends to provide support in accordance with Article 10(a)(2) or (d) of Annex IV,

—

it intends to provide support in accordance with Article 5(a) of Annex V.

(b)

If any other Participant requests a discussion during this period, the initiating Participant shall wait an additional ten ***calendar*** days.

(c)

A Participant shall inform all other Participants of its final decision following a discussion to facilitate the review of the body of experience in accordance with Article 69. The Participants shall maintain records of their experience with regard to premium rates notified in accordance with paragraph (a) above.

48.   PRIOR NOTIFICATION

(a)

A Participant shall, in accordance with Annex VIII, notify all other Participants at least ten ***calendar*** days before issuing any commitment if it intends to:

(1)

Provide support in accordance with Article 10(d)(3).

(2)

Support a repayment term of more than five ***years*** to a Category I country.

(3)

Provide support in accordance with Article 13(a).

(4)

Provide support in accordance with Article 14(d).

(5)

Apply a premium rate in accordance with the provisions of Article 24(c)(1) when participating as part of a syndicated loan package.

(6)

Apply a premium rate lower than the corresponding premium determined by the TCMB model, in accordance with the second tiret of Article 24(c)(2).

(7)

Provide support in Market Benchmark transactions, where a Participant classifies the obligor/guarantor as better than the best rating from an Accredited CRA; or if there is no rating from an Accredited CRA, where a Participant classifies a transaction as CC2 or better, or a credit rating letter equivalent to AAA to A-, or equal to or more favourable than the best Accredited CRA rating of the sovereign in the obligor's/guarantor's domicile.

(8)

Apply a premium rate in accordance with the second tiret of Article 24(e), whereby the applicable country risk classification and buyer risk category used to calculate the MPR have been determined by the involvement as obligor or guarantor of a classified multilateral or regional institution.

(9)

Apply a premium rate in accordance with Article 27(e) whereby the selected buyer risk category used to calculate the MPR for a transaction:

—

with a non-sovereign obligor/guarantor is lower than CC1 (i.e CC0 or SOV+),

—

with a non-sovereign obligor/guarantor having a credit of greater than SDR 5 million is better than the Accredited CRA rating.

(10)

Apply a premium rate in accordance with Article 31(a) for transactions with a non-sovereign obligor/guarantor having a credit of greater than SDR 5million, whereby the use of buyer risk credit enhancements results in the application of a CEF of greater than 0, or whenever BRCEs are used in a Market Benchmark transaction that result in pricing below the corresponding TCMB MPR.

(11)

Provide support in accordance with Article 8(a) of Annex II.

(12)

Provide support in accordance with Article 10(a)(1) of Annex IV.

(13)

Provide support in accordance with Article 5(b) of Annex V.

(14)

Provide support in accordance with Article 4(a) of Annex VI.

(b)

If the initiating Participant moderates or withdraws its intention to provide support for such transaction, it shall immediately inform all other Participants.

SECTION 3

Procedures for trade-related aid

49.   PRIOR NOTIFICATION

(a)

A Participant shall give prior notification in accordance with Annex VIII if it intends to provide official support for:

—

Trade-related untied aid with a value of SDR 2 million or more, and a concessionality level of less than 80 %,

—

Trade-related untied aid with a value of less than SDR 2 million and a grant element (as defined by the DAC) of less than 50 %,

—

Trade-related tied aid with a value of SDR 2 million or more and a concessionality level of less than 80 %, or

—

Trade-related tied aid with a value of less than SDR 2 million and a concessionality level of less than 50 %, except for the cases set out in Articles 38(a) and (b),

—

Tied aid in accordance with Article 39(d).

(b)

Prior notification shall be made at the latest 30 working days before the bid closing or commitment date, whichever is the earlier.

(c)

If the initiating Participant moderates or withdraws its intention to support the notified terms and conditions, it shall immediately inform all other Participants accordingly.

(d)

The provision of this Article shall apply to tied aid that forms part of an associated financing package, as described in Article 35.

50.   PROMPT NOTIFICATION

(a)

A Participant shall promptly notify all other Participants, i.e within two working days of the commitment, in accordance with Annex VIII, if it provides official support for tied aid with a value of either:

—

SDR 2 million or more and a concessionality level of 80 % or more, or

—

less than SDR 2 million and a concessionality level of 50 % or more except for the cases set out in Articles 38(a) and (b).

(b)

A Participant shall also promptly notify all other Participants when an aid protocol, credit line or similar agreement is signed.

(c)

Prior notification need not be given if a Participant intends to match financial terms and conditions that were subject to a prompt notification.

SECTION 4

Consultation procedures for tied aid

51.   PURPOSE OF CONSULTATIONS

(a)

A Participant seeking clarification about possible trade motivation for tied aid may request that a full Aid Quality Assessment (detailed in Annex XIV) be supplied.

(b)

Furthermore, a Participant may request consultations with other Participants, in accordance with Article 52. These include face-to-face consultations as outlined in Article 57 in order to discuss:

—

first, whether an aid offer meets the requirements of Articles 36 and 37, and

—

if necessary, whether an aid offer is justified even if the requirements of Articles 36 and 37 are not met.

52.   SCOPE AND TIMING OF CONSULTATIONS

(a)

During consultations, a Participant may request, among other items, the following information:

—

the assessment of a detailed feasibility study/project appraisal,

—

whether there is a competing offer with non-concessional or aid financing,

—

the expectation of the project generating or saving foreign currency,

—

whether there is cooperation with multilateral organisations such as the World Bank,

—

the presence of International Competitive Bidding (ICB), in particular if the donor country's supplier is the lowest evaluated bid,

—

the environmental implications,

—

any private sector participation, and

—

the timing of the notifications (e.g six months prior to bid closing or commitment date) of concessional or aid credits.

(b)

The consultation shall be completed and the findings on both questions in Article 51 notified by the Secretariat to all Participants at least ten working days before the bid closing date or commitment date, whichever comes first. If there is disagreement among the consulting parties, the Secretariat shall invite other Participants to express their views within five working days. It shall report these views to the notifying Participant, which should reconsider going forward if there appears to be no substantial support for an aid offer.

53.   OUTCOME OF CONSULTATIONS

(a)

A donor which wishes to proceed with a project despite the lack of substantial support shall provide prior notification of its intentions to other Participants, no later than 60 ***calendar*** days after the completion of the Consultation, i.e acceptance of the Chairman's conclusion. The donor shall also write a letter to the Secretary-General of the OECD outlining the results of the consultations and explaining the overriding non-trade related national interest that forces this action. The Participants expect that such an occurrence will be unusual and infrequent.

(b)

The donor shall immediately notify the Participants that it has sent a letter to the Secretary-General of the OECD, a copy of which shall be included with the notification. Neither the donor nor any other Participant shall make a tied aid commitment until ten working days after this notification to Participants has been issued. For projects for which competing commercial offers were identified during the consultation process, the aforementioned ten-working-day period shall be extended to 15 days.

(c)

The Secretariat shall monitor the progress and results of consultations.

SECTION 5

Information exchange for export credits and trade-related aid

54.   CONTACT POINTS

All communications shall be made between the designated contact points in each country by means of instant communication, e.g OLIS, and shall be treated in confidence.

55.   SCOPE OF ENQUIRIES

(a)

A Participant may ask another Participant about the attitude it takes with respect to a third country, an institution in a third country or a particular method of doing business.

(b)

A Participant which has received an application for official support may address an enquiry to another Participant, giving the most favourable credit terms and conditions that the enquiring Participant would be willing to support.

(c)

If an enquiry is made to more than one Participant, it shall contain a list of addressees.

(d)

A copy of all enquiries shall be sent to the Secretariat.

56.   SCOPE OF RESPONSES

(a)

The Participant to which an enquiry is addressed shall respond within seven ***calendar*** days and provide as much information as possible. The reply shall include the best indication that the Participant can give of the decision it is likely to take. If necessary, the full reply shall follow as soon as possible. Copies shall be sent to the other addressees of the enquiry and to the Secretariat.

(b)

If an answer to an enquiry subsequently becomes invalid for any reason, because for example:

—

an application has been made, changed or withdrawn, or

—

other terms are being considered,

a reply shall be made without delay and copied to all other addressees of the enquiry and to the Secretariat.

57.   FACE-TO-FACE CONSULTATIONS

(a)

A Participant shall agree within ten working days to requests for face-to-face consultations.

(b)

A request for face-to-face consultations shall be made available to Participants and non-Participants. The consultations shall take place as soon as possible after the expiry of the ten-working-day period.

(c)

The Chairman of the Participants shall coordinate with the Secretariat on any necessary follow-up action, e.g a Common Line. The Secretariat shall promptly make available the outcome of the consultation.

58.   PROCEDURES AND FORMAT OF COMMON LINES

(a)

Common Line proposals are addressed only to the Secretariat. A proposal for a Common Line shall be sent to all Participants and, where tied aid is involved, all DAC contact points by the Secretariat. The identity of the initiator is not revealed on the Common Line Register on the Bulletin Board of the OLIS. However, the Secretariat may orally reveal the identity of the initiator to a Participant or DAC member on demand. The Secretariat shall keep a record of such requests.

(b)

The Common Line proposal shall be dated and shall be in the following format:

—

Reference number, followed by “Common Line”.

—

Name of the importing country and buyer.

—

Name or description of the project as precise as possible to clearly identify the project.

—

Terms and conditions foreseen by the initiating country.

—

Common Line proposal.

—

Nationality and names of known competing bidders.

—

Commercial and financial bid closing date and tender number to the extent it is known.

—

Other relevant information, including reasons for proposing the Common Line, availability of studies of the project and/or special circumstances.

(c)

A Common Line proposal put forward in accordance with Article 36(b)(4) shall be addressed to the Secretariat and copied to other Participants. The Participant making the Common Line proposal shall provide a full explanation of the reasons why it considers that the classification of a country should differ from the procedure set out in Article 36(b).

(d)

The Secretariat shall make publicly available the agreed Common Lines.

59.   RESPONSES TO COMMON LINE PROPOSALS

(a)

Responses shall be made within 20 ***calendar*** days, although the Participants are encouraged to respond to a Common Line proposal as quickly as possible.

(b)

A response may be a request for additional information, acceptance, and rejection, a proposal for modification of the Common Line or an alternative Common Line proposal.

(c)

A Participant which advises that it has no position because it has not been approached by an exporter, or by the authorities in the recipient country in case of aid for the project, shall be deemed to have accepted the Common Line proposal.

60.   ACCEPTANCE OF COMMON LINES

(a)

After a period of 20 ***calendar*** days, the Secretariat shall inform all Participants of the status of the Common Line proposal. If not all Participants have accepted the Common Line, but no Participant has rejected it, the proposal shall be left open for a further period of eight ***calendar*** days.

(b)

After this further period, a Participant which has not explicitly rejected the Common Line proposal shall be deemed to have accepted the Common Line. Nevertheless, a Participant, including the initiating Participant, may make its acceptance of the Common Line conditional on the explicit acceptance by one or more Participants.

(c)

If a Participant does not accept one or more elements of a Common Line it implicitly accepts all other elements of the Common Line. It is understood that such a partial acceptance may lead other Participants to change their attitude towards a proposed Common Line. All Participants are free to offer or match terms and conditions not covered by a Common Line.

(d)

A Common Line which has not been accepted may be reconsidered using the procedures in Articles 58 and 59. In these circumstances, the Participants are not bound by their original decision.

61.   DISAGREEMENT ON COMMON LINES

If the initiating Participant and a Participant which has proposed a modification or alternative cannot agree on a Common Line within the additional eight-***calendar*** day period, this period can be extended by their mutual consent. The Secretariat shall inform all Participants of any such extension.

62.   EFFECTIVE DATE OF COMMON LINE

The Secretariat shall inform all Participants either that the Common Line will go into effect or that it has been rejected; the Common Line will take effect three ***calendar*** days after this announcement. The Secretariat shall make available on OLIS a permanently updated record of all Common Lines which have been agreed or are undecided.

63.   VALIDITY OF COMMON LINES

(a)

A Common Line, once agreed, shall be valid for a period of two ***years*** from its effective date, unless the Secretariat is informed that it is no longer of interest, and that this is accepted by all Participants. A Common Line shall remain valid for a further two-***year*** period if a Participant seeks an extension within 14 ***calendar*** days of the original date of expiry. Subsequent extensions may be agreed through the same procedure. A Common Line agreed in accordance with Article 36(b)(4) shall be valid until World Bank data for the following ***year*** is available.

(b)

The Secretariat shall monitor the status of Common Lines and shall keep the Participants informed accordingly, through the maintenance of the listing “The Status of Valid Common Lines” on OLIS. Accordingly, the Secretariat, inter alia, shall:

—

Add new Common Lines when these have been accepted by the Participants.

—

Update the expiry date when a Participant requests an extension.

—

Delete Common Lines which have expired.

—

Issue, on a quarterly basis, a list of Common Lines due to expire in the following quarter.

SECTION 6

Operational provisions for the communication of minimum interest rates (CIRRs)

64.   COMMUNICATION OF MINIMUM INTEREST RATES

(a)

CIRRs for currencies that are determined according to the provisions of Article 20 shall be sent by means of instant communication at least monthly to the Secretariat for circulation to all Participants.

(b)

Such notification shall reach the Secretariat no later than five days after the end of each month covered by this information. The Secretariat shall then inform immediately all Participants of the applicable rates and make them publicly available.

65.   EFFECTIVE DATE FOR APPLICATION OF INTEREST RATES

Any changes in the CIRRs shall enter into effect on the fifteenth day after the end of each month.

66.   IMMEDIATE CHANGES IN INTEREST RATES

When market developments require the notification of an amendment to a CIRR during the course of a month, the amended rate shall be implemented 10 days after notification of this amendment has been received by the Secretariat.

SECTION 7

Reviews

67.   REGULAR REVIEW OF THE ARRANGEMENT

(a)

The Participants shall review regularly the functioning of the Arrangement. In the review, the Participants shall examine, inter alia, notification procedures, implementation and operation of the DDR system, rules and procedures on tied aid, questions of matching, prior commitments and possibilities of wider participation in the Arrangement.

(b)

This review shall be based on information of the Participants' experience and on their suggestions for improving the operation and efficacy of the Arrangement. The Participants shall take into account the objectives of the Arrangement and the prevailing economic and monetary situation. The information and suggestions that Participants wish to put forward for this review shall reach the Secretariat no later than 45 ***calendar*** days before the date of review.

68.   REVIEW OF MINIMUM INTEREST RATES

(a)

The Participants shall periodically review the system for setting CIRRs in order to ensure that the notified rates reflect current market conditions and meet the aims underlying the establishment of the rates in operation. Such reviews shall also cover the margin to be added when these rates are applied.

(b)

A Participant may submit to the Chairman of the Participants a substantiated request for an extraordinary review in case this Participant considers that the CIRR for one or more than one currency no longer reflect current market conditions.

69.   REVIEW OF MINIMUM PREMIUM RATES AND RELATED ISSUES

The Participants shall regularly monitor and review all aspects of the premium rules and procedures. This shall include:

(a)

The Country Risk Classification and Sovereign Risk Assessment Methodologies to review their validity in the light of experience;

(b)

The level of the MPRs to ensure that they remain an accurate measure of credit risk, taking into account both the actual experience of institutions providing official export credits as well as private market information on the pricing of credit risk;

(c)

The differentiations in the MPRs which take account of the differing quality of export credit products and percentage of cover provided; and

(d)

The body of experience related to the use of country risk mitigation and buyer risk credit enhancements and the continued validity and appropriateness of their specific impact on the MPRs.

ANNEX I

SECTOR UNDERSTANDING ON EXPORT CREDITS FOR SHIPS

CHAPTER I

SCOPE OF THE SECTOR UNDERSTANDING

1.   PARTICIPATION

The Participants to the Sector Understanding are: Australia, the European Union, Japan, Korea, New Zealand and Norway.

2.   SCOPE OF APPLICATION

This Sector Understanding, which complements the Arrangement, sets out specific guidelines for officially supported export credits relating to export contracts of:

(a)

Any new sea-going vessel of 100 gt and above used for the transportation of goods or persons, or for the performance of a specialised service (for example, fishing vessels, fish factory ships, ice breakers and as dredgers, that present in a permanent way by their means of propulsion and direction (steering) all the characteristics of self-navigability in the high sea), tugs of 365 kw and over and to unfinished shells of ships that are afloat and mobile. The Sector Understanding does not cover military vessels. Floating docks and mobile offshore units are not covered by the Sector Understanding, but should problems arise in connection with export credits for such structures, the Participants to the Sector Understanding (hereinafter the “Participants”), after consideration of substantiated requests by any Participant, may decide that they shall be covered.

(b)

Any conversion of a ship. Ship conversion means any conversion of sea-going vessels of more than 1 000 gt on condition that conversion operations entail radical alterations to the cargo plan, the hull or the propulsion system.

(c)

(1)

Although hovercraft-type vessels are not included in the Sector Understanding, Participants are allowed to grant export credits for hovercraft vessels on equivalent conditions to those prevailing in the Sector Understanding. They commit themselves to apply this possibility moderately and not to grant such credit conditions to hovercraft vessels in cases where it is established that no competition is offered under the conditions of the Sector Understanding.

(2)

In the Sector Understanding, the term “hovercraft” is defined as follows: an amphibious vehicle of at least 100 tons designed to be supported wholly by air expelled from the vehicle forming a plenum contained within a flexible skirt around the periphery of the vehicle and the ground or water surface beneath the vehicle, and capable of being propelled and controlled by airscrews or ducted air from fans or similar devices.

(3)

It is understood that the granting of export credits at conditions equivalent to those prevailing in this Sector Understanding should be limited to those hovercraft vessels used on maritime routes and non-land routes, except for reaching terminal facilities standing at a maximum distance of one kilometre from the water.

CHAPTER II

PROVISIONS FOR EXPORT CREDITS AND TIED AID

3.   MAXIMUM REPAYMENT TERM

The maximum repayment term, irrespective of country classification, is 12 ***years*** after delivery.

4.   CASH ***PAYMENT***

The Participants shall require a minimum cash ***payment*** of 20 % of the contract price by delivery.

5.   REPAYMENT OF PRINCIPAL AND ***PAYMENT*** OF INTEREST

(a)

The principal sum of an export credit shall be repaid in equal instalments at regular intervals of normally six months and a maximum of 12 months.

(b)

Interest shall be paid no less frequently than every six months and the first ***payment*** of interest shall be made no later than six months after the starting point of credit.

(c)

For export credits provided in support of lease transactions, equal repayments of principal and interest combined may be applied in lieu of equal repayments of principal as set out in paragraph (a).

(d)

Interest due after the starting point of credit shall not be capitalised.

(e)

A Participant to this Sector Understanding intending to support a ***payment*** of interest on different terms than those set out in paragraph (b) shall give prior notification at least ten ***calendar*** days before issuing any commitment, in accordance with Annex VIII of the Arrangement.

6.   MINIMUM PREMIUM

The provisions of the Arrangement in relation to minimum premium benchmarks shall not be applied until such provisions have been further reviewed by the Participants to this Sector Understanding.

7.   PROJECT FINANCE

The provisions of Article 7 and of Annex VII to the Arrangement shall not be applied until such provisions have been further reviewed by the Participants to this Sector Understanding.

8.   AID

Any Participant desiring to provide aid must, in addition to the provisions of the Arrangement, confirm that the ship is not operated under an open registry during the repayment term and that appropriate assurance has been obtained that the ultimate owner resides in the receiving country, is not a non-operational subsidiary of a foreign interest and has undertaken not to sell the ship without his government's approval.

CHAPTER III

PROCEDURES

9.   NOTIFICATION

For the purpose of transparency each Participant shall, in addition to the provisions of the Arrangement and the IBRD/Berne Union/OECD Creditor Reporting System, provide annually information on its system for the provision of official support and of the means of implementation of this Sector Understanding, including the schemes in force.

10.   REVIEW

(a)

The Sector Understanding shall be reviewed annually or upon request by any Participant within the context of the OECD Working Party on Shipbuilding, and a report made to the Participants to the Arrangement.

(b)

To facilitate coherence and consistency between the Arrangement and this Sector Understanding and taking into account the nature of the shipbuilding industry, the Participants to this Sector Understanding and to the Arrangement will consult and coordinate as appropriate.

(c)

Upon a decision by the Participants to the Arrangement to change the Arrangement, the Participants to this Sector Understanding (the Participants) will examine such a decision and consider its relevance to this Sector Understanding. Pending such consideration the amendments to the Arrangement will not apply to this Sector Understanding. In case the Participants can accept the amendments to the Arrangement they shall report this in writing to the Participants to the Arrangement. In case the Participants cannot accept the amendments to the Arrangement as far as their application to shipbuilding is concerned they shall inform the Participants to the Arrangement of their objections and enter into consultations with them with a view to seeking a resolution of the issues. In case no agreement can be reached between the two groups, the views of the Participants as regards the application of the amendments to shipbuilding shall prevail.

Attachment

Commitments for future work

In addition to the Future Work of the Arrangement, the Participants to this Sector Understanding agree:

(a)

To develop an illustrative list of types of ships which are generally considered non-commercially viable, taking into account the disciplines on tied aid set out in the Arrangement.

(b)

To review the provisions of the Arrangement in relation to minimum premium benchmarks with a view to incorporating them into this Sector Understanding.

(c)

To discuss, subject to the developments in relevant international negotiations, the inclusion of other disciplines on minimum interest rates including a special CIRR and floating rates.

(d)

To review the applicability to this Sector Understanding of provisions of the Arrangement in relation to Project Finance.

(e)

To discuss whether:

—

the date of the first instalment of principal,

—

the Weighted Average Life concept

may be used in relation to the repayment profile contained in Article 5 of this Sector Understanding.

ANNEX II

SECTOR UNDERSTANDING ON EXPORT CREDITS FOR NUCLEAR POWER PLANTS

CHAPTER I

SCOPE OF THE SECTOR UNDERSTANDING

1.   SCOPE OF APPLICATION

(a)

This Sector Understanding sets out the provisions which apply to officially supported export credits relating to contracts for:

(1)

The export of complete nuclear power stations or parts thereof, comprising all components, equipment, materials and services, including the training of personnel directly required for the construction and commissioning of such nuclear power stations.

(2)

The modernisation of existing nuclear power plants in cases where both the overall value of the modernisation is at or above SDR 80 million and the economic life of the plant is likely to be extended by at least the repayment period to be awarded. If either of these criteria is not met, the terms of the Arrangement apply.

(3)

The supply of nuclear fuel and enrichment.

(4)

The provision of spent fuel management.

(b)

This Sector Understanding does not apply to:

(1)

Items located outside the nuclear power plant site boundary for which the buyer is usually responsible, in particular costs associated with land development, roads, construction village, power lines, switchyard (18) and water supply, as well as costs arising in the buyer's country from official approval procedures (e.g site permit, construction permit, fuel loading permit).

(2)

Sub-stations, transformers and transmission lines located outside the nuclear power plant site boundary.

(3)

Official support provided for the decommissioning of a nuclear power plant.

CHAPTER II

PROVISIONS FOR EXPORT CREDITS AND TRADE-RELATED AID

2.   MAXIMUM REPAYMENT TERMS

(a)

The maximum repayment term for goods and services included in the provisions of Articles 1(a)(1) and (2) of this Sector Understanding is 18 ***years***.

(b)

The maximum repayment term for the initial fuel load is four ***years*** from delivery. The maximum repayment term for subsequent reloads of nuclear fuel is two ***years*** from delivery.

(c)

The maximum repayment term for spent fuel disposal is two ***years***.

(d)

The maximum repayment term for enrichment and spent fuel management is five ***years***.

3.   REPAYMENT OF PRINCIPAL AND ***PAYMENT*** OF INTEREST

(a)

The Participants shall apply a profile of repayment of principal and ***payment*** of interest as specified in subparagraph (1) or (2) below:

(1)

Repayment of principal shall be made in equal instalments.

(2)

Repayment of principal and ***payment*** of interest combined shall be made in equal instalments.

(b)

Principal shall be repaid and interest shall be paid no less frequently than every six months and the first instalment of principal and interest shall be made no later than six months after the starting point of credit.

(c)

On an exceptional and duly justified basis, official support for goods and services mentioned in Articles 1(a)(1) and (2) of this Understanding may be provided on terms other than those set out in paragraphs (a) and (b) above. The provision of such support shall be explained by an imbalance in the timing of the funds available to the obligor and the debt service profile available under an equal, semi-annual repayment schedule, and shall comply with the following criteria:

(1)

The maximum repayment term shall be 15 ***years***.

(2)

No single repayment of principal or series of principal ***payments*** within a six-month period shall exceed 25 % of the principal sum of the credit.

(3)

Principal shall be repaid no less frequently than every 12 months. The first repayment of principal shall be made no later than 12 months after the starting point of credit and no less than 2 % of the principal sum of the credit shall have been repaid 12 months after the starting point of credit.

(4)

Interest shall be paid no less frequently than every 12 months and the first interest ***payment*** shall be made no later than six months after the starting point of credit.

(5)

The maximum weighted average life of the repayment period shall not exceed nine ***years***.

(d)

Interest due after the starting point of credit shall not be capitalised.

4.   CONSTRUCTION OF CIRRs

The applicable CIRRs for official financing support provided in accordance with the provisions of this Sector Understanding are constructed using to the following base rates and margins:

Repayment Term

(***years***)

New nuclear power stations (19)

All other contracts (20)

Base Rate

(Government bonds)

Margin

(bps)

Base Rate

(Government bonds)

Margin

(bps)

< 11

Relevant CIRR in accordance with Article 20 of the Arrangement

11 to 12

7 ***years***

100

7 ***years***

100

13

8 ***years***

120

7 ***years***

120

14

9 ***years***

120

8 ***years***

120

15

9 ***years***

120

8 ***years***

120

16

10 ***years***

125

9 ***years***

120

17

10 ***years***

130

9 ***years***

120

18

10 ***years***

130

10 ***years***

120

5.   ELIGIBLE CURRENCIES

The currencies that are eligible for official financing support are those which are fully convertible and for which data are available to construct the minimum interest rates mentioned in Article 4 of this Sector Understanding, and Article 20 of the Arrangement for repayment terms less than 11 ***years***.

6.   OFFICIAL SUPPORT FOR NUCLEAR FUEL AND FOR NUCLEAR FUEL RELATED SERVICES

Without prejudice to the provisions of Article 7 of this Sector Understanding, the Participants shall not provide free nuclear fuel or services.

7.   AID

The Participants shall not provide aid support.

CHAPTER III

PROCEDURES

8.   PRIOR NOTIFICATION

(a)

A Participant shall give prior notification in accordance with Article 48 of the Arrangement at least ten ***calendar*** days before issuing any commitment if it intends to provide support in accordance with the provisions of this Sector Understanding.

(b)

If the notifying Participant intends to provide support with a repayment term in excess of 15 ***years*** and/or in accordance with Article 3(c) of this Sector Understanding, it shall wait an additional ten ***calendar*** days if any other Participant requests a discussion during the initial ten ***calendar*** days.

(c)

A Participant shall inform all other Participants of its final decision following a discussion, to facilitate the review of the body of experience.

CHAPTER IV

REVIEW

9.   FUTURE WORK

The Participants agree to examine the following issues:

(a)

A minimum floating interest rate regime.

(b)

The maximum amount of official support for local costs.

10.   REVIEW AND MONITORING

The Participants shall review regularly the provisions of the Sector Understanding and at the latest by the end of 2017.

ANNEX III

SECTOR UNDERSTANDING ON EXPORT CREDITS FOR CIVIL AIRCRAFT

PART 1

GENERAL PROVISIONS

1.   PURPOSE

(a)

The purpose of this Sector Understanding is to provide a framework for the predictable, consistent and transparent use of officially supported export credits for the sale or lease of aircraft and other goods and services specified in Article 4(a) below. This Sector Understanding seeks to foster a level playing field for such export credits, in order to encourage competition among exporters based on quality and price of goods and services exported rather than on the most favourable officially supported financial terms and conditions.

(b)

This Sector Understanding sets out the most favourable terms and conditions on which officially supported export credits may be provided.

(c)

To this aim, this Sector Understanding seeks to establish a balanced equilibrium that, on all markets:

(1)

Equalises competitive financial conditions between the Participants,

(2)

Neutralises official support among the Participants as a factor in the choice among competing goods and services specified in Article 4(a) below, and

(3)

Avoids distortion of competition among the Participants to this Sector Understanding and any other sources of financing.

(d)

The Participants to this Sector Understanding (the Participants) acknowledge that the provisions included in this Sector Understanding have been developed for the sole purpose of this Sector Understanding and such provisions do not prejudice the other parts of the Arrangement on Officially Supported Export Credits (the Arrangement) and their evolution.

2.   STATUS

This Sector Understanding is a Gentlemen's Agreement among its Participants and is Annex III to the Arrangement; it forms an integral part of the Arrangement and it succeeds the Sector Understanding which came into effect in July 2007.

3.   PARTICIPATION

The Participants currently are: Australia, Brazil, Canada, the European Union, Japan, Korea, New Zealand, Norway, Switzerland and the United States. Any non-Participant may become a Participant in accordance with the procedures set out in Appendix I.

4.   SCOPE OF APPLICATION

(a)

This Sector Understanding shall apply to all official support provided by or on behalf of a government, and which has a repayment term of two ***years*** or more, for the export of:

(1)

New civil aircraft and engines installed thereon, including buyer furnished equipment.

(2)

Used, converted, and refurbished civil aircraft and engines installed thereon, including, in each case, buyer furnished equipment.

(3)

Spare engines.

(4)

Spare parts for civil aircraft and engines.

(5)

Maintenance and service contracts for civil aircraft and engines.

(6)

Conversion, major modifications and refurbishment of civil aircraft.

(7)

Engine kits.

(b)

Official support may be provided in different forms:

(1)

Export credit guarantee or insurance (pure cover).

(2)

Official financing support:

—

direct credit/financing and refinancing, or

—

interest rate support.

Any combination of the above.

(c)

This Sector Understanding shall not apply to official support for:

(1)

The exports of new or used military aircraft and related goods and services listed in paragraph (a) above, including when used for military purposes.

(2)

New or used flight simulators.

5.   INFORMATION AVAILABLE TO NON-PARTICIPANTS

A Participant shall, on the basis of reciprocity, reply to a request from a non-Participant in a competitive situation on the financial terms and conditions offered for its official support as it would reply to a request from a Participant.

6.   AID SUPPORT

The Participants shall not provide aid support, except for humanitarian purposes, through a Common Line procedure.

7.   ACTIONS TO AVOID OR MINIMISE LOSSES

This Sector Understanding does not prevent its Participants from agreeing to less restrictive financial terms and conditions than those provided for by this Sector Understanding, if such action is taken after the export credit agreement and ancillary documents have already become effective and is intended solely to avoid or minimise losses from events which could give rise to non-***payment*** or claims. A Participant shall notify all other Participants and the OECD Secretariat (the Secretariat), within 20 working days following the Participant's agreement with the buyer/borrower, of the modified financial terms and conditions. The notification shall contain information, including the motivation, on the new financial terms and conditions, using the reporting form set out in Appendix IV.

PART 2

NEW AIRCRAFT

CHAPTER I

Coverage

8.   NEW AIRCRAFT

(a)

For the purpose of this Sector Understanding, a new aircraft is:

(1)

An aircraft, including buyer furnished equipment, and the engines installed on such aircraft owned by the manufacturer and not delivered nor previously used for its intended purpose of carrying passengers and/or freight and

(2)

Spare engines and spare parts when contemplated as part of the original aircraft order in accordance with the provisions of Article 20(a) below.

(b)

Notwithstanding the provisions of paragraph (a) above, a Participant may support terms appropriate to new aircraft for transactions where, with the prior knowledge of that Participant, interim financing arrangements had been put in place because the provision of official support had been delayed; such delay shall not be longer than 18 months. In such cases, the repayment term and the final repayment date shall be the same as if the sale or lease of the aircraft would have been officially supported from the date the aircraft was originally delivered.

CHAPTER II

Financial terms and conditions

Financial terms and conditions for export credits encompass all the provisions set out in this Chapter, which shall be read in conjunction one with the other.

9.   ELIGIBLE CURRENCIES

The currencies which are eligible for official financing support are euro, Japanese yen, UK pound sterling, US dollar, and other fully convertible currencies for which data are available to construct the minimum interest rates mentioned in Appendix III.

10.   DOWN ***PAYMENT*** AND MAXIMUM OFFICIAL SUPPORT

(a)

For transactions with buyers/borrowers classified in Risk Category 1 (as per Table 1 of Appendix II), the Participants shall:

(1)

Require a minimum down ***payment*** of 20 % of the net price of the aircraft at or before the starting point of credit;

(2)

Not provide official support in excess of 80 % of the net price of the aircraft.

(b)

For transactions with buyers/borrowers classified in Risk Categories 2 to 8 (as per Table 1 of Appendix II), the Participants shall:

(1)

Require a minimum down ***payment*** of 15 % of the net price of the aircraft at or before the starting point of credit;

(2)

Not provide official support in excess of 85 % of the net price of the aircraft.

(c)

A Participant which applies Article 8(b) above shall reduce the maximum amount of official support by the amount of principal of the instalments deemed due from the starting point of the credit so as to ensure that, at the time of disbursement, the amount outstanding is the same as if such an officially supported export credit was provided at the time of delivery. In such circumstances, prior to delivery the Participant shall have received an application for official support.

11.   MINIMUM PREMIUM RATES

(a)

The Participants providing official support shall charge, for the credit amount officially supported, no less than the minimum premium rate set out in accordance with Appendix II.

(b)

The Participants shall use, whenever necessary, the agreed premium rate conversion model to convert between per annum spreads calculated on the outstanding amount of the official support and single up-front premium rates calculated on the original amount of the official support.

12.   MAXIMUM REPAYMENT TERM

(a)

The maximum repayment term shall be 12 ***years*** for all new aircraft.

(b)

On an exceptional basis, and with a prior notification, a maximum repayment term of up to 15 ***years*** shall be allowed. In this case, a surcharge of 35 % to the minimum premium rates calculated in accordance with Appendix II shall apply.

(c)

There shall be no extension of the repayment term by way of sharing of rights in the security on a pari passu basis with commercial lenders for the officially supported export credit.

13.   REPAYMENT OF PRINCIPAL AND ***PAYMENT*** OF INTEREST

(a)

The Participants shall apply a profile of repayment of principal and ***payment*** of interest as specified in subparagraph (1) or (2) below.

(1)

Repayment of principal and ***payment*** of interest combined shall be made in equal instalments:

—

Instalments shall be made no less frequently than every three months and the first instalment shall be made no later than three months after the starting point of credit.

—

Alternatively, and subject to a prior notification, instalments shall be made every six months and the first instalment shall be made no later than six months after the starting point of credit. In this case, a surcharge of 15 % to the minimum premium rates calculated in accordance with Appendix II shall apply.

—

In the case of a floating rate transaction, the principal amortising profile shall be set for the entire term, no more than five business days prior to the disbursement date, based on the floating or swap rate at that time.

(2)

Repayment of principal shall be made in equal instalments with interest payable on declining balances:

—

Instalments shall be made no less frequently than every three months and the first instalment shall be made no later than three months after the starting point of credit.

—

Alternatively, and subject to a prior notification, instalments shall be made every six months and the first instalment shall be made no later than six months after the starting point of credit. In this case, a surcharge of 15 % to the minimum premium rates calculated in accordance with Appendix II shall apply.

(b)

Notwithstanding paragraph (a) above, and subject to a prior notification, the repayment of principal may be structured to include a final ***payment*** of all outstanding amounts on a specified date. In such case, repayments of principal prior to the final ***payment*** will be structured as set out in paragraph (a) above, based on an amortisation period not greater than the maximum repayment term allowed for the goods and services being supported.

(c)

Notwithstanding paragraph (a) above, repayment of principal may be structured on terms less favourable to the obligor.

(d)

Interest due after the starting point of credit shall not be capitalised.

14.   MINIMUM INTEREST RATES

(a)

The Participants providing official financing support shall apply either a minimum floating interest rate or a minimum fixed interest rate, in accordance with the provisions of Appendix III.

(b)

For jet aircraft of a net price of at least USD 35 million, official financing support on CIRR basis shall only be provided in exceptional circumstances. A Participant intending to provide such support shall notify all other Participants at least 20 ***calendar*** days before final commitment, identifying the borrower.

(c)

Interest rate excludes any ***payment*** by way of premium referred to in Article 11 above, and fees referred to in Article 16 below.

15.   INTEREST RATE SUPPORT

The Participants providing interest rate support shall comply with the financial terms and conditions of this Sector Understanding and shall require any bank or any other financial institution which is a party to the interest supported transaction to participate in that transaction only on terms that are consistent in all respects with the financial terms and conditions of this Sector Understanding.

16.   FEES

(a)

Subject to the limits of the premium holding period, the Participants providing official support in the form of pure cover shall charge a premium holding fee on the un-drawn portion of the official support during the premium holding period, as follows:

(1)

For the first six months of the holding period: zero basis points per annum.

(2)

For the second six months of the holding period: 12,5 basis points per annum.

(3)

For the third and final six months of the holding period: 25 basis points per annum.

(b)

The Participants providing official support in the form of direct credit/financing shall charge the following fees:

(1)

Arrangement/Structuring fee: 25 basis points on the disbursed amount payable at the time of each disbursement.

(2)

Commitment and premium holding fee: 20 basis points per annum on the un-drawn portion of the officially supported export credit to be disbursed, during the premium holding period, payable in arrears.

(3)

Administration fee: five basis points per annum on the amount of official support outstanding payable in arrears. Alternatively, the Participants may elect to have this fee payable as an up-front fee, on the amount disbursed, at the time of each disbursement pursuant to the provisions of Article 11(b) above.

17.   CO-FINANCING

Notwithstanding Articles 14 and 16 above, in a co-financing where official support is provided by way of direct credit and pure cover, and where pure cover represents at least 35 % of the officially supported amount, the Participant providing direct credit shall apply the same financial terms and conditions, including fees, as those provided by the financial institution under pure cover, to generate an all-in cost equivalence between the pure cover provider and the direct lender. In such circumstances, the Participant providing such support shall report the financial terms and conditions supported, including fees, in accordance with the reporting form set out in Appendix IV.

PART 3

USED AIRCRAFT, SPARE ENGINES, SPARE PARTS, MAINTENANCE AND SERVICE CONTRACTS

CHAPTER I

Coverage

18.   USED AIRCRAFT AND OTHER GOODS AND SERVICES

This Part of the Sector Understanding shall apply to used aircraft and to spare engines, spare parts, conversion, major modification, refurbishing, maintenance and service contracts in conjunction with both new and used aircraft and engine kits.

CHAPTER II

Financial terms and conditions

The financial terms and conditions to be applied, other than the maximum repayment term, shall be in accordance with the provisions set out in Part 2 of this Sector Understanding.

19.   SALE OF USED AIRCRAFT

(a)

Subject to paragraph (b) below, the maximum repayment term for used aircraft shall be established in accordance with the age of the aircraft, as set out in the following table:

Age of Aircraft (***years*** since the date of original manufacture)

Maximum Repayment Terms for Asset-Backed or Sovereign Transactions (***years***)

Maximum Repayment Terms for Transactions neither Asset-Backed nor Sovereign (***years***)

1

10

8,5

2

9

7,5

3

8

6,5

4

7

6

5-8

6

5,5

Over 8

5

5

(b)

The maximum repayment term for aircraft that have undergone conversion, provided the transaction meets all the requirements of Article 19 of Appendix II and provided further that official support, if any, provided in respect of such conversion was not provided in accordance with Article 21(a) below, shall be established in accordance with the period of time since the date of conversion and the age of the aircraft, as set out in the following table:

Maximum Repayment Terms for Asset-Backed Converted Aircraft (***years***)

Period of Time Since the Date of Conversion (***years***)

Age of Aircraft

(***years*** since the date of original manufacture)

1

2

3

4

5-8

Over 8

0 (Newly converted)

10

9

8

8

8

8

1

10

9

8

7

7

7

2

—

9

8

7

6

6

3 or more

—

—

8

7

6

5

20.   SPARE ENGINES AND SPARE PARTS

(a)

When purchased, or ordered in connection with the engines to be installed on a new aircraft, the official support for spare engines may be provided on the same terms and conditions as for the aircraft.

(b)

When purchased with new aircraft, the official support for spare parts may be provided on the same terms and conditions as for the aircraft up to a maximum 5 % of the net price of the new aircraft and installed engines; paragraph (d) below shall apply to official support for spare parts in excess of the 5 % limit.

(c)

When spare engines are not purchased with a new aircraft, the maximum repayment term shall be eight ***years***. For spare engines with a unit value of USD 10 million or more, the repayment term may be increased to 10 ***years***, provided the transaction meets all the requirements of Article 19 of Appendix II.

(d)

When other spare parts are not purchased with a new aircraft, the maximum repayment term shall be:

(1)

Five ***years*** with a contract value of USD 5 million or more.

(2)

Two ***years*** with a contract value of less than USD 5 million.

21.   CONTRACTS FOR CONVERSION/MAJOR MODIFICATION/REFURBISHING

(a)

If a transaction for conversion:

(1)

Is valued at USD 5 million or more, and

—

Meets all the requirements of Article 19 of Appendix II, a Participant may offer official support with a repayment term of up to eight ***years***.

—

Does not meet all the requirements of Article 19 of Appendix II, a Participant may offer official support with a repayment term of up to five ***years***.

(2)

Is valued at less than USD 5 million, a Participant may offer official support with a repayment term of up to two ***years***.

(b)

If a transaction is for a major modification, or refurbishment, a Participant may offer official support with a repayment term of up to:

(1)

Five ***years*** if the contract value is USD 5 million or more;

(2)

Two ***years***, if the contract value is less than USD 5 million.

22.   MAINTENANCE AND SERVICE CONTRACTS

The Participants may offer official support with a repayment term of up to three ***years***.

23.   ENGINE KITS

The Participants may offer official support with a repayment term of up to five ***years***.

PART 4

TRANSPARENCY PROCEDURES

All communications shall be made between the designated contact points in each Participant country by means of instant communication, e.g the OECD On-Line Information System (OLIS). Unless otherwise agreed, all information exchanged under this Part of the Sector Understanding shall be treated by all Participants as confidential.

Section 1

Information requirements

24.   INFORMATION ON OFFICIAL SUPPORT

(a)

Within one month after the date of a final commitment, a Participant shall submit the information required in Appendix IV to all other Participants, with a copy to the Secretariat.

(b)

In order to establish the margin benchmark in accordance with Appendix III Article 8(b), information on pure cover margins, as outlined in Appendix III Articles 8(c) and (d), shall be submitted to the Secretariat no later than five days after the end of each month.

Section 2

Exchange of information

25.   REQUESTS FOR INFORMATION

(a)

A Participant may ask another Participant for information about the use of its officially supported export credits for the sale or lease of aircraft covered by this Sector Understanding.

(b)

A Participant which has received an application for official support may address an enquiry to another Participant, giving the most favourable credit terms and conditions that the enquiring Participant would be willing to support.

(c)

The Participant to which such an enquiry is addressed shall respond within seven ***calendar*** days and provide reciprocal information to the fullest extent possible. The reply shall include the best indication that the Participant can give of the decision it is likely to take. If necessary, the full reply shall follow as soon as possible.

(d)

Copies of all enquiries and responses shall be sent to the Secretariat.

26.   FACE-TO-FACE CONSULTATIONS

(a)

In a competitive situation, a Participant may request face-to-face consultations with one or more Participants.

(b)

Any Participant shall agree within ten working days to such requests.

(c)

The consultations shall take place as soon as possible after the expiry of the ten working-day period.

(d)

The Chairman of the Participants shall coordinate with the Secretariat on any necessary follow-up action. The Secretariat shall promptly make available to all Participants the outcome of the consultation.

27.   SPECIAL CONSULTATIONS

(a)

A Participant (the initiating Participant) that has reasonable grounds to believe that financial terms and conditions offered by another Participant (the responding Participant) are more generous than those provided for in this Sector Understanding shall inform the Secretariat; the Secretariat shall immediately make available such information to the responding Participant.

(b)

The responding Participant shall clarify the financial terms and conditions of the official support being considered within five working days following the issue of the information from the Secretariat.

(c)

Following clarification by the responding Participant, the initiating Participant may request that a special consultation with the responding Participant be organised by the Secretariat within five working days to discuss the issue.

(d)

The responding Participant shall wait for the outcome of the consultation which shall be determined on the day of such consultation before proceeding any further with the transaction.

Section 3

Common lines

28.   PROCEDURES AND FORMAT OF COMMON LINES

(a)

Common Line proposals shall be addressed to the Secretariat only. The identity of the initiator is not revealed on the Common Line register on the OLIS. However, the Secretariat may orally reveal the identity of the initiator to a Participant on demand. The Secretariat shall keep a record of such requests.

(b)

The Common Line proposal shall be dated and shall be in the following format:

(1)

Reference number, followed by Common Line.

(2)

Name of the importing country and buyer/borrower.

(3)

Name or description of the transaction as precise as possible to clearly identify the transaction.

(4)

Common Line proposal for the most generous terms and conditions to be supported.

(5)

Nationality and names of known competing bidders.

(6)

Bid closing date and tender number to the extent it is known.

(7)

Other relevant information, including reasons for proposing the Common Line and as appropriate, special circumstances.

29.   RESPONSES TO COMMON LINE PROPOSALS

(a)

Responses shall be made within 20 ***calendar*** days, although the Participants are encouraged to respond to a Common Line proposal as quickly as possible.

(b)

A response may be acceptance, rejection, a request for additional information, a proposal for modification of the Common Line or an alternative Common Line proposal.

(c)

A Participant which remains silent or advises that it has no position shall be deemed to have accepted the Common Line proposal.

30.   ACCEPTANCE OF COMMON LINES

(a)

After a period of 20 ***calendar*** days, the Secretariat shall inform all Participants of the status of the Common Line proposal. If not all Participants have accepted the Common Line, but no Participant has rejected it, the proposal shall be left open for a further period of eight ***calendar*** days.

(b)

After this further period, a Participant which has not explicitly rejected the Common Line proposal shall be deemed to have accepted the Common Line. Nevertheless, a Participant, including the initiating Participant, may make its acceptance of the Common Line conditional on the explicit acceptance by one or more Participants.

(c)

If a Participant does not accept one or more elements of a Common Line it implicitly accepts all other elements of the Common Line.

31.   DISAGREEMENT ON COMMON LINES

(a)

If the initiating Participant and a Participant which has proposed a modification or alternative cannot agree on a Common Line within the additional eight ***calendar***-day period mentioned in Article 30 above, this period can be extended by their mutual consent. The Secretariat shall inform all Participants of any such extension.

(b)

A Common Line which has not been accepted may be reconsidered using the procedures in Articles 28 to 30 above. In these circumstances, the Participants are not bound by their original decision.

32.   EFFECTIVE DATE OF COMMON LINE

The Secretariat shall inform all Participants either that the Common Line will go into effect or that it has been rejected; the agreed Common Line will take effect three ***calendar*** days after this announcement.

33.   VALIDITY OF COMMON LINES

(a)

Unless agreed otherwise, a Common Line, once agreed, shall be valid for a period of two ***years*** from its effective date, unless the Secretariat is informed that it is no longer of interest, and that such situation is accepted by all Participants.

(b)

If a Participant seeks an extension within 14 ***calendar*** days of the original date of expiry and in the absence of disagreement, a Common Line shall remain valid for a further two-***year*** period; subsequent extensions may be agreed through the same procedure.

(c)

The Secretariat shall monitor the status of Common Lines and shall keep the Participants informed accordingly, through the maintenance of the listing “The Status of Valid Common Lines” on OLIS. Accordingly, the Secretariat, inter alia, shall issue, on a quarterly basis, a list of Common Lines due to expire in the following quarter.

(d)

Upon the request of a non-Participant which produces competing aircraft, the Secretariat shall make available valid Common Lines to that non-Participant.

Section 4

Matching

34.   MATCHING

(a)

Taking into account a Participant's international obligations, a Participant may match financial terms and conditions of official support offered by a non-Participant.

(b)

In the event of matching non-conforming terms and conditions offered by a non-Participant:

(1)

The matching Participant shall make every effort to verify such terms and conditions.

(2)

The matching Participant shall inform the Secretariat and all other Participants of the nature and outcome of such efforts, as well as of the terms and conditions it intends to support, at least ten ***calendar*** days before issuing any commitment.

(3)

If a competing Participant requests a discussion during this ten ***calendar***-day period, the matching Participant shall wait an additional ten ***calendar*** days before issuing any commitment on such terms.

(c)

If a matching Participant modifies or withdraws its intention to support the notified terms and conditions, it shall immediately inform all other Participants accordingly.

PART 5

MONITORING AND REVIEW

35.   MONITORING

(a)

The Secretariat shall monitor the implementation of this Sector Understanding and report to the Participants on an annual basis.

(b)

Each transaction deemed eligible under Article 39(a) shall be reported in accordance with the provisions of Article 24(a) and Appendix IV.

(c)

Each transaction deemed eligible under Article 39(b) shall be reported in accordance with the provisions of Article 24(a) and Appendix IV, in addition to which:

(1)

The reporting Participant shall indicate the link between that transaction and the transition list.

(2)

The transition lists shall be monitored on a semi-annual basis; to that end, the Secretariat shall meet with each Participant, with a view to:

—

Monitoring the number of firm orders registered on the transition lists which have been delivered.

—

Updating for the following ***year*** the delivery schedule for transactions registered on the transition lists.

—

Identifying orders registered on transition lists which have not been or shall not, for any reason, be delivered to the buyer listed on such transition lists. Any such order shall be deleted from the transition list and shall not be reallocated in any way to any other buyer.

36.   REVIEW

The Participants shall review the procedures and provisions of this Sector Understanding, against the criteria, and at the times, set out in paragraphs (a) and (b) below.

(a)

The Participants shall undertake the review of this Sector Understanding as follows:

(1)

In ***calendar*** ***year*** 2019 and every fourth ***year*** thereafter, in each case with three months prior notice given by the Secretariat.

(2)

At the request of a Participant after due consultation, provided that three months prior notice has been given by the Secretariat and the requesting Participant provides a written explanation of the reason for, and objectives of, the review as well as a summary of the consultations preceding its request.

(3)

Modalities of update of minimum premium rates and minimum interest rates are set out in Appendixes II and III respectively.

(4)

Fees set out in Article 16 shall be part of reviews.

(b)

The review set out in subparagraph (a)(1) above shall consider:

(1)

The extent to which the purposes of this Sector Understanding, as set out in Article 1 above, have been achieved and any other issue a Participant may wish to bring forward for discussion.

(2)

In view of the elements in subparagraph (b)(1) above, whether amendments to any aspect of this Sector Understanding are justified.

(c)

In recognition of the importance of the review process, to ensure that the terms and conditions of this Sector Understanding continue to meet the needs of the Participants, each Participant reserves the right to withdraw from this Sector Understanding in accordance with Article 40 below.

37.   FUTURE WORK

Consideration will be given to:

(a)

Examining Participants' practices in providing official support before the starting point of credit.

(b)

The provisions applicable to indirect loans.

(c)

An extension of maximum repayments terms under Article 19 for used aircraft that have undergone significant refurbishment prior to sale.

(d)

An extension of maximum repayment terms under Article 21 for larger contract values.

(e)

The provisions applicable to “refurbishing” (Article 21) and “services” (Article 22).

(f)

The Cape Town eligibility process.

(g)

The definition of “Interested Participant”.

PART 6

FINAL PROVISIONS

38.   ENTRY INTO FORCE

The effective date of this Sector Understanding is 1 February 2011.

39.   TRANSITIONAL ARRANGEMENTS

Notwithstanding Article 38 above, the Participants may provide official support on the terms and conditions set out as follows:

(a)

The Participants may provide official support on the terms and conditions set out in the Aircraft Sector Understanding in force as of 1 July 2007 (“the 2007 ASU”) if the following conditions are fulfilled:

(1)

The goods and services shall be subject to a firm contract concluded not later than 31 December 2010.

(2)

The goods and services shall be physically delivered not later than 31 December 2012 for 2007 ASU Category 1 aircraft and 31 December 2013 for 2007 ASU Category 2 and 3 aircraft.

(3)

For each final commitment notified, a 20 basis points per annum commitment fee shall be charged from the earlier of the date of the final commitment or 31 January 2011 (2007 ASU Category 1 aircraft)/30 June 2011 (2007 ASU Category 2 and 3 aircraft), until the aircraft is delivered. This commitment fee shall be in lieu of the fees set out in Articles 17(a) and (b)(2) of the 2007 ASU. This commitment fee shall be charged in addition to the minimum premium charged.

(b)

The Participants may provide official support on terms and conditions applicable prior to the effective date of this Sector Understanding if the following conditions are fulfilled:

(1)

The goods and services shall be subject to a firm contract concluded not later than 31 December 2010.

(2)

Such official support is limited to deliveries of 69 2007 ASU Category 1 aircraft per Participant and 92 2007 ASU Category 2 aircraft per Participant.

(3)

In order to benefit from the terms and conditions set out in this paragraph, aircraft mentioned in subparagraph (b)(2) above shall be registered on lists (hereafter “transition lists”) which shall be notified by the Participants to the Secretariat prior to the entry into force of this Sector Understanding. Such transition lists shall include:

—

The aircraft models and numbers.

—

Tentative delivery dates.

—

Identity of buyers.

—

The applicable regime (either the Aircraft Sector Understanding prevailing prior to the 2007 ASU, or the 2007 ASU).

(4)

Information under the first, second and fourth tirets above shall be shared with all Participants; information under the third tiret above shall be managed exclusively by the Secretariat and the Chairman.

(5)

For each aircraft on transition lists:

—

If official support is committed under the Aircraft Sector Understanding prevailing prior to the 2007 ASU, a commitment fee of 35 basis points per annum shall be charged from the earlier of the date of the final commitment or 31 March 2011, until the aircraft is delivered. In addition, the minimum premium charged shall be no less than 3 % on an up-front basis.

—

If official support is committed under the 2007 ASU, a commitment fee of 20 basis points per annum shall be charged from the earlier of the date of the final commitment or 30 June 2011, until the aircraft is delivered.

—

The commitment fee set out in both tirets above shall be in lieu of the fees set out in Articles 17(a) and (b)(2) of the 2007 ASU. This commitment fee shall be charged in addition to the minimum premium charged.

(6)

The Participants may provide officially supported export credits on the terms and conditions set out in the Aircraft Sector Understanding prevailing prior to the 2007 ASU only for deliveries of aircraft scheduled to occur on or prior to 31 December 2010, in accordance with firm contracts concluded not later than 30 April 2007 and notified to the Secretariat not later than 30 June 2007.

(c)

The implementation of this Article shall be monitored in accordance with Articles 35(b) and (c).

40.   WITHDRAWAL

A Participant may withdraw from this Sector Understanding by notifying the Secretariat in writing by means of instant communication, e.g the OLIS. The withdrawal takes effect six months after receipt of the notification by the Secretariat. Withdrawal will not affect agreements reached on individual transactions entered into prior to the effective date of the withdrawal.

Appendix I

Participation in the Aircraft Sector Understanding

1.

The Participants encourage non-Participants that are developing a manufacturing capacity for civil aircraft to apply the disciplines of this Sector Understanding. In this context the Participants invite non-Participants to enter into a dialogue with them regarding the conditions of joining the ASU.

2.

The Secretariat should ensure that a non-Participant interested in participating in this Sector Understanding is provided with full information on the terms and conditions associated with becoming a Participant to this Sector Understanding.

3.

The non-Participant would then be invited by the Participants to take part in the activities in pursuance of this Sector Understanding and to attend, as an observer, the relevant meetings. Such an invitation would be for a maximum of two ***years*** and could be renewed once for a further two ***years***. During this period the non-Participant shall be invited to provide a review of its export credit system, especially for the export of civil aircraft.

4.

At the end of that period, the non-Participant shall indicate whether it wishes to become a Participant in this Sector Understanding and to follow its disciplines; in the case of such confirmation, the non-Participant shall contribute, on an annual basis, to the costs associated with the implementation of this Sector Understanding.

5.

The interested non-Participant shall be considered a Participant 30 working days after the confirmation referred to in Article 4 of this Appendix.

Appendix II

Minimum premium rates

This Appendix sets out the procedures to be used when determining the pricing of official support for a transaction subject to this Sector Understanding. Section 1 sets out the risk classification procedures; Section 2 sets out the minimum premium rates to be charged for new and used aircraft, and Section 3 sets out the minimum premium rates to be charged for spare engines, spare parts, conversion/major modification/refurbishing, maintenance and service contracts, and engine kits.

SECTION 1

Procedures for risk classification

1.

The Participants have agreed on a list of risk classifications (the List) for buyers/borrowers; such risk classifications reflect the senior unsecured credit rating of buyers/borrowers using a common rating scale such as that of one of the credit rating agencies (CRA).

2.

The risk classifications will be made by experts nominated by the Participants against the risk categories set out in Table 1 of this Appendix.

3.

The List shall be binding at any stage of the transaction (e.g campaign and delivery), subject to the provisions of Article 15 of this Appendix.

I.   ESTABLISHMENT OF THE LIST OF RISK CLASSIFICATIONS

4.

The List shall be developed and agreed among the Participants prior to the entry into force of this Sector Understanding; it shall be maintained by the Secretariat and made available to all the Participants on a confidential basis.

5.

Upon request, the Secretariat may, on a confidential basis, inform an aircraft-producing non-Participant of the risk classification of a buyer/borrower; in this case, the Secretariat shall inform all Participants of the request. A non-Participant may, at any time, propose additions to the List to the Secretariat. A non-Participant proposing an addition to the List may participate in the risk-classification procedure as if it were an interested Participant.

II.   UPDATE OF THE LIST OF RISK CLASSIFICATIONS

6.

Subject to the provisions of Article 15 of this Appendix, the List may be updated on an ad hoc basis in the event that either a Participant signals, in any form, its intention to apply another risk classification than that on the List, or a Participant needs a risk classification for a buyer/borrower that is not yet on the List (21)  (22).

7.

Any Participant shall, before any use of an alternative or new risk classification, send a request to the Secretariat for updating the List on the basis of an alternative or new risk classification. The Secretariat will circulate this request to all Participants within two working days, without mentioning the identity of the Participant who submitted the request.

8.

A period of ten (23) working days is allowed for interested Participants either to agree to or to challenge any proposed change to the List; a failure to respond within this period is considered as an agreement to the proposal. If at the end of the ten-day period, no challenge has been made to the proposal, the proposed change in the List is deemed to have been agreed. The Secretariat will modify the List accordingly and send an OLIS message within five working days; the revised List shall be binding from the date of that message.

III.   RESOLUTION OF DISAGREEMENTS

9.

In the event of a challenge to a proposed risk classification, interested Participants shall, at an expert level, make their best efforts to come to an agreement on the risk classification within a further period of ten working days after notification of a disagreement. All means necessary to resolve the disagreement should be explored, with the assistance of the Secretariat if necessary (e.g conference calls or face-to-face consultations). If interested Participants agree to a risk classification within this ten working-day period, they shall inform the Secretariat of the outcome upon which the Secretariat will update the List accordingly and send an OLIS message in the following five working days. The adjusted List shall be binding from the date of that message.

10.

In case the disagreement is not resolved among the experts within ten working days, the issue will be referred to the Participants for decision on an appropriate risk classification, in a period that shall not exceed five working days.

11.

In the absence of a final agreement, a Participant may have recourse to a CRA to determine the risk classification of the buyer/borrower. In such cases, the Chairman of the Participants shall address a communication on behalf of the Participants to the buyer/borrower, within ten working days. The communication shall include the terms of reference for the risk assessment consultation as agreed among the Participants. The resulting risk classification will be registered in the List and become binding immediately following the Secretariat's OLIS message to finalise the update procedure within five working days.

12.

Unless otherwise agreed, the cost of such recourse to a CRA shall be borne by the interested buyer/borrower.

13.

During the procedures set out in Articles 9 to 11 of this Appendix, the prevailing risk classification (when available on the List) shall remain applicable.

IV.   VALIDITY PERIOD OF CLASSIFICATIONS

14.

The valid risk classifications are the prevailing risk classifications as recorded in the List maintained by the Secretariat; indications and commitments of premium rates shall only be made in accordance with those risk classifications.

15.

Risk classifications have a 12-month maximum validity period from the date recorded in the List by the Secretariat for the purpose of the Participants providing indication and final commitments of premium rates; the validity period for a specific transaction may be extended by an additional 18 months once a commitment or a final commitment has occurred and premium holding fees are charged. Risk classifications may be subject to revision during the 12-month validity period in case of material changes to the risk profile of the buyer/borrower, such as a modification of a rating delivered by a CRA.

16.

Unless any Participant requests its update, at least 20 working days before the end of the relevant risk classification validity period, the Secretariat shall remove that risk classification from the next succeeding updated List. The Secretariat will circulate this update request to all Participants within two working days, without mentioning the identity of the Participant who submitted the request, and the procedures set out in Articles 9 to 11 of this Appendix shall apply.

V.   BUYER/BORROWER RISK CLASSIFICATION REQUEST

17.

If, at the campaign stage, a buyer/borrower requests an indication of its risk classification and if it is not yet on the List, that buyer/borrower may ask for an indicative risk classification from a CRA at its own expense. This risk classification shall not be included in the List; it may be used by the Participants as a basis for their own risk assessment.

SECTION 2

Minimum premium rates for new and used aircraft

I.   ESTABLISHMENT OF THE MINIMUM PREMIUM RATES

18.

Articles 19 to 61 of this Appendix set out the minimum premium rates corresponding to the risk classification of a buyer/borrower (or, if a different entity, the primary source of repayment of the transaction).

19.

The Participants may provide official support at or above the minimum premium rate provided that all the conditions below are fulfilled:

(a)

The transaction is asset-backed, meeting all of the following criteria:

(1)

A first priority security interest on or in connection with the aircraft and engines.

(2)

In the case of a lease structure, assignment and/or a first priority security interest in connection with the lease ***payments***.

(3)

Cross default and cross collateralisation of all aircraft and engines owned legally and beneficially by the same parties under the proposed financing, whenever possible under the applicable legal regime.

(b)

The transaction is structured to include, as a minimum, risk mitigants as set out in Table 1 below:

Table 1

Risk Mitigants

ASU Risk Category

Risk Ratings

Risk Mitigants

TOTAL

Of which at least “A”

1

AAA to BBB-

0

0

2

BB+ and BB

0

0

3

BB-

1

1

4

B+

2

1

5

B

2

1

6

B-

3

2

7

CCC

4

3

8

CC to C

4

3

20.

For purposes of Article 19 of this Appendix:

(a)

The Participants may select from the following risk mitigants:

“A” risk mitigants:

(1)

Reduced advance rate: each reduction of five percentage points from the advance rates referred to in Articles 10(a) and (b) of this Sector Understanding is equivalent to one “A” risk mitigant. In this case, the Participant shall not provide official support in any form in excess of the reduced advance rate.

(2)

Straight line amortisation: repayment of principal in equal instalments is equivalent to one risk mitigant.

(3)

Reduced repayment term: a repayment term which does not exceed 10 ***years*** is equivalent to one risk mitigant, irrespective of the maximum repayment term allowed.

“B” risk mitigants:

(1)

Security deposit: each security deposit in an amount equal to one quarterly instalment of principal and interest is equivalent to one risk mitigant. The security deposit can be in the form of cash or a standby letter of credit.

(2)

Lease ***payments*** in advance: lease ***payments*** in an amount equal to one quarterly instalment of principal and interest shall be paid one quarter in advance of each repayment date.

(3)

Maintenance reserves in a form and amount reflective of market best practices.

(b)

Subject to a prior notification, up to one of the “A” risk-mitigants may be replaced by a 15 % surcharge on the applicable minimum premium rate.

21.

Minimum premium rates to be applied to a transaction can be set prior to delivery, either at commitment, final commitment or otherwise at the commencement of a premium holding period with a defined duration. Final upfront premium rate, per annum spread, or a combination thereof to be applied to the transaction will comply with the minimum premium rate so established as well as mandatory risk mitigants prescribed in Article 19(b) of this Appendix as of the date on which the minimum premium rates were set. Such terms shall apply for the full length of the premium holding period and may only be revised following the expiry of that period, at which time the minimum premium rates and mandatory risk mitigants prescribed by the ASU then in force will apply and may be set for a subsequent premium holding period.

22.

Pursuant to Article 11 of this Sector Understanding, the minimum premium rates to be applied are composed of minimum risk-based rates (RBR) to which a market reflective surcharge (MRS) shall be added, in accordance with Articles 23 to 36 below.

23.

As of the entry into force of this Sector Understanding, the RBRs are:

Table 2

Risk-Based Rates

ASU Risk Category

Spreads (bps)

Upfront (%)

1

89

4,98

2

98

5,49

3

116

6,52

4

133

7,49

5

151

8,53

6

168

9,51

7

185

10,50

8

194

11,03

24.

The RBRs rates shall be reset on an annual basis, based on 4-***year*** moving average of the annual Moody's Loss Given Default (LGD). The appropriate LGD for this reset is based on the 1st Lien Senior Secured Bank Loans, and shall be calculated as follows:

Table 3

LGD Mapping

4-***year*** Moving Average

LGD Considered

≥ 45 %

25 %

≥ 35 % < 45 %

23 %

≥ 30 % < 35 %

21 %

< 30 %

19 %

25.

A RBR adjustment factor shall be determined as follows:

Formula

26.

The RBR adjustment factor shall be multiplied by the RBRs set out in Table 2 above, in order to determine the reset RBRs.

27.

The first reset process will take place in the first quarter of 2012 and the resulting RBRs will become effective as of 15 April 2012.

28.

The RBRs resulting from subsequent reset processes will be effective as of 15 April of each following ***year***. Once the RBRs resulting from the annual reset have been determined, the Secretariat shall inform immediately all Participants of the applicable rates and make them publicly available.

29.

For each risk category, a Market Reflective Surcharge shall be calculated as follows:

MRS = B \* [(0,5 \* MCS) – RBR]

where:

—

B is a blend coefficient varying from 0,7 to 0,35 according to each risk category as per Table 4 below.

—

MCS is a 90-day moving average of Moody's Median Credit Spreads (MCS) with an average life of 7 ***years***.

30.

Where risk categories include more than one risk rating, the spreads shall be averaged. In risk category 1, the BBB- spread shall be used.

31.

The MCS spreads shall be discounted by 50 % to account for the asset-security. The MCS discounted spreads shall then be adjusted by a blend factor ranging from 70 % to 35 % as per Table 4 below, applied on the difference between the MCS discounted spreads and the RBR. Any negative spreads resulting from the blending shall not be deducted.

Table 4

Blend Factors

Risk-Ratings

ASU Risk Category

Blend Factor (%)

AAA

1

70

AA

1

70

A

1

70

BBB+

1

70

BBB

1

70

BBB-

1

70

BB+

2

65

BB

2

65

BB-

3

50

B+

4

45

B

5

40

B-

6

35

CCC

7

35

CC

8

35

C

8

35

32.

The MRS shall be updated on a quarterly basis, as follows:

—

The first update process shall take place in the first quarter of 2011 and the resulting MCS shall become effective as of 15 April 2011; however, until 15 April 2012, the outcome of updates of the MRS applying to Risk Category 1 shall become effective only if they result in an increase of such MRS.

—

The subsequent update processes shall take place in the second, third and fourth quarters of 2011 (and thereon) and the resulting MCS shall become effective respectively on 15 July 2011, 15 October 2011 and 15 January 2012, and thereon.

—

Following each update, the Secretariat shall inform immediately all Participants of the applicable MRS and the resulting minimum rates and make them publicly available prior to the date these rates become effective.

33.

The MRS shall be applied only if and when it is positive and exceeds 25 basis points.

34.

The increase in minimum premium rates resulting from the MRS update shall not exceed 10 % of the previous quarterly minimum premium rates. The minimum premium rates (which result from adding the risk-based rates and the market reflective surcharge) shall not exceed the risk-based rates by more than 100 %.

35.

In order to determine the minimum premium rates:

—

The following formula shall be used:

Net MPR = MPR \* (1 + RTAS) \* (1 + RFAS) \* (1 + RMRS) \* (1 – CTCD) \* (1 + NABS) – CICD

Where:

—

RTAS represents the repayment term adjustment surcharge set out in Article 12(b) of this Sector Understanding.

—

RFAS represents the repayment frequency adjustment surcharge set out in Articles 13(a)(1) and (2) of this Sector Understanding.

—

RMRS represents the risk mitigant replacement surcharge set out in Article 20(b) of this Appendix.

—

CTCD represents the Cape Town Convention Discount set out in Article 38 of this Appendix.

—

NABS represents the non-asset-backed surcharge set out in Articles 57(a)(4), 57(b) and 59(b) of this Appendix, as applicable.

—

CICD represents the conditional insurance coverage discount set out in Article 56(a) of this Appendix.

—

Premium may be paid either upfront or, over the life of the facility, as spreads expressed in basis points per annum, or in any combination of upfront rates and spreads. The upfront rates and spreads shall be calculated using the premium rate conversion model (PCM) so that the premium payable for a given transaction has the same NPV whether payable upfront, as a spread over the life of the facility, or a combination thereof. In transactions where, prior to the commencement of cover, terms are agreed or stipulated, which entail a reduction in the weighted average life, an upfront rate (calculated using the PCM) may be charged, which in terms of the resulting premium payable, corresponds to that payable in NPV terms under the spreads.

36.

The applicable minimum premium rates as of the initial effective date of this Sector Understanding (1 February 2011) are set out in Table 5 below.

Table 5

Minimum Premium Rates

(12-***year*** repayment term, asset-backed transactions)

Risk Category

Risk Classification

Minimum Premium Rates

Per Annum Spreads (bps)

Up-Front (%)

1

AAA to BBB-

137

7,72

2

BB+ and BB

184

10,44

3

BB-

194

11,03

4

B+

208

11,85

5

B

234

13,38

6

B-

236

13,50

7

CCC

252

14,45

8

CC to C

257

14,74

II.   REDUCTIONS OF THE MINIMUM PREMIUM

37.

Subject to the provisions of Article 38 of this Appendix, a reduction of the minimum premium rates established in accordance with sub-Section I above shall be allowed if:

(a)

The asset-backed transaction relates to an aircraft object within the meaning of the Cape Town Protocol on Matters Specific to Aircraft Equipment,

(b)

The operator of the aircraft object (and, if different, the borrower/buyer or lessor if, in the view of the Participant providing the official support, the structure of the transaction so warrants) is situated in a State which, at the time of disbursement in respect of the aircraft object, appears on the list of States which qualify for the reduction of the minimum premium rates (“Cape Town List”), and where applicable, in a territorial unit of that State that qualifies under Article 40 of this Appendix, and

(c)

The transaction relates to an aircraft object registered on the International Registry established pursuant to the Cape Town Convention, and the Aircraft Protocol thereto (Cape Town Convention or CTC).

38.

The reduction of the minimum premium rates established in accordance with sub-Section I above shall not exceed 10 % of the applicable minimum premium rate.

39.

In order to be included on the Cape Town List, a State shall:

(a)

Be a Contracting Party to the Cape Town Convention;

(b)

Have made the qualifying declarations set out in Annex 1 to this Appendix; and

(c)

Have implemented the Cape Town Convention, including the qualifying declarations, in its laws and regulations, as required, in such a way that the Cape Town Convention commitments are appropriately translated into national law.

40.

To qualify under Article 37 of this Appendix, a territorial unit shall:

(a)

Be a territorial unit to which the Cape Town Convention has been extended;

(b)

Be a territorial unit in respect of which the qualifying declarations set out in Annex 1 to this Appendix apply; and

(c)

Have implemented the Cape Town Convention, including the qualifying declarations, in its laws and regulations, as required, in such a way that the Cape Town Convention commitments are appropriately translated into national law.

41.

An initial agreed Cape Town List shall be provided by the Participants to the Secretariat prior to the entry into force of this Sector Understanding. Updates to the Cape Town List shall be made in accordance with Articles 42 to 54 of this Appendix.

42.

Any Participant or non-Participant which provides official support for aircraft may propose to the Secretariat the addition of a State to the Cape Town List. Such proposal shall include, with respect to such State:

(a)

All the relevant information in respect of the date of deposit of the Cape Town Convention ratification or accession instruments with the Depositary;

(b)

A copy of the declarations made by the State which is proposed to be added to the Cape Town List;

(c)

All relevant information in respect of the date on which the Cape Town Convention and the qualifying declarations have entered into force;

(d)

An analysis which outlines the steps that the State which is proposed to be added to the Cape Town List has taken to implement the Cape Town Convention including the qualifying declarations in its laws and regulations, as required to ensure that the Cape Town Convention commitments are appropriately translated into national law; and

(e)

A duly completed questionnaire, the form of which is attached at Annex 2 of this Appendix (“CTC Questionnaire”) completed by at least one law firm qualified to give legal advice in relation to the relevant jurisdiction of the State which is proposed to be added to the Cape Town List. The completed CTC Questionnaire shall specify:

(i)

The name(s) and office address(es) of the responding law firm(s);

(ii)

The law firm's relevant experience, which could include experience in legislative and constitutional processes as they relate to the implementation of international treaties in the State, and specific experience in CTC related issues including any experience in advising either a government on implementation and enforcement of the Cape Town Convention or the private sector, or enforcement of creditor's rights in the State which is proposed to be added to the Cape Town List;

(iii)

Whether the law firm is involved or intends to be involved in any transactions that may benefit from a reduction of minimum premium rates if the proposed State is added to the CTC list (24); and

(iv)

The date on which the CTC Questionnaire has been completed.

43.

The Secretariat shall circulate an OLIS message within five working days containing the proposal.

44.

Any Participant or non-Participant which provides official support for aircraft may propose that a State be removed from the Cape Town List if they are of the view that such State has taken actions that are inconsistent with, or failed to take actions that are required by virtue of, that State's Cape Town Convention commitments. To that end, the Participant or non-Participant shall include in a proposal for removal from the Cape Town List, a full description of the circumstances that have given rise to the proposal for deletion, such as any State actions that are inconsistent with its Cape Town Convention commitments, or any failure to maintain or enforce legislation required by virtue of that State's Cape Town Convention commitments. The Participant or non-Participant who submits the proposal for removal from the Cape Town List shall provide any supporting documentation that may be available, and the Secretariat shall circulate an OLIS message within five working days containing such proposal.

45.

Any Participant or non-Participant which provides official support for aircraft may propose the reinstatement of a State that has been previously removed from the Cape Town List, where such reinstatement is justified by subsequent corrective actions or events. Such a proposal shall be accompanied by a description of the circumstances that gave rise to the removal of the State as well as a report of the subsequent corrective actions in support of reinstatement. The Secretariat shall circulate an OLIS message within five working days containing such proposal.

46.

The Participants may either agree to or challenge a proposal brought forward under Articles 42 to 45 of this Appendix within 20 working days from the date of submission of the proposal (“Period 1”).

47.

If at the end of Period 1, and in the case of Article 44 of this Appendix unless the proposal has been withdrawn by the proposing Participant or non-Participant providing evidence of corrective actions or events, no challenge has been made to the proposal, the proposed update to the Cape Town List is deemed to have been accepted by all Participants. The Secretariat will modify the Cape Town List accordingly and send an OLIS message within five working days. The updated Cape Town List shall take effect on the date of that message.

48.

In the event of a challenge to the proposed update of the Cape Town List, the challenging Participant or Participants shall, within Period 1, provide a written explanation of the basis of the challenge. Following circulation by the OECD Secretariat to all Participants of the written challenge, the Participants shall make best efforts to come to an agreement within a further ten working day period (“Period 2”).

49.

The Participants shall inform the Secretariat of the outcome of their discussions. If an agreement is reached during Period 2, the Secretariat will, if necessary, update the Cape Town List accordingly and send an OLIS message in the following five working days. The updated Cape Town List shall take effect on the date of that message.

50.

If no agreement is reached during Period 2, the Chairman of the Participants to this Sector Understanding (hereafter “the Chairman”) will make her/his best efforts to facilitate a consensus between the Participants, within twenty working days (“Period 3”) immediately following Period 2. If at the end of Period 3, no consensus is reached, a final resolution shall be achieved through the following procedures:

(a)

The Chairman shall make a written recommendation with respect to the proposed update of the Cape Town List. The Chairman's recommendation shall reflect the majority view emerging from the views openly expressed by at least the Participants which provide official support for aircraft exports. In the absence of a majority view, the Chairman shall make a recommendation based exclusively on the views expressed by the Participants and shall set out in writing the basis for the recommendation, including in the case of ineligibility, the eligibility criteria that were not met.

(b)

The Chairman's recommendation shall not disclose any information relating to Participants' views or positions expressed in the context of the process set out in Articles 42 to 51 of this Appendix, and

(c)

The Participants shall accept the recommendation of the Chairman.

51.

If, following a proposal submitted under Article 42 of this Appendix, the Participants or Chairman has determined that a State is not eligible to be added to the Cape Town List, a Participant or non-Participant may submit another proposal requesting that the Participants reconsider the State's eligibility. The proposing Participant or non-Participant shall address the reasons substantiating the original determination of ineligibility. The proposing Participant or non-Participant shall also obtain and provide an updated CTC questionnaire. This new proposal shall be subject to the process set out in Articles 46 to 52 of this Appendix.

52.

In the event of any change to the list of qualified countries pursuant to the procedures set out in Article 50 of this Appendix, the Secretariat shall issue an OLIS message containing the updated Cape Town List within five working days of such change. The updated Cape Town List shall take effect on the date of that message.

53.

The addition, withdrawal or reinstatement of a State to the Cape Town List after disbursement in respect of an aircraft shall not affect MPRs established regarding such aircraft.

54.

In the context of the process set out in Articles 42 to 52 of this Appendix, the Participants shall not disclose any information relating to views or positions expressed.

55.

The Participants shall monitor the implementation of Articles 42 to 54 of this Appendix and review it in the first half of 2012, annually thereafter or upon the request of any Participant.

56.

For new and used aircraft, the following adjustments to the applicable minimum premium rates may be applied:

(a)

A discount of five basis points (per annum spreads) or 0,29 % (up-front) to the applicable minimum premium rates may be applied for officially supported transactions in the form of conditional insurance cover.

(b)

The minimum premium rates shall be applied on the covered principal amount.

III.   NON-ASSET-BACKED TRANSACTIONS

57.

Notwithstanding the provisions of Article 19(a) of this Appendix, the Participants may provide officially supported export credits for non-asset backed transactions, provided either of the following conditions is fulfilled:

(a)

In the case of non-sovereign transactions:

(1)

The maximum value of the export contract receiving official support is USD 15 million;

(2)

The maximum repayment term shall be 10 ***years***;

(3)

No third party has a security interest in the assets being financed; and

(4)

A minimum surcharge of 30 % shall be applied to the minimum premium rates established in accordance with sub-Section I above.

(b)

In the case of a transaction with a sovereign or backed by an irrevocable and unconditional sovereign guarantee, a minimum surcharge shall, in accordance with Table 6 below, be applied to the minimum premium rates set out in accordance with sub-Section I above.

Table 6

Risk Category

Surcharge (%)

1

0

2

0

3

0

4

10

5

15

6

15

7

25

8

25

58.

The provisions of Articles 37 to 53 of this Appendix do not apply to officially supported export credits provided pursuant to Article 57 of this Appendix.

SECTION 3

Minimum premium rates for goods and services other than used aircraft covered by Part 3 of this Sector Understanding

59.

When providing official support for all goods and services other than used aircraft covered by Part 3 of this Sector Understanding, the minimum premium rates shall be as follows:

(a)

In the case of asset-backed transactions, the minimum premium rates shall be equal to the prevailing minimum spreads established in accordance with sub-Section I above and, in the case of pure cover, converted to upfront fees using the conversion model and the appropriate tenor.

(b)

In the case of non-asset-backed transactions, the minimum premium rates shall be equal to the prevailing minimum spreads established in accordance with sub-Section I above to which a surcharge of 30 % will be added, and, in the case of pure cover, converted to upfront fees using the conversion model and the appropriate tenor.

60.

The provisions of Articles 37 to 53 of this Appendix shall apply to official support for asset-backed spare engines covered by Article 20(a) and (c) of this Sector Understanding and support under the first tiret of Article 21(a)(1) of this Sector Understanding.

61.

The provision of Article 56 of this Appendix shall also apply to official support for all goods and services other than used aircraft covered by Part 3 of this Sector Understanding.

ANNEX 1

QUALIFYING DECLARATIONS

1.

For the purpose of Section 2 of Appendix II, the term “qualifying declarations”, and all other references thereto in this Sector Understanding, means that a Contracting party to the Cape Town Convention (Contracting Party):

(a)

Has made the declarations in Article 2 of this Annex, and

(b)

Has not made the declarations in Article 3 of this Annex.

2.

The declarations for the purpose of Article 1(a) of this Annex are:

(a)

Insolvency: State Party declares that it will apply the entirety of Alternative A under Article XI of the Aircraft Protocol to all types of insolvency proceeding and that the waiting period for the purposes of Article XI(3) of that Alternative shall be no more than 60 ***calendar*** days.

(b)

Deregistration: State Party declares that it will apply Article XIII of the Aircraft Protocol.

(c)

Choice of Law: State Party declares that it will apply Article VIII of the Aircraft Protocol.

And at least one of the following (though both are encouraged):

(d)

Method for Exercising Remedies: State Party declares under Convention Article 54(2) that any remedies available to the creditor under any provision of the Convention which are not expressed under the relevant provisions thereof to require application to a court may be exercised without leave of the court (the insertion “without court action and” to be recommended (but not required) before the words “leave of the court”);

(e)

Timely Remedies: State Party declares that it will apply Article X of the Aircraft Protocol in its entirety (though clause 5 thereof, which is to be encouraged, is not required) and that the number of working days to be used for the purposes of the time-limit laid down in Article X(2) of the Aircraft Protocol shall be in respect of:

(1)

The remedies specified in Articles 13(1)(a), (b) and (c) of the Convention (preservation of the aircraft objects and their value; possession, control or custody of the aircraft objects; and immobilisation of the aircraft objects), not more than that equal to ten ***calendar*** days, and

(2)

The remedies specified in Articles 13(1)(d) and (e) of the Convention (lease or management of the aircraft objects and the income thereof and sale and application of proceeds from the aircraft equipment), not more than that equal to 30 ***calendar*** days.

3.

The declarations referred to in Article 1(b) of this Annex are the following:

(a)

Relief Pending Final Determination: State Party shall not have made a declaration under Article 55 of the Convention opting out of Article 13 or Article 43 of the Convention; provided, however, that, if State Party made the declarations set out under Article 2(d) of this Annex, the making of a declaration under Article 55 of the Convention shall not prevent application of the Cape Town Convention discount.

(b)

Rome Convention: State Party shall not have made a declaration under Article XXXII of the Aircraft Protocol opting out of Article XXIV of the Aircraft Protocol; and

(c)

Lease Remedy: State Party shall not have made a declaration under Article 54(1) of the Convention preventing lease as a remedy.

4.

Regarding Article XI of the Aircraft Protocol, for Member States of the European Union, the qualifying declaration set out in Article 2(a) of this Annex shall be deemed made by a Member State, for purposes hereof, if the national law of such Member State was amended to reflect the terms of Alternative A under Article XI of the Aircraft Protocol (with a maximum 60 ***calendar*** days waiting period). As regards the qualifying declarations set out in Articles 2(c) and (e) of this Annex, these shall be deemed satisfied, for the purpose of this Sector Understanding, if the laws of the European Union or the relevant Member States are substantially similar to that set out in such Articles of this Annex. In the case of Article 2(c) of this Annex, the laws of the European Union (EC Regulation (EC) No 593/2008 on the Law Applicable to Contractual Obligations) are agreed to be substantially similar to Article VIII of the Aircraft Protocol.

ANNEX 2

CAPE TOWN CONVENTION QUESTIONNAIRE

I.   PRELIMINARY INFORMATION

Please provide the following information:

1.

The name and full address of the law firm completing the questionnaire.

2.

The law firm's relevant experience, which could include experience in legislative and constitutional processes as they relate to the implementation of international treaties in the State, and specific experience in CTC related issues including any experience in advising either a government on implementation and enforcement of the Cape Town Convention or the private sector, or enforcement of creditor's rights in the State which is proposed to be added to the Cape Town List;

3.

Whether the law firm is involved or intends to be involved in any transactions that may benefit from a reduction of minimum premium rates if the proposed State is added to the CTC list (25);

4.

The date on which this questionnaire was completed.

II.   QUESTIONS

1.    Qualifying declarations

1.1

Has the State (26) made each of the qualifying declarations in accordance with the requirements of Annex 1 to Appendix II of the Sector Understanding on Export Credits for Civil Aircraft (“ASU”) (each a “Qualifying Declaration”)? In particular, regarding the declarations concerning “Method for Exercising Remedies” (Article 2(d)) and “Timely Remedies” (Article 2(e)), please specify if one or both of these have been made.

1.2

Please describe the way in which the declarations made differ, if at all, from the requirements referred to in Question 1.1

1.3

Please confirm that the State has not made any of the declarations listed in Article 3 of Annex 1 to Appendix II of the ASU.

2.    Ratification

2.1

Has the State ratified, accepted, approved or acceded to the Cape Town Convention and Aircraft Protocol (“Convention”)? Please could you state the date of ratification/accession and briefly describe the State's process of accession to or ratification of the Convention?

2.2

Do the Convention and Qualifying Declarations (“QD”) made have the force of law in the whole territory of the State without any further act, implementing legislation or the passing of any further law or regulation?

2.3

If so, please briefly explain the process that gives the Convention and QDs the force of law.

3.    Effect of national and local law

3.1

Describe and list, if applicable, the implementing legislation and regulation(s) with respect to the Convention and each QD made by the State.

3.2

Would the Convention and QDs made, as translated into national law (27) (“Convention and QDs”), overrule or have priority over any conflicting national law, regulation, order, judicial precedent or regulatory practice. If so, please describe the process by which this happens (28), and if not, please provide details.

3.3

Are there any existing gaps in the implementation of the Convention and QDs? If so, please describe (29).

4.    Court and administrative decisions

4.1

Please describe any matters, including judicial, regulatory, or administrative practice which could be expected to result in the courts, authorities or administrative bodies failing to give full force and effect to the Convention and QDs (30)  (31).

4.2

To your knowledge, has there been any judicial or administrative enforcement action taken by a creditor under the Convention? If so, please describe the action and indicate whether it was successful.

4.3

To your knowledge, since ratification/implementation, have the courts in that State refused in any instance to enforce loan obligations of a debtor or guarantor in the State contrary to the Convention and QDs?

4.4

To your knowledge, are there any other matters that may impact whether courts and administrative bodies should be expected to act in a manner consistent with the Convention and QDs? If so, please specify.

Appendix III

Minimum interest rates

The provision of official financing support shall not offset or compensate, in part or in full, for the appropriate premium rate to be charged for the risk of non-repayment pursuant to the provisions of Appendix II.

1.   MINIMUM FLOATING INTEREST RATE

(a)

The minimum floating interest rate shall be, as appropriate, the EURIBOR, the Bank Bill Swap Rate, i.e BBSY, the London Inter-Bank Offered Rate, i.e LIBOR, as compiled by the British Bankers' Association (BBA) with the currency and the maturity corresponding to the frequency of interest ***payment*** of officially supported export credit, or the Canadian Dealer Offered Rate (CDOR), to which a margin benchmark calculated in accordance with Article 8 of this Appendix, shall be added.

(b)

The floating interest rate setup mechanism shall vary according to the repayment profile chosen, as follows:

(1)

When the repayment of principal and the ***payment*** of interest are combined in equal instalments, the relevant EURIBOR/BBSY/LIBOR/CDOR effective two business days prior to the loan drawdown date, according to the relevant currency and ***payment*** frequency shall be used to calculate the entire ***payment*** schedule, as if it were a fixed rate. The principal ***payment*** schedule shall then be fixed as well as the first interest ***payment***. The second interest ***payment***, and so on, shall be calculated based on the relevant EURIBOR/BBSY/LIBOR/CDOR effective two business days before the prior ***payment*** date over the outstanding principal balance initially established.

(2)

When the repayment of principal is made in equal instalments, the relevant EURIBOR/BBSY/LIBOR/CDOR, according to the relevant currency and ***payment*** frequency, effective two business days before the loan drawdown date and prior to each ***payment*** date shall be used to calculate the following interest ***payment*** over the outstanding principal balance.

(c)

Where official financing support is provided for floating rate loans, buyers/borrowers may have the option to switch from a floating rate to a fixed rate provided that the following conditions are fulfilled:

(1)

The option is restricted to switching to the swap rate only;

(2)

The option to switch shall only be exercised upon request, only once, and shall be reported accordingly with a reference to the reporting form initially sent to the Secretariat pursuant to Article 24 of this Understanding.

2.   MINIMUM FIXED INTEREST RATE

The minimum fixed interest rate shall be either:

(a)

The swap rate, concerning the relevant currency of the officially supported export credit and with a maturity equal to the interpolated rate for the two closest available annual periods to the weighted average life of the loan. The interest rate shall be set two business days prior to each drawdown date.

OR

(b)

The Commercial Interest Reference Rate (CIRR) established according to the provisions set out in Articles 3 to 7 of this Appendix,

to which, in both cases, the margin benchmark, calculated in accordance with Article 8(f) of this Appendix, shall be added.

3.   CONSTRUCTION OF CIRR

(a)

A CIRR is established for any of the eligible currencies set out in Article 9 of this Sector Understanding and calculated by adding a fixed margin of 120 basis points to one of the following three yields (the base rates):

(1)

Five-***year*** government bond yields for a repayment term up to and including nine ***years***,

(2)

Seven-***year*** government bond yields for over nine and up to and including 12 ***years***, or

(3)

Nine-***year*** government bond yields for over 12 and up to and including 15 ***years***.

(b)

CIRR shall be calculated monthly using data from the previous month and notified to the Secretariat, no later than five days after the end of each month. The Secretariat shall then inform immediately all Participants of the applicable rates and make them publicly available. CIRR shall take effect on the 15th day of each month.

(c)

A Participant or a non-Participant may request that a CIRR be established for the currency of a non-Participant. In consultation with the non-Participant, a Participant or the Secretariat on behalf of that non-Participant may make a proposal for the construction of the CIRR in that currency using the Common Line procedures set out in Articles 28 to 33 of this Sector Understanding.

4.   VALIDITY PERIOD OF CIRR

(a)

Holding the CIRR: the CIRR applying to a transaction shall not be held for a period longer than six months from its selection (export contract date or any application date thereafter) to the credit agreement date. If the credit agreement is not signed within that limit, and the CIRR is reset for an additional six months, the new CIRR shall be committed at the rate prevailing at the date of reset.

(b)

After the credit agreement date, the CIRR shall be applied for drawing periods which do not exceed six months. After the first six-month drawing period, the CIRR is reset for the next six months; the new CIRR shall be the one prevailing at the first day of the new six-month period and cannot be lower than the CIRR originally selected (procedure to be replicated for each subsequent six-month period of drawings).

5.   APPLICATION OF MINIMUM INTEREST RATES

Within the provisions of the credit agreement the borrower shall not be allowed an option to switch from an officially supported floating rate financing to a pre-selected CIRR financing, nor be allowed to switch between a pre-selected CIRR and the short term market rate quoted on any interest ***payment*** date throughout the life of the loan.

6.   EARLY REPAYMENT OF FIXED INTEREST RATE LOANS

In the event of a voluntary, early repayment of a fixed interest rate loan as determined in Article 2 of this Appendix, or any portion thereof or when the CIRR applied under the credit agreement is modified into a floating or a swap rate, the borrower shall compensate the institution providing official financing support for all costs and losses incurred as a result of such actions, including the cost to the government institution of replacing the part of the fixed rate cash inflow interrupted by the early repayment.

7.   IMMEDIATE CHANGES IN INTEREST RATES

When market developments require the notification of an amendment to a CIRR during the course of a month, the amended rate shall be implemented ten working days after notification of this amendment has been received by the Secretariat.

8.   MARGIN BENCHMARK

(a)

A three-month LIBOR margin benchmark shall be calculated monthly in accordance with paragraph (b), using data notified to the Secretariat in accordance with paragraph (c), and shall take effect on the 15th day of each month. Once calculated, the margin benchmark shall be notified by the Secretariat to the Participants and shall be made publicly available.

(b)

The three-month LIBOR margin benchmark shall be a rate equivalent to the average of the lowest 50 % of the margins over: (i) three-month LIBOR charged for floating rate transactions and (ii) three-month LIBOR as interpolated by swapping the fixed rate issuance to a floating rate equivalent charged for fixed rate transactions or capital market issuances. In either case, the margins included in the monthly benchmark reports submitted by relevant Participants shall be those from the three full ***calendar*** months preceding the effective date set out in paragraph (a) above. Transactions/issuances that are used in the calculation of the margin benchmark shall meet the following conditions:

(1)

100 % unconditional guarantee transactions denominated in US dollars; and

(2)

Official support provided in respect of aircraft valued at or above USD 35 million (or its equivalent in any other eligible currency).

(c)

Participants shall report a margin at the time it becomes known and that margin will remain on the Participant's margin benchmark report for three full ***calendar*** months. In the case of individual transactions with multiple pricing events, there shall be no attempt to match subsequent pricing events to ex post notifications.

(d)

Participants shall notify transactions as of the date on which the long-term margin is realised. For bank mandated deals (including PEFCO), the date on which the margin is realised would be the earliest of the following: (i) issuance of a final commitment by the Participant, (ii) setting of the margin post-commitment, (iii) loan drawdown, and (iv) setting of the long-term margin post-drawdown. In the case of several drawdowns occurring under the same bank mandate at the same margin, notification shall only be made in respect of the first aircraft. For loans funded by way of capital market issuance, the date on which the margin is realised shall be the date on which the long-term rate is set which is typically the bond issuance date. In the case of several drawdowns occurring under the same bond and at the same margin, notification shall only be made in respect of the first aircraft.

(e)

The three-month LIBOR margin benchmark shall be applicable to a floating rate transaction and shall be set at final commitment.

(f)

For a fixed rate transaction, the margin benchmark applicable to the transaction shall be determined by swapping the three-month LIBOR margin benchmark into an equivalent spread over the applicable fixed rate, as determined in Article 2 of this Appendix, on the final commitment date and shall be set as of that date.

(g)

The Participants shall monitor the margin benchmark and shall review the margin benchmark mechanism upon the request of any Participant.

Appendix IV

Reporting form

(a)    Basic Information

1.

Notifying country

2.

Notification date

3.

Name of notifying authority/agency

4.

Identification number

(b)    Buyer/Borrower/Guarantor Information

5.

Name and country of buyer

6.

Name and country of borrower

7.

Name and country of guarantor

8.

Status of buyer/borrower/guarantor, e.g sovereign, private bank, other private

9.

Risk classification of buyer/borrower/guarantor

(c)    Financial Terms and Conditions

10.

In what form is official support provided, e.g pure cover, official financing support

11.

If official financing support is provided, is it a direct credit/refinancing/interest rate support

12.

Description of the transaction supported, including the manufacturer, aircraft model and number of aircraft; indication of whether the transaction falls under the transitional arrangements set out in Article 39(a) or (b) of this Understanding.

13.

Final commitment date

14.

Currency of credit

15.

Credit amount, according to the following scale in USD millions:

Category

Credit Amount

I

0-200

II

200-400

III

400-600

IV

600-900

V

900-1 200

VI

1 200 -1 500

VII

1 500 -2 000  (\*1)

16.

Percentage of official support

17.

Repayment term

18.

Repayment profile and frequency — including, where appropriate, weighted average life

19.

Length of time between the starting point of credit and the first repayment of principal

20.

Interest rates:

—

Minimum interest rate applied,

—

Margin benchmark applied.

21.

Total premium charged by way of:

—

Up-front fees (in percentage of the credit amount), or

—

Spreads (basis points per annum above the applied interest rate),

—

As appropriate, please indicate separately the 15 % surcharge applied in accordance with Appendix II Article 20(b).

22.

In the case of direct credit/financing, fees charged by way of:

—

Arrangement/Structuring fee,

—

Commitment/Premium holding fee,

—

Administration fee.

23.

Premium holding period

24.

In the case of pure cover, premium holding fees

25.

Transaction structuring terms: risk mitigants/premium surcharge applied

26.

As appropriate, an indication of the impact of the Cape Town Convention on the premium rate applied

Appendix V

List of definitions

All-In Cost Equivalence : the net present value of premium rates, interest rate costs and fees charged for a direct credit as a percentage of the direct credit amount is equal to the net present value of the sum of premium rates, interest rate costs and fees charged under pure cover as a percentage of the credit amount under pure cover.

Asset-Backed : a transaction that meets the conditions set out in 19(a) of Appendix II.

Buyer/Borrower : includes (but is not limited to) commercial entities such as airlines and lessors, as well as sovereign entities (or if a different entity, the primary source of repayment of the transaction).

Buyer Furnished Equipment : equipment furnished by the buyer and incorporated in the aircraft during the manufacture/refurbishment process, on or before delivery, as evidenced by the Bill of Sale from the manufacturer.

Cape Town Convention : refers to the Cape Town Convention on International Interests in Mobile Equipment and the Protocol thereto on Matters specific to Aircraft Equipment.

Commitment : any statement, in whatever form, whereby the willingness or intention to provide official support is communicated to the recipient country, the buyer, the borrower, the exporter or the financial institution, including without limitation, eligibility letters, marketing letters.

Common Line : agreement of the Participants for a given transaction, or in special circumstances on specific financial terms and conditions for official support; such common line shall prevail over the relevant provisions of this Sector Understanding only for the transaction or in the circumstances specified in the common line.

Conditional Insurance Cover : official support which in the case of a default on ***payment*** for defined risks provides indemnification to the beneficiary after a specified waiting period; during the waiting period the beneficiary does not have the right to ***payment*** from the Participant. ***Payment*** under conditional insurance cover is subject to the validity and the exceptions of the underlying documentation and of the underlying transaction.

Conversion : A major change in the type design of an aircraft through its conversion into a different type of aircraft (including the conversion of a passenger aircraft into a water bomber, cargo aircraft, search and rescue, surveillance aircraft, or business jet), subject to certification by the responsible Civil Aviation Authority.

Country Risk Classification : the prevailing country risk classification of the Participants to the Arrangement on Officially Supported Export Credits as published on the OECD website.

Credit Rating Agency : one of the internationally reputable rating agencies or any other rating agency that is acceptable to the Participants.

Engine Kits : a set of parts introduced to improve reliability, durability and/or on-wing performance procurement through introduction of technology.

Export Credit : an insurance, guarantee or financing arrangement which enables a foreign buyer of exported goods and/or services to defer ***payment*** over a period of time; an export credit may take the form of a supplier credit extended by the exporter, or of a buyer credit, where the exporter's bank or other financial institution lends to the buyer (or its bank).

Final Commitment : a final commitment exists when the Participant commits to precise and complete financial terms and conditions, either through a reciprocal agreement or by a unilateral act.

Firm Contract : an agreement between the manufacturer and the person taking delivery of the aircraft or engines as buyer, or, in connection with a sale-leaseback arrangement, as lessee under a lease with a term of at least five ***years***, setting forth a binding commitment (excluding those relating to then unexercised options), where non-performance entails legal liability.

Interested Participant : a Participant which (i) provides official support for airframe or aircraft engines completely or partially manufactured in its territory, (ii) has an existing substantial commercial interest or has experience with the buyer/borrower concerned, or (iii) has been requested by a manufacturer/exporter to provide official support to the buyer/borrower in question.

Interest Rate Support : can take the form of an arrangement between on the one hand a government, or an institution acting for or on behalf of a government and, on the other hand, banks or other financial institutions which allows the provision of fixed rate export finance at or above the relevant minimum fixed interest rate.

Major Modification/Refurbishing : operations of reconfiguration or upgrading of either a passenger or cargo aircraft.

Net Price : the price for an item invoiced by the manufacturer or supplier thereof, after accounting for all price discounts and other cash credits, less all other credits or concessions of any kind related or fairly allocable thereto, as stated in a binding representation by each of the aircraft and engine manufacturers — the engine manufacturer representation is required only when it is relevant according to the form of the purchase agreement — or service provider, as the case may be, and supported by documentation required by the provider of official support to confirm that net price. All import duties and taxes (e.g VAT) are not included in the net price.

New Aircraft : see Article 8(a) of this Sector Understanding.

Non-Asset-Backed : a transaction that does not meet the conditions set out in 19(a) of Appendix II.

Non-Sovereign Transaction : a transaction that does not meet the description set out in Article 57(b) of Appendix II.

Premium Holding Period : subject to Article 37(b) of Appendix II, period(s) during which a premium rate and related mandatory risk mitigants offered for a transaction are being maintained; not to exceed 18 months from the date it has been set until the final disbursement.

Premium Rate Conversion Model : model agreed by and made available to the Participants, to be used for the purpose of this Sector Understanding in order to convert up-front premium fees into spreads and vice versa, in which the interest rate and the discount rate used shall be 4,6 %; such rate shall be reviewed regularly by the Participants.

Prior Notification : a notification made at least ten ***calendar*** days before issuing any commitment, using the reporting form set out in Appendix IV.

Pure Cover : Official support provided by or on behalf of a government by a way of export credit guarantee or insurance only, i.e which does not benefit from official financing support.

Repayment Term : the period beginning at the Starting Point of Credit and ending on the contractual date of the final repayment of principal.

Sovereign Transaction : a transaction that meets the description set out in Article 57(b) of Appendix II.

Starting Point of Credit : for the sale of aircraft including helicopters, spare engines and parts, at the latest the actual date when the buyer takes physical possession of the goods, or the weighted mean date when the buyer takes physical possession of the goods. For services, the latest starting point of credit is the date of the submission of the invoices to the client or acceptance of service by the client.

Swap Rate : a fixed rate equal to the semi-annual rate to swap floating rate debt to fixed rate debt (Offer side), posted on any independent market index provider, such as Telerate, Bloomberg, Reuters, or its equivalent, at 11:00 am New York time, two business days prior to the loan drawdown date.

Weighted Average Life : the time it takes to retire one-half of the principal of a credit; this is calculated as the sum of time (in ***years***) between the starting point of credit and each principal repayment weighted by the portion of principal repaid at each repayment date.

ANNEX IV

SECTOR UNDERSTANDING ON EXPORT CREDITS FOR RENEWABLE ENERGY, CLIMATE CHANGE MITIGATION AND ADAPTATION, AND WATER PROJECTS

The purpose of this Sector Understanding is to provide adequate financial terms and conditions to projects in selected sectors identified including under international initiatives as significantly contributing to climate change mitigation, including renewable energy, greenhouse gas (GHG) emissions' reduction and high energy efficiency projects, climate change adaptation, as well as water projects. The Participants to this Sector Understanding agree that the financial terms and conditions of the Sector Understanding, which complements the Arrangement, shall be implemented in a way that is consistent with the Purpose of the Arrangement.

CHAPTER I

SCOPE OF THE SECTOR UNDERSTANDING

1.   SCOPE OF APPLICATION FOR PROJECTS IN RENEWABLE ENERGY SECTORS ELIGIBLE TO APPENDIX I

(a)

This Sector Understanding sets out the financial terms and conditions that apply to officially supported export credits relating to contracts in the eligible sectors listed in Appendix I of this Sector Understanding for:

(1)

The export of complete renewable energies plants or parts thereof, comprising all components, equipment, materials and services (including the training of personnel) directly required for the construction and commissioning of such plants.

(2)

The modernisation of existing renewable energies plants in cases where the economic life of the plant is likely to be extended by at least the repayment period to be awarded. If this criterion is not met, the terms of the Arrangement apply.

(b)

This Sector Understanding does not apply to items located outside the power plant site boundary for which the buyer is usually responsible, in particular, water supply not directly linked to the power production plant, costs associated with land development, roads, construction villages, power lines and switchyard, as well as costs arising in the buyer's country from official approval procedures (e.g site permits, construction permit), except:

(1)

In cases where the buyer of the switchyard is the same as the buyer of the power plant and the contract is concluded in relation to the original switchyard for that power plant, the terms and conditions for the original switchyard shall not exceed those for the renewable energies power plant; and

(2)

The terms and conditions for sub-stations, transformers and transmission lines with a minimum voltage threshold of 60 kV located outside the renewable energies power plant site boundary shall not be more generous than those for the renewable energies power plant.

2.   SCOPE OF APPLICATION FOR PROJECTS IN CLIMATE CHANGE MITIGATION SECTORS ELIGIBLE TO APPENDIX II

(a)

This Sector Understanding sets out the financial terms and conditions that apply to officially supported export credits relating to contracts in a sector listed in Appendix II of this Sector Understanding. This list of sectors and, when applicable, corresponding technology-neutral performance criteria used to define a project's eligibility, may be modified over time in accordance with the review provisions set out in Article 12 of this Sector Understanding.

(b)

Such contracts shall relate to the export of complete projects or parts thereof, comprising all components, equipment, materials and services (including the training of personnel) directly required for the construction and commissioning of an identifiable project, providing that:

(1)

The project should result in low to zero carbon emissions, or CO2 equivalent, and/or in high energy efficiency;

(2)

The project should be designed to meet, as a minimum, the performance standards as set out in Appendix II; and

(3)

The terms and conditions provided shall be extended only to address specific financial disadvantages encountered by a project, and shall be based on the individual financial needs and specific market conditions of each project.

3.   SCOPE OF APPLICATION FOR ADAPTATION PROJECTS ELIGIBLE TO APPENDIX III

(a)

This Sector Understanding sets out the financial terms and conditions that apply to officially supported export credits relating to contracts for projects which meet the criteria set out in Appendix III of this Sector Understanding.

(b)

Such contracts shall relate to the export of complete projects or parts thereof, comprising all components, equipment, materials and services (including the training of personnel) directly required for the execution and commissioning of an identifiable project, providing that:

(1)

The conditions set out in Appendix III are met;

(2)

The terms and conditions provided shall be extended only to address specific financial disadvantages encountered by a project, and shall be based on the individual financial needs and specific market conditions of each project.

(c)

This Sector Understanding applies to the modernisation of existing projects, to take into consideration adaptation concerns, in cases where the economic life of the project is likely to be extended by at least the repayment period to be awarded. If this criterion is not met, the terms of the Arrangement apply.

4.   SCOPE OF APPLICATION FOR WATER PROJECTS

This Sector Understanding sets out the financial terms and conditions that apply to officially supported export credits relating to contracts for the export of complete projects or parts thereof related to the supply of water for human use and wastewater treatment facilities:

(a)

Infrastructure for the supply of drinking water to municipalities, including to households and small businesses, i.e water purification for the purpose of obtaining drinking water and distribution network (including leakage control).

(b)

Wastewater collection and treatment facilities, i.e collection and treatment of household and industrial wastewater and sewage, including processes for the re-use or recycling of water and the treatment of sludge directly associated with these activities.

(c)

The modernisation of such facilities in cases where the economic life of the plant is likely to be extended by at least the repayment period to be awarded. If this criterion is not met, the provisions of the Arrangement apply.

CHAPTER II

PROVISIONS FOR EXPORT CREDITS

5.   MAXIMUM REPAYMENT TERMS

(a)

For officially supported export credits relating to contracts in the sectors listed in Appendix I, and for water projects defined in Article 4 of this Sector Understanding, the maximum repayment term is 18 ***years***.

(b)

For officially supported export credits relating to contracts of a value of at least SDR 10 million in the project classes listed in Appendix II, the maximum repayment term is set out as follows:

(1)

For contracts in Project Class A: 18 ***years***.

(2)

For contracts in Project Class B and Project Class C: 15 ***years***.

(c)

For officially supported export credits relating to contracts of a value of less than SDR 10 million in the project classes listed in Appendix II, the maximum repayment term is set out as follows:

(1)

For Category I countries as defined in Article 11 of the Arrangement, the maximum repayment term is five ***years***, with the possibility of agreeing up to eight-and-a-half ***years*** when the procedures for prior notification set out in Article 10 of this Sector Understanding are followed.

(2)

For Category II countries, the maximum repayment term is 10 ***years***.

(3)

Notwithstanding subparagraphs (1) and (2) above, for non-nuclear power plants as defined in Article 13 of the Arrangement, the maximum repayment term is 12 ***years***.

(d)

For officially supported export credits relating to contracts of a value of at least SDR 10 million for projects supported in conformity with Appendix III, the maximum repayment term is 15 ***years***.

6.   REPAYMENT OF PRINCIPAL AND ***PAYMENT*** OF INTEREST

(a)

The Participants shall apply a profile of repayment of principal and ***payment*** of interest as specified in subparagraphs (1) or (2) below:

(1)

Repayment of principal shall be made in equal instalments.

(2)

Repayment of principal and ***payment*** of interest combined shall be made in equal instalments.

(b)

Principal shall be repaid and interest shall be paid no less frequently than every six months and the first instalment of principal and interest shall be made no later than six months after the starting point of credit.

(c)

On an exceptional and duly justified basis, official support may be provided on terms other than those set out in paragraphs (a) and (b) above. The provision of such support shall be explained by an imbalance in the timing of the funds available to the obligor and the debt service profile available under an equal, semi-annual repayment schedule, and shall comply with the following criteria:

(1)

No single repayment of principal or series of principal ***payments*** within a six-month period shall exceed 25 % of the principal sum of the credit.

(2)

Principal shall be repaid no less frequently than every 12 months. The first repayment of principal shall be made no later than 18 months after the starting point of credit and no less than 2 % of the principal sum of the credit shall have been repaid 18 months after the starting point of credit.

(3)

Interest shall be paid no less frequently than every 12 months and the first interest ***payment*** shall be made no later than six months after the starting point of credit.

(4)

The maximum weighted average life of the repayment period shall not exceed 60 % of the maximum available tenor.

(d)

Interest due after the starting point of credit shall not be capitalised.

7.   MINIMUM INTEREST RATES

A Participant providing official financing support for fixed rates loans shall apply the following minimum interest rates:

Repayment term

(***years***)

Standard minimum interest rates

Minimum interest rates for projects with long construction periods, i.e :

New large hydro-power projects

Appendix II Project Class A

Appendix III Adaptation Projects

Government bonds

(***years***)

Margin

(bps)

Government bonds

(***years***)

Margin

(bps)

< 11

Relevant CIRR in accordance with Article 20 of the Arrangement

11 to 12

7

100

7

100

13

7

120

8

120

14

8

120

9

120

15

8

120

9

120

16

9

120

10

125

17

9

120

10

130

18

10

120

10

130

8.   ELIGIBLE CURRENCIES

The currencies that are eligible for official financing support are those which are fully convertible and for which data are available to construct the minimum interest rates mentioned in Article 7 of this Sector Understanding, and in Article 20 of the Arrangement for repayment terms less than 11 ***years***.

9.   LOCAL COSTS

(a)

For officially supported export credits relating to contracts of a value of at least SDR 10 million, official support provided for local costs shall not exceed 30 % of the export contract value.

(b)

For officially supported export credits relating to contracts of a value of less than SDR 10 million:

(1)

For the sectors listed in Appendix I of this Sector Understanding, official support provided for local costs shall not exceed 45 % of the export contract value.

(2)

For the sectors listed in Appendix II and for water projects defined in Article 4 of this Sector Understanding, official support provided for local costs shall not exceed 30 % of the export contract value.

(c)

Where official support for local cost exceeds 15 % of the export contract value, such official support shall be subject to prior notification, pursuant to Article 10 of this Sector Understanding, specifying the nature of the local costs being supported.

CHAPTER III

PROCEDURES

10.   PRIOR NOTIFICATION

(a)

A Participant intending to provide support in accordance with the provisions of this Sector Understanding, shall give prior notification at least ten ***calendar*** days before issuing any commitment, in accordance with:

(1)

Article 48 of the Arrangement if the support is extended pursuant to Article 1, 2 or 4 of this Sector Understanding;

(2)

Article 47 of the Arrangement if the support is extended pursuant to Article 3 of this Sector Understanding.

(b)

For projects falling in the Project Classes listed in Appendix II of this Sector Understanding, such notifications shall include an enhanced description of the project in order to demonstrate how the project complies with the criteria for support, as set out in Article 2(b) of this Sector Understanding.

(c)

For projects supported in conformity with Appendix III of this Sector Understanding, such notification shall include:

(1)

An enhanced description of the project in order to demonstrate how the project complies with the criteria for support, as set out in Article 3(b) of this Sector Understanding, and

(2)

Access to the outcome of the independent third-party review required in Appendix III.

(d)

Notwithstanding paragraph (a)(1) above, if the notifying Participant intends to provide support with a repayment term in excess of 15 ***years*** and/or in accordance with Article 6(c) of this Sector Understanding, it shall give prior notification at least ten ***calendar*** days before issuing any commitment in accordance with Article 47 of the Arrangement.

(e)

A Participant shall inform all other Participants of its final decision following a discussion, to facilitate the review of the body of experience.

CHAPTER IV

MONITORING AND REVIEW

11.   FUTURE WORK

The Participants agree to examine the following issues:

(a)

Term-adjusted risk-premia.

(b)

Conditions for low emission/high energy efficiency fossil fuel power plants including definition of CCS-readiness.

(c)

Net zero energy buildings.

(d)

Fuel cell projects.

12.   MONITORING AND REVIEW

(a)

The Secretariat shall report annually on the implementation of this Sector Understanding.

(b)

The Participants shall regularly review the scope and other provisions of this Sector Understanding and at the latest by the end of 2017.

(c)

Appendix II of this Sector Understanding shall be reviewed at regular intervals, including upon the request of a Participant, with the view to assessing whether any Project Class and/or Type should be added to, or removed from, or whether any thresholds should be changed in, that Appendix. Proposals for new Project Classes and/or Types shall be supported by information on how projects within such a Class/Type should fulfil the criteria set out in Article 2(b) and shall follow the methodology set out in Appendix IV of this Sector Understanding.

(d)

The Participants shall undertake a review of Appendix III of this Sector Understanding no later than by 30 June 2018, with a view to assessing the international initiatives related to adaptation, market conditions, and the body of experience developed from the notification process to determine if the definitions, project criteria, terms and conditions should be continued and or amended.

(e)

After 31 December 2018, the terms and conditions related to Appendix III shall be discontinued unless the Participants agree otherwise.

Appendix I

Renewable energies sectors

The following renewable energies sectors shall be eligible for the financial terms and conditions set out in this Sector Understanding provided that their impacts are addressed in accordance with the 2012 Recommendation on Common Approaches on Officially Supported Export Credits and Environmental and Social Due Diligence (32) (as subsequently amended by Members of the OECD Working Group on Export Credits and Credit Guarantee (ECG) and adopted by the OECD Council):

(a)

Wind energy (33).

(b)

Geothermal energy.

(c)

Tidal and tidal stream power.

(d)

Wave power.

(e)

Osmotic power.

(f)

Solar photovoltaic power.

(g)

Solar thermal energy.

(h)

Ocean thermal energy.

(i)

Bio-energy: all sustainable landfill gas, sewage treatment plant gas, biogas energy or fuel derived from biomass energy installations. “Biomass” shall mean the biodegradable fraction of products, waste and residues from ***agriculture*** (including vegetal and animal substances), forestry and related industries, as well as the biodegradable fraction of industrial and municipal waste.

(j)

Hydro power.

(k)

Energy efficiency in Renewable Energies projects.

Appendix II

Climate change mitigation sectors

PROJECT CLASS

DEFINITION

RATIONALE

STANDARDS USED

REPAYMENT TERMS

PROJECT CLASS A: CARBON CAPTURE AND STORAGE

TYPE 1:

Fossil Fuel Power Plants with Operational Carbon Capture and Storage (CCS)

A process consisting of the separation of CO2 stream from the emissions produced by fossil fuel generation sources, transport to a storage site, for the purposes of environmentally safe and permanent geological storage of CO2.

To achieve low carbon emission levels for fossil fuel power sources.

Carbon intensity shall achieve a level equal to or less than 350 metric ton CO2 per GWh vented to atmosphere (34);

Or

In the case of all projects, a capture and storage rate that would reduce the plant's carbon emissions by 65 % or greater;

Or

The capture rate has to be at least 85 % of CO2 emitted by the equipment included in the application for officially supported export credits. The 85 % is to apply at normal operating conditions.

18 ***years***

TYPE 2:

CCS Projects as such

A process consisting of the separation of CO2 from industrial or energy generation sources, transport to a storage site, for the purposes of environmentally safe and permanent geological storage of CO2.

To significantly reduce carbon emissions from existing sources.

In the case of all projects, a capture and storage rate that would reduce the industrial or energy generation carbon emissions by 65 % or greater;

Or

The capture rate has to be at least 85 % of CO2 emitted by the equipment included in the application for officially supported export credits. The 85 % is to apply at normal operating conditions.

18 ***years***

PROJECT CLASS B: FOSSIL FUEL SUBSTITUTION

TYPE 1:

Waste to Energy

Unit dedicated to generating energy by thermal treatment (including gasification) of mixed stream solid waste.

To offset GHG emissions from the use of conventional power and by reducing future GHG such as methane that would normally emanate from the waste.

In the case of a steam cycle, a boiler (or steam generator) energy conversion efficiency of at least 75 % based on low heating value (LHV) (35).

In the case of gasification, a gasifier efficiency of at least 65 % LHV (36).

15 ***years***

TYPE 2:

Hybrid Power Plants

A power plant that generates electric power from both a renewable energy source and a fossil fuel source.

To meet the requirement of plant availability, a fossil fuel generating source is required for those periods when power from the renewable energy source is not available or sufficient. The fossil fuel source enables the usage of renewable energy in the hybrid plant, thereby achieving a significant carbon reduction compared with standard fossil fuel plant.

Model 1:

Two separate generation sources: one Renewable Energy and one fossil fuel.

Project shall be designed such that at least 50 % of its projected total annual energy output originates from the plant's renewable energy source.

Model 2:

Single generation source using the combination of renewable and fossil fuel. The project shall be designed such that at least 75 % of the useful energy produced is derived from the renewable source.

15 ***years***

PROJECT CLASS C: ENERGY EFFICIENCY

TYPE 1:

Combined Heat & Power projects

Simultaneous generation of multiple forms of energy (electrical, mechanical and thermal) in a single integrated system.

Output of the CHP plant shall include electric or mechanical energy and heat for commercial industrial and/or residential use.

Up to two thirds of the primary energy used to generate electricity in conventional thermal power plants is lost in the form of heat. Combined heat and power (CHP) generation can therefore be an effective GHG mitigation option. CHP is possible with all heat machines and fuels (including biomass and solar thermal) from a few kW-rated to 1 000  MW steam-condensing power plants (37).

Overall efficiency of at least 75 % based on low heating value (LHV) (38).

15 ***years***

TYPE 2:

District heating and/or cooling

Network which carries/distributes thermal energy from energy producing unit to end use.

To improve the efficiency of heating of districts by building piping networks for steam and/or hot water with substantial thermal efficiency, both by minimising losses of piping and converters, and by increasing the amount of utilisation of waste heat.

District cooling is an integrative technology that can make significant contributions to reducing emissions of carbon dioxide and air pollution and to increasing energy security e.g via substitution of individual air-conditioners.

The district piping thermal conductivity shall be less than 80 % of the relevant thermal conductivity required by the European standard EN253:2009 (to be reviewed when this standard is updated).

15 ***years***

TYPE 3:

Smart Grids

Integrated, technologically advanced electricity networks with improved dynamic capabilities to monitor and control the input and output of all their constituent technical components (such as power generation, Network Management Solutions, High Voltage Direct Current (HVDC) converters and systems, Flexible Alternating Current Transmission Systems (FACTS), Special Power Systems (SPS), transmission, distribution, storage, Smart Grid Power Electronics Solutions, consumption reduction, metering, distributed energy resources).

ICT according to internationally agreed industry standards such as NIST-SGIP and ETSI-CEN-Cenelec.

To enable network operators, transmission and distribution system operators, grid users, storage owners, metering operators, applications and service providers or power exchange platform operators to create economical, environmentally-friendly, balanced and sustainable power systems with reduced transmission losses and optimised levels of supply quality, safety, grid stability, reliability, renewable power collection and cost-efficiency by supporting supply contracts involving predominantly export of state-of-the-art, innovative technologies and services.

Standards 1, 2 (a or b) and 3 shall be met.

1.

The total cost of the project includes at least 20 % for eligible information and communication technology (ICT) upgrades.

2a.

An estimated minimum 10 % reduction in the amount of CO2 emissions from fossil fuel will result from the project or application, or

2b.

Demonstrated significant CO2 emission reductions will be enabled through either:

—

reductions in energy losses within the electricity grid served by the Smart Grid application or project by at least 5 %, or

—

reductions in aggregate electricity consumption by loads served by the Smart Grid application or project by at least 5 %, or

—

intermittent feed-in of renewable energies, including from subordinate voltage levels, representing at least an additional 10 % of the total energy fed into the grid where the smart grid technologies are applied.

3.

Prior to authorisation, an independent, qualified third party will review the project and prepare a report that describes the characteristics of the proposed Smart Grid application or project and verifies whether the project or application will meet standards 1 and 2 (a or b). For projects using the 2b standard, estimated CO2 emissions reductions enabled by the project will be included in the report. Such report will be shared with Participants prior to any authorisation of financial support and authorisation will be conditional on the report positively verifying that standards 1 and 2 (a or b) will be met by the proposed Smart Grid project or application.

Standards will be measured by comparing the estimated emissions or energy use from an Area Served by the Grid if the proposed Smart Grid technologies are applied to emissions or energy use of that same area if the proposed Smart Grid technologies were not applied.

The Participants shall undertake a review of these standards no later than by 30 June 2017, with a view to assess the projects financed under these standards, and, if necessary, to determine if the definitions, rationale, or project criteria should be continued and/or amended.

15 ***years***

Appendix III

Eligibility criteria for climate change adaptation projects

A project is eligible for the financial terms and conditions set out in this Sector Understanding if:

(a)

Climate change adaptation is the principal objective of the project, and it is explicitly indicated and explained as such in the project plan and supporting documents, as being fundamental to the design of the project.

(b)

The project's proposal shall include an analysis and identification of specific and relevant climate change-related risks and vulnerabilities, and how the proposed measures or technologies will directly address them.

(c)

There is an independent third-party review conducted on the project, either separately or as an integral part of the project plan which is made publicly available, such as published on the website of the national authority. The review shall evaluate the specific and relevant climate change-related risks and vulnerabilities and how the proposed measures contained within the project will directly address them.

(d)

The useful life of the project exceeds 15 ***years***.

Appendix IV

Methodology to be used when determining the eligibility of sectors relating to Article 2 of this Sector Understanding

When proposing that Project Class or Type be added to Appendix II of this Sector Understanding, Participants shall provide a detailed description of the proposed Project Class or Type and information on how such projects fulfil the criteria set out in Article 2(b) of this Sector Understanding; such information shall include:

(a)

An evaluation of the direct contribution of the Project Class or Type to climate change mitigation, including a comparison of the sector performance, based on measurable data regarding carbon emissions or CO2 equivalent and/or in high energy efficiency, with conventional and in-use newer technological approaches; this comparison shall, in all cases, be based on quantitative measures, such as a decrease in emissions per unit produced.

(b)

A description of the technical and performance standards of the Project Class or Type proposed sector, including information on any relevant, existing Best Available Techniques (BAT); if appropriate, this description shall explain how the technology is an improvement on the existing BAT.

(c)

A description of the financial barriers in the proposed Project Class or Type, including any financial needs and market conditions, and identify the provisions under this Sector Understanding that are expected to enable such projects to proceed.

Appendix V

List of definitions

Area Served by the Grid : A system of synchronised power providers and consumers connected by transmission and distribution lines and operated by one or more control centres.

Best Available Techniques : as per the definition of EU Directive 96/61/EC (Article 2.1), “Best Available Techniques” shall mean the most effective and advanced stage in the development of activities and their methods of operation which indicate the practical suitability of particular techniques for providing in principle the basis for emission limit values designed to prevent and, where that is not practicable, generally to reduce emissions and the impact on the environment as a whole:

(a)

“techniques” shall include both the technology used and the way in which the installation is designed, built, maintained, operated and decommissioned.

(b)

“available” techniques shall mean those developed on a scale which allows implementation in the relevant industrial sector, under economically and technically viable conditions, taking into consideration the costs and advantages, whether or not the techniques are used or produced inside the Member State in question, as long as they are reasonably accessible to the operator.

(c)

“best” shall mean most effective in achieving a high general level of protection of the environment as a whole.

Greenhouse Gases : greenhouse gases are defined to include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

Large Hydro Power Project : as per the definition of the International Commission on Large Dams (ICOLD). ICOLD defines a large dam as a dam with a height of 15 m or more from the foundation. Dams that are between 5 and 15 m high and have a reservoir volume of more than 3 million m3 are also classified as large dams.

ANNEX V

SECTOR UNDERSTANDING ON EXPORT CREDITS FOR RAIL INFRASTRUCTURE

The Participants to this Sector Understanding agree that the financial terms and conditions of the Sector Understanding, which complements the Arrangement, shall be implemented in a way that is consistent with the Purpose of the Arrangement.

CHAPTER I

SCOPE OF THE SECTOR UNDERSTANDING

1.   SCOPE OF APPLICATION

This Sector Understanding sets out the financial terms and conditions that apply to officially supported export credits relating to contracts for rail infrastructure assets essential to operating trains, including rail control (e.g signalling and other rail IT), electrification, tracks, rolling stock, and related construction work.

CHAPTER II

PROVISIONS FOR EXPORT CREDITS

2.   MAXIMUM REPAYMENT TERMS

(a)

For officially supported export credits relating to contracts included within the scope of application of this Sector Understanding, the maximum repayment term is set out as follows:

(1)

For contracts in Category I countries (as defined in Article 11 of the Arrangement): 12 ***years***.

(2)

For contacts in Category II countries (as defined in Article 11 of the Arrangement): 14 ***years***.

(b)

To qualify for the repayment terms set out in paragraph (a) above, the following conditions shall apply:

(1)

The transaction shall involve an overall contract value of more than SDR 10 million; and

(2)

The repayment terms shall not exceed the useful life of the rail infrastructure asset financed; and

(3)

For transactions in Category I countries, the transaction involves/is characterised by:

—

Participation in a loan syndication with private financial institutions that do not benefit from Official Export Credit Support, whereby:

(i)

The Participant is a minority partner with pari passu status throughout the life of the loan; and

(ii)

Official export credit support provided by the Participants comprises less than 50 % of the syndication.

—

Premium rates for any official support that do not undercut available private market financing and that are commensurate with the corresponding rates being charged by other private financial institutions that are participating in the syndication.

(c)

A Participant may request a waiver of the condition set out in paragraph (b)(3) above, through use of a Common Line, in accordance with Articles 58 to 63 of the Arrangement. In such cases, the Participant proposing the Common Line shall provide, either in the proposed Common Line or in each individual transaction thereafter notified, a comprehensive explanation for the support, including specific data on pricing, and a rationale for the need to waive the provisions of paragraph (b)(3) above.

3.   REPAYMENT OF PRINCIPAL AND INTEREST

The repayment of principal and interest shall be provided according to Article 14 of the Arrangement except that the maximum weighted average life of the repayment period under paragraph (d)(4) of that Article shall be:

(a)

For transaction in a Category I countries, six-and-a-quarter ***years***; and

(b)

For transaction in a Category II countries, seven-and-a-quarter ***years***.

4.   MINIMUM FIXED INTEREST RATES

A Participant providing official financing support for fixed rate loans shall apply, as minimum interest rates:

(a)

For repayment terms of up to and including 12 ***years***, the relevant Commercial Interest Reference Rates (CIRRs) constructed in accordance with Article 20 of the Arrangement.

(b)

For repayment terms in excess of 12 ***years***, the relevant Commercial Interest Reference Rates (CIRRs) constructed in accordance with Article 20 of the Arrangement, to which a surcharge of 20 basis points shall be added for all currencies.

CHAPTER III

PROCEDURES

5.   PRIOR NOTIFICATION

(a)

A Participant shall give prior notification in accordance with Article 47 of the Arrangement at least ten ***calendar*** days before issuing any commitment if it intends to provide support for a transaction in a Category I country. Such notifications shall include a comprehensive explanation for the official support, including specific data on pricing.

(b)

A Participant shall give prior notification in accordance with Article 48 of the Arrangement at least ten ***calendar*** days before issuing any commitment if it intends to provide support for:

(1)

A transaction in a Category II country; or

(2)

A transaction supported pursuant to a Common Line set out in accordance with Article 2(c) of this Sector Understanding. Such prior notification may be made concurrently with, and subject to the approval of, the Common Line proposal.

6.   VALIDITY OF COMMON LINES

Notwithstanding the provisions of Article 63(a) of the Arrangement, all agreed Common Lines shall cease to be valid on 31 December 2018, unless the Participants agree to the extension of this Sector Understanding in accordance with Article 7(d) of this Sector Understanding.

CHAPTER IV

MONITORING AND REVIEW

7.   MONITORING AND REVIEW

(a)

The Secretariat shall report annually on the implementation of this Sector Understanding.

(b)

After 31 December 2017, and subject to paragraph (c) below, the less than 50 % syndication requirement set out in subparagraph (ii) of the first tiret of Article 2(b)(3) of this Sector Understanding shall be replaced by a maximum 35 % syndication requirement unless the Participants agree otherwise.

(c)

The Participants shall undertake a review of this Sector Understanding by no later than 30 June 2017 with a view to assessing the market conditions and other factors to determine whether the terms and conditions should be continued and or amended.

(d)

After 31 December 2017, the terms and conditions of this Sector Understanding shall be discontinued unless the Participants agree otherwise.

ANNEX VI

SECTOR UNDERSTANDING ON EXPORT CREDITS FOR COAL-FIRED ELECTRICITY GENERATION PROJECTS

The Participants to this Sector Understanding agree that the financial terms and conditions of the Sector Understanding, which complements the Arrangement, shall be implemented in a way that is consistent with the Purpose of the Arrangement.

CHAPTER I

SCOPE OF THE SECTOR UNDERSTANDING

1.   SCOPE OF APPLICATION

(a)

This Sector Understanding sets out the financial terms and conditions that apply to officially supported export credits relating to contracts for coal-fired electricity generation projects, for:

(1)

The export of new coal-fired electricity generation plants or parts thereof, for the grid and for industrial use, located in plants without operational carbon capture and storage or carbon capture and utilisation technology, comprising all components, equipment, materials and services (including the training of personnel) directly required for the construction and commissioning of such plants. The addition of a new coal-fired electricity generation unit to an existing plant is deemed to be a new coal-fired electricity generation plant.

(2)

The modernisation of, or supply of equipment to, existing coal-fired electricity generation plants, for the grid and for industrial use.

(b)

This Sector Understanding does not apply to items located outside the coal-fired electricity generation project site boundary for which the buyer is usually responsible, in particular, water supply not directly linked to the power production plant, costs associated with land development, roads, construction villages, power lines and switchyard, as well as costs arising in the buyer's country from official approval procedures (e.g site permits, construction permit), except:

(1)

In cases where the buyer of the switchyard is the same as the buyer of the power plant and the contract is concluded in relation to the original switchyard for that power plant, the terms and conditions for the original switchyard shall not exceed those for the coal-fired electricity generation project; and

(2)

The terms and conditions for sub-stations, transformers and transmission lines with a minimum voltage threshold of 100 kV located outside the coal-fired electricity generation project site boundary shall not be more generous than those for the coal-fired electricity generation project.

(c)

If a coal-fired electricity generation project falls within the scope and meets the conditions of Appendix II of the Sector Understanding on Export Credits for Renewable Energy, Climate Change Mitigation and Adaptation, and Water Projects, the financial terms and conditions applicable to such project shall be those set out in the said Sector Understanding.

CHAPTER II

PROVISIONS FOR EXPORT CREDITS

2.   MAXIMUM REPAYMENT TERMS

(a)

For officially supported export credits for goods and services covered by the provisions of Article 1(a)(1) of this Sector Understanding, the maximum repayment term is set out as follows in Table 1 below:

Table 1

Maximum repayment terms

PLANT UNIT SIZE

(gross installed capacity)

Unit > 500 MW

Unit ≥ 300 to 500 MW

Unit < 300 MW

Ultra-supercritical (i.e , with a steam pressure > 240 bar and ≥ 593 °C steam temperature), OR

Emissions < 750 g CO2/kWh

12 ***years*** (39)

12 ***years*** (39)

12 ***years*** (39)

Supercritical (i.e , with a steam pressure > 221 bar and > 550 °C steam temperature), OR

Emissions between 750 and 850 g CO2/kWh

Ineligible

10 ***years***, and only in IDA-eligible countries (39)  (40)  (41)

10 ***years***, and only in IDA-eligible countries (39)  (40)  (41)

Subcritical (i.e , with a steam pressure < 221 bar), OR

Emissions > 850 g CO2/kWh

Ineligible

Ineligible

10 ***years***, and only in IDA-eligible countries (39)  (41)

(b)

For the purpose of the implementation of Table 1 above:

(1)

With respect to eligible subcritical units, official support shall be limited to two co-located units in a given plant, not to exceed an aggregate gross installed capacity of 500 MW, except if the alternatives analysis referred to in Article 4(b)(1) of this Sector Understanding examines the possibility of one larger unit in a higher efficiency category, and demonstrates that this approach is not viable; in this case, official support shall be limited to two units, not to exceed an aggregate gross installed capacity of 600 MW.

(2)

With respect to eligible supercritical units, official support shall be limited to no more than two co-located units in a given plant, except if the alternatives analysis referred to in Article 4(b)(1) of this Sector Understanding examines the possibility of achieving the same capacity through one or two larger units, and demonstrates that this approach is not viable.

(3)

IDA-eligible countries are defined as countries eligible for International Development Association (IDA) resources (including IDA-only and IDA blend countries) at the time the relevant completed application for export credit is received.

(c)

For officially supported export credits for goods and services covered by Article 1(a)(2) of this Sector Understanding, the maximum repayment term shall be determined by Article 12 of the Arrangement.

(d)

Project Finance transactions are transactions of goods and services covered by this Sector Understanding that also meet the criteria set out in Appendix I of Annex VII. For such transactions, a Participant applying the relevant repayment term allowed by Table 1 of this Sector Understanding, shall also apply the other terms and conditions set out in Annex VII, subject to the provisions of Article 3 of this Sector Understanding.

3.   REPAYMENT OF PRINCIPAL AND INTEREST

(a)

Subject to the provisions of paragraph (b) below, the repayment of principal and interest shall be provided in accordance with:

(1)

Article 14 of the Arrangement, or

(2)

For transactions of goods and services covered by this Sector Understanding that also meet the criteria set out in Appendix I of Annex VII, Article 3 of that Annex.

(b)

The weighted average life of the repayment period supported shall not exceed half of the repayment period plus one quarter of a ***year***.

CHAPTER III

PROCEDURES

4.   PRIOR NOTIFICATION

(a)

A Participant shall give prior notification in accordance with Article 48 of the Arrangement at least ten ***calendar*** days before issuing any commitment if it intends to provide support in accordance with the provisions of this Sector Understanding.

(b)

Such notification shall:

(1)

Indicate that an evaluation of less carbon-intensive energy alternatives has been carried out and such alternatives are demonstrated as not viable, and

(2)

Include a demonstration that the project is compatible with the host country's national energy policy and climate mitigation policy and strategy, which is supported by a targeted policy to expand renewables and/or to enhance energy efficiency.

(3)

For projects qualifying under Footnote 2, an explanation of how the supported project helps address energy poverty.

(c)

A Participant notifying a transaction under “Project Finance” in compliance with Article 2(d) of this Sector Understanding shall, in addition to the reporting requirements set out above, report the information required in accordance with Annex VII.

CHAPTER IV

MONITORING, REVIEW AND REVISION

5.   MONITORING

The Secretariat shall report annually on the implementation of this Sector Understanding.

6.   REVIEW AND MONITORING

(a)

This Sector Understanding shall be reviewed by no later than 30 June 2019 with the objective of further strengthening its terms and conditions in a second phase beginning no later than 1 January 2021, in order to contribute to the common goal of addressing climate change and to continue phasing down official support for coal-fired power plants, including with a view to reducing the use of less efficient coal-fired power plants.

(b)

The review shall take into account:

(1)

The most recent reports on climate science and the implications for global infrastructure investment decisions of remaining on the path to limit global warming to below 2 degrees Celsius higher than pre-industrial levels;

(2)

Advancements in technology concerning coal-fuelled power plants, including Integrated Gasification Combined Cycle (IGCC);

(3)

Availability of carbon capture and storage technology;

(4)

The evolution of regulatory frameworks in both exporting and buying countries with regard to coal-fuelled power plants;

(5)

The evolution of market conditions, in various countries, including commercial feasibility of, and operational experience with, various coal-fuelled power plant technologies;

(6)

Developments in the export credit financing policies and practices of non-OECD countries, especially the major exporting countries of coal-fuelled power plants, recognising the important role that Participants can play in encouraging the Participation of non-OECD countries in this area; and

(7)

How the present Sector Understanding has affected energy poverty and the National Electrification Rate.

7.   TRANSITIONAL ARRANGEMENTS

The terms and conditions of this Sector Understanding are applicable to final commitments for goods and services covered by this Sector Understanding as of 1 January 2017, with the exception of those projects for which a request for proposals was issued prior to 1 January 2017, on the basis of a fully completed technical feasibility study and environmental and social impact assessment, and provided that an application for export credit support for any such project is submitted and acted upon expeditiously.

ANNEX VII

TERMS AND CONDITIONS APPLICABLE TO PROJECT FINANCE TRANSACTIONS

CHAPTER I

GENERAL PROVISIONS

1.   SCOPE OF APPLICATION

(a)

This Annex sets out terms and conditions that Participants may support for project finance transactions that meet the eligibility criteria set out in Appendix 1.

(b)

Where no corresponding provision exists in this Annex, the terms of the Arrangement shall apply.

CHAPTER II

FINANCIAL TERMS AND CONDITIONS  (42)

2.   MAXIMUM REPAYMENT TERMS

The maximum repayment term is 14 ***years***, subject to the provisions of the Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects for projects falling within its scope.

3.   REPAYMENT OF PRINCIPAL AND ***PAYMENT*** OF INTEREST

The principal sum of an export credit may be repaid in unequal instalments, and principal and interest may be paid in less frequent than semi-annual instalments, as long as the following conditions are met:

(a)

No single repayment of principal or series of principal ***payments*** within a six-month period shall exceed 25 % of the principal sum of the credit.

(b)

The first repayment of principal shall be made no later than 24 months after the starting point of credit and no less than 2 % of the principal sum of the credit shall have been repaid 24 months after the starting point of credit.

(c)

Interest shall be paid no less frequently than every 12 months and the first interest ***payment*** shall be made no later than six months after the starting point of credit.

(d)

The weighted average life of the repayment period shall not exceed seven-and-a-quarter ***years***.

(e)

The Participant shall give prior notification according to Article 5 of this Annex.

4.   MINIMUM FIXED INTEREST RATES

Where Participants are providing official financing support for fixed rate loans:

(a)

For repayment terms of up to and including 12 ***years***, Participants shall apply the relevant Commercial Interest Reference Rates (CIRRs) constructed in Accordance with Article 20 of the Arrangement.

(b)

For repayment terms in excess of 12 ***years***, a surcharge of 20 basis points on the CIRR shall apply for all currencies.

CHAPTER III

PROCEDURES

5.   PRIOR NOTIFICATION FOR PROJECT FINANCE TRANSACTIONS

A Participant shall notify all Participants of the intent to provide support according to the terms and conditions of this Annex at least ten ***calendar*** days before issuing any commitment. The notification shall be provided in accordance with Annex VIII of the Arrangement. If any Participant requests an explanation in respect of the terms and conditions being supported during this period, the notifying Participant shall wait an additional ten ***calendar*** days before issuing any commitment.

Appendix 1

Eligibility criteria for project finance transactions

I.   BASIC CRITERIA

The transaction involves/is characterised by:

(a)

The financing of a particular economic unit in which a lender is satisfied to consider the cash flows and earnings of that economic unit as the source of funds from which a loan will be repaid and to the assets of the economic unit as collateral for the loan.

(b)

Financing of export transactions with an independent (legally and economically) project company, e.g special purpose company, in respect of investment projects generating their own revenues.

(c)

Appropriate risk-sharing among the partners of the project, e.g private or creditworthy public shareholders, exporters, creditors, off-takers, including adequate equity.

(d)

Project cash flow sufficient during the entire repayment period to cover operating costs and debt service for outside funds.

(e)

Priority deduction from project revenues of operating costs and debt service.

(f)

A non-sovereign buyer/borrower with no sovereign repayment guarantee (not including performance guarantees, e.g off-take arrangements).

(g)

Asset-based securities for proceeds/assets of the project, e.g assignments, pledges, proceed accounts;

(h)

Limited or no recourse to the sponsors of the private sector shareholders/sponsors of the project after completion.

II.   ADDITIONAL CRITERIA FOR PROJECT FINANCE TRANSACTIONS IN HIGH INCOME OECD COUNTRIES

The transaction involves/is characterised by:

(a)

Participation in a loan syndication with private financial institutions that do not benefit from Official Export Credit Support, whereby:

(1)

The Participant is a minority partner with pari passu status throughout the life of the loan; and

(2)

Official export credit support provided by the Participants comprises less than 50 % of the syndication.

(b)

Premium rates for any official support that do not undercut available private market financing and that are commensurate with the corresponding rates being charged by other private financial institutions that are participating in the syndication.

ANNEX VIII

INFORMATION TO BE PROVIDED FOR NOTIFICATIONS

The information listed in Section I below shall be provided for all notifications made under the Arrangement (including its Annexes). In addition, the information specified in Section II shall be provided, as appropriate, in relation to the specific type of notification being made.

I.   INFORMATION TO BE PROVIDED FOR ALL NOTIFICATIONS

(a)    Basic Information

1.

Notifying country

2.

Notification date

3.

Name of notifying authority/agency

4.

Reference number

5.

Original notification or revision to previous notification (revision number as relevant)

6.

Tranche number (if relevant)

7.

Reference number of credit line (if relevant)

8.

Arrangement Article(s) under which the notification is being made

9.

Reference number of notification being matched (if relevant)

10.

Description of support being matched (if relevant)

11.

Destination Country

(b)    Buyer/Borrower/Guarantor Information

1.

Buyer Country

2.

Buyer Name

3.

Buyer Location

4.

Buyer Status

5.

Borrower Country (if different from the buyer)

6.

Borrower Name (if different from the buyer)

7.

Borrower Location (if different from the buyer)

8.

Borrower Status (if different from the buyer)

9.

Guarantor Country (if relevant)

10.

Guarantor Name (if relevant)

11.

Guarantor Location (if relevant)

12.

Guarantor Status (if relevant)

(c)    Information on Goods and/or Services Being Exported and the Project

1.

Description of the goods and/or services being exported

2.

Description of the project (if relevant)

3.

Location of the project (if relevant)

4.

Tender closing date (if relevant)

5.

Expiry date of credit line (if relevant)

6.

Value of contract(s) supported, either the actual value (for all lines of credit and project finance transactions or for any individual transaction on a voluntary basis) or according to the following scale in millions of SDRs:

Category

From

To

I:

0

1

II:

1

2

III:

2

3

IV:

3

5

V:

5

7

VI:

7

10

VII:

10

20

VIII:

20

40

IX:

40

80

X:

80

120

XI:

120

160

XII:

160

200

XIII:

200

240

XIV:

240

280

XV:

280

 (\*2)

7.

Currency of contract(s)

(d)    Financial Terms and Conditions of the Official Export Credit Support

1.

Credit value; the actual value for notifications involving lines of credit and project finance transactions or for any individual transaction on a voluntary basis, or according to the SDR scale

2.

Currency of credit

3.

Down ***payment*** (percentage of the total value of the contracts supported)

4.

Local Costs (percentage of the total value of the contracts supported)

5.

Starting point of credit and reference to the applicable subparagraph of Article 10

6.

Length of the repayment period

7.

Interest rate base

8.

Interest rate or margin

II.   ADDITIONAL INFORMATION TO BE PROVIDED, AS APPROPRIATE, FOR NOTIFICATIONS MADE IN RELATION TO SPECIFIC PROVISIONS

(a)    Arrangement, Article 14(d)(5)

1.

Repayment profile

2.

Repayment frequency

3.

Length of time between the starting point of credit and the first repayment of principal

4.

Amount of interest capitalised before the starting point of credit

5.

Weighted average life of the repayment period

6.

Explanation of the reason for not providing support according to Article 14 paragraphs (a) through (c)

(b)    Arrangement, Articles 24, 27, 30 and 31

1.

Country risk classification of the obligor's country

2.

Selected buyer risk category of the obligor

3.

Length of the disbursement period

4.

Percentage of cover for political (country) risk

5.

Percentage of cover for commercial (buyer) risk

6.

Quality of cover (i.e below standard, standard, above standard)

7.

MPR based on the country risk classification of the obligor's country absent any third party guarantee, involvement of a multilateral/regional institution, risk mitigation and/or buyer risk enhancements

8.

Applicable MPR

9.

Actual premium rate charged (expressed in MPR format as a percentage of the principal)

(c)    Arrangement, Article 24(c)

1.

Accredited CRA foreign currency rating(s) of the obligor/guarantor

2.

Accredited CRA foreign currency rating(s) of the sovereign

3.

Corresponding TCMB MPR based on the best available Accredited CRA foreign currency rating of the obligor/guarantor

4.

Corresponding TCMB MPR based on the best available Accredited CRA foreign currency rating of the sovereign, where the risk classification proposed for an obligor/guarantor equals or exceeds the best available Accredited CRA rating for the sovereign

5.

In the case of classifying an obligor/guarantor at a rating better than the best rating available by an Accredited CRA or equal to or better than the best rating for the sovereign available by an Accredited CRA, the notification shall provide a justification for the classification

6.

In the case of syndicated loan/guarantee pricing, a detailed description of the methodology used to derive the premium based on the all-in pricing

7.

In the case of loan benchmark, a detailed description of the methodology used to derive the premium based on all-in pricing

8.

In the case of Name Specific bond or CDS pricing, a detailed description of the methodology used to derive the pricing, detailed information on why the pricing is relevant, including whether the pricing relates to the actual obligor or a Related Entity, and if the later, outline how the criteria of a Related Entity have been met

(d)    Arrangement, Article 27(e)

1.

Selected buyer risk category of the obligor

2.

Accredited CRA foreign currency rating(s)

3.

Rationale for buyer risk category better than accredited CRA rating

(e)    Arrangement, Article 30

1.

Country risk mitigation technique used

2.

Confirmation that the criteria listed in Annex XIII have been met

3.

For Technique 1, the applicable country risk classification resulting from the use of the technique.

4.

For Technique 2:

—

the local currency used

—

the value of the LCF applied

(f)    Arrangement, Article 31

1.

The BRCE(s) applied

2.

The CEF applied for each credit enhancement

3.

The total CEF to be applied

(g)    Arrangement, Articles 49 and 50

1.

Form of tied aid (i.e development aid or premixed credit or associated finance)

2.

Overall concessionality level of the tied and partially untied aid financing calculated in accordance with Article 40

3.

DDR used for concessionality calculation

4.

Treatment of cash ***payments*** in the calculation of the concessionality level

5.

Restrictions on use of credit lines

(h)    Annex I, Article 5(e)

1.

Indication of:

—

The date of the first ***payment*** of interest, if later than six months after the starting point of credit

—

The frequency of ***payment*** of interest, if less frequent than every six months

(i)    Annex II, Article 8

1.

Enhanced description of the export contract, i.e new nuclear power station, modernisation of an existing nuclear power plant, supply of nuclear fuel and enrichment, or provision of spent fuel management.

2.

Repayment of principal and ***payment*** of interest according to: Article 3(a)(1), Article 3(a)(2) or Article 3(c) of Annex II.

3.

Where official support is provided in accordance with Article 3(c) of Annex II, please provide:

—

Repayment profile

—

Repayment frequency

—

Length of time between the starting point of credit and the first repayment of principal

—

Amount of interest capitalised before the starting point of credit

—

Weighted average life of the repayment period

—

Explanation of the reason for not providing support in accordance with Articles 3(a) and (b) of Annex II.

4.

Minimum interest rate applied in accordance with Article 4 of Annex II.

(j)    Annex IV, Article 10

1.

Enhanced description of the project:

—

New renewable energies and water plant, or modernisation of an existing renewable energies and water plant, including the specific sector as listed in Appendix I of Annex IV, or

—

If a hydro-power project, whether a new large hydro-power project (as defined in Appendix IV of Annex IV), or

—

For projects falling in the Project Classes listed in Appendix II of Annex IV, a demonstration of how the project complies with the criteria for support, as set out in Article 2(b) of Annex IV, or

—

For projects supported in conformity with Appendix III of Annex IV:

—

An enhanced description of the project in order to demonstrate how the project complies with the criteria for support, as set out in Article 3(b) or (c) respectively of Annex IV, and

—

Access to the outcome of the independent third-party review required in Appendix III of Annex IV.

2.

Repayment profile of principal and ***payment*** of interest according to: Article 6(a)(1), Article 6(a)(2) or Article 6(c) of Annex IV.

3.

Where official support is provided in accordance with Article 6(c) of Annex IV, please provide:

—

Repayment profile

—

Repayment frequency

—

Length of time between the starting point of credit and the first repayment of principal

—

Amount of interest capitalised before the starting point of credit

—

Weighted average life of the repayment period

—

Explanation of the reason for not providing support in accordance with Articles 6(a) and (b) of Annex IV.

4.

Minimum interest rate applied in accordance with Article 7 of Annex IV.

(k)    Annex V, Article 5

1.

Comprehensive explanation for the terms and conditions of the official support provided, including:

—

Explanation of why the Rail Infrastructure terms and conditions are being provided

—

How the repayment terms offered do not exceed the useful life of the rail infrastructure financed

2.

For transactions in Category I countries:

—

Total debt syndication amount for the project, including official and private lenders

—

Total amount of the debt syndication from private lenders

—

Percentage of the debt syndication provided by the Participants

—

Confirmation that the Participant is involved in a loan syndication with private financial institutions that do not benefit from official export credit support, whereby (i) the Participant is a minority partner with pari passu status throughout the life of the loan and (ii) official export credit support provided by the Participants comprises less than 50 % of the syndication

—

Specific data on pricing to explain how premium rates charged for official support do not undercut available private market financing and are commensurate with the corresponding rates being charged by other private financial institutions that are participating in the syndication.

(l)    Annex VI, Article 4

1.

Indicate that an evaluation of less carbon-intensive energy alternatives has been carried out and such alternatives are demonstrated as not viable, and

2.

Include a demonstration that the project is compatible with the host country's national energy policy and climate mitigation policy and strategy, which is supported by a targeted policy to expand renewables and/or to enhance energy efficiency.

3.

For projects qualifying under Footnote 2 of Annex VI, an explanation of how the supported project helps address energy poverty.

(m)    Annex VII, Article 5

1.

Explanation of why project finance terms are being provided

2.

Contract value in relation to turnkey contract, portion of sub-contracts, etc.

3.

Enhanced project description

4.

Type of cover provided prior to the starting point of credit

5.

Percentage of cover for political risk prior to the starting point of credit

6.

Percentage of cover for commercial risk prior to the starting point of credit

7.

Type of cover provided after the starting point of credit

8.

Percentage of cover for political risk after the starting point of credit

9.

Percentage of cover for commercial risk after the starting point of credit

10.

Length of the construction period (if applicable)

11.

Length of the disbursement period

12.

Weighted average life of the repayment period

13.

Repayment profile

14.

Repayment frequency

15.

Length of time between the starting point of credit and the first repayment of principal

16.

Percentage of principal repaid by the mid-point of credit

17.

Amount of interest capitalised before the starting point of credit

18.

Other fees received by the ECA, e.g commitment fees (optional, except in the case of transactions with buyers in High Income OECD Countries)

19.

Premium rate (optional, except in the case of projects in High Income OECD Countries)

20.

Confirmation (and explanation as necessary) that the transaction involves/is characterised by:

—

The financing of a particular economic unit in which a lender is satisfied to consider the cash flows and earnings of that economic unit as the source of funds from which a loan will be repaid and to the assets of the economic unit as collateral for the loan.

—

Financing of export transactions with an independent (legally and economically) project company, e.g special purpose company, in respect of investment projects generating their own revenues.

—

Appropriate risk-sharing among the partners of the project, e.g private or creditworthy public shareholders, exporters, creditors, off-takers, including adequate equity.

—

Project cash flow sufficient during the entire repayment period to cover operating costs and debt service for outside funds.

—

Priority deduction from project revenues of operating costs and debt service.

—

A non-sovereign buyer/borrower with no sovereign repayment guarantee.

—

Asset-based securities for proceeds/assets of the project, e.g assignments, pledges, proceed accounts.

—

Limited or no recourse to the sponsors of the private sector shareholders/sponsors of the project after completion.

(n)    Annex VII, Article 5, for projects in High Income OECD Countries

1.

Total debt syndication amount for the project, including official and private lenders

2.

Total amount of the debt syndication from private lenders

3.

Percentage of the debt syndication provided by the Participants

4.

Confirmation that:

—

In respect of participation in a loan syndication with private financial institutions that do not benefit from official export credit support, the Participant is a minority partner with pari passu status throughout the life of the loan.

—

The premium rate reported under item (m)19 above does not undercut available private market financing and is commensurate with the corresponding rates being charged by other private financial institutions that are participating in the syndication.

ANNEX IX

CALCULATION OF THE MINIMUM PREMIUM RATES

MPR Formula

The formula for calculating the applicable MPR for an export credit involving an obligor/guarantor in a country classified in Country Risk Categories 1-7 is:

MPR = {[(ai \* HOR + bi) \* max (PCC, PCP)/0,95] \* (1 – LCF) + [cin \* PCC/0,95 \* HOR \* (1 – CEF)]}\* QPFi \* PCFi \* BTSF

where:

—   ai = country risk coefficient in country risk category i (i = 1-7)

—   cin = buyer risk coefficient for buyer category n (n = SOV+, SOV/CCO, CC1-CC5) in country risk category i (i = 1-7)

—   bi = constant for country category risk category i (i = 1-7)

—   HOR= horizon of risk

—   PCC= commercial (buyer) risk percentage of cover

—   PCP= political (country) risk percentage of cover

—   CEF= credit enhancements factor

—   QPFi = quality of product factor in country risk category i (i = 1-7)

—   PCFi = percentage of cover factor in country risk category i (i = 1-7)

—   BTSF= better than sovereign factor

—   LCF= local currency factor

Applicable Country Risk Classification

The applicable country risk classification is determined according to Article 24(e) of the Arrangement, which in turn determines the country risk coefficient (ai) and constant (bi) that are obtained from the following table:

1

2

3

4

5

6

7

a

0,090

0,200

0,350

0,550

0,740

0,900

1,100

b

0,350

0,350

0,350

0,350

0,750

1,200

1,800

Selection of the Appropriate Buyer Risk Category

The appropriate buyer risk category is selected from the following table, which provides the combinations of country and buyer risk categories that have been established and the agreed concordance between buyer risk categories CC1-CC5 and the classifications of accredited CRAs. Qualitative descriptions of each buyer risk category (SOV+ to CC5) have been established to facilitate the classification of obligors (and guarantors) and are provided in Annex XII.

Country Risk Category

1

2

3

4

5

6

7

SOV+

SOV+

SOV+

SOV+

SOV+

SOV+

SOV+

SOV/CC0

SOV/CC0

SOV/CC0

SOV/CC0

SOV/CC0

SOV/CC0

SOV/CC0

CC1

AAA to AA-

CC1

A+ to A-

CC1

BBB+ to BBB-

CC1

BB+ to BB

CC1

BB-

CC1

B+

CC1

B

CC2

A+ to A-

CC2

BBB+ to BBB-

CC2

BB+ to BB

CC2

BB-

CC2

B+

CC2

B

CC2

B- or worse

CC3

BBB+ to BBB-

CC3

BB+ to BB

CC3

BB-

CC3

B+

CC3

B

CC3

B- or worse

CC4

BB+ to BB

CC4

BB-

CC4

B+

CC4

B

CC4

B- or worse

CC5

BB- or worse

CC5

B+ or worse

CC5

B or worse

CC5

B- or worse

The selected buyer risk category, in combination with the applicable country risk category determines the buyer risk coefficient (cin) that is obtained from the following table:

Buyer Risk Category

Country Risk Category

1

2

3

4

5

6

7

SOV+

0,000

0,000

0,000

0,000

0,000

0,000

0,000

SOV/CC0

0,000

0,000

0,000

0,000

0,000

0,000

0,000

CC1

0,110

0,120

0,110

0,100

0,100

0,100

0,125

CC2

0,200

0,212

0,223

0,234

0,246

0,258

0,271

CC3

0,270

0,320

0,320

0,350

0,380

0,480

n/a

CC4

0,405

0,459

0,495

0,540

0,621

n/a

n/a

CC5

0,630

0,675

0,720

0,810

n/a

n/a

n/a

Horizon of Risk (HOR)

The Horizon of Risk (HOR) is calculated as follows:

For standard repayment profiles (i.e equal semi-annual repayments of principal):

HOR = (length of the disbursement period \* 0,5) + the length of the repayment period

For non-standard repayment profiles:

HOR = (length of the disbursement period \* 0,5) + (weighted average life of the repayment period – 0,25)/0,5

In the above formulas, the unit of measurement for time is ***years***.

Percentage of Cover for Commercial (Buyer) Risk (PCC) and Political (Country) Risk (PCP)

The Percentages of Cover (PCC and PCP) expressed as a decimal value (i.e 95 % is expressed as 0,95) in the MPR formula.

Buyer Risk Credit Enhancements

The value of the credit enhancement factor (CEF) is 0 for any transaction that is not subject to any buyer risk credit enhancements. The value of the CEF for transactions that are subject to buyer risk credit enhancements is determined according to Annex XIII, subject to the restrictions set out in Article 31(c) of the Arrangement and may not exceed 0,35.

Quality of Product Factor (QPF)

The QPF is obtained from the following table:

Product Quality

Country Risk Category

1

2

3

4

5

6

7

Below Standard

0,9965

0,9935

0,9850

0,9825

0,9825

0,9800

0,9800

Standard

1,0000

1,0000

1,0000

1,0000

1,0000

1,0000

1,0000

Above Standard

1,0035

1,0065

1,0150

1,0175

1,0175

1,0200

1,0200

Percentage of Cover Factor (PCF)

The PCF is determined as follows:

For (max(PCC, PCP) ≤ 0,95, PCF = 1)

For (max(PCC, PCP) > 0,95, PCF = 1 + ((max(PCC, PCP) – 0,95)/0,05) \* (percentage of cover coefficient)

The percentage of cover coefficient is obtained from the following table:

Country Risk Category

1

2

3

4

5

6

7

Percentage of cover coefficient

0,00000

0,00337

0,00489

0,01639

0,03657

0,05878

0,08598

Better than Sovereign Factor (BTSF)

When an obligor is classified in the “better than sovereign” (SOV+) buyer risk category, BTSF = 0,9, otherwise BTSF = 1.

Local Currency Factor (LCF)

For transaction making use of local currency country risk mitigation, the value of the LCF may not exceed 0,2. The value of the LCF for all other transactions is 0.

ANNEX X

MARKET BENCHMARKS FOR TRANSACTIONS IN CATEGORY ZERO COUNTRIES

Un-covered Tranche of Export Credits or the non-ECA Covered Part of a Syndicated Loan

The price indicated by private banks/institutions with respect to the uncovered tranche of the export credit in question (or sometimes as the non-ECA covered part of a syndicated loan) may represent the best match to ECA cover. Pricing on such un-covered portions or non-covered parts should only be used if provided on commercial terms (e.g this would exclude IFI funded portions).

Name-Specific Corporate Bonds

Corporate bonds reflect name specific credit risk. Care should be used in matching in terms of the ECA contract characteristics, such as term of maturity, and currency denomination, and any credit enhancements. If primary corporate bonds (i.e all-in yield upon issuance) or secondary corporate bonds (i.e the option adjusted spread over the appropriate curve, which is usually the relevant currency swap curve) are used, those for the obligor should be used in the first instance; if not available, primary or secondary corporate bonds from Related Entities may be used.

Name-Specific Credit Default Swaps

Credit Default Swaps (CDS) are a form of protection against default. The CDS spread is the amount paid per period by the buyer of the CDS as a percentage of notional principal, and is usually expressed in basis points. The CDS buyer effectively buys insurance against default by making ***payments*** to the seller of the CDS for the life of the swap, or until the credit event occurs. A CDS curve for the obligor should be used in the first instance; if not available, CDs curves from Related Entities may be used.

Loan Benchmarks

Primary loan benchmarks (i.e pricing upon issuance) or secondary loan benchmarks (i.e the current yield on the loan expected by the financial institution purchasing the loan from another financial institution). All fees must be known for primary loan benchmarks so that the all-in yield can be calculated. If loan benchmarks are used, those for the obligor should be used in the first instance; if not available, those from related entities may be used.

Benchmark Market Curves

Benchmark market curves reflect the credit risk of a whole sector or class of buyers. This market information may be relevant when name specific information is not available. In general, the quality of the information inherent to these markets depends upon their liquidity. In any case, one should look for market instruments that provide the closest match in terms of the ECA contract characteristics, such as date, credit rating, term of maturity, and currency denomination.

ANNEX XI

CRITERIA AND CONDITIONS GOVERNING THE APPLICATION OF A THIRD PARTY REPAYMENT GUARANTEE AND THE CLASSIFICATION OF MULTILATERAL OR REGIONAL INSTITUTIONS

PURPOSE

This Annex provides the criteria and conditions that govern the application of third party repayment guarantees, including the repayment guarantee of a classified multilateral or regional institution according to Article 24(e) of the Arrangement. It also provides the criteria by which multilateral or regional institutions should be assessed when determining if an institution should be classified in connection with Article 28 of the Arrangement.

APPLICATION

Case 1: Guarantee for the Total Amount at Risk

When security in the form of a repayment guarantee from an entity is provided for the total amount at risk (i.e principal and interest), the applicable Country Risk Classification and Buyer Risk Category may be that of the guarantor when the following criteria are met:

—

The guarantee covers the entire duration of the credit.

—

The guarantee is irrevocable, unconditional and available on-demand.

—

The guarantee is legally valid and capable of being enforced in the guarantor country's jurisdiction.

—

The guarantor is creditworthy in relation to the size of the guaranteed debt.

—

The guarantor is subject to the monetary control and ***transfer*** regulations of the country in which it is located.

For classified Multilateral or Regional Institutions acting as guarantors, the following criteria apply:

—

The guarantee covers the entire duration of the credit.

—

The guarantee is irrevocable, unconditional and available on-demand.

—

The guarantor is legally committed for the total amount of the credit.

—

The repayments are made directly to the creditor.

If the guarantor is a subsidiary/parent of the guaranteed entity, Participants shall, on a case-by-case basis, determine whether: (1) in consideration of the relationship between the subsidiary/parent and the degree of legal commitment of the parent, the subsidiary/parent is legally and financially independent and could fulfil its ***payment*** obligations; (2) the subsidiary/parent could be affected by local events/regulations or sovereign intervention; and (3) the Head Office would in the event of a default regard itself as being liable.

Case 2: Guarantee Limited in Amount

When security in the form of a repayment guarantee from an entity is provided for a limited amount at risk (i.e principal and interest), the applicable Country Risk Classification and Buyer Risk Category may be that of the guarantor for the portion of the credit subject to the guarantee, providing that all other criteria listed under Case 1 are met.

For the unguaranteed portion, the applicable Country Risk Classification and Buyer Risk Category is that of the obligor.

Classification of Multilateral or Regional Institutions

Multilateral and regional institutions shall be eligible for classification if the institution is generally exempt from the monetary control and ***transfer*** regulations of the country in which it is located. Such institutions shall be classified in Country Risk Categories 0 through 7 on a case-by-case basis according to an assessment of the risk of each on its own merits and in consideration of whether:

—

the institution has statutory and financial independence,

—

all of the institution's assets are immune from nationalisation or confiscation,

—

the institution has full freedom of ***transfer*** and conversion of funds,

—

the institution is not subject to government intervention in the country where it is located,

—

the institution has tax immunity, and

—

there is an obligation of all its Member countries to supply additional capital to meet the institution's obligations.

The assessment should also take into consideration the historical ***payment*** record in situations of country credit risks default either in the country where it is located or in an obligor's country; and any other factors which may be deemed appropriate in the assessment process.

The list of classified multilateral and regional institutions is not closed and a Participant may nominate an institution for review according to the above-listed considerations. The classifications of multilateral and regional institutions shall be made public by the Participants.

ANNEX XII

BUYER RISK CATEGORIES QUALITATIVE DESCRIPTIONS

Better than Sovereign (SOV+)

This is an exceptional classification. The entity achieving such a classification is one with an exceptionally strong credit profile which could be expected to fulfil its ***payment*** obligations during a period of sovereign debt distress or even default. International Credit Rating Agencies issue regular reports listing Corporate and Counterparty Ratings that exceed the Sovereign's Foreign Currency Rating. Except when the risk sovereign has been identified through the Sovereign Risk Assessment Methodology as being significantly higher than country risk, Participants proposing that an entity be classified as better than sovereign shall reference such better than sovereign ratings in support of their recommendation. In order to be classified as better than its host sovereign, an entity would be expected to display several or normally a majority of the following characteristics or equivalents:

—

A strong credit profile,

—

substantial foreign exchange earnings relative to its currency debt burden,

—

production facilities and cash generation ability from subsidiaries or operations offshore, especially those domiciled in highly rated sovereigns, i.e multinational enterprises,

—

a foreign owner or a strategic partner which could be relied on as a source of financial support in the absence of a formal guarantee,

—

a history of preferential treatment of the entity by the sovereign, including exemption from ***transfer*** and convertibility constraints and surrender requirements for export proceeds, and favourable tax treatment,

—

committed credit lines from highly rated international banks, especially credit lines without a material adverse change (MAC) clause which enable banks to withdraw committed facilities in the event of a sovereign crisis or other risk events, and

—

assets held offshore, especially liquid assets, often as a result of rules allowing exporters to trap and maintain cash balances offshore that are available for debt service.

Normally the SOV+ buyer risk category is not applicable to:

—

Publicly owned entities and utilities, sub-sovereigns as line ministries, regional governments, etc.,

—

financial institutions domiciled in the sovereign's jurisdiction, and

—

entities primarily selling to the domestic market in local currency.

Sovereign (SOV)

Sovereign obligors/guarantors are entities that are explicitly legally mandated to enter into a debt ***payment*** obligation on the behalf of the Sovereign State, typically Ministry of Finance or Central bank (43). A risk designated as sovereign is one where:

—

the obligor/guarantor is legally mandated to enter into a debt ***payment*** obligation on behalf of the Sovereign and thereby commits the full faith and credit of the sovereign, and

—

in the event of rescheduling of sovereign risk, the debt in question would be included in the rescheduling and ***payment*** obligations acquired by the sovereign by virtue of the rescheduling.

Equivalent to the Sovereign (CC0): Exceptionally Good Credit Quality

The “equivalent to sovereign” category embraces two basic types of obligors/guarantors:

—

Public entities where due diligence reveals that either the buyer has the implicit full faith and credit/support of the sovereign or that the likelihood of sovereign liquidity and solvency support is very high, both in relation to recovery prospects as well as default risk. Non-sovereign public entities equivalent to the sovereign would also include companies owned by the government with a monopoly or near monopoly on operations in a sector (e.g power, oil, gas).

—

Corporate entities with an exceptionally strong credit profile, displaying features in terms of both default and recovery prospects which indicate that the risk could be seen as being equivalent to sovereign. Candidates could include strong blue chip corporates or very important banks for which the likelihood of sovereign liquidity and solvency support is high.

Exceptionally good credit quality implies that the risk of ***payment*** interruption is expected to be negligible and that the entity has an exceptionally strong capacity for repayment and this capacity is not likely to be affected by foreseeable events. The credit quality is typically manifested in a combination of some, if not all, of the following characteristics of the entity's business and financial profile:

—

exceptionally good to very good cash and income generation

—

exceptionally good to very good liquidity levels

—

exceptionally low to very low leverage

—

excellent to very strong business profile with proven and very strong management abilities

The entity is also characterised by a high quality of financial and ownership disclosure, unless there is a very high likelihood of support from a parent (or sovereign) with a buyer risk classification that is equal to or better than what corresponds to this buyer risk category.

Depending on the classification of the country in which the obligor/guarantor is domiciled, it is likely that an obligor/guarantor classified in buyer risk category CC0 would be rated between AAA (Country Category 1) and B (Country Category 7) by accredited CRAs.

Very Good Credit Quality (CC1)

The risk of ***payment*** interruption is expected to be low or very low. The obligor/guarantor has a very strong capacity for repayment and this capacity is not likely to be affected by foreseeable events. The obligor/guarantor has a limited or very limited susceptibility to adverse effects of changes in circumstances and economic conditions. The credit quality is typically manifested in a combination of some, if not all, of the following characteristics of the business and financial profile:

—

very good to good cash and income generation

—

very good to good liquidity levels

—

very low to low leverage

—

very strong business profile with proven management abilities

The entity is also characterised by a high quality of financial and ownership disclosure, unless there is a very high likelihood of support from a parent (or sovereign) with a buyer risk classification that is equal to or better than what corresponds to this buyer risk category.

Depending on the classification of the country in which the obligor/guarantor is domiciled, it is likely that an obligor/guarantor classified in buyer risk category CC1 would be rated between AAA (Country Category 1) and B (Country Category 7) by accredited CRAs.

Good to Moderately Good Credit Quality, Above Average (CC2)

The risk of ***payment*** interruption is expected to be low. The obligor/guarantor has a good to moderately good capacity for repayment and this capacity is not likely to be affected by foreseeable events. The obligor/guarantor has a limited susceptibility to adverse effects of changes in circumstances and economic conditions. The credit quality is typically manifested in a combination of some, if not all, of the following characteristics of the business and financial profile:

—

good to moderately good cash and income generation

—

good to moderately good liquidity levels

—

low to moderately low leverage

—

moderately strong business profile with proven management abilities

The entity is also characterised by a high quality of financial and ownership disclosure, unless there is a very high likelihood of support from a parent (or sovereign) with a buyer risk classification that is equal to or better than what corresponds to this buyer risk category.

Depending on the classification of the country in which the obligor/guarantor is domiciled, it is likely that an obligor/guarantor classified in buyer risk category CC2 would be rated between A+ (Country Category 1) and B- or worse (Country Category 7) by accredited CRAs.

Moderate Credit Quality, Average (CC3)

The risk of ***payment*** interruption is expected to be moderate or moderately low. The obligor/guarantor has a moderate or moderately good capacity for repayment. There is a possibility of credit risk developing as the obligor/guarantor faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to inadequate capacity to meet timely ***payments***. However, business or financial alternatives may be available to allow financial commitments to be met. The credit quality is typically manifested in a combination of some, if not all, of the following characteristics of the business and financial profile.

—

moderately good to moderate cash and income generation

—

moderately good to moderate liquidity levels

—

moderately low to moderate leverage

—

moderate business profile with proven management abilities

The entity is also characterised by an adequate quality of financial and ownership disclosure, unless there is a very high likelihood of support from a parent (or sovereign) with a buyer risk classification that is equal to or better than what corresponds to this buyer risk category.

Depending on the classification of the country in which the obligor/guarantor is domiciled, it is likely that an obligor/guarantor classified in buyer risk category CC3 would be rated between BBB+ (Country Category 1) and B- or worse (Country Category 6) by accredited CRAs.

Moderately Weak Credit Quality, Below Average (CC4)

The risk of ***payment*** interruption is expected to be moderately weak. The obligor/guarantor has a moderate to moderately weak capacity for repayment. There is a possibility of credit risk developing as the obligor/guarantor faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to inadequate capacity to meet timely ***payments***. However, business or financial alternatives may be available to allow financial commitments to be met. The credit quality is typically manifested in a combination of some, if not all, of the following characteristics of the business and financial profile:

—

moderate to moderately weak cash and income generation

—

moderate to moderately weak liquidity levels

—

moderate to moderately high leverage

—

moderately weak business profile with limited track record of management abilities

The entity is also characterised by an adequate quality of financial and ownership disclosure, unless there is a very high likelihood of support from a parent (or sovereign) with a buyer risk classification that is equal to or better than what corresponds to this buyer risk category.

Depending on the classification of the country in which the obligor/guarantor is domiciled, it is likely that an obligor/guarantor classified in buyer risk category CC4 would be rated between BB+ (Country Category 1) and B- or worse (Country Category 5) by accredited CRAs.

Weak Credit Quality (CC5)

The risk of ***payment*** interruption is expected to be high to very high. The obligor/guarantor has a moderately weak to weak capacity for repayment. The obligor/guarantor currently has the capacity to meet repayments but a limited margin of safety remains. However, there is a likelihood of developing ***payment*** problems as the capacity for continued ***payment*** is contingent upon a sustained, favourable business and economic environment. Adverse business, financial, or economic conditions will likely impair capacity or willingness to repay. The credit quality is typically manifested in a combination of some, if not all, of the following characteristics of the business and financial profile:

—

moderately weak to weak to very weak cash and income generation

—

moderately weak to weak liquidity levels

—

moderately high to high leverage

—

weak business profile with limited or no track record of management abilities

The entity is also characterised by a poor quality of financial and ownership disclosure, unless there is a very high likelihood of support from a parent (or sovereign) with a buyer risk classification that is equal to or better than what corresponds to this buyer risk category.

Depending on the classification of the country in which the obligor/guarantor is domiciled, it is likely that an obligor/guarantor classified in buyer risk category CC5 would be rated between BB- (Country Category 1) and B- or worse (Country Category 4) by accredited CRAs.

ANNEX XIII

CRITERIA AND CONDITIONS GOVERNING THE APPLICATION OF COUNTRY RISK MITIGATION TECHNIQUES AND BUYER RISK CREDIT ENHANCEMENTS

PURPOSE

This Annex provides detail on the use of country risk mitigation techniques listed in Article 30(a) of the Arrangement and the buyer risk credit enhancements listed in Article 31(a) of the Arrangement; this includes the criteria, conditions and specific circumstances which apply to their use as well as the impact on the MPRs.

COUNTRY RISK MITIGATION TECHNIQUES

1.    Offshore Future Flow Structure Combined with Offshore Escrow Account

Definition:

A written document, such as a deed or a release or trustee arrangement, sealed and delivered to a third party, i.e a person not party to the instrument, to be held by such third party until the fulfilment of certain conditions and then to be delivered by him to the other party to take effect. If the following criteria are satisfied subject to consideration of the additional factors listed, this technique can reduce or eliminate the ***transfer*** risks, mainly in the higher risk country categories.

Criteria:

—

The escrow account is related to a foreign exchange-earning project and the flows into the escrow account are generated by the project itself and/or by other offshore export receivables.

—

The escrow account is held offshore, i.e located outside of the country of the project where there are very limited, ***transfer*** or other country risks (i.e in a High Income OECD country or High Income Euro Area country).

—

The escrow account is located in a first class bank which is not directly or indirectly controlled by interests of the obligor or by the country of the obligor.

—

The funding of the account is secured through long-term or other appropriate contracts.

—

The combination of the sources of revenues (i.e generated by the project itself and/or the other sources) of the obligor flowing through the account are in hard currency and can reasonably be expected to be collectively sufficient for the service of the debt for the entire duration of the credit, and come from one or more creditworthy foreign customers located in better risk countries than the country in which the project is located (i.e normally High Income OECD countries or High Income Euro Area countries).

—

The obligor irrevocably instructs the foreign customers to pay directly into the account (i.e the ***payments*** are not forwarded through an account controlled by the obligor or through its country).

—

The funds which have to be kept within the account are equal to at least six months of debt service. Where flexible repayment terms are being applied under a project finance structure, an amount equivalent to the actual six months debt service under such flexible terms are to be kept within the account; this amount may vary over time depending on the debt service profile.

—

The obligor has restricted access to the account (i.e only after ***payment*** of the debt service under the credit).

—

The revenues deposited in the account are assigned to the lender as direct beneficiary, for the entire life of the credit.

—

The opening of the account has received all the necessary legal authorisations from the local and any other appropriate authorities.

—

The escrow account and contractual arrangements may not be conditional and/or revocable and/or limited in duration.

Additional Factors to be taken into Consideration:

The technique applies subject to a case-by-case consideration of the above characteristics and, inter alia, with regard to:

—

the country, the obligor (i.e either public or private), the sector, the vulnerability in relation to the commodities or services involved, including their availability for the entire duration of the credit, the customers,

—

the legal structures, e.g whether the mechanism is sufficiently immune against the influence of the obligor or its country,

—

the degree to which the technique remains subject to government interference, renewal or withdrawal,

—

whether the account would be sufficiently protected against project-related risks,

—

the amount which will flow into the account and the mechanism for the continuation of appropriate provision,

—

the situation with regard to the Paris Club (e.g possible exemption),

—

the possible impact of country risks other than the ***transfer*** risk,

—

the protection against the risks of the country where the account is located,

—

the contracts with the customers, including their nature and duration, and

—

the global amount of the expected foreign earnings in relation to the total amount of the credit.

Impact on the MPR

The application of this country risk mitigation technique may result in a one category improvement in the applicable country risk classification for the transaction, except for transactions in Country Risk Category 1.

2.    Local Currency Financing

Definition:

Contract and financing negotiated in convertible and available local, other than hard, currencies and financed locally that eliminates or mitigates the ***transfer*** risk. The primary debt obligation in local currency would, in principle, not be affected by the occurrence of the first two country credit risks.

Criteria:

—

The ECA liability and claims ***payment*** or the ***payment*** to the Direct Lender are expressed/made throughout in local currency.

—

The ECA is normally not exposed to the ***transfer*** risk.

—

In the normal course of events, there will be no requirement for local currency deposits to be converted into hard currency.

—

The borrower's repayment in his own currency and in his own country is a valid discharge of the loan obligation.

—

If a borrower's income is in local currency the borrower is protected against adverse exchange rate movements.

—

***Transfer*** regulations in the borrower's country should not affect the borrower's repayment obligations, which would remain in local currency.

Additional Factors to be taken into Consideration:

The technique applies on a selective basis in respect of convertible and ***transferable*** currencies, where the underlying economy is sound. The Participant ECA should be in a position to meet its obligations to pay claims expressed in its own currency in the event that the local currency becomes either “non-***transferable***” or “non-convertible” after the ECA takes on liability. (A Direct Lender would however carry this exposure.)

Impact on the MPR

The application of this risk mitigation technique may result in a discount of no more than 20 % to the country credit risk portion of the MPR (i.e a local currency factor [LCF] with a value of no more than 0,2).

BUYER RISK CREDIT ENHANCEMENTS

The following table provides definitions of the buyer risk credit enhancements that may be applied, along with their maximum impact on the applicable MPRs through the CEF in the MPR formula.

Credit Enhancement

Definition

Maximum CEF (Country Risk Category 1-7)

Maximum CEF (Market Benchmark)

Assignment of Contract Proceeds or Receivables

In the event a borrower has contracts with strong off-takers, whether offshore or local, a legally enforceable assignment of the contract provides rights to enforce the borrower's contracts and/or make decisions under major contracts in the place of the borrower after a default under the loan. A direct agreement with a third party in a transaction (a local government agency in a mining or energy transaction) allows Lenders to approach a government to seek remedies for expropriation or other violation of contractual obligations related to the transaction.

An existing company operating in a difficult market or sector may have receivables related to the sale of production with a company or companies located in a more stable environment. Receivables would generally be in a hard currency but may not be the subject of a specific contractual relationship. Assignment of these receivables could provide asset security in the accounts of the Borrower, giving the Lender a preferential treatment in the cash flow generated by the Borrower.

0,10

N/A

Asset Based Security

Control of an asset shown by:

(1)

mortgage on very mobile and valuable piece of property and

(2)

property that has entire value in itself.

An asset based security is one that can be reacquired with relative ease such as a locomotive, medical equipment or construction equipment. In valuing such a security, the ECA should take into consideration the legal ease of recovery. In other words, there is more value when the security interest in the asset is perfected under an established legal regime and less value where the legal ability to recover the asset is questionable. The precise value of an asset-based security is set by the market, with the relevant “market” being deeper than a local market because the asset can be moved to another jurisdiction. NOTE: The application of an asset based security credit enhancement applies to the buyer risk, where the asset based security is held internally within the country in which the transaction is domiciled.

0,25

0,15

Fixed Asset Security

A fixed asset security is most typically component equipment which may be constrained by its physicality such as turbine or manufacturing machinery integrated into an assembly line. The intent and value of the fixed asset security is to provide the ECA with more leverage over the use of the asset in recouping losses in the event of default. The value of a fixed asset security varies dependent on economic, legal, market and other factors.

0,15

0,10

Escrow Account

Escrow accounts involve debt service reserve accounts held as security for the lenders or other forms of cash receivable accounts held as security for the lenders by a party not controlled or sharing common ownership with the buyer/obligor. The escrowed amount must be deposited or escrowed in advance. The value of such security is nearly always 100 % of the nominal amount in such cash accounts. Permits greater control over use of cash, ensures that debt is serviced before discretionary spending. NOTE: The application of an escrow account credit enhancement applies to the buyer risk, where the escrow account is held internally within the country in which the transaction is domiciled. Cash security significantly diminishes the risk of default for the covered instalments.

escrowed amount as % of credit up to a maximum of 0,10

escrowed amount as % of credit up to a maximum of 0,10

ANNEX XIV

CHECKLIST OF DEVELOPMENTAL QUALITY

CHECKLIST OF DEVELOPMENTAL QUALITY OF AID-FINANCED PROJECTS

A number of criteria have been developed in recent ***years*** by the DAC to ensure that projects in developing countries that are financed totally or in part by Official Development Assistance (ODA) contribute to development. They are essentially contained in the:

—

DAC Principles for Project Appraisal, 1988,

—

DAC Guiding Principles for Associated Financing and Tied and Partially Untied Official Development Assistance, 1987, and

—

Good Procurement Practices for Official Development Assistance, 1986.

CONSISTENCY OF THE PROJECT WITH THE RECIPIENT COUNTRY'S OVERALL INVESTMENT PRIORITIES (PROJECT SELECTION)

Is the project part of investment and public expenditure ***programmes*** already approved by the central financial and planning authorities of the recipient country?

(Specify policy document mentioning the project, e.g public investment ***programme*** of the recipient country.)

Is the project being co-financed with an international development finance institution?

Does evidence exist that the project has been considered and rejected by an international development finance institution or another DAC Member on grounds of low developmental priority?

In the case of a private sector project, has it been approved by the government of the recipient country?

Is the project covered by an intergovernmental agreement providing for a broader range of aid activities by the donor in the recipient country?

PROJECT PREPARATION AND APPRAISAL

Has the project been prepared, designed and appraised against a set of standards and criteria broadly consistent with the DAC Principles for Project Appraisal (PPA)? Relevant principles concern project appraisal under:

(a)

Economic aspects (paragraphs 30 to 38 PPA).

(b)

Technical aspects (paragraph 22 PPA).

(c)

Financial aspects (paragraphs 23 to 29 PPA).

In the case of a revenue producing project, particularly if it is producing for a competitive market, has the concessionary element of the aid financing been passed on to the end-user of the funds? (paragraph 25 PPA).

(a)

Institutional assessment (paragraphs 40 to 44 PPA).

(b)

Social and distributional analysis (paragraphs 47 to 57 PPA).

(c)

Environmental assessment (paragraphs 55 to 57 PPA).

PROCUREMENT PROCEDURES

What procurement mode will be used among the following? (For definitions, see Principles listed in Good Procurement Practices for ODA).

(a)

International competitive bidding (Procurement Principle III and its Annex 2: Minimum conditions for effective international competitive bidding).

(b)

National competitive bidding (Procurement Principle IV).

(c)

Informal competition or direct negotiations (Procurement Principles V A or B).

Is it envisaged to check price and quality of supplies (paragraph 63 PPA)?

ANNEX XV

LIST OF DEFINITIONS

For the purpose of the Arrangement:

(a)    Commitment : any statement, in whatever form, whereby the willingness or intention to provide official support is communicated to the recipient country, the buyer, the borrower, the exporter or the financial institution.

(b)    Common Line : an understanding between the Participants to agree, for a given transaction or in special circumstances, on specific financial terms and conditions for official support. The rules of an agreed Common Line supersede the rules of the Arrangement only for the transaction or in the circumstances specified in the Common Line.

(c)    Concessionality Level of Tied Aid : in the case of grants the concessionality level is 100 %. In the case of loans, the concessionality level is the difference between the nominal value of the loan and the discounted present value of the future debt service ***payments*** to be made by the borrower. This difference is expressed as a percentage of the nominal value of the loan.

(d)    Decommissioning : closing down or dismantling of a nuclear power plant.

(e)    Export Contract Value : the total amount to be paid by or on behalf of the purchaser for goods and/or services exported, i.e excluding local costs as defined hereafter; in the case of a lease, it excludes the portion of the lease ***payment*** that is equivalent to interest.

(f)    Final Commitment : for an export credit transaction (either in the form of a single transaction or a line of credit), a final commitment exists when the Participant commits to precise and complete financial terms and conditions, either through a reciprocal agreement or by a unilateral act.

(g)    Initial Fuel Load : the initial fuel load shall consist of no more than the initially installed nuclear core plus two subsequent reloads, together consisting of up to two-thirds of a nuclear core.

(h)    Interest Rate Support : an arrangement between a government and banks or other financial institutions which allows the provision of fixed rate export finance at or above the CIRR.

(i)    Line of Credit : a framework, in whatever form, for export credits that covers a series of transactions which may or may not be linked to a specific project.

(j)    Local Costs : expenditure for goods and services in the buyer's country that are necessary either for executing the exporter's contract or for completing the project of which the exporter's contract forms a part. These exclude commission payable to the exporter's agent in the buying country.

(k)    Market Benchmark Transaction : transaction involving ultimate obligors/guarantors in Category 0 countries, High Income OECD countries and High Income Euro Area countries.

(l)    Minimum Actuarial Premium : is the annualised average default rate (derived from cumulative default rates published by the main Accredited CRAs) for a given rating and total term (WAL of the whole transaction) adjusted by an assumed loss given default and a costs loading factor as per agreed conventions by the Participants.

(m)    Name Specific Bond or CDS : a Name Specific Bond or CDS is limited to those market benchmark instruments that belong to the exact identical obligor/guarantor as in the transaction being supported.

(n)    Pure Cover : official support provided by or on behalf of a government by way of export credit guarantee or insurance only, i.e which does not benefit from official financing support.

(o)    Related Entity : Related Entity references are benchmark instruments of a related borrower rather than the exact identical borrower in the supported transaction. In the case where the obligor has no quoted bonds or CDSs, and there exists within the obligor's organisational structure a parent, subsidiary or sister company with Name Specific Bonds or CDSs outstanding in the market, then with regard to Article 24(c), those Name Specific Bonds or CDSs may be used as if they had been issued by the obligor itself if:

(1)

The parent, subsidiary, or sister company has the same issuer CRA rating as the obligor/guarantor; or

(2)

All of the following criteria are met:

(i)

The Participant's internal rating of the obligor/guarantor corresponds with the CRA rating of the related entity.

(ii)

The obligor/guarantor is the main operating company of the parent/holding, being a key and integral part of the group's business.

(iii)

The CRA rating is based on the core business of the group.

(iv)

The obligor/guarantor provides a significant part of the group's earnings by providing either some of the group's core products/services to core clients or it owns and operates a major portion of the parent's assets.

(v)

The sale of the obligor/guarantor from the group is very hard to conceive, and the disposal would significantly alter the overall shape of the group.

(vi)

A default of the obligor/guarantor would constitute a huge reputational risk to the group, damage its franchise and could threaten its viability.

(vii)

A high level of management and operational integration exists where capital and funding is typically provided by the parent company or a finance subsidiary via intercompany loans and where parent support is unquestioned.

(p)    Repayment Term : the period beginning at the starting point of credit, as defined in this Annex, and ending on the contractual date of the final repayment of principal.

(q)    Starting Point of Credit :

(1)

Parts or components (intermediate goods) including related services: in the case of parts or components, the starting point of credit is not later than the actual date of acceptance of the goods or the weighted mean date of acceptance of the goods (including services, if applicable) by the buyer or, for services, the date of the submission of the invoices to the client or acceptance of services by the client.

(2)

Quasi-capital goods, including related services — machinery or equipment, generally of relatively low unit value, intended to be used in an industrial process or for productive or commercial use: in the case of quasi-capital goods, the starting point of credit is not later than the actual date of acceptance of the goods or the weighted mean date of acceptance of the goods by the buyer or, if the exporter has responsibilities for commissioning, then the latest starting point is at commissioning, or for services, the date of the submission of the invoices to the client or acceptance of the service by the client. In the case of a contract for the supply of services where the supplier has responsibility for commissioning, the latest starting point is commissioning.

(3)

Capital goods and project services — machinery or equipment of high value intended to be used in an industrial process or for productive or commercial use:

—

In the case of a contract for the sale of capital goods consisting of individual items usable in themselves, the latest starting point is the actual date when the buyer takes physical possession of the goods, or the weighted mean date when the buyer takes physical possession of the goods.

—

In the case of a contract for the sale of capital equipment for complete plant or factories where the supplier has no responsibility for commissioning, the latest starting point is the date at which the buyer is to take physical possession of the entire equipment (excluding spare parts) supplied under the contract.

—

If the exporter has responsibility for commissioning, the latest starting point is at commissioning.

—

For services, the latest starting point of credit is the date of the submission of the invoices to the client or acceptance of service by the client. In the case of a contract for the supply of services where the supplier has responsibility for commissioning, the latest starting point is commissioning.

(4)

Complete plants or factories — complete productive units of high value requiring the use of capital goods:

—

In the case of a contract for the sale of capital equipment for complete plant or factories where the supplier has no responsibility for commissioning, the latest starting point of credit is the date when the buyer takes physical possession of the entire equipment (excluding spare parts) supplied under the contract.

—

In case of construction contracts where the contractor has no responsibility for commissioning, the latest starting point is the date when construction has been completed.

—

In the case of any contract where the supplier or contractor has a contractual responsibility for commissioning, the latest starting point is the date when he has completed installation or construction and preliminary tests to ensure it is ready for operation. This applies whether or not it is handed over to the buyer at that time in accordance with the terms of the contract and irrespective of any continuing commitment which the supplier or contractor may have, e.g for guaranteeing its effective functioning or training local personnel.

—

Where the contract involves the separate execution of individual parts of a project, the date of the latest starting point is the date of the starting point for each separate part, or the mean date of those starting points, or, where the supplier has a contract, not for the whole project but for an essential part of it, the starting point may be that appropriate to the project as a whole.

—

For services, the latest starting point of credit is the date of the submission of the invoices to the client or the acceptance of service by the client. In the case of a contract for the supply of services where the supplier has responsibility for commissioning, the latest starting point is commissioning.

(r)    Tied Aid : aid which is in effect (in law or in fact) tied to the procurement of goods and/or services from the donor country and/or a restricted number of countries; it includes loans, grants or associated financing packages with a concessionality level greater than zero percent.

This definition applies whether the “tying” is by formal agreement or by any form of informal understanding between the recipient and the donor country, or whether a package includes components from the forms set out in Article 34 of the Arrangement that are not freely and fully available to finance procurement from the recipient country, substantially all other developing countries and from the Participants, or if it involves practices that the DAC or the Participants consider equivalent to such tying.

(s)    Untied Aid : aid which includes loans or grants whose proceeds are fully and freely available to finance procurement from any country.

(t)    Weighted Average Life of the Repayment Period : the time that it takes to retire one-half of the principal of a credit. This is calculated as the sum of time (in ***years***) between the starting point of credit and each principal repayment weighted by the portion of principal repaid at each repayment date. ’

(1)  As defined in Article 5 of the OECD Convention.

(2)  Defined by the World Bank on an annual basis according to per capita GNI.

(3)  The status of a country in terms of: (1) whether it is a High Income country (as defined by the World Bank on an annual basis according to per capita GNI), (2) membership in the OECD and (3) whether it is part of the Euro Area is reviewed on an annual basis. The designation of a country under Article 25(c) as a High Income OECD country or a High Income Euro Area country as well as the removal of such designation will only come into effect after the country's income classification (High Income or otherwise) has remained unchanged for two consecutive ***years***. A change in a country's designation as a High Income OECD country or a High Income Euro Area country as well as the removal of such designation related to a change in OECD membership or being part of the Euro Area will come into effect immediately at the time of the annual review of countries' status.

(4)  To qualify as an asset-backed transaction, there must be a first priority security interest on the asset being financed; and, in the case of a lease structure, assignment and/or a first priority security interest in connection with the lease ***payments***.

(5)  To qualify as a project finance transaction, the transaction must meet the Basic Criteria set forth in Appendix 1 to Annex VII of the Arrangement.

(6)  Notwithstanding this threshold, for transactions in Market Benchmark countries using terms and conditions provided under Annex V (rail) or Annex VII (project finance), the relevant minimum commercial loan participation rules applicable under those Annexes shall apply.

(7)  This portion of the 25 % criterion may be met where the non-cash ***payment*** portion of a transaction involving a single bank receiving ECA cover includes an uncovered portion of at least 25 %. Such transactions must meet all of the other criteria of subparagraph 1, including the pari passu provisions of this tiret.

(8)  Where the obligor/guarantor is rated by more than one Accredited CRA, the CRA rating is the best available foreign currency rating on a senior unsecured basis for the obligor (or guarantor). The Secretariat shall compile and maintain a list of such accredited CRAs.

(9)  In the event that a relevant Name-Specific market pricing entity is not rated by an Accredited CRA, then the resulting market pricing shall be considered to be below the corresponding TCMB rate and be subject to prior notification in accordance with Article 48.

(10)  The premium rates charged for transactions with a third party guarantee provided by an obligor in a High Income OECD country or a High Income Euro Area country are subject to the requirements set out in Article 24(c).

(11)  In the case of a third party guarantee, the applicable country risk classification and buyer risk category must be related to the same entity, i.e either the obligor or the guarantor.

(12)  For administrative purposes, some countries that are eligible to be classified into one of the eight Country Risk Categories may not be classified if they do not generally receive officially supported export credits. For such non-classified countries, Participants are free to apply the country risk classification which they deem appropriate.

(13)  Rules related to the classification of buyers should be understood to stipulate the most favourable classification that can be applied, e.g a sovereign buyer may be classified in a less favourable buyer risk classification.

(14)  The MPRs associated with the Better than Sovereign (SOV+) buyer risk category are 10 % lower than the MPRs associated with the Sovereign (CC0) buyer risk category.

(15)  Where the non-sovereign borrower is rated by more than one accredited CRA, notification is only required where the buyer risk rating is more favourable than the most favourable of the CRA ratings.

(16)  With respect to buyer risk, classified multilateral and regional institutions shall be classified in Buyer Risk Category SOV/CC0.

(17)  Based on the annual review by the World Bank of its country classification, a per capita Gross National Income (GNI) threshold will be used for the purpose of tied aid eligibility; such threshold is available on the OECD website ([*http://www.oecd.org/trade/xcred/country-classification.htm*](http://www.oecd.org/trade/xcred/country-classification.htm)).

(18)  However, in cases where the buyer of the switchyard is the same as the buyer of the power plant and the contract is concluded in relation to the original switchyard for that power plant, the terms and conditions for the original switchyard shall not be more generous than those for the nuclear power plant.

(19)  Article 1(a)(1) refers.

(20)  Articles 1(a)(2) to (4) refer.

(21)  An explanation shall be provided where the proposed risk-rating of a buyer/borrower exceeds the risk rating of the host sovereign.

(22)  For transactions with an export contract value of less than USD 5 million, a Participant not wishing to follow the risk classification procedure set out in Articles 6 to 8 of this Appendix shall apply the risk classification “8” for the buyer/borrower which is the subject of the transaction and shall notify the transaction in accordance with Article 24(a) of this Sector Understanding.

(23)  For transactions with an export contract value of less than USD 5 million, a five working-day period shall apply.

(24)  Together with information regarding any involvement (provided with due respect for confidentiality duties).

(25)  Together with information regarding any involvement (provided with due respect for confidentiality duties).

(26)  For the purposes of this questionnaire the “State” is the country that is being proposed for addition to the Cape Town Convention List under Appendix II, Section 2 II of the ASU. Where appropriate, these questions shall also be answered in respect of the laws of the particular “territorial unit” of the State in which the relevant operator of an aircraft (or other relevant body as set out in Article 37(b) Appendix II) is located and “national law” shall be read as including a reference to the relevant local law.

(27)  For the purposes of this questionnaire, “national law” refers to all national legislation of a State, including but not limited to, the Constitution and its Amendments, any federal, state and district law or regulation.

(28)  For example, that (i) treaties prevail over other law as a matter of constitutional or similar framework law in State X, or (ii) legislation is required in State X, and has been enacted expressly setting out the priority of the Cape Town Treaty and/or superseding such other law, or (iii) the Cape Town Treaty or its implementing legislation is (a) more specific than other law (lex specialis derogat legi generali), and/or (b) later in time than such other law (lex posterior derogat legi priori), and as a result of (a) and/or (b) prevails over such other law.

(29)  For example, is there any reason why the rights and remedies granted to creditors under the Convention, including those granted under the QDs, would not (a) be recognised as being effective or (b) be sufficient by themselves, to enable such rights and remedies to be validly exercised in the State?

(30)  An example of an administrative action for the purposes of this question might be the failure by the State to put in place any procedures or resources to give effect to a provision of the Convention or a Qualifying Declaration. Another example would be the failure by a State to put in place proper procedures in its aircraft registry for recording IDERAs.

(31)  Please include in your analysis any precedent/decision relating to the recognition of rights of creditors, including ECAs, when relevant.

(\*1)  Indicate the number of USD 300 million multiples in excess of USD 2 000 million.

(32)  It is understood that the 2012 Recommendation applies equally to projects that are not eligible for these financial terms and conditions.

(33)  The maximum repayment term for jack-up rigs used in the installation of wind turbines shall be 12 ***years***.

(34)  In the case of a plant fuelled by natural gas, significantly lower carbon intensity is expected to be achieved.

(35)  Boiler (or steam generator) energy conversion efficiency = (Net heat exported by the steam/heat or calorific value (LHV) provided by the fuel) (× 100 %).

(36)  Gasifier efficiency = (Calorific value of gas per kg of fuel used/average net calorific value (LHV) of 1 kg of fuel) (× 100 %).

(37)  IPCC Fourth Assessment Report: Climate Change 2007, [*http://www.ipcc.ch/publications\_and\_data/ar4/wg3/en/ch4s4-3-5.html*](http://www.ipcc.ch/publications_and_data/ar4/wg3/en/ch4s4-3-5.html)

(38)  The total system efficiency (ηo) of a CHP system is the sum of the net useful power output (WE) and net useful thermal outputs (ΣQTH) divided by the total fuel input (QFUEL), as shown below:

Formula

(39)  Where eligible for official support, an additional two ***years*** repayment term is allowed for project finance transactions consistent with paragraph (d) below, subject to the maximum repayment terms in Article 2 of Annex VII.

(40)  To help address energy poverty, ten ***year*** export credit support may be provided in all countries where the National Electrification Rate (as per the most current IEA World Energy Outlook Electricity Access database) is reported as 90 % or below at the time the relevant completed application for export credit is received.

(41)  Export credit support may be provided in non-IDA-eligible countries for geographically isolated locations, where, (1) the alternatives analysis referred to in Article 4(b)(1) of this Sector Understanding deems that less carbon-intensive alternatives are not viable and (2) the physical/geographic and existing grid features (including inability to connect to a larger grid) justify the proposed project's efficiency category as the best available technology. In cases where the project is not located on a physical island, the interested Participant shall seek the consent of all Participants through the use of a Common Line procedure in accordance with Articles 58 to 63 of the Arrangement.

(42)

(a)

The financial terms and conditions set out in Articles 2 and 3(d) shall apply to transactions for which a final commitment is issued on or before 31 December 2017.

(b)

After 31 December 2017, the financial terms and conditions set out in Articles 2 and 3(d) shall be discontinued unless the Participants agree otherwise.

(c)

If discontinued, the provisions of Articles 2 and 3(d) will be replaced by the following:

Article 2 — The maximum repayment term is 14 ***years***, except when official export credit support provided by the Participants comprises more than 35 % of the syndication for a project in a High Income OECD country, the maximum repayment term is 10 ***years***.

Article 3(d) — The weighted average life of the repayment period shall not exceed seven-and-a-quarter ***years***, except when official export credit support provided by the Participants comprises more than 35 % of the syndication for a project in a High Income OECD country, the weighted average life of the repayment period shall not exceed five-and-a-quarter ***years***.

(\*2)  Indicate the number of SDR 40 million multiples in excess of SDR 280 million, e.g SDR 410 million would be notified as Category XV + 3.

(43)  Most typically this would be a risk on the central bank or Ministry of Finance. For central government entities other than the finance ministry, due diligence shall be undertaken to affirm that the entity commits the full faith and credit of the sovereign.

**Load-Date:** February 19, 2018

**End of Document**



[***FEDERAL REGISTER: The Standard for Determining Joint-Employer Status Pages 46681 - 46697 [FR DOC # 2018-19930]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S9B-DPJ1-JDG9-Y2X1-00000-00&context=1516831)

Impact News Service

September 14, 2018 Friday

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**Length:** 23161 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

NATIONAL LABOR RELATIONS BOARD 29 CFR Chapter I RIN 3142-AA13 The Standard for Determining Joint-Employer Status AGENCY: National Labor Relations Board. ACTION: Notice of proposed rulemaking; request for comments. ----------------------------------------------------------------------- SUMMARY: In order to more effectively enforce the National Labor Relations Act (the Act or the NLRA) and to further the purposes of the Act, the National Labor Relations Board (the Board) proposes a regulation establishing the standard for determining whether two employers, as defined in Section 2(2) of the Act, are a joint employer of a group of employees under the NLRA. The Board believes that this rulemaking will foster predictability and consistency regarding determinations of joint-employer status in a variety of business relationships, thereby promoting labor-management stability, one of the principal purposes of the Act. Under the proposed regulation, an employer may be considered a joint employer of a separate employer's employees only if the two employers share or codetermine the employees' essential terms and conditions of employment, such as hiring, firing, discipline, supervision, and direction.

More specifically, to be deemed a joint employer under the proposed regulation, an employer must possess and actually exercise substantial direct and immediate control over the essential terms and conditions of employment of another employer's employees in a manner that is not limited and routine. DATES: Comments regarding this proposed rule must be received by the Board on or before November 13, 2018. Comments replying to comments submitted during the initial comment period must be received by the Board on or before November 20, 2018. Reply comments should be limited to replying to comments previously filed by other parties. No late comments will be accepted. ADDRESSES: Internet--Federal eRulemaking Portal. Electronic comments may be submitted through [*http://www.regulations.gov*](http://www.regulations.gov) Delivery--Comments should be sent by mail or hand delivery to: Roxanne Rothschild, Associate Executive Secretary, National Labor Relations Board, 1015 Half Street SE, Washington, DC 20570-0001. Because of security [[Page 46682]] precautions, the Board continues to experience delays in U.S mail delivery. You should take this into consideration when preparing to meet the deadline for submitting comments. The Board encourages electronic filing. It is not necessary to send comments if they have been filed electronically with regulations.gov If you send comments, the Board recommends that you confirm receipt of your delivered comments by contacting (202) 273-2917 (this is not a toll-free number). Individuals with hearing impairments may call 1-866-315-6572 (TTY/TDD). Only comments submitted through   [*http://www.regulations.gov*](http://www.regulations.gov), hand delivered, or mailed will be accepted; ex parte communications received by the Board will be made part of the rulemaking record and will be treated as comments only insofar as appropriate. Comments will be available for public inspection at   [*http://www.regulations.gov*](http://www.regulations.gov) and during normal business hours (8:30 a.m to 5 p.m EST) at the above address. The Board will post, as soon as practicable, all comments received on   [*http://www.regulations.gov*](http://www.regulations.gov) without making any changes to the comments, including any personal information provided. The website   [*http://www.regulations.gov*](http://www.regulations.gov) is the Federal eRulemaking portal, and all comments posted there are available and accessible to the public. The Board requests that comments include full citations or internet links to any authority relied upon. The Board cautions commenters not to include personal information such as Social Security numbers, personal addresses, telephone numbers, and email addresses in their comments, as such submitted information will become viewable by the public via the   [*http://www.regulations.gov*](http://www.regulations.gov) website. It is the commenter's responsibility to safeguard his or her information. Comments submitted through   [*http://www.regulations.gov*](http://www.regulations.gov) will not include the commenter's email address unless the commenter chooses to include that information as part of his or her comment. FOR FURTHER INFORMATION CONTACT: Roxanne Rothschild, Associate Executive Secretary, National Labor Relations Board, 1015 Half Street SE, Washington, DC 20570-0001, (202) 273-2917 (this is not a toll-free number), 1-866-315-6572 (TTY/TDD). SUPPLEMENTARY INFORMATION: Whether one business is the joint employer of another business's employees is one of the most important issues in labor law today. There are myriad relationships between employers and their business partners, and the degree to which particular business relationships impact employees' essential terms and conditions of employment varies widely. A determination by the Board regarding whether two separate businesses constitute a ``joint employer'' as to a group of employees has significant consequences for the businesses, unions, and employees alike. When the Board finds a joint-employer relationship, it may compel the joint employer to bargain in good faith with a Board- certified or voluntarily recognized bargaining representative of the jointly-employed workers. Additionally, each joint employer may be found jointly and severally liable for unfair labor practices committed by the other. And a finding of joint-employer status may determine whether picketing directed at a particular business is primary and lawful, or secondary and unlawful. The last three ***years*** have seen much volatility in the Board's law governing joint-employer relationships. As detailed below, in August 2015, a divided Board overruled longstanding precedent and substantially relaxed the evidentiary requirements for finding a joint- employer relationship. Browning-Ferris Industries of California, Inc., d/b/a BFI Newby Island Recyclery, 362 NLRB No. 186 (2015) (Browning- Ferris), petition for review docketed Browning-Ferris Indus. of Cal. v. NLRB, No. 16-1028 (D.C Cir. filed Jan. 20, 2016). Then, in December 2017, a different Board majority restored the prior, more stringent standard. In February 2018, the Board vacated its December 2017 decision, effectively changing the law back again to the relaxed standard of Browning-Ferris. A petition for review challenging Browning-Ferris's adoption of the relaxed standard as beyond the Board's statutory authority is currently pending in the United States Court of Appeals for the District of Columbia Circuit. In light of the continuing uncertainty in the labor-management community created by these adjudicatory variations in defining the appropriate joint- employer standard under the Act, and for the reasons explained below, the Board proposes to address the issue through the rulemaking procedure. I. Background Under Section 2(2) of the Act, ``the term `employer' includes any person acting as an agent of an employer, directly or indirectly, but shall not include the United States or any wholly owned Government corporation, or any Federal Reserve Bank, or any State or political subdivision thereof, or any person subject to the Railway Labor Act [45 U.S.C 151 et seq.], as amended from time to time, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization.'' Under Section 2(3) of the Act, ``the term `employee' shall include any employee, and shall not be limited to the employees of a particular employer, unless this subchapter [of the Act] explicitly states otherwise . . . .'' Section 7 of the Act grants employees ``the right to self- organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection . . . .'' Section 8(a)(1) of the Act makes it an unfair labor practice for an employer ``to interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in [Section 7],'' and Section 8(a)(5) of the Act makes it an unfair labor practice for an employer ``to refuse to bargain collectively with the representatives of his employees . . . .'' (emphasis added). The Act does not contain the term ``joint employer,'' much less define it, but the Board and reviewing courts have over the ***years*** addressed situations where the working conditions of a group of employees are affected by two separate companies engaged in a business relationship. Boire v. Greyhound Corp., 376 U.S 473 (1964) (holding that Board's determination that bus company possessed ``sufficient control over the work'' of its cleaning contractor's employees to be considered a joint employer was not reviewable in federal district court); Indianapolis Newspapers, Inc., 83 NLRB 407, 408-409 (1949) (finding that two newspaper businesses, Star and INI, were not joint employers, despite their integration, because ``there [wa]s no indication that Star, by virtue of such integration, t[ook] an active part in the formulation or application of the labor policy, or exercise[d] any immediate control over the operation, of INI''). When distinguishing between an ``employee'' under Section 2(3) of the Act and an ``independent contractor'' excluded from the Act's protection, the Supreme Court has explained that the Board is bound by common-law principles, focusing on the control exercised by one employer over a person performing work for it. NLRB v. United Insurance Co. of America, 390 U.S 254, 256 (1968); see also Nationwide Mutual Insurance Co. v. Darden, 503 U.S 318, 322-323 (1992) [[Page 46683]] (``[W]hen Congress has used the term `employee' without defining it, we have concluded that Congress intended to describe the conventional master-servant relationship as understood by common law agency doctrine.'') (citations omitted). Similarly, it is clear that the Board's joint-employer standard, which necessarily implicates the same focus on employer control, must be consistent with the common law agency doctrine. The Development of the Joint-Employment Doctrine Under the NLRA Under the Act, there has been a longstanding consensus regarding the general formulation of the Board's joint-employer standard: Two employers are a joint employer if they share or codetermine those matters governing the employees' essential terms and conditions of employment. See CNN America, Inc., 361 NLRB 439, 441, 469 (2014), enf. denied in part 865 F.3d 740 (D.C Cir. 2017); Southern California Gas Co., 302 NLRB 456, 461 (1991). The general formulation derives from language in Greyhound Corp., 153 NLRB 1488, 1495 (1965), enfd. 368 F.2d 778 (1966), and was endorsed in NLRB v. Browning-Ferris Industries, 691 F.2d 1117, 1122-1123 (3d Cir. 1982), where the United States Court of Appeals for the Third Circuit carefully explained the differences between the Board's joint-employer and single-employer doctrines, which had sometimes been confused.\1\ --------------------------------------------------------------------------- \1\ As the Third Circuit explained, a ``single employer'' relationship exists where two nominally separate employers are actually part of a single integrated enterprise so that, for all purposes, there is in fact only a ``single employer.'' The question in the ``single employer'' situation, then, is whether two nominally independent enterprises constitute, in reality, only one integrated enterprise. In answering that question, the Board examines four factors: (1) Functional integration of the operations; (2) centralized control of labor relations; (3) common management; and (4) common ownership. In contrast, the ``joint employer'' concept assumes that the two companies are indeed independent employers, and the four-factor standard is inapposite. Rather, as stated above, the Board has analyzed whether the two separate employers share or codetermine essential terms and conditions of employment. --------------------------------------------------------------------------- At certain points in its history, the Board has discussed the relevance of an employer's direct control over the essential employment conditions of another company's employees, as compared with its indirect control or influence, in determining whether joint-employer status has been established. For example, in Floyd Epperson, 202 NLRB 23, 23 (1973), enfd. 491 F.2d 1390 (6th Cir. 1974), the Board found that a dairy company (United) was the joint employer of truck drivers supplied to it by an independent trucking firm (Floyd Epperson) based on evidence of both United's direct control and indirect control over the working conditions of Epperson's drivers. The Board relied on ``all the circumstances'' of the case, including the fact that United dictated the specific routes that Epperson's drivers were required to take when transporting its goods, ``generally supervise[d]'' Epperson's drivers, and had authority to modify their work schedules. Id. at 23. The Board also relied in part on United's ``indirect control'' over the drivers' wages and discipline.\2\ Id. Importantly, in Floyd Epperson and like cases, the Board was not called upon to decide, and did not assert, that a business's indirect influence over another company's workers' essential working conditions, standing alone, could establish a joint-employer relationship.\3\ --------------------------------------------------------------------------- \2\ In Floyd Epperson, the Board found that United had indirect control over the drivers' wages because wage increases to Epperson's drivers came from raises given by United to Epperson, a sole proprietor. The Board found that United had indirect influence over discipline because Epperson replaced a certain driver on a route after United complained that the driver had been constantly late. 202 NLRB at 23. \3\ See also Sun-Maid Growers of California, 239 NLRB 346 (1978) (finding that food-processing company was joint employer of maintenance electricians supplied by a subcontractor where company actually directed electricians by making specific assignments to individual electricians and determined which of those assignments took precedence when all could not be timely completed; the Board also relied on indirect impact on other terms), enfd. 618 F.2d 56 (9th Cir. 1980); Hamburg Industries, Inc., 193 NLRB 67, 67 (1971) (finding remanufacturer of railroad cars was a joint employer of labor force supplied by subcontractor where remanufacturer used subcontractor's supervisors as conduit to convey work instructions while ``constantly check[ing] the performance of the workers and the quality of the work'' and where remanufacturer also indirectly affected employees' other terms) (emphasis added). The Board's decision in Clayton B. Metcalf, 223 NLRB 642 (1976), appears to be the closest the Board has come to finding a joint-employment relationship in the absence of some exercise of direct and immediate control over essential terms. There, the Board found that a mine operator did not exercise direct supervisory authority over the employees of a subcontractor engaged to remove ``overburden'' atop coal seams. However, the Board found that the subcontractor's entire operation in removing the overburden, as well as other collateral duties performed by it, depended entirely on the mine operator's site plan, and, ``[a]s a result, [the mine operator] exercised considerable control over the manner and means by which [the subcontractor] performed its operations.'' Id. at 644 (emphasis added). --------------------------------------------------------------------------- In fact, more recently, the Board, with court approval, has made clear that ``the essential element'' in a joint-employer analysis ``is whether a putative joint employer's control over employment matters is direct and immediate.'' Airborne Express, 338 NLRB 597, 597 fn. 1 (2002) (citing TLI, Inc., 271 NLRB 798, 798-799 (1984), enfd. mem. sub nom. General Teamsters Local Union No. 326 v. NLRB, 772 F.2d 894 (3d Cir. 1985)); see also NLRB v. CNN America, Inc., 865 F.3d 740, 748-751 (D.C Cir. 2017) (finding that Board erred by failing to adhere to the Board's ``direct and immediate control'' standard); SEIU Local 32BJ v. NLRB, 647 F.3d 435, 442-443 (2d Cir. 2011) (`` `An essential element' of any joint employer determination is `sufficient evidence of immediate control over the employees.' '') (quoting Clinton's Ditch Co- op Co. v. NLRB, 778 F.2d 132, 138 (2d Cir. 1985)); Summit Express, Inc., 350 NLRB 592, 592 fn. 3 (2007) (finding that the General Counsel failed to prove direct and immediate control and therefore dismissing joint-employer allegation); Laerco Transportation, 269 NLRB 324 (1984) (dismissing joint-employer allegation where user employer's supervision of supplied employees was limited and routine). Accordingly, for at least 30 ***years*** (from no later than 1984 to 2015), evidence of indirect control was typically insufficient to prove that one company was the joint employer of another business's workers. Even direct and immediate supervision of another's employees was insufficient to establish joint-employer status where such supervision was ``limited and routine.'' Flagstaff Medical Center, Inc., 357 NLRB 659, 667 (2011); AM Property Holding Corp., 350 NLRB 998, 1001 (2007), enfd. in relevant part sub nom. SEIU, Local 32 BJ v. NLRB, 647 F.3d 435 (2d Cir. 2011); G. Wes Ltd. Co., 309 NLRB 225, 226 (1992). The Board generally found supervision to be limited and routine where a supervisor's instructions consisted mostly of directing another business's employees what work to perform, or where and when to perform the work, but not how to perform it. Flagstaff Medical Center, 357 NLRB at 667. The Board's treatment of a company's contractually reserved authority over an independent company's employees also evolved over the ***years***. In the 1960s, the Board found that a contractual reservation of authority, standing alone, could establish a joint-employer relationship even where that reserved authority had never been exercised. For example, in Jewel Tea Co., 162 NLRB 508, 510 (1966), the Board found that a department store (the licensor) was a joint employer of the employees of two independent companies licensed to operate specific departments of its store. The text of the license agreements between the store and the departments provided, inter alia, that ``employees shall be subject to the general [[Page 46684]] supervision of the licensor,'' that the licensee ``shall at all times conform to a uniform store policy with reference to wages, hours and terms, and conditions of employment for all sales and stock personnel,'' that the licensor shall approve employees hired by the licensee, and that the licensor ``may request discharge and the licensee will immediately comply with such request.'' The Board found it ``clear beyond doubt'' that the license agreements gave the store the ``power to control effectively the hire, discharge, wages, hours, terms, and other conditions of employment'' of the other two companies' employees. According to the Board, ``[t]hat the licensor has not exercised such power is not material, for an operative legal predicate for establishing a joint-employer relationship is a reserved right in the licensor to exercise such control, and we find such right of control adequately established by the facts set out above.'' Id.; see also Thriftown, Inc., 161 NLRB 603, 607 (1966) (``Since the power to control is present by virtue of the operating agreement, whether or not exercised, we find it unnecessary to consider the actual practice of the parties regarding these matters as evidenced by the record.''). However, even during the same period, not all contractual reservations of authority were found sufficient to establish a joint- employer relationship. For example, in Hy-Chem Constructors, Inc., 169 NLRB 274 (1968), the Board found that a petrochemical manufacturer was not a joint employer of its construction subcontractor's employees even though their cost-plus agreement reserved to the manufacturer a right to approve wage increases and overtime hours and the right to require the subcontractor to remove any employee whom the manufacturer deemed undesirable. The Board found that the first two reservations of authority ``are consistent with the [manufacturer's] right to police reimbursable expenses under its cost-plus contract and do not warrant the conclusion that [the manufacturer] has thereby forged an employment relationship, joint or otherwise, with the [subcontractor's] employees.'' Id. at 276. Additionally, the Board found the manufacturer's ``yet unexercised prerogative to remove an undesirable . . . employee'' did not establish a joint-employment relationship. Id. Over time, the Board shifted position, without expressly overruling precedent, and held that joint-employer status could not be established by the mere existence of a clause in a business contract reserving to one company authority over its business partner's employees absent evidence that such authority had ever been exercised. For example, in AM Property Holding Corp., the Board found that a ``contractual provision giving [a property owner] the right to approve [its cleaning contractor's] hires, standing alone, is insufficient to show the existence of a joint employer relationship.'' 350 NLRB at 1000. The Board explained that ``[i]n assessing whether a joint employer relationship exists, the Board does not rely merely on the existence of such contractual provisions, but rather looks to the actual practice of the parties.'' Id. (citing TLI, 271 NLRB at 798-799). Because the record in AM Property failed to show that the property owner had ever actually participated in the cleaning contractor's hiring decisions, the Board rejected the General Counsel's contention that the two employers constituted a joint employer. See also Flagstaff Medical Center, 357 NLRB at 667 (finding that business contract's reservation of hospital's right to require its subcontractor to ``hire, discharge, or discipline'' any of the subcontractor's employees did not establish a joint-employer relationship absent evidence that the hospital had ever actually exercised such authority); TLI, 271 NLRB at 798-799 (finding that paper company's actual practice of only limited and routine supervision of leased drivers did not establish a joint- employer relationship despite broad contractual reservation of authority that paper company ``will solely and exclusively be responsible for maintaining operational control, direction and supervision'' over the leased drivers). The law governing joint-employer relationships changed significantly in August 2015. At that time, a divided Board overruled the then-extant precedent described above and substantially relaxed the requirements for proving a joint-employer relationship. Specifically, a Board majority explained that it would no longer require proof that a putative joint employer has exercised any ``direct and immediate'' control over the essential working conditions of another company's workers. Browning-Ferris, 362 NLRB No. 186, slip op. at 2, 13-16. The majority in Browning-Ferris explained that, under its new standard, a company could be deemed a joint employer even if its ``control'' over the essential working conditions of another business's employees was indirect, limited and routine, or contractually reserved but never exercised. Id., slip op. at 15-16. The Browning-Ferris majority agreed with the core of the Board's long-recognized joint-employer standard: whether two separate employers ``share'' or ``codetermine'' those matters governing the essential terms and conditions of employment. Elaborating on the core ``share'' or ``codetermine'' standard, the Browning-Ferris majority noted that, in some cases, two companies may engage in genuinely shared decision- making by conferring or collaborating directly to set an essential term or condition of employment. Alternatively, each of the two companies ``may exercise comprehensive authority over different terms and conditions of employment.'' Id., slip op. at 15 fn. 80. While agreeing with the core standard, the Browning-Ferris majority believed that the Board's joint-employer precedents had become ``increasingly out of step with changing economic circumstances, particularly the recent dramatic growth in contingent employment relationships.'' Id., slip op. at 1. The Browning-Ferris majority's expressed aim was ``to put the Board's joint-employer standard on a clearer and stronger analytical foundation, and, within the limits set out by the Act, to best serve the Federal policy of `encouraging the practice and procedure of collective-bargaining.' '' Id., slip op. at 2 (quoting 29 U.S.C 151). According to the Browning-Ferris majority, during the period before Laerco and TLI were decided in 1984, the Board had ``typically treated the right to control the work of employees and their terms of employment as probative of joint-employer status.'' Id., slip op. at 9 (emphasis in original). Also during that time, ``the Board gave weight to a putative joint employer's `indirect' exercise of control over workers' terms and conditions of employment.'' Id. (citing Floyd Epperson, 202 NLRB at 23). The Browning-Ferris majority viewed Board precedent, starting with Laerco and TLI, that expressly required proof of some exercise of direct and immediate control as having unjustifiably and without explanation departed from the Board's pre-1984 precedent. Specifically, the Browning-Ferris majority asserted that, in cases such as Laerco, TLI, AM Property, and Airborne Express, the Board had ``implicitly repudiated its earlier reliance on reserved control and indirect control as indicia of joint-employer status.'' Id., slip op. at 10. Further, the Browning-Ferris majority viewed those decisions as ``refus[ing] to assign any significance to contractual language expressly giving a putative employer the power to dictate [[Page 46685]] workers' terms and conditions of employment.'' Id. (emphasis added). In short, the Browning-Ferris majority viewed Board precedent between 1984 and 2015 as having unreasonably ``narrowed'' the Board's joint-employer standard precisely when temporary and contingent employment relationships were on the rise. Id., slip op. at 11. In its view, under changing patterns of industrial life, a proper joint- employer standard should not be any ``narrower than statutorily required.'' Id. According to the Browning-Ferris majority, the requirement of exercise of direct and immediate control that is not limited and routine ``is not, in fact, compelled by the common law-- and, indeed, seems inconsistent with common-law principles.'' Id., slip op. at 13. The Browning-Ferris majority viewed the common-law concept of the ``right to control'' the manner and means of a worker's job performance--used to distinguish a servant (i.e , employee) from an independent contractor--as precluding, or at least counseling against, any requirement of exercise of direct and immediate control in the joint-employment context. Id. Browning-Ferris reflects a belief that it is wise, and consistent with the common law, to include in the collective-bargaining process an employer's independent business partner that has an indirect or potential impact on the employees' essential terms and conditions of employment, even where the business partner has not itself actually established those essential employment terms or collaborated with the undisputed employer in setting them. The Browning-Ferris majority believed that requiring such a business partner to take a seat at the negotiating table and to bargain over the terms that it indirectly impacts (or could, in the future, impact under a contractual reservation) best implements the right of employees under Section 7 of the Act to bargain collectively through representatives of their own choosing. The Browning-Ferris majority conceded that deciding joint- employer allegations under its stated standard would not always be an easy task, id., slip op. at 12, but implicitly concluded that the benefit of bringing all possible employer parties to the bargaining table justified its new standard. In dissent, two members argued that the majority's new relaxed joint-employer standard was contrary to the common law and unwise as a matter of policy. In particular, the Browning-Ferris dissenters argued that by permitting a joint-employer finding based solely on indirect impact, the majority had effectively resurrected intertwined theories of ``economic realities'' and ``statutory purpose'' endorsed by the Supreme Court in NLRB v. Hearst Publications, 322 U.S 111 (1944), but rejected by Congress soon thereafter. In Hearst, the Supreme Court went beyond common-law principles and broadly interpreted the Act's definition of ``employee'' with reference to workers' economic dependency on a putative employer in light of the Act's goal of minimizing industrial strife. In response, Congress enacted the Taft- Hartley Amendments of 1947, excluding ``independent contractors'' from the Act's definition of ``employee'' and making clear that common-law principles control. Additionally, the Browning-Ferris dissenters disagreed with the majority's understanding of the common law of joint-employment relationships. The dissenters argued that the ``right to control'' in the joint-employment context requires some exercise of direct and immediate control. Then, accepting for argument's sake that the common law does not preclude the relaxed standard of Browning-Ferris, the dissenters found that practical considerations counseled against its adoption. They found the relaxed standard to be impermissibly vague and asserted that the majority had failed to provide adequate guidance regarding how much indirect or reserved authority might be sufficient to establish a joint-employment relationship. Additionally, the dissenters believed that the majority's test would ``actually foster substantial bargaining instability by requiring the nonconsensual presence of too many entities with diverse and conflicting interests on the `employer' side.'' Id., slip op. at 23. The Browning-Ferris dissenters also complained that the relaxed standard made it difficult not only to correctly identify joint- employer relationships but also to determine the bargaining obligations of each employer within such relationships. Under the relaxed standard, an employer is only required to bargain over subjects that it controls (even if the control is merely indirect). The dissenters expressed concern that disputes would arise between unions and joint employers, and even between the two employers comprising the joint employer, over which subjects each employer-party must bargain. Further, the dissenters found such fragmented bargaining to be impractical because subjects of bargaining are not easily severable, and the give-and-take of bargaining frequently requires reciprocal movement on multiple proposals to ultimately reach a comprehensive bargaining agreement. Finally, the dissenters were suspicious about the implications of Browning-Ferris for identifying an appropriate bargaining unit in cases involving a single supplier employer that contracts with multiple user employers and with potential subversion of the Act's protection of neutral employers from secondary economic pressure exerted by labor unions. Accordingly, the dissenters would have adhered to Board precedent as reflected in cases such as Laerco, TLI, and Airborne Express. Recent Developments In December 2017, after a change in the Board's composition and while Browning-Ferris was pending on appeal in the D.C Circuit, a new Board majority overruled Browning-Ferris and restored the preexisting standard that required proof that a joint employer actually exercised direct and immediate control in a manner that was neither limited nor routine. Hy-Brand Industrial Contractors, Ltd., 365 NLRB No. 156 (2017). Soon thereafter, the charging parties in Hy-Brand filed a motion for reconsideration. The Board granted that motion and vacated its earlier decision for reasons unrelated to the substance of the joint-employer issue, effectively returning the law to the relaxed joint-employer standard adopted in Browning-Ferris. Hy-Brand, 366 NLRB No. 26 (2018). Subsequently, the Board in Hy-Brand denied the respondents' motion for reconsideration and issued a decision finding it unnecessary to address the joint-employer issue in that case because, in any event, the two respondents constituted a single employer under Board precedent and were therefore jointly and severally liable for each other's unfair labor practices. 366 NLRB No. 93 (2018); 366 NLRB No. 94 (2018). As stated above, a petition for review of the Board's Browning-Ferris decision remains pending in the court of appeals. II. Validity and Desirability of Rulemaking; Impact Upon Pending Cases Section 6 of the Act, 29 U.S.C 156, provides, ``The Board shall have authority from time to time to make, amend, and rescind, in the manner prescribed by subchapter II of chapter 5 of Title 5 [the Administrative Procedure Act, 5 U.S.C 553], such rules and regulations as may be necessary to carry out the provisions of this Act.'' The Board interprets Section 6 as [[Page 46686]] authorizing the proposed rule and invites comments on this issue.\4\ --------------------------------------------------------------------------- \4\ As previously stated, Secs. 2(2) and 2(3) of the Act define, respectively, ``employer'' and ``employee,'' but neither these provisions nor any others in the Act define ``joint employer.'' --------------------------------------------------------------------------- Although the Board historically has made most substantive policy determinations through case adjudication, the Board has, with Supreme Court approval, engaged in substantive rulemaking. American Hospital Assn. v. NLRB, 499 U.S 606 (1991) (upholding Board's rulemaking on appropriate bargaining units in the healthcare industry); see also NLRB v. Bell Aerospace Co., 416 U.S 267, 294 (1974) (``[T]he choice between rulemaking and adjudication lies in the first instance within the Board's discretion.''). The Board finds that establishing the joint-employer standard in rulemaking is desirable for several reasons. First, given the recent oscillation on the joint-employer standard, the wide variety of business relationships that it may affect (e.g , user-supplier, contractor-subcontractor, franchisor-franchisee, predecessor-successor, creditor-debtor, lessor-lessee, parent-subsidiary, and contractor- consumer), and the wide-ranging import of a joint-employer determination for the affected parties, the Board finds that it would be well served by public comment on the issue. Interested persons with knowledge of these widely varying relationships can have input on our proposed change through the convenient comment process; participation is not limited, as in the adjudicatory setting, to legal briefs filed by the parties and amici. Second, using the rulemaking procedure enables the Board to clarify what constitutes the actual exercise of substantial direct and immediate control by use of hypothetical scenarios, some examples of which are set forth below, apart from the facts of a particular case that might come before the Board for adjudication. In this way, rulemaking will provide unions and employers greater ``certainty beforehand as to when [they] may proceed to reach decisions without fear of later evaluations labeling [their] conduct an unfair labor practice,'' as the Supreme Court has instructed the Board to do. First National Maintenance Corp. v. NLRB, 452 U.S 666, 679 (1981). Third, by establishing the joint-employer standard in the Board's Rules & Regulations, employers, unions, and employees will be able to plan their affairs free of the uncertainty that the legal regime may change on a moment's notice (and possibly retroactively) through the adjudication process. NLRB v. Wyman-Gordon Co., 394 U.S 759, 777 (1969) (``The rule-making procedure performs important functions. It gives notice to an entire segment of society of those controls or regimentation that is forthcoming.'') (Douglas, J., dissenting). III. The Proposed Rule Under the proposed rule, an employer may be considered a joint employer of a separate employer's employees only if the two employers share or codetermine the employees' essential terms and conditions of employment, such as hiring, firing, discipline, supervision, and direction. A putative joint employer must possess and actually exercise substantial direct and immediate control over the employees' essential terms and conditions of employment in a manner that is not limited and routine. The proposed rule reflects the Board's preliminary view, subject to potential revision in response to comments, that the Act's purposes of promoting collective bargaining and minimizing industrial strife are best served by a joint-employer doctrine that imposes bargaining obligations on putative joint employers that have actually played an active role in establishing essential terms and conditions of employment. Stated alternatively, the Board's initial view is that the Act's purposes would not be furthered by drawing into an employer's collective-bargaining relationship, or exposing to joint-and-several liability, a business partner of the employer that does not actively participate in decisions setting unit employees' wages, benefits, and other essential terms and conditions of employment. The Board's preliminary belief is that, absent a requirement of proof of some ``direct and immediate'' control to find a joint-employment relationship, it will be extremely difficult for the Board to accurately police the line between independent commercial contractors and genuine joint employers. The Board is inclined toward the conclusion that the proposed rule will provide greater clarity to joint-employer determinations without leaving out parties necessary to meaningful collective bargaining. The proposed rule is consistent with the common law of joint- employer relationships. The Board's requirement of exercise of direct and immediate control, as reflected in cases such as Airborne Express, supra, has been met with judicial approval . See, e.g , SEIU Local 32BJ v. NLRB, 647 F.3d at 442-443. The Board believes that the proposed rule is likewise consistent with Supreme Court precedent and that of lower courts, which have recognized that contracting enterprises often have some influence over the work performed by each other's workers without destroying their status as independent employers. For example, in NLRB v. Denver Building & Construction Trades Council, 341 U.S 675, 689-690 (1951), the Supreme Court held that a contractor's exercise of supervision over a subcontractor's work ``did not eliminate the status of each as an independent contractor or make the employees of one the employees of the other,'' emphasizing that ``[t]he business relationship between independent contractors is too well established in the law to be overridden without clear language doing so.'' The requirement of ``direct and immediate'' control seems to reflect a commonsense understanding that two contracting enterprises will, of necessity, have some impact on each other's operations and respective employees. As explained in Southern California Gas Co., 302 NLRB at 461: An employer receiving contracted labor services will of necessity exercise sufficient control over the operations of the contractor at its facility so that it will be in a position to take action to prevent disruption of its own operations or to see that it is obtaining the services it contracted for. It follows that the existence of such control, is not in and of itself, sufficient justification for finding that the customer-employer is a joint employer of its contractor's employees. Generally a joint employer finding is justified where it has been demonstrated that the employer-customer meaningfully affects matters relating to the employment relationship such as hiring, firing, discipline, supervision, and direction. Notably, the Board is presently inclined to find, consistent with prior Board cases, that even a putative joint employer's ``direct and immediate'' control over employment terms may not give rise to a joint- employer relationship where that control is too limited in scope. See, e.g , Flagstaff Medical Center, 357 NLRB at 667 (dismissing joint- employer allegation even though putative joint employer interviewed applicants and made hiring recommendations, evaluated employees consistent with criteria established by its supplier employer, and disciplined supplied employees for unscheduled absences); Lee Hospital, 300 NLRB 947, 948-950 (1990) (putative joint employer's ``limited hiring and disciplinary authority'' found insufficient to establish that it ``shares or codetermines those matters governing the essential terms and conditions of employment to an extent that it may be found to be a joint employer'') (emphasis added). Cases like Flagstaff Medical Center and Lee Hospital are [[Page 46687]] consistent with the Board's present inclination to find that a putative joint employer must exercise substantial direct and immediate control before it is appropriate to impose joint and several liability on the putative joint employer and to compel it to sit at the bargaining table and bargain in good faith with the bargaining representative of its business partner's employees.\5\ --------------------------------------------------------------------------- \5\ Even the Browning-Ferris majority acknowledged that ``it is certainly possible that in a particular case, a putative joint employer's control might extend only to terms and conditions of employment too limited in scope or significance to permit meaningful collective bargaining.'' 362 NLRB No. 186, slip op. at 16. --------------------------------------------------------------------------- Accordingly, under the proposed rule, there must exist evidence of direct and immediate control before a joint-employer relationship can be found. Moreover, it will be insufficient to establish joint-employer status where the degree of a putative joint employer's control is too limited in scope (perhaps affecting a single essential working condition and/or exercised rarely during the putative joint employer's relationship with the undisputed employer). The proposed rule contains several examples, set forth below, to help clarify what constitutes direct and immediate control over essential terms and conditions of employment. These examples are intended to be illustrative and not as setting the outer parameters of the joint-employer doctrine established in the proposed rule. The Board seeks comment on all aspects of its proposed rule. In particular, the Board seeks input from employees, unions, and employers regarding their experience in workplaces where multiple employers have some authority over the workplace. This may include (1) experiences with labor disputes and how the extent of control possessed or exercised by the employers affected those disputes and their resolution; (2) experiences organizing and representing such workplaces for the purpose of collective bargaining and how the extent of control possessed or exercised by the employers affected organizing and representational activities; and (3) experiences managing such workplaces, including how legal requirements affect business practices and contractual arrangements. What benefits to business practices and collective bargaining do interested parties believe might result from finalization of the proposed rule? What, if any, harms? Additionally, the Board seeks comments regarding the current state of the common law on joint-employment relationships. Does the common law dictate the approach of the proposed rule or of Browning-Ferris? Does the common law leave room for either approach? Do the examples set forth in the proposed rule provide useful guidance and suggest proper outcomes? What further examples, if any, would furnish additional useful guidance? As stated above, comments regarding this proposed rule must be received by the Board on or before November 13, 2018. Comments replying to comments submitted during the initial comment period must be received by the Board on or before November 20, 2018. Our dissenting colleague, who was in the majority in Browning- Ferris and in the dissent in the first Hy-Brand decision, would adhere to the relaxed standard of Browning-Ferris and refrain from rulemaking. She expresses many of the same points made in furtherance of her position in those cases. We have stated our preliminary view that the Act's policy of promoting collective bargaining to avoid labor strife and its impact on commerce is not best effectuated by inserting into a collective-bargaining relationship a third party that does not actively participate in decisions establishing unit employees' wages, benefits, and other essential terms and conditions of employment. We look forward to receiving and reviewing the public's comments and, afterward, considering these issues afresh with the good-faith participation of all members of the Board. VI. Dissenting View of Member Lauren McFerran Today, the majority resumes the effort to overrule the Board's 2015 joint-employer decision in Browning-Ferris, which remains pending on review in the United States Court of Appeals for the District of Columbia Circuit.\6\ An initial attempt to overrule Browning-Ferris via adjudication--in a case where the issue was neither raised nor briefed by the parties \7\--failed when the participation of a Board member who was disqualified required that the decision be vacated.\8\ Now, the Board majority, expressing new support for the value of public participation, proposes to codify the same standard endorsed in Hy- Brand I \9\ via a different route: rulemaking rather than adjudication. The majority tacitly acknowledges that the predictable result of the proposed rule would be fewer joint employer findings.\10\ --------------------------------------------------------------------------- \6\ Browning-Ferris Industries of California, Inc., d/b/a BFI Newby Island Recyclery, 362 NLRB No. 186 (2015), petition for review docketed Browning-Ferris Indus. of Cal. v. NLRB, No. 16-1028 (D.C Cir filed Jan. 20, 2016). \7\ See Hy-Brand Industrial Contractors, Ltd (Hy-Brand I), 365 NLRB No. 156 (2017). In a departure from what had become established practice, the majority there also declined to issue a public notice seeking amicus briefing before attempting to reverse precedent. See id. at 38-40 (dissenting opinion). \8\ See Hy-Brand Industrial Contractors, Ltd., 366 NLRB No. 26 (2018) (Hy-Brand II), granting reconsideration in part and vacating order reported at 365 NLRB No. 156 (2017) (Hy-Brand I). See also Hy- Brand Industrial Contractors, Ltd., 366 NLRB No. 63 (2018) (Hy-Brand III) (order denying motion for reconsideration of order vacating). \9\ Hy-Brand I was decided by a majority comprising then- Chairman Miscimarra, Member Kaplan, and Member Emanuel (who was later determined to have been disqualified). The majority today, proposing what is essentially an identical standard in rulemaking, comprises Chairman Ring, Member Kaplan, and Member Emanuel. Thus, a majority of today's majority has considered and endorsed the proposed outcome of this rulemaking process before. \10\ The majority observes that under the proposed rule, ``fewer employers may be alleged as joint employers, resulting in lower costs to some small entities.'' --------------------------------------------------------------------------- The Board has recently made or proposed sweeping changes to labor law in adjudications going well beyond the facts of the cases at hand and addressing issues that might arguably have been better suited to consideration via rulemaking.\11\ Here, in contrast, the majority has chosen to proceed by rulemaking, if belatedly.\12\ Reasonable minds might question why the majority is pursuing rulemaking here and now.\13\ [[Page 46688]] It is common knowledge that the Board's limited resources are severely taxed by undertaking a rulemaking process.\14\ But whatever the rationale, and whatever process the Board may use, the fact remains that there is no good reason to revisit Browning-Ferris, much less to propose replacing its joint-employer standard with a test that fails the threshold test of consistency with the common law and that defies the stated goal of the National Labor Relations Act: ``encouraging the practice and procedure of collective bargaining.'' \15\ --------------------------------------------------------------------------- \11\ See The Boeing Company, 365 NLRB No.154, slip op. at 33-34 (2017) (dissenting opinion); Caesars Entertainment Corp. d/b/a Rio All-Suites Hotel & Casino, Case 28-CA-060841, Notice & Invitation to File Briefs (Aug. 1, 2018) (dissenting opinion), available at   [*www.nlrb.gov*](http://www.nlrb.gov) \12\ After Hy-Brand I was vacated (in Hy-Brand II) and after reconsideration of the order vacating was denied (in Hy-Brand III), the Chairman announced that the Board was contemplating rulemaking on the joint-employer standard, as reflected in a submission to the Unified Agenda of Federal Regulatory and Deregulatory Actions. See NLRB Press Release, NLRB Considering Rulemaking to Address Joint- Employer Standard (May 9, 2018), available at   [*www.nlrb.gov*](http://www.nlrb.gov) That step did not reflect my participation or that of then-Member Pearce, as the press release discloses. \13\ See, e.g , May 29, 2018 Letter from Senators Warren, Gillibrand, and Sanders to Chairman Ring, available at   [*https://www.warren.senate.gov/imo/media/doc/2018.05.29%20Letter%20to%20NLRB%20on%20Joint%20Employer%20Rulemaking.pdf*](https://www.warren.senate.gov/imo/media/doc/2018.05.29%20Letter%20to%20NLRB%20on%20Joint%20Employer%20Rulemaking.pdf) (expressing concern that the rulemaking effort could be an attempt ``to evade the ethical restrictions that apply to adjudications''). Chairman Ring has provided assurances ``that any notice-and-comment rulemaking undertaken by the NLRB will never be for the purpose of evading ethical restrictions.'' See June 5, 2018 Letter from Chairman Ring to Senators Warren, Gillibrand, and Sanders at 1, available at   [*https://www.nlrb.gov/news-outreach/news-story/nlrb-chairman-provides-response-senators-regarding-joint-employer-inquiry*](https://www.nlrb.gov/news-outreach/news-story/nlrb-chairman-provides-response-senators-regarding-joint-employer-inquiry). Notably, under the Standards of Ethical Conduct for Executive Branch Employees, rulemaking implicates different recusal considerations than does case adjudication, because a rulemaking of general scope is not regarded as a ``particular matter'' for purposes of determining disqualifying financial interests. See 5 CFR 2635.402 By pursuing rulemaking rather than adjudication with respect to the joint-employer standard, the Board is perhaps able to avoid what might otherwise be difficult ethical issues, as the Hy- Brand case illustrates. See generally Peter L. Strauss, Disqualifications of Decisional Officials in Rulemaking, 80 Columbia L. Rev. 990 (1980); Administrative Conference of the United States, Decisional Officials' Participation in Rulemaking Proceedings, Recommendation 80-4 (1980). \14\ See Jeffrey M. Hirsch, Defending the NLRB: Improving the Agency's Success in the Federal Courts of Appeals, 5 FIU L. Rev. 437, 457 (2010) (explaining that rulemaking at the Board would consume significant resources, especially ``given that the NLRB is banned from hiring economic analysts''). What is striking here is that the Board majority has opted to use this resource-intensive process to address an issue that has never been addressed through rulemaking before, and that the majority observes is implicated in fewer than one percent of Board filings and (by the majority's own analysis) directly affects only ``.028% of all 5.9 million business firms.'' The majority observes that the number of employers affected is ``very small.'' In contrast for example, consider the standards governing employer rules and handbooks at issue in Boeing, supra, which presumably affect the overwhelming number of private-sector employers in the country, but which the Board majority chose to establish by adjudication and without public participation. \15\ National Labor Relations Act, Sec. 1, 29 U.S.C 151. --------------------------------------------------------------------------- A. The Majority's Justification for Revisiting Browning-Ferris Is Inadequate. Since August 2015, the joint-employer standard announced in Browning-Ferris has been controlling Board law. It remains so today, and the majority properly acknowledges as much.\16\ After laying out the checkered history of the effort to overrule Browning-Ferris, the majority points to the ``continuing uncertainty in the labor-management community created by these adjudicatory variations in defining the appropriate joint-employer standard'' as the principal reason for proposing to codify not Browning-Ferris (existing Board law) but the pre-Browning-Ferris standard resurrected in Hy-Brand I. The majority cites no evidence of ``continuing uncertainty in the labor-management community,'' \17\ and to the extent such uncertainty exists, it has only itself to blame for the series of missteps undertaken in seeking to hurriedly reverse BFI. --------------------------------------------------------------------------- \16\ As the Board recently observed in Hy-Brand II, because the original Hy-Brand decision and order was vacated, the ``overruling of the Browning-Ferris decision is of no force or effect.'' 366 NLRB No. 26, slip op. at 1. The majority here states that ``[i]n February 2018, the Board vacated its December 2017 decision [in Hy-Brand], effectively changing the law back again to the relaxed standard of Browning-Ferris.'' \17\ To the extent that the majority is relying on anything other than anecdotal evidence of this alleged uncertainty, it is required to let the public know the evidentiary basis of its conclusion. ``It is not consonant with the purpose of a rule-making proceeding to promulgate rules on the basis of inadequate data, or on data that, to a critical degree, is known only to the agency.'' Portland Cement Ass'n v. Ruckelshaus, 486 F.2d 375, 393 (D.C Cir. 1973). --------------------------------------------------------------------------- More to the point, the best way to end uncertainty over the Board's joint-employer standard would be to adhere to existing law, not to upend it. The majority's decision to pursue rulemaking ensures the Board's standard will remain in flux as the Board develops a final rule and as that rule, in all likelihood, is challenged in the federal courts. And, of course, any final rule could not be given retroactive effect, a point that distinguishes rulemaking from adjudication.\18\ Thus, cases arising before a final rule is issued will nonetheless have to be decided under the Browning-Ferris standard. --------------------------------------------------------------------------- \18\ See generally Bowen v. Georgetown University Hospital, 488 U.S 204 (1988). There is no indication in Sec. 6 of the National Labor Relations Act that Congress intended to give the Board authority to promulgate retroactive rules. Sec. 6 authorizes the Board ``to make . . . in the manner prescribed by [the Administrative Procedure Act] . . . such rules and regulations as may be necessary to carry out the provisions of'' the National Labor Relations Act. 29 U.S.C 156. The Administrative Procedure Act defines a ``rule'' as an ``agency statement of general or particular applicability and future effect. . . .'' 5 U.S.C 551(4) (emphasis added). See also See June 5, 2018 Letter from Chairman Ring to Senators Warren, Gillibrand, and Sanders at 2, available at   [*https://www.nlrb.gov/news-outreach/news-story/nlrb-chairman-provides-response-senators-regarding-joint-employer-inquiry*](https://www.nlrb.gov/news-outreach/news-story/nlrb-chairman-provides-response-senators-regarding-joint-employer-inquiry) (acknowledging that ``final rules issued through notice-and-comment rulemaking are required by law to apply prospectively only''). --------------------------------------------------------------------------- The majority's choice here is especially puzzling given that Browning-Ferris remains under review in the District of Columbia Circuit. When the court's decision issues, it will give the Board relevant judicial guidance on the contours of a permissible joint- employer standard under the Act. The Board would no doubt benefit from that guidance, even if it was not required to follow it. Of course, if the majority's final rule could not be reconciled with the District of Columbia Circuit's Browning-Ferris decision, it presumably would not survive judicial review in that court.\19\ The Board majority thus proceeds at its own risk in essentially treating Browning-Ferris as a dead letter. --------------------------------------------------------------------------- \19\ If the District of Columbia Circuit were to uphold the Board's Browning-Ferris standard (in whole or in part) as compelled by--or at least consistent with--the Act, but the Board, through rulemaking, rejected Browning-Ferris (in whole or in part) as not permitted by the Act, then the Board's final rule would be premised on a legal error. Moreover, insofar as the court might hold the Browning-Ferris standard to be permitted by the Act, then the reasons the Board gave for not adopting that standard would have to be consistent with the court's understanding of statutory policy and common-law agency doctrine insofar as they govern the joint-employer standard. --------------------------------------------------------------------------- B. The Proposed Rule Is Inconsistent With Both the Common Law and the Goals of the NLRA No court has held that Browning-Ferris does not reflect a reasonable interpretation of the National Labor Relations Act. Nor does the majority today assert that its own, proposed joint-employer standard is somehow compelled by the Act. As the majority acknowledges, the ``Act does not contain the term `joint employer,' much less define it.'' The majority also acknowledges, as it must, that ``it is clear that the Board's joint-employer standard . . . must be consistent with common law agency doctrine.'' The joint-employer standard adopted in Browning-Ferris, of course, is predicated on common-law agency doctrine, as the decision explains in careful detail.\20\ As the Browning-Ferris Board observed: --------------------------------------------------------------------------- \20\ 362 NLRB No. 186, slip op. at 12-17. Notably, the Browning- Ferris Board rejected a broader revision of the joint-employer standard advocated by the General Counsel because it might have suggested ``that the applicable inquiry is based on `industrial realities' rather than the common law.'' 362 NLRB No. 186, slip op. at 13 fn. 68. The General Counsel had urged the Board to find joint- employer status: where, under the totality of the circumstances, including the way the separate entities have structured their commercial relationships, the putative joint employer wields sufficient influence over the working conditions of the other entity's employees such that meaningful collective bargaining could not occur in its absence. Id. In determining whether a putative joint employer meets [the] standard, the initial inquiry is whether there is a common-law employment relationship with the employees in question. If this common-law employment relationship exists, the inquiry then turns to whether the putative joint employer possesses sufficient control over employees' essential terms and conditions of employment to --------------------------------------------------------------------------- permit meaningful collective bargaining. 362 NLRB No. 186, slip op. at 2 (emphasis added).\21\ --------------------------------------------------------------------------- \21\ This approach, as the Browning-Ferris Board explained, was consistent with the Board's traditional joint-employer doctrine, as it existed before 1984. 362 NLRB No. 186, slip op. at 8-11. In tracing the evolution of the Board's joint-employer standard, the Browning-Ferris Board observed that: Three aspects of that development seem clear. First, the Board's approach has been consistent with the common-law concept of control, within the framework of the National Labor Relations Act. Second, before the current joint-employer standard was adopted, the Board (with judicial approval) generally took a broader approach to the concept of control. Third, the Board has never offered a clear and comprehensive explanation for its joint-employer standard, either when it adopted the current restrictive test or in the decades before. Id. at 8. --------------------------------------------------------------------------- [[Page 46689]] In contrast, the Board's prior standard (which the majority revives today) had never been justified in terms of common-law agency doctrine. For the 31 ***years*** between 1984 (when the Board, in two decisions, narrowed the traditional joint-employer standard) \22\ and 2015 (when Browning-Ferris was decided), the Board's approach to joint-employer cases was not only unexplained, but also inexplicable with reference to the principles that must inform the Board's decision-making. Common-law agency doctrine simply does not require the narrow, pre-Browning-Ferris standard to which the majority now seeks to return. Nor is the ``practice and procedure of collective bargaining'' encouraged by adopting a standard that reduces opportunities for collective bargaining and effectively shortens the reach of the Act. --------------------------------------------------------------------------- \22\ TLI, Inc., 271 NLRB 798 (1984), enfd. mem. 772 F.2d 894 (3d Cir. 1985), and Laerco Transportation, 269 NLRB 324 (1984). --------------------------------------------------------------------------- Thus, it is not surprising that two labor-law scholars have endorsed Browning-Ferris as ``the better approach,'' ``predicated on common law principles'' and ``consistent with the goals of employment law, especially in the context of a changing economy.'' \23\ Browning- Ferris, the scholars observe, ``was not a radical departure from past precedent;'' rather, despite ``reject[ing] limitations added to the joint employer concept from a few cases decided in the 1980s,'' it was ``consistent with earlier precedents.'' \24\ The crux of the Browning- Ferris decision, and the current majority's disagreement with it, is whether the joint-employer standard should require: (1) That a joint employer ``not only possess the authority to control employees' terms and conditions of employment, but also exercise that authority;'' (2) that the employer's control ``must be exercised directly and immediately;'' and (3) that control not be ``limited and routine.'' \25\ The Browning-Ferris Board carefully explained that none of these limiting requirements is consistent with common-law agency doctrine, as the Restatement (Second) of Agency makes clear.\26\ It is the Restatement on which the Supreme Court has relied in determining the existence of a common-law employment relationship for purposes of the National Labor Relations Act.\27\ The Court, in turn, has observed that the ``Board's departure from the common law of agency with respect to particular questions and in a particular statutory context, [may] render[] its interpretation [of the Act] unreasonable.'' \28\ --------------------------------------------------------------------------- \23\ Charlotte Garden & Joseph E. Slater, Comments on Restatement of Employment Law (Third), Chapter 1, 21 Employee Rights & Employment Policy Journal 265, 276 (2017). \24\ Id. at 276-277. Id. \25\ Browning-Ferris, supra, 362 NLRB No. 186, slip op. at 2 (emphasis in original). \26\ Id. at 13-14. See also Hy-Brand I, supra, 365 NLRB No. 156, slip op. at 42-45 (dissenting opinion). As to whether authority must be exercised, Section 220(1) of the Restatement (Second) of Agency defines a ``servant'' as a ``person employed to perform services . . . who with respect to the physical conduct in the performance of the services is subject to the other's control or right to control'' (emphasis added). Section 220(2), in turn, identifies as a relevant factor in determining the existence of an employment relationship ``the extent of control which, by the agreement, the master may exercise over the details of the work'' (emphasis added). See, e.g , Community for Creative Non- Violence v. Reid, 490 U.S 730, 751 (1989) (``In determining whether a hired party is an employee under the general common law of agency, we consider the hiring party's right to control the manner and means by which the product is accomplished.''); Singer Mfg. Co. v. Rahn, 132 U.S 518, 523 (1889) (observing that the ``relation of master and servant exists whenever the employer retains the right to direct the manner in which the business shall be done''). As to whether control must be direct and immediate, the Restatement observes that the ``control needed to establish the relation of master and servant may be very attenuated.'' Restatement (Second) of Agency Section 220(l), comment d. The Restatement specifically recognizes the common-law ``subservant'' doctrine, addressing cases in which one employer's control is or may be exercised indirectly, while a second employer directly controls the employee. Restatement (Second) of Agency Sections 5, 5(2), comment e. See, e.g , Kelley v. Southern Pacific Co., 419 U.S 3218, 325 (1974) (recognizing subservant doctrine for purposes of Federal Employers' Liability Act); Allbritton Communications Co. v. NLRB, 766 F.2d 812, 818-819 (3d Cir. 1985) (applying subservant doctrine under National Labor Relations Act), cert. denied, 474 U.S 1081 (1986). As to the issue of control that is limited and routine, the Restatement makes clear that if an entity routinely exercises control ``over the details of the work,'' it is more likely to be a common-law employer. See Restatement (Second) of Agency Section 220(2)(a). That control might be routine, in the sense of not requiring special skill, does not suggest the absence of an employment relationship; to the contrary, an unskilled worker is more likely to be an employee, rather than an independent contractor. See id., Section 220(2)(d) and comment i. \27\ See, e.g , NLRB v. United Insurance Co. of America, 390 U.S 254, 256-258 (1968) (interpreting Act's exclusion of independent contractors from coverage). \28\ NLRB v. Town & Country Electric, Inc., 516 U.S 85, 94 (1995), citing United Insurance, supra, 390 U.S at 256. --------------------------------------------------------------------------- Hy-Brand I impermissibly departed from the common law of agency as the dissent there demonstrated,\29\ and the majority's proposed rule does so again. Remarkably, the majority makes no serious effort here to refute the detailed analysis of common-law agency doctrine advanced in Browning-Ferris and in the Hy-Brand I dissent. The majority fails to confront the Restatement (Second) of Agency, for example, or the many decisions cited in Browning-Ferris (and then in the Hy-Brand I dissent) that reveal that at common law, the existence of an employment relationship does not require that the putative employer's control be (1) exercised (rather than reserved); (2) direct and immediate (rather than indirect, as through an intermediary); and not (3) limited and routine (rather than involving routine supervision of at least some details of the work). None of these restrictions, much less all three imposed together, is consistent with common-law agency doctrine.\30\ --------------------------------------------------------------------------- \29\ See Hy-Brand I, supra, 365 NLRB No. 156, slip op. at 42-47 (dissenting opinion). \30\ The majority observes that in some cases, courts have upheld the Board's application of the ``direct and immediate''- control restriction. But as the Hy-Brand I dissent explained, no federal appellate court has addressed the argument that this restriction is inconsistent with common-law agency principles. 365 NLRB No. 156, slip op. at 46. Nor, as the majority suggests, is the restriction supported by the Supreme Court's decision in NLRB v. Denver Building & Construction Trades Council, 341 NLRB 675 (1951). As the Hy-Brand I dissent explained: The issue in . . . Denver Building & Construction Trades Council . . . was whether (as the Board had found) a labor union violated Sec. 8(b)(4)(A) of the Act ``by engaging in a strike, an object of which was to force the general contractor on a construction project to terminate its contract with a certain subcontractor on the project.'' Id. at 677. The relevant statutory language prohibits a strike ``where an object thereof is . . . forcing or requiring . . . any employer or other person . . . to cease doing business with any other person.'' Id. at 677 fn. 1 (citing 29 U.S.C 158(b)(4)(A), current version at 29 U.S.C 158(b)(4)(i)(B)). The Court agreed with the Board's conclusion that the general contractor and the subcontractor were ``doing business'' with each other. Id. at 690. It was in that context that the Court observed that ``the fact that the contractor and the subcontractor were engaged on the same construction project, and that the contactor had some supervision over the subcontractor's work, did not eliminate the status of each as an independent contractor or make the employees of one the employees of the other,'' such that the ``doing business'' element could not be satisfied. Id. at 689-690. The Court's decision in no way implicated the common-law test for an employment relationship or the Board's joint-employer standard. As a general matter, to say that a general contractor and a subcontractor are independent entities (e.g , not a ``single employer'') is not to say that they can never be joint employers, if it is proven that the general contractor retains or exercises a sufficient degree of control over the subcontractor's workers to satisfy the common-law test of an employment relationship. Hy-Brand I, supra, 365 NLRB No. 156, slip op. at 46 fn. 63 (dissenting opinion). --------------------------------------------------------------------------- [[Page 46690]] Instead of demonstrating that its proposed rule is consistent with the common law (an impossible task), the majority simply asserts that it is--and then invites public comment on the ``current state of the common law on joint-employment relationships'' and whether the ``common law dictate[s] the approach of the proposed rule or of Browning- Ferris'' or instead ``leave[s] room for either approach.'' The answers to these questions have been clear for quite some time: The restrictive conditions for finding joint-employer status proposed by the majority simply restore the pre-Browning Ferris standard, which the Board had never presented as consistent with, much less compelled by, common-law agency doctrine.\31\ The majority, in short, seeks help in finding a new justification for an old (and unsupportable) standard. But the proper course is for the Board to start with first principles, as the Browning-Ferris decision did, and then to derive the joint-employer standard from them. --------------------------------------------------------------------------- \31\ With respect to the issue of reserved control, the majority acknowledges that ``[o]ver time, the Board shifted position, without expressly overruling precedent, and held that joint-employer status could not be established by the mere existence of a clause in a business contract reserving to one company authority over its business partner's employees absent evidence that such authority had ever been exercised.'' The Board, however, is required to adhere to its precedent or to explain why it chooses to deviate from it. See, e.g , ABM Onsite Services-West, Inc. v. NLRB, 849 F.3d 1137, 1146 (D.C Cir. 2017). Here, too, the Board's pre-Browning-Ferris approach fell short of the standard for reasoned decision-making. --------------------------------------------------------------------------- Just as the majority fails to reconcile the proposed rule with common-law agency doctrine--a prerequisite for any viable joint- employer standard under the National Labor Relations Act--so the majority fails to explain how its proposed standard is consistent with the actual policies of the Act. There should be no dispute about what those policies are. Congress has told us. Section 1 of the Act states plainly that: It is declared to be the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate those obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise of workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection. 29 U.S.C 151 (emphasis added). The Supreme Court has explained that: Congress' goal in enacting federal labor legislation was to create a framework within which labor and management can establish the mutual rights and obligations that govern the employment relationship. ``The theory of the act is that free opportunity for negotiation with accredited representatives of employees is likely to promote industrial peace and may bring about the adjustments and agreements which the act in itself does not attempt to compel.'' NLRB v. J. Weingarten, Inc., 420 U.S 251, 271 (1975) (emphasis added), quoting NLRB v. Jones & Laughlin Steel Corp., 301 U.S 1, 45 (1937). The Browning-Ferris standard--current Board law--clearly ``encourage[s] the practice and procedure of collective bargaining'' (in the words of the Act) by eliminating barriers to finding joint- employer relationships that have no basis in the common-law agency doctrine that Congress requires the Board to apply. The predictable result is that more employees will be able to engage in ``free opportunities for negotiation'' (in the Supreme Court's phrase) with the employers who actually control the terms and conditions of their employment--as Congress intended--and that orderly collective bargaining, not strikes, slowdowns, boycotts, or other ``obstructions to the free flow of commerce'' will prevail in joint-employer settings. The question for the majority is why it would preliminarily choose to abandon Browning-Ferris for a standard that, by its own candid admission, is intended to--and will--result in fewer joint employer findings and thus in a greater likelihood of economically disruptive labor disputes. Where collective bargaining under the law is not an option, workers have no choice but to use other means to improve their terms and conditions of employment. Economic pressure predictably will be directed at the business entities that control a workplace, whether or not the Board recognizes them as employers. History shows that when employees' right to have effective union representation is obstructed, they engage in alternative and more disruptive means of improving their terms of employment.\32\ Resort to such economic weapons is hardly a relic of the past. Recent examples include nationwide strikes by employees unable to gain representation in fast food, transportation, retail, and other low-pay industries, often directed at parent companies, franchisors, investors, or other entities perceived by the workers as having influence over decisions that ultimately impact the workers' well-being.\33\ Congress enacted the NLRA in order to minimize the disruption of commerce and to provide employees with a structured, non-disruptive alternative to such action. In blocking effective representation by unreasonably narrowing the definition of joint employer, the majority thwarts that goal and invites disruptive economic activity. --------------------------------------------------------------------------- \32\ Between 1936 and 1939, when the NLRA was in its infancy and still meeting massive resistance from employers, American employees engaged in 583 sit-down strikes of at least one day's duration. Jim Pope, Worker Lawmaking, Sit-Down Strikes, and the Shaping of American Industrial Relations, 1935--1938, Law and History Review, Vol. 24, No. 1 at 45, 46 (Spring 2006). See also NLRB v. Fansteel Metallurgical Corp., 306 U.S 240 (1939). For many ***years*** after plant occupations were found illegal by the Supreme Court, employees resorted to wildcat, ``quickie,'' ``stop-and-go,'' and partial strikes; slowdowns; and mass picketing. Id at 108-111. \33\ E.g , Michael M. Oswalt, The Right to Improvise in Low-Wage Work, 38 Cardozo L. Rev. 959, 961-986 (2017); Steven Greenhouse and Jana Kasperkevic, Fight For $15 Swells Into Largest Protest By Low- wage Workers in US History, The Guardian/U.S News (April 15, 2015); Dominic Rushe, Fast Food Workers Plan Biggest US Strike to Date Over Minimum Wage, The Guardian/U.S News (September 1, 2014). Strikes, walkouts, and other demonstrations of labor unrest have also been seen in recent ***years*** in the college and university setting among graduate teaching assistants and similar workers responding to their academic employers' refusal to recognize unions and engage in collective bargaining. See, e.g , Danielle Douglas-Gabrielle, Columbia Graduate Students Strike Over Refusal to Negotiate a Contract, The Washington Post (April 24, 2018); David Epstein, On Strike: In a showdown over TA unions at private universities, NYU grad students walk off the job, Inside Higher Ed (November 10, 2005). Here, again, the common thread is workers resort to more disruptive channels when they are denied the ability to negotiate directly about decisions impacting their employment. --------------------------------------------------------------------------- The majority does not explain its choice in any persuasive way. It asserts that codifying the Hy-Brand I, pre-Browning-Ferris standard ``will foster predictability and consistency regarding determinations of joint-employer status in a variety of business relationships, thereby promoting labor-management stability, one of the principal purposes of the Act.'' But, as already suggested, ``predictability and consistency'' with respect to the Board's joint-employer standard could be achieved just as well by codifying the Browning-Ferris standard-- which, crucially, is both consistent with common-law agency doctrine and promotes the policy of the Act (in contrast to the Hy-Brand I standard). As for ``labor-management stability,'' that notion does not mean the perpetuation of a state in which workers in joint-employer situations remain [[Page 46691]] unrepresented, despite their desire to unionize, because Board doctrine prevents it. ``The object of the National Labor Relations Act is industrial peace and stability, fostered by collective-bargaining agreements providing for the orderly resolution of labor disputes between workers and employe[r]s.'' \34\ Congress explained in Section 1 of the Act that it is the ``denial by some employers of the right of employees to organize and the refusal by some employers to accept the procedure of collective bargaining'' that ``lead to strikes and other forms of industrial strife or unrest.'' \35\ A joint-employer standard that predictably and consistently frustrates the desire of workers for union representation is a recipe for workplace instability--for just the sort of conflict that Congress wanted to eliminate. Whether it proceeds by adjudication or by rulemaking, the Board is not free to substitute its own idea of proper labor policy for the Congressional policy embodied in the statute. --------------------------------------------------------------------------- \34\ Auciello Iron Works, Inc. v. NLRB, 517 U.S 781, 785 (1996) (emphasis added). \35\ 29 U.S.C 151. --------------------------------------------------------------------------- The majority expresses the ``preliminary belief . . . that absent a requirement of proof of some `direct and immediate' control to find a joint-employment relationship, it will be extremely difficult for the Board to accurately police the line between independent commercial contractors and genuine joint employers.'' But any such difficulty is a function of applying common-law agency doctrine, which the Board is not free to discard, whether in the interests of administrative convenience or a so-called predictability that insulates employers from labor-law obligations. In holding that Congress had made common-law agency doctrine controlling under the Act, the Supreme Court itself has noted the ``innumerable situations which arise in the context of the common law where it is difficult to say whether a particular individual is an employee or an independent contractor.'' \36\ To quote the Hy-Brand I majority, ``[t]he Board is not Congress.'' \37\ It is not free to decide that the common law is simply too difficult to apply, despite the Congressional instruction to do so. --------------------------------------------------------------------------- \36\ United Insurance, supra, 390 U.S at 258. See also Restatement (Second) of Agency Section 220, comment c (``The relation of master and servant is one not capable of exact definition. . . . [I]t is for the triers of fact to determine whether or not there is a sufficient group of favorable factors to establish the relation.''). \37\ Hy-Brand I, supra, 365 NLRB No. 156, slip op. at 33. --------------------------------------------------------------------------- Notably, the majority's proposed inclusion of a ``direct and immediate'' control requirement in the joint-employer standard would hardly result in an easy-to-apply test. The majority takes pains to say that while the exercise of ``direct and immediate'' control is necessary to establish a joint-employer relationship, it is not sufficient.\38\ As for the ``examples'' set forth in the proposed rule, they are ``intended to be illustrative and not as setting the outer parameters of the joint-employer doctrine established in the proposed rule.'' \39\ Even with respect to those examples that illustrate the exercise of ``direct and immediate'' control, the proposed rule does not actually state that a joint-employer relationship is demonstrated. Here, too, the majority's ostensible goal of predictability is elusive. The proposed rule, if ultimately adopted by the Board, will reveal its true parameters only over time, as it is applied case-by-case through adjudication. What purpose, then, does codifying the Hy-Brand I standard via rulemaking actually serve? --------------------------------------------------------------------------- \38\ ``Direct and immediate'' control ``will be insufficient,'' the majority observes, ``where the degree of a putative employer's control is too limited in scope (perhaps affecting a single essential working condition and/or exercised rarely during the putative joint employer's relationship with the undisputed employer).'' In comparison, Browning-Ferris explained that a joint employer ``will be required to bargain only with respect to those terms and conditions over which it possesses sufficient control for bargaining to be meaningful.'' 362 NLRB No. 186, slip op. at 2 fn. 7. The decision acknowledged that a ``putative joint employer's control might extend only to terms and conditions of employment too limited in scope or significance to permit meaningful collective bargaining.'' Id. at 16. The difference between the proposed rule and Browning-Ferris is that the former treats joint employment as an all-or-nothing proposition, while the latter permits joint-employer determinations that are tailored to particular working arrangements, allowing collective bargaining to the extent that it can be effective. \39\ Of course, illustrating a legal standard is not the same as explaining it: In this case, demonstrating that the proposed joint- employer standard, as illustrated by a particular example, is consistent with common-law agency doctrine and promotes statutory policies. --------------------------------------------------------------------------- The majority's examples, rather than helping ``clarify'' what constitutes ``direct and immediate control,'' confirm that joint employment cannot be determined by any simplistic formulation, let alone the majority's artificially restrictive one. This is because additional circumstances in each of the provided examples could change the result. In example 1(a), the majority declares that under its proposed rule a ``cost-plus'' service contract between two businesses that merely establishes a maximum reimbursable labor expense does not, by itself, justify finding that the user business exercises direct control. But if, under that contract, the user also imposes hiring standards; prohibits individual pay to exceed that of the user's own employees; determines the provider's working hours and overtime; daily adjusts the numbers of employees to be assigned to respective production areas; determines the speed of the worksite's assembly or production lines; conveys productivity instructions to employees through the provider's supervisors; or restricts the period that provided employees are permitted to work for the user--all as in Browning-Ferris--does the result change? Would some but not all of these additional features change the result? If not, under common-law principles, why not? In example 2(a), the majority declares that under its proposed rule, a user business does not exercise direct control over the provider's employees simply by complaining that the product coming off its assembly line worked by those employees is defective. Does the result change if the user also indicates that it believes certain individual employees are partly responsible for the defects? Or if it also demands those employees' reassignment, discipline, or removal? Or if it demands that provided employees be allocated differently to different sections of the line? And in example 6(a), the majority declares that where a service contract reserves the user's right to discipline provided employees, but the user has never exercised that authority, the user has not exercised direct control. Again, does the result change if the user indicates to the supplier which employees deserve discipline, and/or how employees should be disciplined? And, assuming that the actual exercise of control is necessary, when is it sufficient to establish a joint-employer relationship? How many times must control be exercised, and with respect to how many employees and which terms and conditions of employment? The majority's simplified examples, meanwhile, neither address issues of current concern implicating joint employment--such as, for example--the recent revelation that national fast-food chains have imposed ``no poaching'' restrictions on their franchisees that limit the earnings and mobility of franchise employees \40\--nor accurately [[Page 46692]] reflect the complicated circumstances that the Board typically confronts in joint-employer cases, where the issue of control is raised with respect to a range of employment terms and conditions and a variety of forms of control.\41\ --------------------------------------------------------------------------- \40\ ``AG Ferguson Announces Fast-Food Chains Will End Restrictions on Low-Wage Workers Nationwide,'' Press Release, Office of the Attorney General, Washington State (July 12, 2018) (explaining that ``seven large corporate fast-foods chains will immediately end a nationwide practice that restricts worker mobility and decreases competition for labor by preventing workers from moving among the chains' franchise locations''), available at   [*www.atg.wa.gov/news/news-releases;*](http://www.atg.wa.gov/news/news-releases;) ``AG Ferguson: Eight More Restaurant Chains Will End No-Poach Practices Nationwide,'' Press Release, Office of the Attorney General, Washington State (Aug. 20, 2018), available at   [*www.atg.wa.gov/news/news-releases*](http://www.atg.wa.gov/news/news-releases). See also generally Rachel Abrams, ``Why Aren't Paychecks Growing? A Burger- Joint Clause Offers a Clue,'' The New York Times (Sept. 27, 2017); Alan B. Krueger & Orley C. Ashenfelter, ``Theory and Evidence on Employer Collusion in the Franchise Sector,'' Princeton University Working Paper No. 614 (Sept. 28, 2017), available at   [*http://arks.princeton.edu/ark*](http://arks.princeton.edu/ark):/88435/dsp014f16c547g. \41\ In Browning-Ferris, for example, the Board found that BFI Newby Island Recyclery (BFI) was a joint employer with Leadpoint Business Services (Leadpoint) of sorters, screen cleaners, and housekeepers at a recycling facility. That finding was based on a range of evidence reflecting both direct and indirect control, both reserved and exercised, over various terms and conditions of employment. First, the Board found that under its agreement with Leadpoint, BFI ``possesse[d] significant control over who Leadpoint can hire to work at its facility,'' with respect to both hiring and discipline, and at least occasionally exercised that authority in connection with discipline. 362 NLRB No. 16, slip op. at 18. Second, BFI ``exercised control over the processes that shape the day-to-day work'' of the employees, particularly with respect to the ``speed of the [recycling] streams and specific productivity standards for sorting,'' but also by assigning specific tasks that need to be completed, specifying where Leadpoint workers were to be positioned, and exercising oversight of employees' work performance.'' Id. at 18-19. (footnote omitted). Third, BFI ``played a significant role in determining employees' wages'' by (1) ``prevent[ing] Leadpoint from paying employees more than BFI employees performing comparable work; and (2) entering into a cost-plus contract with Leadpoint coupled with an ``apparent requirement of BFI approval over employee pay raises.'' Id. at 19. Example 1(a) of the proposed rule suggests that the majority would give no weight to BFI's cost-plus contract, but it is not clear how the majority would analyze BFI's veto power over pay raises. Example 1(b) suggests that this power might be material. Example 2(b), meanwhile, suggests that BFI's control over day-to-day work processes supports a joint-employer finding. Finally, Example 6(b), apparently would support finding that BFI exercised direct and immediate disciplinary control over Leadpoint employees. Ironically, then, it is far from clear that adoption of the majority's proposed rule would lead to a different result in Browning-Ferris. --------------------------------------------------------------------------- The majority's examples and their possible variations therefore illustrate why the issue of joint employment is particularly suited to individual adjudication under common-law principles. As the majority acknowledges, ``[t]here are myriad relationships between employers and their business partners, and the degree to which particular business relationships impact employees' essential terms and conditions of employment varies widely.'' This being true, the majority's simplistic examples are of limited utility in providing guidance, and merely serve to illustrate the impossibility of predetermining with ``clarity'' all of the situations in which a joint employment relationship does or does not exist. This is why the Board's best course of action may well be to continue to define the contours of the correct standard, re-established in Browning-Ferris, through the usual process of adjudication. This process will provide a more nuanced understanding of the contours of potential joint employment relationships that is difficult to achieve in the abstract via rulemaking. C. The Majority's Proposed Rulemaking Process Is Flawed For all of these reasons, I dissent from the majority's decision to issue the notice of proposed rulemaking (NPRM). To be sure, if the majority is determined to revisit Browning-Ferris, then permitting public participation in the process is preferable to the approach taken in the now-vacated Hy-Brand I, where the majority overruled Browning- Ferris sua sponte and without providing the parties or the public with notice and an opportunity to file briefs on that question. Having chosen to proceed, however, the majority should at the very least encourage greater public participation in the rulemaking process, by holding one or more public hearings. There is no indication that the Board intends to hold a public hearing on the proposed rule, in addition to soliciting written comments. In the past, the Board has held such hearings to enhance public participation in the rulemaking process,\42\ and there is no good reason why it should not do so again. Despite the Chairman's publicly professed desire to hear from ``thousands of commentators . . . including individuals and small businesses that may not be able to afford to hire a law firm to write a brief for them, yet have valuable insight to share from hard-won experience,'' \43\ the process outlined by the majority--with limited time for public comment and no public hearings--seems ill-designed to provide the broad range of public input the majority purportedly seeks. --------------------------------------------------------------------------- \42\ See Representation-Case Procedures, 79 FR 74308 (2014) (the Board held four days of oral hearings with live questioning by Board members that resulted in over 1,000 pages of testimony); Union Dues Regulations, 57 FR 43635 (1992) (the Board held one hearing); Collective-Bargaining Units in the Health Care Industry, 53 FR 33900 (1988), (the Board held four hearings--two in Washington, DC, one in Chicago, IL, and one in San Francisco, CA--that over the course of 14 days resulted in the appearance of 144 witnesses and 3,545 pages of testimony). \43\ See June 5, 2018 Letter from Chairman Ring to Senators Warren, Gillibrand, and Sanders, available at   [*https://www.nlrb.gov/news-outreach/news-story/nlrb-chairman-provides-response-senators-regarding-joint-employer-inquiry*](https://www.nlrb.gov/news-outreach/news-story/nlrb-chairman-provides-response-senators-regarding-joint-employer-inquiry). --------------------------------------------------------------------------- Regardless of my views on the desirability of rulemaking on the joint-employer standard in the wake of Hy-Brand I, I will give careful consideration to the public comments that the Board receives and to the views of my colleagues. It is worth recalling that the Hy-Brand I majority, in overruling Browning-Ferris, asserted that the decision ``destabilized bargaining relationships and created unresolvable legal uncertainty,'' ``dramatically changed labor law sales and successorship principles and discouraged efforts to rescue failing companies and preserve employment,'' ``threatened existing franchising arrangements,'' and ``undermined parent-subsidiary relationships.'' \44\ The Hy-Brand I majority cited no actual examples from the Board's case law applying BFI, or empirical evidence of any sort, to support its hyperbolic claims, instead recycling Member Miscimarra's dissent in Browning-Ferris practically verbatim.\45\ Browning-Ferris was issued more than 3 ***years*** ago, on August 27, 2015. Today's notice specifically solicits empirical evidence from the public: information about real- world experiences, not desk-chair hypothesizing. And so the question now is whether the record in this rulemaking ultimately will support the assertions made about Browning-Ferris and its supposed consequences--or, instead, will reveal them to be empty rhetoric. --------------------------------------------------------------------------- \44\ Hy-Brand I, supra, 365 NLRB No.156, slip op. at 20, 26, 27, and 29. \45\ The relationship between Member Miscimarra's dissent in Browning-Ferris and the majority opinion in Hy-Brand is examined in a February 9, 2018 report issued by the Board's Inspector General, which is posted on the Board's website (``OIG Report Regarding Hy- Brand Deliberations'' available at   [*www.nlrb.gov*](http://www.nlrb.gov)). --------------------------------------------------------------------------- V. Regulatory Procedures The Regulatory Flexibility Act A. Initial Regulatory Flexibility Analysis The Regulatory Flexibility Act of 1980 (``RFA''), 5 U.S.C 601, et seq. ensures that agencies ``review rules to assess and take appropriate account of the potential impact on small businesses, small governmental jurisdictions, and small organizations, as provided by the [RFA].'' \46\ It requires agencies promulgating proposed rules to prepare an Initial Regulatory Flexibility Analysis (``IRFA'') and to develop alternatives wherever possible, when drafting regulations that will have a significant impact on a substantial [[Page 46693]] number of small entities. However, an agency is not required to prepare an IRFA for a proposed rule if the agency head certifies that, if promulgated, the rule will not have a significant economic impact on a substantial number of small entities.\47\ The RFA does not define either ``significant economic impact'' or ``substantial number of small entities.'' \48\ Additionally, ``[i]n the absence of statutory specificity, what is `significant' will vary depending on the economics of the industry or sector to be regulated. The agency is in the best position to gauge the small entity impacts of its regulations.'' \49\ --------------------------------------------------------------------------- \46\ E.O 13272, Sec. 1, 67 FR 53461 (``Proper Consideration of Small Entities in Agency Rulemaking''). \47\ 5 U.S.C 605(b). \48\ 5 U.S.C 601. \49\ Small Business Administration Office of Advocacy, ``A Guide for Government Agencies: How to Comply with the Regulatory Flexibility Act'' (``SBA Guide'') at 18,   [*https://www.sba.gov/sites/default/files/advocacy/How-to-Comply-with-the-RFA-WEB.pdf*](https://www.sba.gov/sites/default/files/advocacy/How-to-Comply-with-the-RFA-WEB.pdf) --------------------------------------------------------------------------- The Board has elected to prepare an IRFA to provide the public the fullest opportunity to comment on the proposed rule. An IRFA describes why an action is being proposed; the objectives and legal basis for the proposed rule; the number of small entities to which the proposed rule would apply; any projected reporting, recordkeeping, or other compliance requirements of the proposed rule; any overlapping, duplicative, or conflicting Federal rules; and any significant alternatives to the proposed rule that would accomplish the stated objectives, consistent with applicable statutes, and that would minimize any significant adverse economic impacts of the proposed rule on small entities. Descriptions of this proposed rule, its purpose, objectives, and the legal basis are contained earlier in the Summary and Supplemental Information sections and are not repeated here. The Board believes that this rule will likely not have a significant economic impact on a substantial number of small entities. While we assume for purposes of this analysis that a substantial number of small employers and small entity labor unions will be impacted by this rule, we anticipate low costs of compliance with the rule, related to reviewing and understanding the substantive changes to the joint- employer standard. There may be compliance costs that are unknown to the Board; perhaps, for example, employers may incur potential increases in liability insurance costs. The Board welcomes comments from the public that will shed light on potential compliance costs or any other part of this IRFA. B. Description and Estimate of Number of Small Entities to Which the Rule Applies In order to evaluate the impact of the proposed rule, the Board first identified the entire universe of businesses that could be impacted by a change in the joint-employer standard. According to the United States Census Bureau, there were approximately 5.9 million business firms with employees in 2015.\50\ Of those, the Census Bureau estimates that about 5,881,267 million were firms with fewer than 500 employees.\51\ While this proposed rule does not apply to employers that do not meet the Board's jurisdictional requirements, the Board does not have the data to determine the number of excluded entities.\52\ Accordingly, the Board assumes for purposes of this analysis that the great majority of the 5,881,267 million small business firms could be impacted by the proposed rule. --------------------------------------------------------------------------- \50\ ``Establishments'' refer to single location entities--an individual ``firm'' can have one or more establishments in its network. The Board has used firm level data for this IRFA because establishment data is not available for certain types of employers discussed below. Census Bureau definitions of ``establishment'' and ``firm'' can be found at   [*https://www.census.gov/****programs****-surveys/susb/about/glossary.html*](https://www.census.gov/programs-surveys/susb/about/glossary.html) \51\ The Census Bureau does not specifically define small business, but does break down its data into firms with 500 or more employees and those with fewer than 500 employees. See U.S Department of Commerce, Bureau of Census, 2015 Statistics of U.S Businesses (``SUSB'') Annual Data Tables by Establishment Industry,   [*https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html*](https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html) (from downloaded Excel Table entitled ``U.S , 6-digit NAICS''). Consequently, the 500-employee threshold is commonly used to describe the universe of small employers. For defining small businesses among specific industries, the standards are defined by the North American Industry Classification System (NAICS), which we set forth below. \52\ Pursuant to 29 U.S.C 152(6) and (7), the Board has statutory jurisdiction over private sector employers whose activity in interstate commerce exceeds a minimal level. NLRB v. Fainblatt, 306 U.S 601, 606-07 (1939). To this end, the Board has adopted monetary standards for the assertion of jurisdiction that are based on the volume and character of the business of the employer. In general, the Board asserts jurisdiction over employers in the retail business industry if they have a gross annual volume of business of $500,000 or more. Carolina Supplies & Cement Co., 122 NLRB 88 (1959). But shopping center and office building retailers have a lower threshold of $100,000 per ***year***. Carol Management Corp., 133 NLRB 1126 (1961). The Board asserts jurisdiction over non-retailers generally where the value of goods and services purchased from entities in other states is at least $50,000. Siemons Mailing Service, 122 NLRB 81 (1959). The following employers are excluded from the NLRB's jurisdiction by statute:  Federal, state and local governments, including public schools, libraries, and parks, Federal Reserve banks, and wholly- owned government corporations. 29 U.S.C 152(2).      Employers that employ only ***agricultural*** laborers, those engaged in farming operations that cultivate or harvest ***agricultural*** commodities, or prepare commodities for delivery. 29 U.S.C 153(3).      Employers subject to the Railway Labor Act, such as interstate railroads and airlines. 29 U.S.C 152(2). ---------------------------------------------------------------------------

    The proposed rule will only be applied as a matter of law when small businesses are alleged to be joint employers in a Board proceeding. Therefore, the frequency that the issue comes before the Board is indicative of the number of small entities most directly impacted by the proposed rule. A review of the Board's representation petitions and unfair labor practice (ULP) charges provides a basis for estimating the frequency that the joint-employer issue comes before the Agency. During the five-***year*** period between January 1, 2013 and December 31, 2017, a total of 114,577 representation and unfair labor practice cases were initiated with the Agency. In 1,598 of those filings, the representation petition or ULP charge filed with the Agency asserted a joint-employer relationship between at least two employers.\53\ Accounting for repetitively alleged joint-employer relationships in these filings, we identified 823 separate joint- employer relationships involving an estimated 1,646 employers.\54\ Accordingly, the joint-employer standard most directly impacted approximately .028% of all 5.9 million business firms (including both large and small businesses) over the five-***year*** period. Since a large share of our joint-employer cases involves large employers, we expect an even lower percentage of small businesses to be most directly impacted by the Board's application of the rule. ---------------------------------------------------------------------------

    \53\ This includes initial representation case petitions (RC petitions) and unfair labor practice charges (CA cases) filed against employers.     \54\ Since a joint-employer relationship requires at least two employers, we have estimated the number of employers by multiplying the number of asserted joint-employer relationships by two. Some of these filings assert more than two joint employers; but, on the other hand, some of the same employers are named multiple times in these filings. Additionally, this number is certainly inflated because the data does not reveal those cases where joint-employer status is not in dispute. ---------------------------------------------------------------------------

    Irrespective of an Agency proceeding, we believe the proposed rule may be more relevant to certain types of small employers because their business relationships involve the exchange of employees or operational control.\55\ In addition, labor unions, as organizations representing or seeking to represent employees, will be impacted by the

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Board's change in its joint-employer standard. Thus, the Board has identified the following five types of small businesses or entities as those most likely to be impacted by the rule: Contractors/ subcontractors, temporary help service suppliers, temporary help service users, franchisees, and labor unions. ---------------------------------------------------------------------------

    \55\ The Board acknowledges that there are other types of entities and/or relationships between entities that may be affected by a change in the joint-employer rule. Such relationships include but are not limited to: Lessor/lessee, and parent/subsidiary. However, the Board does not believe that entities involved in these relationships would be impacted more than the entities discussed below. ---------------------------------------------------------------------------

    (1) Businesses commonly enter into contracts with vendors to receive a wide range of services that may satisfy their primary business objectives or solve discrete problems that they are not qualified to address. And there are seemingly unlimited types of vendors who provide these types of contract services. Businesses may also subcontract work to vendors to satisfy their own contractual obligations--an arrangement common to the construction industry. Businesses that contract to receive or provide services often share workspaces and sometimes share control over workers, rendering their relationships subject to application of the Board's joint-employer standard. The Board does not have the means to identify precisely how many businesses are impacted by contracting and subcontracting within the U.S , or how many contractors and subcontractors would be small businesses as defined by the SBA.\56\ ---------------------------------------------------------------------------

    \56\ The only data known to the Board relating to contractor business relationships involve businesses that contract with the Federal Government. In 2014, the Department of Labor reported that approximately 500,000 federal contractor firms were registered with the General Services Administration. Establishing a Minimum Wage for Contractors, 79 FR 60634, 60697. However, the Board is without the means to identify the precise number of firms that actually receive federal contracts or to determine what portion of those are small businesses as defined by the SBA. Even if these data were available, given that the Board does not have jurisdiction over government entities, business relationships between federal contractors and the federal agencies will not be impacted by the Board's joint-employer rule. The business relationships between federal contractors and their subcontractors could be subject to the Board's joint-employer rule. However, we also lack the means for estimating the number of businesses that subcontract with federal contractors or determine what portion of those would be defined as small businesses. Input from the public in this regard is welcome. ---------------------------------------------------------------------------

    (2) Temporary help service suppliers (North American Industry Clarification System (``NAICS'') #561320), are primarily engaged in supplying workers to supplement a client employer's workforce. To be defined as a small business temporary help service supplier by the SBA, the entity must generate receipts of less than $27.5 million annually.\57\ In 2012, there were 13,202 temporary service supplier firms in the U.S \58\ Of these business firms, 6,372 had receipts of less than $1,000,000; 3,947 had receipts between $1,000,000 and $4,999,999; 1,639 had receipts between $5,000,000 and $14,999,999; and 444 had receipts between $15,000,000 and $24,999,999. In aggregate, at least 12,402 temporary help service supplier firms (93.9% of total) are definitely small businesses according to SBA standards. Since the Board cannot determine how many of the 130 business firms with receipts between $25,000,000-$29,999,999 fall below the $27.5 million annual receipt threshold, it will assume that these are small businesses as defined by the SBA. For purposes of this IRFA, the Board assumes that 12,532 temporary help service suppliers firms (94.9% of total) are small businesses. ---------------------------------------------------------------------------

    \57\ 13 CFR 121.201     \58\ The Census Bureau only provides data about receipts in ***years*** ending in 2 or 7. The 2017 data has not been published, so the 2012 data is the most recent available information regarding receipts. See U.S Department of Commerce, Bureau of Census, 2012 SUSB Annual Data Tables by Establishment Industry, NAICS classification #561320, [*https://www2.census.gov/****programs****-surveys/susb/tables/2012/us\_6digitnaics\_r\_2012.xlsx*](https://www2.census.gov/programs-surveys/susb/tables/2012/us_6digitnaics_r_2012.xlsx) ---------------------------------------------------------------------------

    (3) Entities that use temporary help services in order to staff their businesses are widespread throughout many types of industries, and include both large and small employers. A 2012 survey of business owners by the Census Bureau revealed that at least 266,006 firms obtained staffing from temporary help services in that ***calendar*** ***year***.\59\ This survey provides the only gauge of employers that obtain staffing from temporary help services and the Board is without the means to estimate what portion of those are small businesses as defined by the NAICS. For purposes of this IRFA, the Board assumes that all users of temporary services are small businesses. ---------------------------------------------------------------------------

    \59\ See U.S Department of Commerce, Bureau of Census, 2012 Survey of Business Owners, [*https://factfinder.census.gov/bkmk/table/1.0/en/SBO/2012/00CSCB46*](https://factfinder.census.gov/bkmk/table/1.0/en/SBO/2012/00CSCB46). ---------------------------------------------------------------------------

    (4) Franchising is a method of distributing products or services, in which a franchisor lends its trademark or trade name and a business system to a franchisee, which pays a royalty and often an initial fee for the right to conduct business under the franchisor's name and system.\60\ Franchisors generally exercise some operational control over their franchisees, which renders the relationship subject to application of the Board's joint-employer standard. The Board does not have the means to identify precisely how many franchisees operate within the U.S , or how many are small businesses as defined by the SBA. A 2012 survey of business owners by the Census Bureau revealed that at least 507,834 firms operated a portion of their business as a franchise. But, only 197,204 of these firms had paid employees.\61\ In our view, only franchisees with paid employees are potentially impacted by the joint-employer standard. Of the franchisees with employees, 126,858 (64.3%)) had sales receipts totaling less than $1 million. Based on this available data and the SBA's definitions of small businesses, which generally define small businesses as having receipts well over $1 million, we assume that almost two-thirds of franchisees would be defined as small businesses.\62\ ---------------------------------------------------------------------------

    \60\ See International Franchising Establishments FAQs, found at [*https://www.franchise.org/faqs-about-franchising*](https://www.franchise.org/faqs-about-franchising).     \61\ See U.S Department of Commerce, Bureau of Census, 2012 Survey of Business Owners,   [*https://factfinder.census.gov/bkmk/table/1.0/en/SBO/2012/00CSCB67*](https://factfinder.census.gov/bkmk/table/1.0/en/SBO/2012/00CSCB67).     \62\ See 13 CFR 121.201 ---------------------------------------------------------------------------

    (5) Labor unions, as defined by the NLRA, are entities ``in which employees participate and which exist for the purpose . . . of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.'' \63\ By defining which employers are joint employers under the NLRA, the proposed rule impacts labor unions generally, and more directly impacts those labor unions that organize the specific business sectors discussed above. The SBA's ``small business'' standard for ``Labor Unions and Similar Labor Organizations'' (NAICS #813930) is $7.5 million in annual receipts.\64\ In 2012, there were 13,740 labor union firms in the U.S \65\ Of these firms, 11,245 had receipts of less than $1,000,000; 2,022 labor unions had receipts between $1,000,000 and $4,999,999, and 141 had receipts between $5,000,000 and $7,499,999. In aggregate, 13,408 labor union firms (97.6% of total) are small businesses according to SBA standards. ---------------------------------------------------------------------------

    \63\ 29 U.S.C 152(5).     \64\ 13 CFR 121.201     \65\ See U.S Department of Commerce, Bureau of Census, 2012 SUSB Annual Data Tables by Establishment Industry, NAICS classification #722513, [*https://www2.census.gov/****programs****-surveys/susb/tables/2012/us\_6digitnaics\_r\_2012.xlsx*](https://www2.census.gov/programs-surveys/susb/tables/2012/us_6digitnaics_r_2012.xlsx) ---------------------------------------------------------------------------

    Based on the foregoing, the Board assumes there are 12,532 temporary help supplier firms, 197,204 franchise firms, and 13,408 union firms that are small businesses; and further that all 266,006 temporary help user firms are small businesses. Therefore, among these four categories of employers that are most interested in the proposed rule, 489,150 business firms are assumed to be small businesses as defined by the

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SBA. We believe that all of these small businesses, and also those businesses regularly engaged in contracting/subcontracting, have a general interest in the rule and would be impacted by the compliance costs discussed below, related to reviewing and understanding the rule. But, as previously noted, employers will only be directly impacted when they are alleged to be a joint employer in a Board proceeding. Given our historic filing data, this number is very small relative to the number of small employers in these five categories.

C. Recordkeeping, Reporting, and Other Compliance Costs

    The RFA requires an agency to consider the direct burden that compliance with a new regulation will likely impose on small entities.\66\ Thus, the RFA requires the Agency to determine the amount of ``reporting, recordkeeping and other compliance requirements'' imposed on small entities.\67\ ---------------------------------------------------------------------------

    \66\ See Mid-Tex Elec. Co-op v. FERC, 773 F.2d 327, 342 (D.C Cir. 1985) (``[I]t is clear that Congress envisioned that the relevant `economic impact' was the impact of compliance with the proposed rule on regulated small entities.'').     \67\ See 5 U.S.C 603(b)(4), 604(a)(4). ---------------------------------------------------------------------------

    We conclude that the proposed rule imposes no capital costs for equipment needed to meet the regulatory requirements; no costs of modifying existing processes and procedures to comply with the proposed rule; no lost sales and profits resulting from the proposed rule; no changes in market competition as a result of the proposed rule and its impact on small entities or specific submarkets of small entities; and no costs of hiring employees dedicated to compliance with regulatory requirements.\68\ The proposed rule also does not impose any new information collection or reporting requirements on small entities. ---------------------------------------------------------------------------

    \68\ See SBA Guide at 37. ---------------------------------------------------------------------------

    Small entities may incur some costs from reviewing the rule in order to understand the substantive changes to the joint-employer standard. We estimate that a labor compliance employee at a small employer who undertook to become generally familiar with the proposed changes may take at most one hour to read the summary of the rule in the introductory section of the preamble. It is also possible that a small employer may wish to consult with an attorney which we estimated to require one hour as well.\69\ Using the Bureau of Labor Statistics' estimated wage and benefit costs, we have assessed these labor costs to be $124.37 \70\ ---------------------------------------------------------------------------

    \69\ We do not believe that more than one hour of time by each would be necessary to read and understand the rule. This is because the new standard constitutes a return to the pre-Browning-Ferris standard with which most employers are already knowledgeable if relevant to their businesses, and with which we believe labor- management attorneys are also familiar.     \70\ For wage figures, see May 2017 National Occupancy Employment and Wage Estimates, found at [*https://www.bls.gov/oes/current/oes\_nat.htm*](https://www.bls.gov/oes/current/oes_nat.htm) The Board has been administratively informed that BLS estimates that fringe benefits are approximately equal to 40 percent of hourly wages. Thus, to calculate total average hourly earnings, BLS multiplies average hourly wages by 1.4 In May 2017, average hourly wages for labor relations specialists (BLS #13-1075) were $31.51 The same figure for a lawyer (BLS #23-1011) is $57.33 Accordingly, the Board multiplied each of those wage figures by 1.4 and added them to arrive at its estimate. ---------------------------------------------------------------------------

    As for other potential impacts, it is possible that liability and liability insurance costs may increase for small entities because they may no longer have larger entities with which to share the cost of any NLRA backpay remedies ordered in unfair labor practice proceedings. Such a cost may arguably fall within the SBA Guide's category of ``extra costs associated with the ***payment*** of taxes or fees associated with the proposed rule.'' Conversely, fewer employers may be alleged as joint employers, resulting in lower costs to some small entities. The Board is without the means to quantify such costs and welcomes any comment or data on this topic.\71\ Nevertheless, we believe such costs are limited to very few employers, considering the limited number of Board proceedings where joint-employer status is alleged, as compared with the number of employers subject to the Board's jurisdiction. Moreover, the proposed rule may make it easier for employers to collectively bargain without the complications of tri-partite bargaining, and further provide greater certainty as to their bargaining responsibilities. We consider such positive impacts as either indirect, or impractical to quantify, or both. ---------------------------------------------------------------------------

    \71\ The RFA explains that in providing initial and final regulatory flexibility analyses, ``an agency may provide either a quantifiable or numerical description of the effects of a proposed rule or alternatives to the proposed rule, or more general descriptive statements if quantification is not practicable or reliable.'' 5 U.S.C 607 (emphasis added). ---------------------------------------------------------------------------

    As to the impact on unions, we anticipate they may also incur costs from reviewing the rule. We believe a union would consult with an attorney, which we estimate to require no more than one hour of time ($80.26, see n.45) because union counsel should already be familiar with the pre-Browning-Ferris standard. Additionally, the Board expects that the additional clarity of the proposed rule will serve to reduce litigation expenses for unions and other small entities. Again, the Board welcomes any data on any of these topics.     The Board does not find the estimated $124.37 cost to small employers and the estimated $80.26 cost to unions in order to review and understand the rule to be significant within the meaning of the RFA. In making this finding, one important indicator is the cost of compliance in relation to the revenue of the entity or the percentage of profits affected.\72\ Other criteria to be considered are the following:

    \72\ See SBA Guide at 18. ---------------------------------------------------------------------------

--Whether the rule will cause long-term insolvency, i.e , regulatory costs that may reduce the ability of the firm to make future capital investment, thereby severely harming its competitive ability, particularly against larger firms; --Whether the cost of the proposed regulation will (a) eliminate more than 10 percent of the businesses' profits; (b) exceed one percent of the gross revenues of the entities in a particular sector, or (c) exceed five percent of the labor costs of the entities in the sector.\73\ ---------------------------------------------------------------------------

    \73\ Id. at 19. ---------------------------------------------------------------------------

The minimal cost to read and understand the rule will not generate any such significant economic impacts.

    Since the only quantifiable impact that we have identified is the $124.37 or $80.26 that may be incurred in reviewing and understanding the rule, we do not believe there will be a significant economic impact on a substantial number of small entities associated with this proposed rule.

D. Duplicate, Overlapping, or Conflicting Federal Rules

    The Board has not identified any federal rules that conflict with the proposed rule. It welcomes comments that suggest any potential conflicts not noted in this section.

E. Alternatives Considered

    Pursuant to 5 U.S.C 603(c), agencies are directed to look at ``any significant alternatives to the proposed rule which accomplish the stated objectives of applicable statutes and which minimize any significant economic impact of the proposed rule on small entities.'' The Board considered two primary alternatives to the proposed rules.     First, the Board considered taking no action. Inaction would leave in place the Browning-Ferris joint-employer standard to be applied in Board decisions. However, for the reasons

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stated in Sections II and III above, the Board finds it desirable to revisit the Browning-Ferris standard and to do so through the rulemaking process. Consequently, we reject maintaining the status quo.     Second, the Board considered creating exemptions for certain small entities. This was rejected as impractical, considering that an exemption for small entities would substantially undermine the purpose of the proposed rule because such a large percentage of employers and unions would be exempt under the SBA definitions. Moreover, as this rule often applies to relationships involving a small entity (such as a franchisee) and a large enterprise (such as a franchisor), exemptions for small businesses would decrease the application of the rule to larger businesses as well, potentially undermining the policy behind this rule. Additionally, given the very small quantifiable cost of compliance, it is possible that the burden on a small business of determining whether it fell within a particular exempt category might exceed the burden of compliance. Congress gave the Board very broad jurisdiction, with no suggestion that it wanted to limit coverage of any part of the Act to only larger employers.\74\ As the Supreme Court has noted, ``[t]he [NLRA] is federal legislation, administered by a national agency, intended to solve a national problem on a national scale.'' \75\ As such, this alternative is contrary to the objectives of this rulemaking and of the NLRA. ---------------------------------------------------------------------------

    \74\ However, there are standards that prevent the Board from asserting authority over entities that fall below certain jurisdictional thresholds. This means that extremely small entities outside of the Board's jurisdiction will not be affected by the proposed rule. See CFR 104.204     \75\ NLRB v. Nat. Gas Util. Dist. of Hawkins Cty., Tenn., 402 U.S 600, 603-04 (1971) (quotation omitted). ---------------------------------------------------------------------------

    Neither of the alternatives considered accomplished the objectives of proposing this rule while minimizing costs on small businesses. Accordingly, the Board believes that proceeding with this rulemaking is the best regulatory course of action. The Board welcomes public comment on any facet of this IRFA, including issues that we have failed to consider.

Paperwork Reduction Act

    The NLRB is an agency within the meaning of the Paperwork Reduction Act (PRA). 44 U.S.C 3502(1) and (5). This Act creates rules for agencies when they solicit a ``collection of information.'' 44 U.S.C 3507. The PRA defines ``collection of information'' as ``the obtaining, causing to be obtained, soliciting, or requiring the disclosure to third parties or the public, of facts or opinions by or for an agency, regardless of form or format.'' 44 U.S.C 3502(3)(A). The PRA only applies when such collections are ``conducted or sponsored by those agencies.'' 5 CFR 1320.4(a).     The proposed rule does not involve a collection of information within the meaning of the PRA; it instead clarifies the standard for determining joint-employer status. Outside of administrative proceedings (discussed below), the proposed rule does not require any entity to disclose information to the NLRB, other government agencies, third parties, or the public.     The only circumstance in which the proposed rule could be construed to involve disclosures of information to the Agency, third parties, or the public is when an entity's status as a joint employer has been alleged in the course of Board administrative proceedings. However, the PRA provides that collections of information related to ``an administrative action or investigation involving an agency against specific individuals or entities'' are exempt from coverage. 44 U.S.C 3518(c)(1)(B)(ii). A representation proceeding under section 9 of the NLRA as well as an investigation into an unfair labor practice under section 10 of the NLRA are administrative actions covered by this exemption. The Board's decisions in these proceedings are binding on and thereby alter the legal rights of the parties to the proceedings and thus are sufficiently ``against'' the specific parties to trigger this exemption.\76\ ---------------------------------------------------------------------------

    \76\ Legislative history indicates Congress wrote this exception to broadly cover many types of administrative action, not just those involving ``agency proceedings of a prosecutorial nature.'' See S. REP. 96-930 at 56, as reprinted in 1980 U.S.C.C.A.N 6241, 6296. For the reasons more fully explained by the Board in prior rulemaking, 79 FR 74307, 74468-69 (2015), representation proceedings, although not qualifying as adjudications governed by the Administrative Procedure Act, 5 U.S.C 552b(c)(1), are nonetheless exempt from the PRA under 44 U.S.C 3518(c)(1)(B)(ii). ---------------------------------------------------------------------------

    For the foregoing reasons, the proposed rule does not contain information collection requirements that require approval by the Office of Management and Budget under the PRA.

Congressional Review Act

    The provisions of this rule are substantive. Therefore, the Board will submit this rule and required accompanying information to the Senate, the House of Representatives, and the Comptroller General as required by the Small Business Regulatory Enforcement Fairness Act (Congressional Review Act or CRA), 5 U.S.C 801-808.     This rule is a ``major rule'' as defined by Section 804(2) of the CRA because it will have an effect on the economy of more than $100 million, at least during the ***year*** it takes effect. 5 U.S.C 804(2)(A).\77\ Accordingly, the rule will become effective no earlier than 60 days after publication of the final rule in the Federal Register. ---------------------------------------------------------------------------

    \77\ A rule is a ``major rule'' for CRA purposes if it will (A) have an annual effect on the economy of $100 million or more; (B) cause a major increase in costs or prices for consumers, individual industries, government agencies, or geographic regions; or (C) result in significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. 5 U.S.C 804. The proposed rule is a ``major rule'' because, as explained in the discussion of the Regulatory Flexibility Act above, the Board has estimated that the average cost of compliance with the rule would be approximately $124.37 per affected employer and approximately $80.26 per union. Because there are some 5.9 million employers and 13,740 unions that could potentially be affected by the rule, the total cost to the economy of compliance with the rule will exceed $100 million ($733,783,000 + $1,102,772.4 = $734,885,772.4) in the first ***year*** after it is adopted. Since the costs of compliance are incurred in becoming familiar with the legal standard adopted in the proposed rule, the rule would impose no additional costs in subsequent ***years***. Additionally, the Board is confident that the rule will have none of the effects enumerated in 5 U.S.C 804(2)(B) and (C), above. ---------------------------------------------------------------------------

List of Subjects in 29 CFR Part 103

    Colleges and universities, Health facilities, Joint-employer standard, Labor management relations, Military personnel, Music, Sports.

Text of the Proposed Rule

    For the reasons discussed in the preamble, the Board proposes to amend 29 CFR part 103 as follows:

PART 103--OTHER RULES

0 1. The authority citation for part 103 continues to read as follows:

    Authority:  29 U.S.C 156, in accordance with the procedure set forth in 5 U.S.C 553.

0 2. Add Sec.  103.40 to read as follows:

Sec.  103.40:  Joint employers.

    An employer, as defined by Section 2(2) of the National Labor Relations Act (the Act), may be considered a joint employer of a separate employer's employees only if the two employers share or codetermine the employees' essential terms and conditions of employment, such as hiring, firing, discipline, supervision, and direction. A putative joint employer must possess and actually exercise substantial direct and immediate control over the

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employees' essential terms and conditions of employment in a manner that is not limited and routine.

    Example 1 to Sec.  103.40 Company A supplies labor to Company B. The business contract between Company A and Company B is a ``cost plus'' arrangement that establishes a maximum reimbursable labor expense while leaving Company A free to set the wages and benefits of its employees as it sees fit. Company B does not possess and has not exercised direct and immediate control over the employees' wage rates and benefits.     Example 2 to Sec.  103.40 Company A supplies labor to Company B. The business contract between Company A and Company B establishes the wage rate that Company A must pay to its employees, leaving A without discretion to depart from the contractual rate. Company B has possessed and exercised direct and immediate control over the employees' wage rates.     Example 3 to Sec.  103.40 Company A supplies line workers and first-line supervisors to Company B at B's manufacturing plant. On- site managers employed by Company B regularly complain to A's supervisors about defective products coming off the assembly line. In response to those complaints and to remedy the deficiencies, Company A's supervisors decide to reassign employees and switch the order in which several tasks are performed. Company B has not exercised direct and immediate control over Company A's lineworkers' essential terms and conditions of employment.     Example 4 to Sec.  103.40 Company A supplies line workers and first-line supervisors to Company B at B's manufacturing plant. Company B also employs supervisors on site who regularly require the Company A supervisors to relay detailed supervisory instructions regarding how employees are to perform their work. As required, Company A supervisors relay those instructions to the line workers. Company B possesses and exercises direct and immediate control over Company A's line workers. The fact that Company B conveys its supervisory commands through Company A's supervisors rather than directly to Company A's line workers fails to negate the direct and immediate supervisory control.     Example 5 to Sec.  103.40 Under the terms of a franchise agreement, Franchisor requires Franchisee to operate Franchisee's store between the hours of 6:00 a.m and 11:00 p.m Franchisor does not participate in individual scheduling assignments or preclude Franchisee from selecting shift durations. Franchisor has not exercised direct and immediate control over essential terms and conditions of employment of Franchisee's employees.     Example 6 to Sec.  103.40 Under the terms of a franchise agreement, Franchisor and Franchisee agree to the particular health insurance plan and 401(k) plan that the Franchisee must make available to its workers. Franchisor has exercised direct and immediate control over essential employment terms and conditions of Franchisee's employees.     Example 7 to Sec.  103.40 Temporary Staffing Agency supplies 8 nurses to Hospital to cover during temporary shortfall in staffing. Over time, Hospital hires other nurses as its own permanent employees. Each time Hospital hires its own permanent employee, it correspondingly requests fewer Agency-supplied temporary nurses. Hospital has not exercised direct and immediate control over temporary nurses' essential terms and conditions of employment.     Example 8 to Sec.  103.40 Temporary Staffing Agency supplies 8 nurses to Hospital to cover for temporary shortfall in staffing. Hospital manager reviewed resumes submitted by 12 candidates identified by Agency, participated in interviews of those candidates, and together with Agency manager selected for hire the best 8 candidates based on their experience and skills. Hospital has exercised direct and immediate control over temporary nurses' essential terms and conditions of employment.     Example 9 to Sec.  103.40 Manufacturing Company contracts with Independent Trucking Company (``ITC'') to haul products from its assembly plants to distribution facilities. Manufacturing Company is the only customer of ITC. Unionized drivers--who are employees of ITC--seek increased wages during collective bargaining with ITC. In response, ITC asserts that it is unable to increase drivers' wages based on its current contract with Manufacturing Company. Manufacturing Company refuses ITC's request to increase its contract ***payments***. Manufacturing Company has not exercised direct and immediate control over the drivers' terms and conditions of employment.     Example 10 to Sec.  103.40 Business contract between Company and a Contractor reserves a right to Company to discipline the Contractor's employees for misconduct or poor performance. Company has never actually exercised its authority under this provision. Company has not exercised direct and immediate control over the Contractor's employees' terms and conditions of employment.     Example 11 to Sec.  103.40   Business contract between Company and Contractor reserves a right to Company to discipline the Contractor's employees for misconduct or poor performance. The business contract also permits either party to terminate the business contract at any time without cause. Company has never directly disciplined Contractor's employees. However, Company has with some frequency informed Contractor that particular employees have engaged in misconduct or performed poorly while suggesting that a prudent employer would certainly discipline those employees and remarking upon its rights under the business contract. The record indicates that, but for Company's input, Contractor would not have imposed discipline or would have imposed lesser discipline. Company has exercised direct and immediate control over Contractor's employees' essential terms and conditions.     Example 12 to Sec.  103.40 Business contract between Company and Contractor reserves a right to Company to discipline Contractor's employees for misconduct or poor performance. User has not exercised this authority with the following exception. Contractor's employee engages in serious misconduct on Company's property, committing severe sexual harassment of a coworker. Company informs Contractor that offending employee will no longer be permitted on its premises. Company has not exercised direct and immediate control over offending employee's terms and conditions of employment in a manner that is not limited and routine.

    Dated: September 10, 2018. Roxanne Rothschild, Deputy Executive Secretary. [FR Doc. 2018-19930 Filed 9-13-18; 8:45 am] BILLING CODE 7545-01-P

**Load-Date:** November 5, 2018

**End of Document**



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ICIS Chemical Business

March 16, 2018

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**Section:** NEWS IN BRIEF

**Length:** 8065 words

**Byline:** Joseph Chang

**Body**

Americas

Chevron Phillips starts up cracker in Texas

Chevron Phillips Chemical started up its new ethane cracker at its Cedar Bayou complex in Baytown, Texas. The cracker has a capacity of 1.5m tonnes/***year***. Some of the cracker’s ethylene will feed two Marlex polyethylene (PE) units in Old Ocean, Texas, which Chevron Phillips started in September 2017. The plants are based on the company’s MarTech technologies. These plants can produce a variety of materials, from metallocene linear low-density polyethylene (LLDPE) to Advanced Dual Loop bimodal PE resins.

Liveris to step down as DowDuPont chairman

Andrew Liveris is to step down from the role of executive chairman of DowDuPont on 1 April, several months before his planned retirement date from the company. The former Dow Chemical CEO had been expected to remain in the chairman role of the merged company until 1 July, but informed the board that he would no longer serve in the role from 1 April, according to the company.

Fitterling named as DowDuPont materials CEO

DowDuPont chief operating officer (COO) Jim Fitterling is to be CEO of the merged chemical giant’s materials science unit once the business has been spun off in early 2019. To be known as Dow, the business will comprise the merged petrochemicals, plastics, intermediates and coatings operations of Dow Chemical and DuPont, and is expected to be spun off and as a separate listed company in the first quarter of 2019. Fitterling, who joined Dow Chemical in 1984, will head up the business.

Venator may buy Cristal TiO2 plant – analyst

Pigment producer Venator Materials may buy National Titanium Dioxide’s (Cristal) titanium dioxide (TiO2) plant in Ashtabula, Ohio, if antitrust regulators order the sale, an analyst said. Cristal is being acquired by pigment producer Tronox in a $2.4bn deal. Tronox may be able to satisfy the concerns of US antitrust regulators by selling the Ashtabula plant, said Hassan Ahmed, head of research at Alembic Global Advisors.

Sasol enters into EG marketing agreement

Sasol Chemicals has entered into a long-term marketing agreement for ethylene glycols (EG) with Helm. The agreement will come into effect upon the start-up of Sasol’s new ethylene oxide (EO) and EG units in Lake Charles, Louisiana. Helm will market and distribute the products in North America as well as in the different export markets globally. Sasol’s EO/EG unit will have a nameplate capacity of 250,000 tonnes/***year*** for MEG and associated higher glycols.

Huntsman acquires PU spray foam firm Demilec

Huntsman announced the acquisition of spray polyurethane foam (SPF) manufacturer Demilec from an affiliate of Sun Capital Partners. Demilec is one of North America’s leading manufacturers and distributors of SPF insulation systems for residential and commercial applications. Demilec has annual revenues of around $170m and owns two manufacturing facilities in Arlington, Texas, and Boisbriand, Quebec, where they produce SPF formulations based on methyl di-p phenylene isocyanate (MDI). Demilec specialises in both closed-cell and open-cell formulations with a focus on eco-friendly and energy efficient products.

addition of TPU capacity in US, Europe, Asia

Lubrizol has announced updates to its global expansion ***programme*** for the company’s thermoplastic polyurethane (TPU) business. In North America, Lubrizol is adding new production capabilities, raw-material storage, warehouse space and improved site logistics. The company is also expanding its European production capabilities for elastomers, aliphatics and adhesives, with a new major European expansion effort planned for 2019. In Asia, Lubrizol inaugurated new compounding and extrusion lines in February at its TPU facility in Songjiang, China.

AdvanSix suspects emissions behind warrant

AdvanSix was served a subpoena in a matter that appears to be related to air pollution at its caprolactam complex in Hopewell, Virginia, the nylon 6 producer said. Federal and state authorities also entered the site and executed a search warrant, AdvanSix said. AdvanSix said it is still trying to determine the reason and nature of the search warrant and raid. Plant production across the company’s sites was not affected, and AdvanSix expects to continue operating the plant moving forward, it said.

Distillate demand to spike on low-sulphur regs

The shift to 0.5% sulphur from higher content levels for marine fuel in 2020 will cause an immediate demand spike for distillate fuel oil, a panel of market observers said. Starting in 2020, the International Maritime Organization (IMO) requires that all marine ships must use very low sulphur fuel oil (VLSFO), which can contain at most 0.5% sulphur. Right now, many ships use residual fuel oil, which often exceeds that sulphur cap.

europe

LyondellBasell starts up QCP recycling JV

LyondellBasell has started up a joint venture with resources management firm SUEZ for plastics recycling. The joint venture will be called Quality Circular Polymers (QCP). Each partner will have a 50% stake and it will be based in Sittard-Geleen, the Netherlands. QCP intends to transform used plastic material into virgin-replacement polyethylene (PE) and polypropylene (PP) materials.

Azoty in deal for compounding plant

Poland’s Grupa Azoty has signed a deal with Germany’s AKRO-PLASTIC under which a plastics compounding plant will be built and commissioned. Consultancy and know-how licensing would also be provided under the agreement specifically signed by Grupa Azoty subsidiary Grupa Azoty Compounding (GAC) and Niederzissen-based polyamide specialist AKRO-PLASTIC.

Axalta opens small-batch liquid coatings centre

US-based Axalta has opened a new centre in Frankfurt, Germany, to produce small batches of liquid coatings to industrial customers in Europe, the Middle East and Africa. The facility will allow customers to test small quantities of new products with extremely short lead times, Axalta said, with batch size expected to typically come in below 100kg. The facility opened in February this ***year***.

BP says PET industry must work with options

The whole polyethylene terephthalate (PET) value chain needs to work together with the options currently available if it wants to achieve sustainability, a BP executive said. The industry needs to pursue cohesion to reach more environmentally friendly goals, said Kimberly Pipkin, Europe, Middle East and Africa (EMEA) marketing manager at BP Aromatics. She was speaking at the ICIS PET Value Chain conference.

UK launches consultation on plastic market reform

The UK government has issued a call for evidence on reform of the plastic waste and supply chain sectors, with the potential of additional taxes on single-use plastics, the country’s Chancellor of the Exchequer said. UK policy makers will examine reforms of the country’s plastics sector to reduce the incidence of single-use plastics in the country, according to Chancellor Phillip Hammond. Higher taxes on plastics could be used to develop cleaner packaging solutions, he said.

Gurit 2017 net profit falls amid lower margins

Gurit’s net profit fell by 4.3% ***year*** on ***year*** to Swiss francs (Swfr) 24.9m in 2017 amid a drop in margins, the Swiss construction chemicals producer said. Net sales rose by 2.4% ***year*** on ***year*** to Swfr360.5m last ***year*** while earnings before interest, tax, depreciation and amortisation (EBITDA) was down by 3.7% at Swfr46.8m.

SGL swings to 2017 profit on divestment gains

SGL posted a 2017 net profit of 138.9m, reversing a loss of 111.7m in the previous ***year***, due to one-off gains from the sale of its cathodes business, the German carbon-based products maker said. From continuing operations, 2017 sales revenue increased 11.7% to 860.1m, with net loss narrowing to 16.2m from 36.0m in the previous ***year***. Its operating profit more than doubled to 49.0m from 23.7m in 2016.

Lenzing 2017 full ***year*** net profit up, sales rise

Lenzing’s net profit for the full ***year*** of 2017 surged by 23% ***year*** on ***year*** to 281.7m as revenue rose amid higher selling prices and a “better product mix”, the Austrian chemicals producer said. “The Lenzing Group expects its results for 2018 to be lower than the outstanding results in the last two ***years***,” the company said, citing a challenging market environment and anticipated negative exchange rate fluctuations.

Arkema, Xenia to make composites

France-based Arkema and Italian compounder Xenia will produce composites made up of short carbon fibres and polyvinylidene difluoride (PVDF). The composites will be marketed as XECARB 45. The PVDF composites can be used in injection or extrusion processes, Arkema said.

OMV commits to refining, petrochemical operations

Austria’s OMV is to invest 1bn in its Schwechat, Burghausen and Petrobrazi refining and petrochemical operations, the group announced while presenting its growth strategy to 2025. OMV added that in order to safeguard revenue and profitability in Europe, by 2025 more than half of the production at the three sites – Schwechat in Austria, Burghausen in Germany and Petrobrazi in Romania – should be sold via reliable captive sales channels.

Zotefoams 2017 pre-tax profit up on foams

Zotefoams posted an 8% ***year***-on-***year*** increase in profit before tax, increasing it from £6.99m to £7.55m, as its European polyolefin foams business performed strongly, the UK chemical producer said. Group revenue for the ***year***, meanwhile, was up 22% to £70.15m. Sales in the company’s polyolefin foams divisions amounted to £52.8m, an 18% rise compared to 2016, as a result of price increases and favourable exchange rates.

Wacker sales, earnings rise 6% in 2017

Germany-based Wacker Chemie’s full-***year*** sales for 2017 rose 6% to 4.92bn while EBITDA also jumped 6% to 1.01bn. The company said its chemicals and polysilicons divisions performed notably well in 2017, a positive performance which was able to offset negative currency effects due to a strong euro and “somewhat” lower selling prices. “This growth was mainly prompted by higher sales, by a very good operating performance, and by income of 40m from the company’s stake in Siltronic,” said Wacker.

asia

China to be net exporter of butadiene post 2024

China will become a net exporter of butadiene post 2024 but remain in deficit until then, an ICIS analyst said. Speaking at the ICIS World Olefins conference, James Wilson said the shift in the net trade position would be driven by the increase of China’s naphtha cracking capability. There has been a distinct change in olefins production capability in China since 2014 with the focus shifting from coal and methanol to olefins (CTO and MTO) production and back towards naphtha – and some ethane – cracking. MTO has become high-cost relative to naphtha cracking since the drop in the oil price from 2014.

JG awards contract for HDPE plant, PP upgrade

Maire Tecnimont has been awarded a contract by Philippines-based producer JG Summit Petrochemical to build a new high density polyethylene (HDPE) unit and upgrade a polypropylene (PP) plant at the Batangas Petrochemical Complex, the Italian firm said. The engineering, procurement and construction (EPC) lump sum contract is worth about $180m. The new 250,000 tonne/***year*** HDPE plant will be based on Chevron Phillips Chemical’s MarTECH technology, while the existing PP plant will expand to 300,000 tonnes/***year*** of PP based on Grace’s UNIPOL PP technology.

India’s vehicle product-ion rises by 27.3% in Feb

India’s vehicle production rose by 27.3% ***year*** on ***year*** to 2.51m units in February, with sales up by 22.8% at 2.11m units. Two-wheelers accounted for 78.4% of India’s total vehicle production in February. Exports were up by 26% at 358,001 units, according to the Society of Indian Automobile Manufacturers (SIAM). Earlier in January, India’s overall vehicle production rose by 33.2% ***year*** on ***year*** to 2.47m units while domestic sales were up by 30.7% at 2.12m units. Exports rose by 33% to 340,461 units.

Fire at India chemical factory kills three

Three people were killed and 14 were injured by a massive fire caused by an explosion at a chemical factory at Tarapur industrial area in India’s Maharashtra state on 8 March, local police officials said. The incident happened at the Maharashtra Industrial Development Corp (MIDC) industrial estate in Tarapur, which houses around 1,100 chemical plants and 400-500 other factories and is located around 100 kilometres (km) from Mumbai.

Japan revises up Q4 economic growth to 1.6%

Japan’s economy grew at a revised annualised rate of 1.6% in Q4 2017, up from the 0.5% preliminary growth reading. In Q3 2017, the world’s third largest economy posted a faster ***year***-on-***year*** growth of 2.2%. On a quarter-on-quarter basis, the country’s October-December 2017 GDP expanded by 0.4% versus an initial reading of a 0.1% growth.

asia

Saudi’s Sahara to resume merger talks

Saudi Arabia’s Sahara Petrochemicals plans to resume merger talks with Saudi International Petrochemical Co (Sipchem), nearly four ***years*** since the negotiations were stalled. Sahara, in a filing to the Saudi Stock Exchange or Tadawul, said that discussions will be re-opened “in light of recent changes in the regulatory framework”. No further details were provided. The two companies postponed their merger talks in June 2014, which were in advanced stages as of late October 2013.

OPEC crude output drops in Feb, 2018 demand up

Oil production by OPEC member states dropped in February on the back of falling Venezuelan output, while global oil demand growth expectations for 2018 were revised up. OPEC revised up its global crude oil demand growth forecasts for 2018 to 1.6m bbl/day on the back of firming consumption in both OECD and non-OECD regions. OPEC’s overall share of the global crude market dropped by 0.2 percentage points during the month to 32.8%.

DowDuPont

Fitterling to be new Dow CEO

JOURNAL : Farmers Weekly

Meadow Foods has dropped its A litre milk price by 1.75p/litre from 1 April.

The cut means Meadow Foods’ 650 UK dairy farmers will receive 26p/litre for milk with constituent contents of 4% butterfat and 3.3% protein.

Manufacturing litres of 4.2% butterfat and 3.4% protein will also be hit by a 1.75p/litre drop, meaning producers in the Chester pool will receive 26.37p/litre and 26.25p/litre going to producers in Cumbria from next month.

See also: Devastated dairy farmer ditches 75,000 litres of milk

The last confirmed Meadow B price was paid on January 2018 litres at 21.25p/litre paid above individual’s base volumes.

The cut is now Meadow Foods’ fourth in a row, seeing its farmgate price fall by 5p/litre in 2018 – a drop of 16%.

The processor blamed decreases in value of milk fats and skimmed milk powder, as well as an increase in UK milk production.

Statement

“We understand producers will be frustrated with this reduction, but this movement reflects weakening prices in the UK, which have also been reflected by other processors in their latest price announcements,” said Meadow Foods chief executive Mark Chantler.

“We regret this market trend and hope the price stabilises in the near term.  We will continue to monitor the situation very closely.”

 “We’d also like to extend our thanks for the assistance and understanding of all those affected by the severe weather over the past week.  They were truly exceptional circumstances,” added Mr Chantler.

JOURNAL : Farmers Weekly

Farm leaders are giving evidence to MPs on government proposals for a major overhaul of ***agricultural*** policy once the UK leaves the European Union.

Representatives from the NFU, Tenant Farmers Association and the Country Land and Business Association are appearing before MPs on Wednesday (14 March).

See also: What Defra's Brexit plan means for farmers

Witnesses during the morning evidence session include NFU deputy president Guy Smith, TFA chief executive George Dunn and CLA president Tim Breitmeyer.

It follows the publication of government proposals to phase out direct ***payments*** to farmers and replace them with a new system based largely on ***payments*** for environmental services.

Farm ***payments*** in 2019 will follow the existing model, and the government will commit the same total amount for farm support until the end of this parliament in 2022.

But the way support is paid is likely to be reallocated, with ***payments*** largely targeted towards measures that improve the environment and deliver other “public goods”.

Public access

These measures include public access to farmland and the countryside, enhanced welfare standards for livestock and measures to support the resilience of rural and upland communities.

Defra secretary Michael Gove launched a 10-week consultation on the so-called “Health and Harmony” proposals last month.

Farm leaders immediately called for more details of his plans.

They voiced concern that the government had published a lot of information on how it wanted to get rid of direct ***payments*** – but little on what will replace them.

Discussion topics

The proposals are being scrutinised by MPs on the House of Commons environment, food and rural affairs select committee.

Likely topics for discussion include transitional arrangements as the new policies are implemented and the ***payment*** of public money to farmers who provide of public goods.

The committee will also hear from water, wildlife and nature conservation charities.

They include Richard Hebditch, of the National Trust; Tom Lancaster, of the RSPB; Arlin Rickard, of the Rivers Trust; and Ellie Brodie, of the Wildlife Trusts.

JOURNAL : Farmers Weekly

In a 500+hp market only worth about 40 units/***year***, New Holland has upped its game to grab a few more sales by building the world’s largest CVT driven tractor, taking the crown from sister brand Case.

The blue firm’s T9 series, built in the USA, now has the AutoCommand option on the four 36in narrow chassis machines, with the biggest of these being the T9.565, which boosts to 557hp.

The two larger wide chassis (44in) models – T9.645 and T9.700 – will stick with the UltraCommand power shift, while the T9.600 becomes the largest CVT tractor in production, although boosted power is identical to the Quadtrac 540 at 613hp, the standard power is an increase on the red version.

See also: Case unveils stepless CVX gearbox for Quadtrac tractors

Using the same FPT Cursor 12.9-litre engine as before, the gearbox comes courtesy of ZF, which New Holland says it has been working with exclusively to design and build a gearbox capable of taking the power of the T9.

As with many CVT boxes, the speed range starts with creeper movements a slow as 0.05kph and works seamlessly up to 43kph road speeds, with engine rpm reduced when it’s not required.

New Holland are keen to point out this is different to the box in the Claas Xerion machines, which also use ZF transmissions, with the Basildon-based firm saying it has an exclusive period of use before others firms can get hold of it.

Gearbox at its maximum

However,  the gearbox already appears at its maximum with New Holland’s high horsepower manager Graham Gleed confirming we won’t be seeing this ZF box in the two top models any time soon.

The new box has only been tested to handle a fraction over the boosted 613hp, while perhaps a bigger concern for potential buyers will be how long a gearbox, operating at the upper echelons of its potential, will last.

However, benefits of CVT offer reduced operator fatigue, simpler controls and quicker acceleration and braking, although Mr Gleed eluded to the fact that really a CVT box is a comfort option rather than a more efficient way to ***transfer*** power.

For getting the power to the ground, a power shift box – which is 100% mechanical drive – sitting in a suitable gear, still has the edge over a CVT, which is about 60% mechanical with power lost driving hydrostatic systems, comments Mr Gleed.

Tyre benefits

With tyre technologies becoming smarter, farmers are seeing the benefits of owning a big tractor on wheels rather than tracks.

The starting weight of the T9.565 is 16,895kg, compare this with the unballasted weight of a Case Quadtrac at 24,405kg, with jobs such as drilling on the menu, there’s no need for the extra weight.

When stationary, the T9’s load is 40% at the rear and 60% at the front. With a cultivator attached, the weight shifts 10% to the rear so the load is shared equally across the tractor, as opposed to a twin-track crawler, which becomes lighter on the nose when pulling a cultivator.

The turning radius of 10.5m – similar to the T7 SWB – even on huge 900/60 tyres, while the smaller chassis machines sneak under the 3m road width restrictions, even on these boots.

With no concrete UK availability, we were told if you offered a NH salesman the right amount of cash, he’d certainly place your order.

Pricing has also been kept under wraps, although the increase to have CVT on your Quadtrac was between £28,000-£36,000.

T7 CustomSteer

Along with new back lighting in the dash, the T7 range has received and fancy new front axle and an impressive CustomSteer feature, which only adds £300 if the tractor already has Intellisteer guidance.

The standard 4.7 turns of the wheel from lock to lock can be slashed to one, two or three making backing a trailer into a tight shed a breeze.

Sensors on the front axle control the turning speed, which is set up from the cab screen, and individual steering speeds can be added into the headland turn sequence for forward and reverse travel.

JOURNAL : Farmers Weekly

As students up and down the country are coming to the end of their degree courses, the pressure of a new question now looms over them – what next?

For most university graduates, employment is the final hurdle of the education system. After being in school since the age of four, hundreds of thousands of students are now faced with the challenge of securing their first job.

Over the past few weeks, my friends and I have helped each other write cover letters, double-check CVs and conduct practice interviews, all in an attempt to make us the ideal candidate for prospective employers.

See also: Read more of Josh Dowbiggin's columns

A recurring question from these conversations is, “how much do employers care about my education?” Particularly, “how much do they consider my degree and the classification I graduate with?”

In recent interviews that my friends and I have had, the employer has had a much stronger emphasis on past work experience than on education, with some not asking about our university degrees at all.

Relevance

So this raises the question, “how relevant is my degree?”

As the son of parents who both left school at 16, I know a degree is neither a necessity for a successful career, nor an assurance of one.

Experience is in itself a form of education, and it is often the kind of specific education that employers are looking for.

Harper Adams has some of the highest employability rates of any university in the country, and I believe a big reason for this is the 12-month compulsory placement ***year*** that every student must undertake.

Employers love that at the point of graduation, where most university graduates only have limited work experience on their CVs, Harper graduates already have a full ***year*** of employment under their belt.

However, just because an employer has not discussed your education during an interview does not mean they have not considered it when glancing over your CV.

What does a degree mean?

The harsh reality is that some employers will not touch prospective candidates unless they have a degree, but what does this guarantee them?

The Aldi graduate scheme stipulates that applicants must have a minimum of a 2:1 degree, but there is no requirement of what degree course is needed.

Whether you have a degree in marine biology or psychology, as long as you have a 2:1, you qualify. So what does this tell us about what this company is looking for?

You could argue that graduate schemes like this are more concerned about the type of person they are employing, rather than their knowledge of the industry.

After all, knowledge can be taught at any stage of your career, but it is much harder to teach someone attitude, work ethic and open-mindedness.

Ambition

A degree ensures a wider knowledge base, sooner in your career, but in my opinion, someone without a degree can easily catch up as long as they have the mindset and ambition to do so.

There is no doubt that a degree will help you get on the job ladder quicker, as those without a degree will have to excel in experience to compete with graduates, and this takes time.

You will always need a degree to be a doctor or vet, but with the food and farming sector, this isn’t always the case.

It is important to recognise that 10 ***years*** after graduation, employers will be much more interested in your experience, your approach to the role and the people you work with, and your ability to do the job well.

I know full well that my degree will help me throughout my career, but my message to those without one is simple.

Do not let the lack of a degree on your CV be the barrier to the career you crave. Bill Gates, Steve Jobs and Mark Zuckerberg didn’t need one, so why do you?

Lancashire lad Josh Dowbiggin, 21, is in his final ***year*** of studying ***agriculture*** at Harper Adams University. He runs a small flock of Easy Care ewes alongside his Ghyll Beck Hereford Stud business, importing and marketing Hereford semen and embryos from around the world.

JOURNAL : Farmers Weekly

Farmers will be allowed to increase the size of buildings and convert more buildings to housing, following changes to permitted development rights (PDRs).

PDRs allow certain building works and changes to be completed without making a full planning application.

The changes, announced by housing minister Dominic Raab on Monday (12 March), mean the size limit of new ***agricultural*** buildings under PDRs will increase from 465sq m to 1,000sq m.

See also: Housebuilding boom – what does it mean for farmers?

It will also be possible to create up to five new homes from existing farm buildings rather than the maximum of three currently permitted.

This amendment will allow for up to three larger homes within a maximum of 465sq m; or up to five smaller homes each no larger than 100sq m; or a mix of both, within a total of no more than five homes, of which no more than three may be larger homes.

Meet local housing need

The government is also giving applicants an extra ***year*** to benefit from the temporary PDR for the change of use of buildings used for storage and distribution into new homes. This right will be extended until 10 June 2019.

These planning rule changes aim to help rural communities better meet local housing needs by making the best use of their existing buildings. Hundreds of new homes are created each ***year*** through conversions of ***agricultural*** buildings and this announcement is expected to boost these numbers.

Mr Raab said: “We need to be more creative if we are to meet the housing needs of rural communities. That’s why I’m changing planning rules so rural communities have more flexibility on how best to use existing buildings to deliver more much-needed homes for families.”

The regulations will come into force on 6 April and support the government’s draft revisions to the National Planning Policy Framework, announced last week.

'Success story'

The policy changes have been mainly welcomed by the rural community, but there still remains room for improvement.

The CLA, which represents landowners, farmers and rural businesses, has called permitted development a “success story” and is pleased the government has extended this policy.

CLA president Tim Breitmeyer said: “These changes will ensure farmers are better able to cope with the demands of modern farming and help to create more profitable businesses.”

However, Mr Breitmeyer warned that problems remain with significant local authority resistance to the use of permitted development rights, despite the clear policy direction.

Partner and head of planning at Berrys, Stuart Thomas, welcomed the key policy change and said the main benefit would be the ability to make five smaller homes, where he would expect to see a decent-sized two-bedroom property.

Mr Thomas added: “I hope it will incentivise the delivery of more affordable, open market housing for first-time buyers and the development of a mixture of housing, which will make use of land currently standing redundant.”

However, he also wants to see further changes to planning policy to make it easier to convert modern ***agricultural*** buildings suited to residential use, rather than being restricted to older buildings.

JOURNAL : Farmers Weekly

The government has awarded a total of £25m to six 5G projects aimed at accelerating the rollout of the mobile phone technology.

Two out of the six projects will aim to benefit rural communities where mobile phone coverage is notoriously bad.

See also: Farmers ‘mustn’t be left behind’ in race for 5G

The government is determined to prepare all parts of the UK for 5G – despite farmers in many areas still lacking access to 4G and even 3G speeds.

The government says it wants the UK to become a “world leader in 5G technology”. But the CLA is concerned that investment in mobile phone coverage in many rural areas could get left behind.

How would you rate your current mobile phone coverage? Have your say in our poll.

(function(d,s,id){var js,fjs=d.getElementsByTagName(s)[0];if(d.getElementById(id))return;js=d.createElement(s);js.id=id;js.src='//embed.playbuzz.com/sdk.js';fjs.parentNode.insertBefore(js,fjs);}(document,'script','playbuzz-sdk'));

JOURNAL : Farmers Weekly

As the countryside emerges from under the blanket of snow deposited 10 days ago, growers can now look forward to some spring weather hopefully arriving soon.

There’s still a fair bit of ploughing to do and soils are pretty wet, so a wee bit of patience will be needed to avoid creating problems that will come back and bite later in the ***year***.

Seed grading is in full swing and movement of seed down to English ware growers has resumed after over a week when nothing moved because of the freezing temperatures.

See also: Why potato blight strategy will need to change in 2018

With possible delays to ware planting as a result of the weather and field conditions, it’s even more important than ever to make sure that seed is stored well in the interim.

Store carefully

Get it decanted out of bags and into clean boxes, then store in well-ventilated, temperature-controlled stores. Remember to avoid any boxes or stores that have had history of Chlorpropham use.

Seed growers in Scotland are completing plans for this ***year***’s crops. It has been a more difficult process than in previous ***years***, with the main export variety, Hermes, coming under serious pressure because of a poor market in Egypt and its inherent low seed yield being exposed by last ***year***’s dry spring.

Exported tonnages of Hermes have halved this winter and growers are struggling to find alternatives with sound markets to replace it.

Slightly stronger cereal prices, coupled with a desire to find clean land has meant there’s been an increase in the amount of grassland being used to grow the potato crop on.

It’s worth checking the historic records for herbicides being applied to grass fields destined for potato crops to avoid serious problems with residues of actives such as Clorpyralid and Aminopyralid.

JOURNAL : Farmers Weekly

Nearly 44,000 cattle were slaughtered in the UK in 2017 due to bovine TB, according to official government statistics.

The grim toll shows despite government efforts to tackle TB on all fronts, including bearing down on the disease in wildlife, the number of cattle condemned to TB continues to rise.

A blanket approach to interferon-gamma (blood) testing across high-risk areas, as well as more frequent testing of cattle, is the main reason for the spike, according to Defra.

See also: Farm minister explains purpose of bovine TB review

But animal welfare groups say the figures are further evidence badger culls are not working to reduce TB rates in England.

In 2017, in total 43,564 TB-infected cattle were slaughtered in Britain; this included 33,238 (14%>) in England, 10.053 (1%>) in Wales and 273 (46%>) in Scotland, which has maintained its officially bovine TB-free status.

Increased gamma testing

In a statement, Defra said: “There continues to be increases in the number of cattle slaughtered due to a TB incident in high-risk area (HRA) and edge areas of England.

“Much of the rise of cattle slaughtered in England and Wales is attributable to changes in the testing policy for herds.

“In particular, in herds undergoing recurrent or persistent incidents there is increased use of the interferon-gamma blood test. This is more sensitive than the standard skin test and discloses more reactors per breakdown.”

Defra said it partly attributes a reservoir of TB in wildlife – badgers and to a lesser extent deer – to “relatively high levels” of bovine TB in the West Midlands and south-west England.

Defra has introduced a stricter six-monthly testing regime for all herds in the HRA from January 2018. It has also suggested the badger cull will be extended to eight new areas this autumn.

An NFU spokesman said: “We have always said that we must use every available option to tackle this disease – cattle testing, cattle movement controls, biosecurity, vaccination when available and where appropriate, and control of the disease in wildlife in areas where it is endemic. Only by employing this comprehensive approach will we stand a chance of achieving what everyone wants – a TB-free England.”

‘No evidence’ badgers are to blame

But Badger Trust chief executive Dominic Dyer said there was “no evidence” to prove badgers are a cause of this increase in cattle slaughtered for TB.

He added: “Over 900 badgers were tested from the 2016 culls and less than 3% had late stage infectious TB, where they were at risk of spreading the disease to other badgers and possibly cattle

“The fact remains the vast majority of the 35,000 plus badgers killed to date in the culls were TB free and their removal will have no impact on lowering bovine TB rates in cattle

“To have spent an estimated £50m of public money on this cruel ineffective policy, rather put more resources into better TB testing, movement and biosecurity controls, is a huge disservice to farmers, tax payers and our precious wildlife.”

JOURNAL : Farmers Weekly

Inside a few shabby-chic ex-safe rooms in London’s famous Hatton Garden jewellery quarter, some of the best and brightest minds are refining and polishing a technological diamond that is set revolutionise applied agronomy.

Backed by heavyweights of both the tech and farming worlds, imagery and data analytics company Hummingbird now offers a wide range of products that help crop producers become increasingly more efficient.

From its days as a start-up at the Imperial College Incubator innovation and entrepreneur hub, the company launched into ***agriculture*** full time in 2016.

See also: Drone weed mapping could help farmers target control measures

Its advisory board now includes the head of Google UK and farming giant Velcourt’s technical director, Keith Norman, and its mission is to take a farmer’s crop imagery data and produce something that can directly influence management decisions in real time.

The returning data – of which, a shape file containing an input application map is one example – must also be affordable and provide a tangible return on investment, according to Hummingbird’s CEO Will Wells.

“Effectively, we are using drone, satellite or plane imagery, combined with machine learning algorithms to solve practical management problems, alleviating the issue of walking and scouting for assessing crop development, disease and weeds over large areas of land.”

How does it work?

Hummingbird has a team of 40-50 CAA-qualified drone pilots – many farmers and junior agronomists – that fly over crops and capture image data using state-of-the-art multispectral cameras.

The data is then ***transferred*** into its cloud-based platform, where Hummingbird’s expertise comes into play.

Its 23-strong team of tech wizards includes data analysts, image processing experts, software engineers, machine learning specialists, remote sensing professors and bioinformatics whizzes recruited from across the world.

They have created a ***programme*** that begins to process the information automatically as soon as it hits the cloud and, within hours, its machine learning algorithms – a software process that learns and produces predictions from data – will have produced any number of desired analytics, depending on customer needs.

These are available to customers within 24 hours via Hummingbird’s online platform on computers or mobile devices.

All data is in a form that is ***transferable*** into software systems such as GateKeeper or, if required, machine control units for variable input applications.

Precision products

About 120,000ha of UK arable land was covered for about 100 customers during the 2016-17 cropping ***year*** and is set to rise to between 200,000ha and 300,000ha this season – hinting at a rapid rise in demand.

On top of the increased interest in the UK, the firm has also expanded into grain-producing giants Brazil, Ukraine and Russia.

Customers growing a range of crops including wheat, barley, oilseed rape, sugar beet and potatoes can access a wide range of precision farming products via the platform (see table).

These include anything from basic field variability mapping for highlighting problems affecting crop development, to variable rate maps for nitrogen, plant growth regulators or crop desiccation sprays.

Plant counts in root crops are also possible to help inform the need for re-drilling and a yield prediction tool can allow beet growers to better plan lifting schedules late in the season.

It is paid for on a subscription basis, which includes a set number of drone flights at critical growth stages and costs £20/ha/season for wheat, barley, oilseed rape and sugar beet and £25/ha/season for potatoes.

At present, the company’s biggest cost is piloting the drones and this is reflected in its price structure.

However, Mr Wells expects these costs to come down as more agronomists, farmers or farmer groups invest in their own drones with cameras and is something the company is firmly in favour of.

“Right now, the hardware [drone with camera] would cost a little less than £10,000 and for a big farm, payback on that would be palatable, but [technology] costs are coming down all the time,” he says.

The company can also tap in to the Planet satellite platform, which has a daily revisit and resolution down to 0.8m/pixel, which can offer farmers a more cost-effective option for more basic crop analysis.

“The spatial resolution of satellites is also improving and cloud-penetrating technology will also make it more reliable in the future,” adds Mr Wells.

Getting meaningful data

Mr Norman says there have been “pretty pictures” of fields circulated in crop sector for ***years***, but except for nitrogen application maps, which are well understood, there has been no clear direction on data interpretation and its practical application.

“There are an awful lot of biomass maps, for example, that give a generic feel for a field without honing-in on what the information actually means and if you need to do anything on the back of that information to make a difference.

“One of the things I’ve been passionate about is getting meaningful data from the field with the precision and scale we need to make interventions in an appropriate way,” explains Mr Norman.

An example is Green Area Index (GAI) in oilseed rape, which is intrinsically linked to yield and for a 3.5t/ha crop a target GAI of 3.5 is required. Each GAI unit requires 50kg/ha of nitrogen.

There are apps that take 1m square images to give a GAI figure and a decent general idea of crop nitrogen requirements, but a Hummingbird-analysed drone image of the whole field down to 2cm/pixel accuracy takes canopy management to a new level.

First, variable rate nitrogen application plans can be drawn up for each pixel grid to achieve optimum canopy size.

Second, spring plant growth regulators (PGRs) can also be applied where most needed using variable rate maps. This is vital, as applying PGRs to plants too small can cause yield loss if taking a blanket approach across a field.

Third, areas of high GAI do not need early applications of nitrogen so applications to those areas can be later in the season, prolonging the life of the crop and extending seed fill.

“At £30/ha for some oilseed rape PGR products, it is very cost-effective to have variable maps and the savings per hectare will pay for an extra sprayer pass,” explains Mr Norman.

Research and development

While the company has a suite of products that are tried and tested and provide the core offering to subscribers, it has a heavy focus on research and development and a long pipeline of new precision tools in development (see panel below).

The nature of building algorithms means that each requires a vast amount of ground truthing and Hummingbird demands a minimum accuracy of 80% before any soft commercial roll out.

Development will be accelerated by a recent round of investment that netted the company £3m, which included a European Space Agency award, and a further European Innovation Partnership Award will be spent on expanding field trials and improving its technology.

Mr Wells says engaging with customers – mostly agronomists and top-end farmers – is also crucial in the development of new innovations, because the more ***year***-on-***year*** data and feedback they can obtain, the better Hummingbird’s algorithms will become.

“It’s not as difficult to get to 80% accuracy as it is making small gains beyond that 80%, and that’s why we want to keep farmers in the ‘feedback loop’. It is an opportunity to improve our machine learning and we very much value that feedback,” he adds.

This is particularly crucial to the “Holy Grail” of accurately identifying pre-symptomatic disease – something the company is in the latter stages of being able to achieve.

When Hummingbird’s software identifies what it believes is yellow rust in a wheat crop during imagery processing, if the farmer validates in the field for the company, he or she will receive £5 as an incentive.

It is also conducting split field trials using its asymptomatic assessment of disease in wheat ahead of the T2 fungicide timing, which aims to help improve timing and fine tune rates.

Agronomists will be engaged in ground truthing and working alongside the EIP-Agri Award project, which is being managed through the Rural ***Payments*** Agency (RPA). Results will be published on a new website to show what the technology can do and the return on investment it can provide.

The path ahead

On a basic level, Mr Norman says the Hummingbird model will help to counteract the disadvantages of farms getting bigger, where crop management can suffer because of diseconomies of scale.

The development and introduction of more advanced remote sensing and biosensor technology – such as electronic noses that can smell plant pheromones released when under pest attack – is also gathering pace.

This will provide accurate pictures of where weeds, pests and disease are and allow precision pesticide application on an unprecedented scale.

With drone spraying unlikely to be allowed in the UK, the more realistic target is having four or five crop protection products on a sprayer and using direct injection technology to mix and match the applied pesticides on the go, according to detailed application maps.

“The transition is going to be gradual, but Hummingbird is paving the way and will be an integral part of integrating sensing technology and farming.

“We probably won’t see it for at least another five ***years*** because at present, the data analysis is outstripping the development of the technology for the actual application on the ground,” adds Mr Norman.

Hummingbird products

Product

Description

Benefits

Wheat

Barley

OSR

Sugar beet

Potatoes

Crop variability mapping

Map showing differences in the rate of development within a crop

Highlight problems such as pH, drainage, compaction, nutrition, weeds, or pests (soil and foliar), nematodes, other soil pests, and compaction

Y

Y

Y

Y

Y

Blackgrass crop destruction

Blackgrass crop destruction maps in winter cereals in late May

Prevent seed return from herbicide resistant blackgrass

Y

Y

 N

 N

 N

Grassweed mapping in break crops

Identify zones of highest grassweed population

Identify areas of high grassweed pressure in break crops to ascertain where additional residual herbicide application will be needed in the following cereal crop

 N

 N

Y

Y

 N

Variable rate 10.2/ nitrogen management

Match nitrogen application to crop requirement

Optimise crop performance and nitrogen investment

Y

Y

 N

 N

 N

Variable rate late season growth regulators in cereals

Variable application maps based on lodging risk & growth rate

Enable targeted use of late season PGRs to avoid over or under application

Y

Y

 N

 N

 N

Sclerotinia decision support management

Reporting on sclerotinia risk in relation to crop flowering status

Reduced fungicide usage, sclerotinia infection and subsequent yield loss

 N

 N

Y

 N

 N

Desiccation zoning for cereals and oil seed rape

Desiccation requirement zoning map

Produce maturity map to target cereal fields with un-even maturity

Y

Y

Y

 N

 N

Plant counting

Map illustrating plant population across a field

Inform re-drilling decisions in sugar beet and potatoes

 N

 N

 N

Y

Y

Yield prediction tools

Assessment of rate of canopy development

Optimise late sugar beet harvest lifting schedules

 N

 N

Y

 N

 N

Products in development

Hummingbird is offering many products to its subscribers that are still in the development phase. These include:

Pre-symptomatic disease identification in wheat, barley, oilseed rape, sugar beet and potatoes for tailoring fungicide strategy

GAI measurements in rape for variable rate nitrogen and PGR applications

Wheat bulb fly risk maps based on bare soil in the previous crop

Crop height measurements

Post-winter blackgrass mapping to inform crop destruction and re-drilling decisions

Pre-harvest yield prediction for cereals and oilseed rape to help marketing, storage and logistical decisions

Pollen beetle risk period information in oilseed rape

Desiccation decision support to optimise timing and seed maturity in oilseed rape

Last nitrogen application timing in oilseed rape at green bud stage

Plant population assessment in cereals to optimise nitrogen management, yield and margin

Fusarium oxysporum detection in onions

Pre-symptomatic late blight detection in the potato canopy

Potato cyst nematode (PCN) identification and quantification for mapping in subsequent crops

Marketable yield estimation in potato crops and tuber size development for desiccation decisions

Vining pea tenderisation assessment for harvesting scheduling

Weed and disease identification in vining peas

JOURNAL : Farmers Weekly

Livestock castration could become a more painless process with a topical anaesthesia developed by an Australian doctor and sheep farmer.

The product, already licensed for use in sheep and cattle in Australia and New Zealand, is now being tested on piglets and could achieve registration in the EU in the near future.

Speaking at an Animal Health and Welfare Day, Meredith Sheil explained: “Back in the early 2000s in Australia we had a major problem with an animal welfare debate around the perceived cruelty of tail docking and castration.”

See also: 7 key lambing diseases: How to prevent and treat them

With a background as a paediatric cardiologist, it was the lack of available pain relief for farmers that triggered her research, explained Dr Shiel.

“We were looking at developing a product that goes on straight away as the procedure is done and numbs the wound.”

The product, Tri-Solfen, is the first-of-its-kind and contains lignocaine – for immediate pain relief – and bupivacaine for post-operative pain relief. In trials, this relief has proven to continue for up to 24 for hours after castration.

A recent study on piglets showed similar pain reduction to that seen in lambs and cattle. “It’s one thing to show you have a product that can alleviate pain – it’s another to get that product available for farmers to use,” explained Dr Shiel.

“We have had to prove it is safe, not only for piglets, but for the people who may consume the meat. What we have been able to show is that the drug levels are gone within 24 hours, which is really important for food safety.”

While piglet castration is not common practice in the UK, the pending registration of the product could have a big impact on animal welfare worldwide.

**Load-Date:** March 17, 2018

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ICIS Chemical Business

May 11, 2018

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**Section:** NEWS IN BRIEF

**Length:** 15789 words

**Byline:** Xx xx

**Body**

Americas

US withdraws from Iran deal, imposes sanctions

The US will withdraw from the Iranian nuclear deal and reimpose sanctions on the country, the president said. The reimposed sanctions will target critical sectors of Iran’s economy, such as its energy, petrochemical and financial sectors. Companies doing business in Iran will have time to wind down operations there. After the deal was signed back in 2015, oil prices fell and market watchers raised concerns about oversupply. The country made plans to increase oil production by 1m bbl/day once the sanctions were lifted.

Formosa picks process tech for US PE, PP

Formosa Plastics Corp has chosen the process technologies it will use in the polyethylene (PE) and polypropylene (PP) plants it is building in Point Comfort, Texas. The technology for the tubular low-density PE (LDPE) plant has been licensed from ExxonMobil. It will have a capacity of 400,000 tonnes/***year*** and produce Formosa’s new line of Formolene LDPE resins, said Ken Mounger, vice president and general manager of polyolefins. The new 250,000 tonne/***year*** PP project’s technology has been licensed from Japan Polypropylene Corporation.

BASF lifts butanediol FM declared in January

BASF lifted the force majeure on US butanediol (BDO) and derivatives that the company declared in January because of events at its Louisiana plant. BASF shut down its 162,000 tonne/***year*** BDO unit in Geismar, near Baton Rouge, following two separate events there in mid-January. The plant is the largest BDO unit in the US. On 14 January, a natural gas fire near the Geismar facility disrupted the site’s natural gas supply, followed two days later by record low temperatures plus rain, sleet and snow in southern Louisiana.

Air Products buys Shell coal gasification tech

Air Products completed the acquisition of Shell’s coal-gasification-technology business for an undisclosed amount. The two companies also formed a strategic alliance that covers residue gasification technology for refineries. The acquisition includes Shell’s patent portfolios for coal and biomass gasification and sharing patent rights for residue gasification. Under the strategic alliance, Air Products will offer sale of gas residue gasification units to refiners.

Solvay aims to source more renewable energy

Belgium-based Solvay will aim to source more renewable energy in the US with the start-up of a 71.4-megawatt solar farm in South Carolina. The solar farm is owned by Dominion Resources. Solvay agreed to acquire the farm’s renewable energy certificates (RECs) in March 2017 for a 15-***year*** period. The solar farm is called Solvay Solar Energy-Jasper County, in South Carolina’s county of the same name. The farm has more than 250,000 solar panels.

US IFF to acquire Israel’s Frutarom for $7.1bn

US-based International Flavours & Fragrances (IFF) has agreed to acquire Israel’s nutrition producer Frutarom for $7.1bn. The transaction will be based on cash and stock. Frutarom’s shareholders will receive for each of their shares $71.19 in cash and 0.249 of a share of IFF common stock, which represents a total value of $106.25/share.

DuPont to raise polyimide film capacity in Q1 2019

DuPont plans to raise production capacity of its Kapton polyimide film by up to 20% by the end of Q1 2019. DuPont is increasing capacity at sites in the US and Asia. The company did not specify where it will add the capacity or the magnitude of the increase. DuPont will also spend money on R&D to introduce more Kapton and Oasis film products. Oasis is DuPont’s brand of fluoropolymer-coated polyimide.

Arsenal to sell Dutch UV curable materials firm

Arsenal Capital Partners has agreed to sell Netherlands-based IGM Resins to France-registered equity firm Astorg for an undisclosed amount. IGM develops and manufactures radiation curable materials – including photoinitiators, acrylate oligomers and monomers, as well as additives – for the UV coatings and inks market. It has manufacturing facilities in Europe, Asia and the US. The transaction is expected to close in Q2 2018. Arsenal acquired IGM in September 2012.

Sendero plans to build four natgas plants

US-based Sendero Midstream plans to build four more natural gas processing plants that will be able to handle a total of more than 1bn cubic feet/day of gas. Sendero plans to make the investments over the next five ***years***. The company recently started up a 130m cubic feet/day plant in Eddy county, New Mexico, which processes gas produced in the Delaware basin in the Permian.

US must revisit steel tariff exclusions

A bipartisan group of 39 US lawmakers wrote a letter to the nation’s Department of Commerce, urging it to make it easier for companies to request exemptions from recently proposed steel and aluminium tariffs. As it stands, the process is moving far too slowly, the letter said, and it is placing a significant burden on manufacturers, especially small businesses. In March, US President Donald Trump proposed tariffs of 25% on steel products and 10% on aluminium products.

OxyChem pre-tax income up on higher sales in Q1

Occidental Chemical (OxyChem) reported a Q1 pre-tax income of $298m, up from $170m from the same time in 2017. OxyChem attributed the increase to higher prices for most of its products, lower ethylene costs and better margins. The company also benefited from the December 2017 start-up of an expansion in Geismar, Louisiana, that produces 4CPe, a feedstock used to make the latest generation of refrigerants. After-tax Q1 earnings were $230m, up from $109m. Revenue was $1.15bn, up from $1.07bn.

europe

Brudermuller takes over as CEO of BASF

BASF chief technology officer Martin Brudermuller took over as CEO of the company from Kurt Bock on 4 May. Bock presented Brudermuller with a 3D-printed model of a storage tank at the company’s annual general meeting (AGM). In his final speech as CEO, Bock noted that BASF hopes to produce a financial result broadly on par with the banner profits generated in 2017.

INEOS begins engineering work on cumene plant

INEOS has taken the next step in the development of a “world-scale” cumene plant in Germany, commencing preparatory engineering work and planning for a final investment decision (FID) before the end of the ***year***. The company has commenced front-end engineering and design (FEED) work on the plant, to be located in Marl, Germany, nearly 10 months after first announcing it was considering a significant new investment in cumene capacity in Europe.

DSM doubles Q1 net profit on higher margins

DSM’s net profit more than doubled to 331m in the first quarter of 2018 from 149m in the ***year***-ago period, on the back of higher margins. Sales rose by 13% ***year*** on ***year*** to 2.44bn in the first quarter while adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) surged by 56% to 538m.

Bayer appoints Condon head of Crop Science

Liam Condon will lead Bayer’s Crop Science division once the company gets its acquisition of US agrochemicals major Monsanto approved by antitrust authorities. Condon is currently responsible for Bayer’s Animal Health business unit. In related news, Bayer said that Monsanto CEO Hugh Grant had announced his intention to leave the company once the acquisition is completed.

Brenntag Q1 net profit rises 11.8% on flat sales

Brenntag’s net profit rose by 11.8% ***year*** on ***year*** to 105.6m in the first quarter of this ***year*** amid stronger contributions from its Asia-Pacific business, the German chemicals distributor said. Group sales rose by 0.1% ***year*** on ***year*** to 2.98bn on a reported basis in the first quarter while operating earnings before interest, tax, depreciation and amortisation (EBITDA) rose 2.4% to 206.6m.

Henkel Q1 operating profit hit by currency

Henkel’s adjusted operating profit fell by 1.4% ***year*** on ***year*** in the first quarter of 2018, with currency effects weighing down on results. Adjusted operating profit amounted to 842m, down by 1.4% from 854m a ***year*** earlier. Currencies had a negative effect of 6.2%. The company’s sales recorded organic growth of 1.1% but actually fell by 4.5%, impacted by negative currency effects of 8.6%.

EU carmakers seek CO2 standards for trucks

The European Automobile Manufacturers’ Association (ACEA) on 9 May urged the European Commission not to mirror the approach used for passenger cars when setting carbon dioxide (CO2) emission standards for heavy-duty vehicles like trucks. ACEA pointed to the fact that there are thousands of shapes and sizes of trucks, which are used for a variety of different jobs ranging from long-haul and regional transport to urban delivery or municipal services.

SGL swings to Q1 net profit as sales rise 22%

SGL posted a Q1 net profit of 32.2m, a reversal of the 300,000 loss recorded in the same period last ***year***, due to a one-off gain, the German carbon-based products maker said. The company booked fair value adjustments of 26.7m in the first three months of 2018. Sales from continuing operations were up 21.8% ***year*** on ***year*** to 263.4m, with operating profit ballooning to 47.2m from 9.0m in the same period last ***year***.

asia

Indian Oil to build EG plant at Paradip complex

Indian Oil Corp (IOC) plans to build a 357,000 tonne/***year*** ethylene glycol (EG) plant at a cost of rupee (Rs) 42.2bn ($633m) at its Paradip complex in Odisha state, a company source said. The company’s board recently “accorded approval for implementation of the ethylene glycol project along with associated facilities”, the source said. IOC expects to use the byproducts generated from its 15m tonne/***year*** refinery at the Paradip complex to produce EG. The project, which is expected to be completed by 2021, would help in meeting growing domestic demand from downstream polyester fibre, polyethylene terephthalate (PET) and resins producers.

PTTGC Q1 profit falls on strong baht, low margin

PTT Global Chemical’s (PTTGC) Q1 net profit fell by 6% ***year*** on ***year*** to Thai baht (Bt) 12.4bn ($389m), weighed down by the strong baht and lower margins for aromatics. The company’s sales rose by 9% ***year*** on ***year*** to Bt120.9bn, but earnings before interest, tax, depreciation and amortisation (EBITDA) were down by 14% at Bt16.3bn. Its adjusted EBITDA margin fell to 13% from 17% in the same period last ***year***.

China April crude oil imports grow by 14.7%

China’s crude imports in April increased by 14.7% ***year*** on ***year*** to 39.5m tonnes. The increase was mainly due to purchases by Shandong-based refiners ahead of the Shanghai Cooperation Organisation (SCO) Summit in Qingdao next month. China typically imposes restrictions on petrochemical production and transportation when hosting international events like the SCO, to minimise pollution. To avoid disruption in operation, companies will need to build up inventories in advance.

Showa Denko completes NPAC expansion project

Japan’s Showa Denko has completed the expansion project at its n-propyl acetate (NPAC) plant in Oita which boosts its annual capacity to 18,200 tonnes from 16,000 tonnes previously. NPAC is a solvent mainly used for ink for special gravure printing on packaging materials for food. SDK earlier in 2016 increased the annual production capacity of the NPAC plant to 16,000 tonnes by getting rid of a bottleneck at the plant.

China April acetic acid output falls from march

China’s overall production of acetic acid in April decreased by 4.4% month on month to 595,984 tonnes, ICIS data showed. Domestic acetic acid plants’ average operating rate in April stood at around 82.7%, down from 86.5% in March. The decline in April acetic acid output was mainly due to turnarounds at Tianjin Soda’s 250,000 tonne/***year*** plant, Great Wall Energy’s 300,000 tonne/***year*** unit, and Henan Longyu Coal Chemical’s 400,000 tonne/***year*** unit.

Benzene inventories in eastern China keep rising

Benzene inventories at shore tanks along eastern China increased to 220,900 tonnes in the week ended 4 May. Inventories at Jiangsu ports were up by 2.65% from 215,200 tonnes in the previous week. The inventories continued to increase for three weeks and to a record high for 2018. Import arrivals this week stood at 18,000 tonnes, outweighing consumption at 12,300 tonnes.

India starts antidumping probe on epoxy resins

India has commenced anti-dumping investigations into epoxy resins imports from the EU, China, South Korea, Taiwan and Thailand. India’s Directorate General of Anti Dumping and Allied Duties (DGAD) was acting on a complaint filed by domestic producer Atul. The epoxy resins under scrutiny are reaction products of bisphenol A (BPA) and epichlorohydrin (ECH). Affected parties were asked to respond to the DGAD notification of the probe by 14 May.

Grasim expands caustic soda capacity by 67%

India’s Grasim Industries has increased its caustic soda capacity in Gujarat by 67% to 365,000 tonnes/***year*** following a brownfield expansion at its Vilayat complex, a company source said. “Approximately 50% of the expanded capacity has been commissioned and commercial production has commenced,” the source said, adding that the company expects to fully commission the plant by the end of May. The Vilayat complex in India’s west coast previously had a 219,000 tonne/***year*** of caustic soda capacity.

Lotte Q1 net profit falls by 15.3% on currency

Lotte Chemical’s net profit fell by 15.3% ***year*** on ***year*** to won (W) 543bn ($504.6m) in the first quarter on the back of negative currency effects, the South Korean producer said. The company’s revenue rose by 3.1% ***year*** on ***year*** to W4.12bn in the first quarter while operating profit was down by 18.8% at W662bn, the company said in a statement. Lotte Chemical is expected to complete its new 200,000 tonne/***year*** polypropylene (PP) unit in Malaysia by the middle of this ***year***, while its revamping project in Yeosu will be mechanically complete by the end of 2018.

JOURNAL : Farmers Weekly

Farmers and landowners should review their succession plans, say advisers, as the government in turn reviews how inheritance tax (IHT) works.

The Office of Tax Simplification (OTS) has issued a call for evidence and launched a survey on IHT, having been asked by Chancellor Philip Hammond to examine the regime and how it may be simplified.

See also: Video: Estate comes to market as family leaves farming after 70 ***years***

While accountants are extremely cautious about the likely outcome of the review, they say this is a good prompt for farming families to review their IHT position, succession and retirement plans.

***Agriculture*** benefits from up to 100% relief from IHT on qualifying assets through ***agricultural*** property relief (APR), with the result that proper organisation and planning can mean no IHT is due on many farms and estates.

Scope of the Office of Tax simplification review

The process of submitting IHT returns and paying any tax

Gifts rules including the annual threshold for gifts (up to £3,000 with no IHT due), small gifts, their interaction with each other and the wider IHT framework

Other administrative and practical issues of routine estate planning, compliance and disclosure

Complexities arising from the reliefs and their interaction with the wider tax framework

The scale and impact of any distortions to taxpayers’ decisions, investments, asset prices or the timing of transactions because of the IHT rules, relevant aspects of the taxation of trusts, or interactions with other taxes such as capital gains tax

The perception of the complexity of the IHT rules among taxpayers, advisers and industry bodies

“It’s a very benign regime for ***agriculture*** and if people are minded to leave assets to the next generation, then it may be best to do so before people start changing the rules,” said Rob Hitch of Cumbria accountant Dodd & Co.

In almost every Budget of the past 20 ***years*** there has been a degree of nervousness about possible changes to IHT reliefs.

While much of the Chancellor’s target was the administration of the tax, there was perhaps a warning shot for landowners, said Mr Hitch, referring to the OTS also looking at how gift rules interact with the wider IHT system.

Inheritance tax facts

Introduced in 1988, replacing capital ***transfer*** tax

Charged at 40% but only on any value above the personal ‘nil rate band’ of £325,000 for an estate

Raises about £5bn/***year***

Annual gift exemption of £3,000 (same for past 30 ***years***)

***Agricultural*** property relief and business property relief offer up to 100% relief from IHT

It will also consider whether the current framework causes any distortions to taxpayers’ decisions surrounding ***transfers***, investments and other relevant transactions.

Even if a farmer or landowner does not expect to make changes in terms of passing on assets, it is good practice to regularly review and understand what the tax position would be in the event of a ***transfer*** or a death.

The more diversified a business is, the more important it is to perform such a review, as diversification can take assets outside of the scope of APR, although business property relief (BPR) may still be available, also at up to 100%.

Carlton Collister of tax adviser landtax said farmers and landowners needed to be aware changes were likely as a result of the review. “It is speculation at this stage what form those changes might take and the timescale,” said Mr Collister. “However, If one considers any changes to the current favourable tax treatment for APR and BPR are likely to detrimental, the timetable for the consultation reporting back in the autumn provides a reason to carry out succession planning that is currently being worked on before the date of the autumn budget.”

The budget is expected in late November or early December and while the OTS will make recommendations, the Chancellor is responsible for final decisions on tax policy.

The OTS wants to hear from anyone with experience of the system including farmers and their advisers.

Advice on inheritance tax reliefs for farmers and landowners

Eligibility for ***agricultural*** property relief (APR) depends on assets qualifying – in general this means that they must have been owned and occupied and used in ***agriculture*** by that owner for at least two ***years***. Alternatively they must have been owned for seven ***years*** and may have been used by another person for ***agriculture*** during that time.

Where APR is not achievable, then business property relief (BPR) may be available but accountant Saffery Champness warns that entitlement to BPR can be jeopardised when land or property is let.

Two cases from 1999 and 2010 determined that where more than 50% of a property consists wholly or mainly of making or holding investments, that property would fall outside the scope of BPR.

Furnished holiday lets are often denied IHT relief as they are deemed primarily to be investment businesses unless a certain level of service is included in the lettings.

There has also been a number of cases relating to caravan parks, grazing land and commercial property and in most of these the taxpayer’s BPR claim has failed unless there is evidence of a significant related trading element, warns the firm.

Saffery Champness also cautions not to make significant changes without checking out whether these may affect the position with regard to other taxes.

How to respond

Email [*ots@ots.gsi.gov.uk*](mailto:ots@ots.gsi.gov.uk) or write to: Office of Tax Simplification, Inheritance tax review, Room G/41, 1 Horse Guards Rd, London SW1A 2HQ

JOURNAL : Farmers Weekly

This spring’s blizzards, sub-zero temperatures and flooding delayed sowing for a month and meant animals were kept under cover instead of grazing on the fields.

But as we moan about the inclement weather of 2018, spare a thought for the farmers of February and March 1947, who suffered the heaviest snowfalls and lowest temperatures ever recorded, followed by the worst floods in living memory.

Among them was farmer Maurice Wilks, who owned sprawling estates in Warwickshire and on Anglesey.

He borrowed a neighbour’s ex-Second World War Jeep to get through the deep snowdrifts and clear fallen trees, while the rest of the country ground to a halt. He was suitably impressed.

Wilks was, in truth, a hobby farmer; in his day job he was engineering director of the Rover car company.

But his experience of the adversities faced by fellow farmers during the terrible winter of 1947 were to change the face of modern farming, because when he turned his brilliant engineering brain to the problem he came up with a solution that was eventually to become the Land Rover.

See also: A nostalgic drive in the retiring Land Rover Defender

Keeping it simple

Although impressed with the Jeep’s simplicity and capability, Wilks was frustrated by the much-abused vehicle’s tendency to break down – and the difficulty in obtaining spare parts when it did.

But his experiences with that battered old Jeep were enough to convince him that a go-anywhere versatile 4x4 was exactly what the nation’s farmers needed.

Besides being the ideal farm runaround and towing vehicle, it could also be adapted for light ploughing, sowing, harvesting, baling and a host of other duties around the farm.

During the Easter weekend of early April 1947, Maurice shared his ideas with his brother, Spencer, who was Rover’s managing director.

Spencer was eager to press ahead with his brother’s plans, because he knew that Maurice’s proposed Land Rover would also solve the company’s problem with exports – or, rather, the lack of them.

In those austere post-war ***years***, steel was strictly rationed and the lion’s share went to manufacturers who exported most of their production to bring in much-needed foreign cash.

Unfortunately, there was little demand overseas for the outdated saloon cars that Rover was still building from pre-war designs and, as a result, the company was in dire straits.

But aluminium wasn’t rationed so it was decided that the new Land Rover would be built with aluminium bodywork bolted on a ladder chassis made from welded offcuts of steel.

A 1.6-litre Rover petrol engine would supply the power. The Wilks brothers sold the idea to the Rover board by telling them that the new vehicle would be a useful stopgap until steel was no longer rationed and reasoned that it would achieve welcome export orders, too.

Production line

Within weeks, Rover’s engineers were building prototypes. The first one had its steering wheel in the middle, so that it could be built without expensive conversions to left-hand drive for export.

But the so-called Centre-Steer was abandoned when it was realised that nobody would be able to see the hand signals of a driver sitting in the middle of the vehicle.

But they soon got it right and the finished vehicle was on sale less than a ***year*** after its conception (a feat unlikely ever to be surpassed in the modern motor industry, where the development period of any new model is measured in ***years***).

For maximum versatility for the farmer, the ***transfer*** box had three power take-off (PTO) points for auxiliary equipment, including a standard splined drive shaft to the rear to be connected to towed powered machinery such as mowers and binders, while an optional capstan winch could be mounted on the front.

The central PTO featured a pulley to drive vehicle-mounted welding equipment or a compressor to power a bench saw, for example.

Dutch launch

The new vehicle was launched on 30 April 1948 at that ***year***’s Amsterdam Motor Show. It was a low-profile affair with little fanfare, but the Land Rover was an instant success.

What had been intended by its parent company as a stopgap aluminium-bodied vehicle to beat post-war steel shortages soon became Rover’s best-seller – and it did indeed achieve excellent overseas sales.

This was an era when the sun still didn’t set on the British Empire and that versatile 4x4 was exactly what was needed out in the colonies.

Back in the 1950s, it was said that the first motor vehicle seen by three-quarters of the world’s population was a Land Rover.

The Land Rover was a hit with Kenyan coffee growers and Ceylon tea plantation owners alike, but nowhere was it more popular than in the British countryside, among grateful farmers.

They didn’t mind the fact that the seats were uncomfortable and that both heaters and door tops were optional extras. It was very comfortable compared with the tractors of its time.

More importantly, this was an era when the British Government had decreed that food production, and the acreage dedicated to it, had to be increased.

This was at a time when there was a severe labour shortage on the land, as a result of German and Italian PoWs being repatriated.

Mechanisation was essential and the Land Rover’s sheer versatility was invaluable on the farm.

Design improvements

The original 80in wheelbase Series I was steadily improved over the next 10 ***years*** until its successor, the Series II, was launched in 1958.

That was followed by the Series III in 1973, which was replaced in the 1980s by the Stage One V8 (with a 3.5-litre petrol engine to address the lack of power in the standard 2.25-litre petrol and diesel engines) and the Ninety and One Ten coil-sprung models.

Early in 1990, these utility vehicles were given the same 2.5-litre turbodiesel engine that was under the bonnet of the Discovery, launched the previous ***year***, and the new model was badged Defender, so as not to cause confusion in the ever-growing Land Rover family.

During its lifetime, the fortunes of the utility Land Rover had changed. In its early ***years***, there was nothing to rival its all-round ability.

If you lived and worked in the countryside, a go-anywhere Land Rover was essential. But from the late 1960s, rival 4x4s from other manufacturers ended Land Rover’s monopoly.

Few enjoyed the same off-road capability or the longevity of the aluminium-bodied Land Rover, but nearly all were cheaper.

Of course, Land Rover launched a few new models of its own to rival those new competitors. The first, in 1970, was the Range Rover.

Today it is seen as a rich man’s luxury 4x4, and priced accordingly, but nearly half a century ago the original two-door model was aimed at the farmer and was seen as a dual-purpose working vehicle that was equally at home in the fields during the day or going out to dinner on a Saturday night.

It was very basic, with footwells designed to be hosed down after a hard day out in the mud.

As the Range Rover headed steadily upmarket, it was joined in 1989 by a new model, the Discovery, which was priced to take the fight to Land Rover’s Japanese rivals.

It succeeded and became Europe’s best-selling 4x4 until it was ousted by its own sibling, the Freelander, in 1998.

Aware that farmers would appreciate more workmanlike versions of these new vehicles, the company produced van-style models badged “Commercial” that offered comfort, carrying capacity and excellent towing capability as well as excellent off-road ability.

Growing family

These days, a bewildering choice of models bearing the green oval badge is available, including the Range Rover Sport, Range Rover Evoque, Range Rover Velar and Discovery Sport.

What they all have in common is class-leading off-road ability – it’s part of Land Rover’s heritage and something the company insists upon before any new model is launched – but they all have a bit too much carpet and bling for the tastes of many who work in the countryside.

Meanwhile, throughout all these changes, the original Land Rover lived on under the Defender badge.

It still comprised an aluminium body on a steel ladder chassis and was essentially hand-built, although the vehicle had evolved greatly since 1947, with creature comforts such as power steering, comfortable seats and decent heating added over the ***years***.

Sadly, the Defender was discontinued in 2016. After decades of upgrades to keep it within safety and EU emissions rules, the company finally decided that it was time to tear up the 68-***year***-old design and start again.

But as the last models rolled off the Solihull production line in January 2016, the family resemblance with the 1948 original was striking. Stand them alongside each other and you wouldn’t need to take DNA samples to confirm the parentage.

As it celebrates its 70th birthday in 2018, it is only fitting that a long-awaited new Defender is expected to join the line-up later this ***year*** – but whether a new generation of green Land Rovers will conquer the countryside as comprehensively as that 1948 original remains to be seen.

Land Rover landmarks

1948      Original Land Rover makes its debut

1953      Long wheelbase version introduced

1958      Series II unveiled

1966      500,000th Land Rover produced

1967      Rover nationalised and becomes part of British Leyland (BL)

1970      Range Rover launched

1971      Series III

1976      Millionth Land Rover built

1982      Four-door Range Rover released

1986      BL renamed Rover Group

1988      Rover Group is privatised and becomes part of British Aerospace

1989      Discovery becomes third Land Rover

1990      Original Land Rover renamed Defender to avoid confusion

1992      Second-generation Range Rover

1994      BMW buys Rover Group (includes Land Rover)

1995      Annual production at Solihull factory tops 100,000

1997      Freelander is Land Rover’s fourth model

2000      BMW sells Land Rover to Ford

2002      Third-generation Range Rover

2004      Discovery 3

2005      Range Rover Sport is fifth model

2006      Freelander 2 built at Halewood on Merseyside

2007      Record sales of 226,000 vehicles

2008      Ford sells Land Rover to Tata Motors

2011      Range Rover Evoque is sixth model

2015      Discovery Sport replaces Freelander

2016      Defender production ends

2017      Range Rover Velar becomes seventh Land Rover

2018      New Defender expected this autumn

JOURNAL : Farmers Weekly

UK dairy processor Meadow Foods has increased its A litre milk price by 1p from 1 June, while also announcing it would recruit more producers.

The move means the milk buyer’s 650 producers will receive 27p/litre for milk with 4% butterfat and 3.3% protein.

See also: Dairy farmers capitalise on higher milk prices

For ease of comparison, the manufacturing litre of 4.2% butterfat and 3.4% protein will pay 27.38p/litre for Chester and 27.25p/litre for Cumbria.

Meadow Foods cited improved cream prices and reduced milk production in Europe due to recent bad weather as reasons behind the change.

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The rise follows a price hold in May, which was preceded by 5p worth of cuts in 2018 alone.

“We are pleased to pass on the improvements in the market to our farmers just as soon as we can,” said Meadow Foods CEO Mark Chantler.

“We are now also looking to recruit a number of producers to meet the ever-increasing demand for Meadow’s products.”

“This is an exciting time for the business as we grow and extend our product range and reach, so I would encourage producers to take a fresh look at Meadow Foods to see what we have to offer you.”

Expert analysis

Peter Meehan at FC Stone said: "Europe’s EEX Dairy commodity futures remained firm this week as less-than-ideal grazing conditions throughout parts of western Europe continue to affect milk supply.

"European spot commodity prices moved higher again this week, with European butter prices climbing 17% over the past four weeks and SMP prices up more than 8% in the past three weeks.

"Supply-side concerns continue to provide support to the market, with the latest March milk collections numbers showing UK milk collections down 2.1% on last ***year*** [-0.4% in milk solid terms due to higher fat and protein content], New Zealand milk collections down 1.5%, while US collections increased by 1.3%.

"On the demand side, Chinese imports were somewhat subdued in March versus 2017, with WMP, SMP and cheese imports seeing multi-***year*** lows for March.

"The latest European milk price numbers are showing the average monthly European price for February coming in at 34.39 [£30.05] per 100kg of standard milk at 4.2% fat and 3.4% protein. This is down 1.07 [94p] on January’s price, but up +2.4% or 0.82 [72p] on February 2017.

"The current butter and SMP futures prices suggest EU milk prices may be close to hitting their lowest ebb for 2018 and show signs of increases for the remainder of the ***year***."

JOURNAL : Farmers Weekly

Battery and brushless motor technology has improved so much in recent ***years*** that even power-hungry machines such as brushcutters are beginning to go fossil-fuel free.

At a recent press event our ears pricked up when a certain German power tool maker proudly pointed out its professional range of cordless kit could match its best petrol models for performance.

That included items such as pole pruners, leaf blowers and brushcutters, with just chainsaws and disc cutters still to catch up.

See also: How to patch up farm pickups with second-hand spare parts

As well as their petrol-like oomph, these engineless machines promise the benefit of quiet, low-vibration operation, no more fiddly starting problems and an end to mixing-up gallons of stinky two-stroke.

So, to see if batteries really can compete, we got hold of the best cordless brushcutters from market leaders Stihl and Husqvarna.

To assess their power, battery life and build quality we then put them to work in some dense scrub alongside their petrol counterparts.

For those looking to spend a little less, we also lined up a more domestic spec Oregon machine.

Here’s how they got on

Stihl FSA130 cordless brushcutter (Score: 4/5)

Unit price £415 rrp (about £350 online)

Battery price £187 rrp (about £160 online)

Charger price £120 rrp (about £100 online)

See also: How to get a chainsaw's tired two-stroke engine to run

What’s it like?

Likes and gripes

Likes

Bags of power

Good ergonomics once strapped in

Light to handle

Gripes

A fiddle to strap into

Short battery life on full power

No option of on-board battery

The FSA130 is the most powerful pro-spec cordless brushcutter Stihl offers and unlike the other models on test, it has the motor at the rear of the machine.

This means there’s no option of having the battery stowed on board, so the operator has to wear a belt or harness with a pouch attached.

A lead then ***transfers*** the power to the cutter.

It isn’t really a problem for the bike handle version we had as you have to wear a harness anyway.

But if you’ve got the loop-handle machine, it means you can’t just pick it up and go.

Power wise it took some beating and we found it almost on par with its 36cc petrol counterpart – the FS131.

On full speed it smashed though thick undergrowth with ease and even the lowest power setting was sill ahead of the Oregon at full tilt.

As for the battery, ours came with the biggest of Stihl’s handheld units – the AP300.

On paper this 6Ah block will apparently offer up to 85mins of cutting time, but on full power we managed to mince it in just 23 minutes.

On the second of the three power settings it lasted a similar length of time, but the lowest setting allowed it to run for about 35 minutes.

In all cases, the strimmer maintained full power until the last minute or so where there’s a noticeable drop, as if to warn you your time is almost up.

We found the supplied AL500 fast charger would get the battery back up to full power in about 35mins, so two units won’t quite cut it if you want to work flat out continuously.

However, for those who do want that sort of performance there are bigger backpack units available.

Specs

Rated voltage 36V

Battery AP300 – 6Ah

Battery location Pouch on harness or backpack

Motor location Rear of machine

Handles Bike or top handle

Throttle Variable-speed with three power settings

Tool weight 4.5kg

Battery weight 1.7kg

Test results

Run time to a charge 23min on full power and mid-power settings, 35min on low power.

Charging time 35min

Perceived cutting ability/power Almost as good as the petrol-powered FS131

Noise 86db

Husqvarna 536LiRX (Score: 4/5)

Unit price £325 rrp (about £270 online

Battery price £270 rrp (about £230 online)

Charger price £115 rrp (about £95 online)

What’s it like?

Likes and gripes

Likes

Neat design

Long run time

Twin-direction head

Gripes

Not as powerful as Stihl

Flex in handles

Touchpad buttons hard to press in gloves

The Swede’s top-spec offering comes in the form of the 536LiRX, which has a sealed brushless motor directly at the cutting head and a slot for the battery at the rear.

This will accept all of Husqvarna’s battery units and for those that want ultra-long cutting performance it can also be teamed with a backpack battery.

All you have to do is insert a battery-shaped adapter the backpack can plug into.

It’s a neat setup, particularly as the compact motor in the cutting head is no larger than the head on some conventional machines.

Husky says it’s fully waterproof too, so there’s no need to worry about getting it wet.

Power was impressive and it chopped though everything we poked it at, only stalling when we pushed it into a patch of woody nettles and brambles.

For longer running times there’s an eco mode, which gave us about an hour of continuous operation.

It’s useful for keeping your string in tact when strimming along fence lines, but is a bit tedious on larger patches.

It couldn’t match the Stihl for power, but when we weren’t working the two side-by-side we were pretty happy with its performance.

Our machine came with the biggest of Husky’s handheld batteries, which is rated to a whopping 9.4Ah. At full power this gave us 42 minutes of continuous cutting and 61 minutes when we worked in eco mode. In both modes there was no drop in power whatsoever – it just cut out.

There’s also a handy button for reversing the cutting head.

The QC500 charger supplied got the unit back up to full charge in about 57 minutes, so like the Stihl it wasn’t quite up to continuous operation at full power with two batteries.

Specs

Rated voltage 36V

Battery BLi300 – 9.4Ah

Battery location Rear of machine

Motor location Cutting head

Handles Bike or loop handle

Throttle Variable speed with normal and eco setting

Tool weight 3.8kg

Battery weight 1.8kg

Test results

Run time to a charge 42min on full power and 61min in eco mode

Charging time 57min

Perceived cutting ability/power Strong, but not as powerful as the Stihl FSA130

Noise 81db

Oregon ST275 string trimmer (Score: 3/5)

Unit price About £120 online

Battery price About £160 online

Charger price About £45 online

What’s it like?

Likes and gripes

Likes

Neat all-in-one design

Very simple to set up and use

Long run time

Gripes

Too front heavy

More of a domestic-spec machine

No option of bike handles

Oregon’s ST275 is a more domestic-spec machine than the Stihl and Husky, but it shows the sort of performance you can expect when you spend just over half the price.

Like the Husky, it has the battery at the rear of the machine and the motor is housed in the cutter head. However, this is a much bulkier unit and it makes the machine a little head heavy.

It’s unfair to compare the Oregon’s performance directly with the Stihl and Husky machines, but as a guide its power seems to be about that of the other two on their lowest power settings. We still cut plenty of tough stuff with it, though, and it’s handy for lighter jobs.

As the power is lower, the 6Ah battery (the biggest of three offered by the firm) lasted for about 43 minutes of medium grade work and 34 minutes when we really thrashed it.

Unfortunately, the power did tail off towards the end of the charge, particularly when we weren’t working it as hard.

The fast charger we were supplied with got the battery back to full power in about 90 minutes.

Specs

Rated voltage 36V

Battery 36V 6.0Ah lithium ion (biggest of three options)

Battery location Rear of machine

Motor location In the cutter head

Handles Loop handle only

Throttle Variable-speed

Tool weight 4.3kg including 4Ah battery

Test results

Run time to a charge 43min in medium grade work and 34min in heavier going

Charging time 90min

Perceived cutting ability/power Roughly the same as the Stihl and Husqvarna on their lowest power settings

Noise 84.6db

The petrol benchmarks

Stihl FS131 – £756 rrp (about £530 online)

Husqvarna 525RTX – £430 rrp (about £320 online)

Our two petrol benchmark machines were Stihl’s FS131 and Husqvarna’s 525RTX, both of which were picked out by the makers as a fitting match for their best cordless machines.

The Stihl’s 36cc engine makes it the second largest machine in its professional line-up, while the 25cc in the Husky, makes it one of the smaller pro-spec models.

Both were good performers, but the noise and vibration was particularly unpleasant after we’d spent some time using the cordless models.

Power wise, we reckon they’ve still got a slight edge over the cordless machines, but there wasn’t much in it. As for running times, the Stihl worked considerably longer run than its cordless cousin, managing 50 minutes to a tank of fuel, while the Husky was similar at 41 minutes.

Verdict – can batteries cut it?

In power terms,  these cordless machines are now seriously close to the best petrol has to offer and they come with the added bonus of relatively quiet and fume-free operation.

For out-and-out power, the Stihl is the one to go for, but the Husky is more convenient, particularly if you want a grab-and-go loop-handle model. The Oregon is also worth a punt if you haven’t got too much to do.

If not hammering them hard, all of the machines we tested can just manage continuous operation with two batteries – one in the machine and one on charge.  This does assume you have access to a mains power point or vehicle with an inverter in which you can juice up the second battery, though.

As for price, the machine and one battery will come in around the same as a petrol equivalent, but opting for a second battery will push that up by another £200 or so.

However, once purchased, these will cost a fraction of the price of a two-stoke machine to run and remove the inconvenient task of running to the pumps and mixing the fuel.

In the same vein as the cordless drill market, these batteries can be used in the makers’ other kit, such as hedgetrimmers or leaf blowers, which are handy for cleaning down combines and balers.

As for their life expectancy, Stihl units are rated to last for 1,200 full charging cycles and Husky says its can do 1,500, depending on how well they’re looked after. If you do an average of 10 charging cycles per month, that works out at a life expectancy of 10 and 12-and-a-half ***years*** respectively.

For those that do want longer run times to a charge, both Stihl and Husky offer larger backpack battery units. However, they’ll set you back a good bit more than £500.

Watch out for specs

If you’re considering buying one of these machines it’s important to check the specs of the batteries you’re buying. We had the top-end units and all manufacturers featured offer smaller versions, which will have considerably shorter run times.

It’s a similar story with chargers, and lesser versions will take longer to juice the batteries back up.

JOURNAL : Farmers Weekly

Oilseed rape growers could suffer substantial losses after a study revealed an important source of genetic resistance against phoma stem canker is becoming less effective.

Researchers from the University of Hertfordshire have declared that host resistant gene Rlm7 has become less successful in controlling the stem canker pathogen, Leptosphaeria maculans.

Phoma, the second most common disease to affect oilseed rape crops after light leaf spot, can causes losses of more than £95m/***year*** to UK farmers.

See also: 6 varieties added to sugar beet Recommended List

Growers rely on varieties that have good resistance against the pathogen causing phoma, after some effective fungicides for treating the disease have been withdrawn.

The disease is caused by two closely related fungal pathogens, Leptosphaeria maculans and Leptosphaeria biglobosa, with Rlm7 the most dominant gene which is used to give oilseed rape varieties resistance.

Georgia Mitrousia, lead author of the study, which was published in Plant Pathology, believes it is important growers take note of this latest development.

“This study acts as a warning to the oilseed rape industry and they will hopefully develop strategies to prevent the loss of commercially available cultivars,” Dr Mitrousia said.

JOURNAL : Farmers Weekly

In the week that the government’s consultation on the future of farm policy closes, Defra has made it clear that it plans to abolish direct ***payments*** for farmers after Brexit.

How should they be phased out? Let us know by responding to our poll below.

(function(d,s,id){var js,fjs=d.getElementsByTagName(s)[0];if(d.getElementById(id))return;js=d.createElement(s);js.id=id;js.src='[*https://embed.playbuzz.com/sdk.js*](https://embed.playbuzz.com/sdk.js)';fjs.parentNode.insertBefore(js,fjs);}(document,'script','playbuzz-sdk'));

See also: Gove plans to redirect £150m BPS savings to the environment

JOURNAL : Farmers Weekly

Rapeseed prices will need to tick higher to encourage a bigger oilseed rape crop to be drilled this summer as growers watch their crops struggling in the current wet weather.

With a likely late oilseed rape harvest and wheat prices showing a rally towards £150/t and so becoming more competitive, the attractions of drilling rapeseed this summer will be tempered.

Rapeseed prices ex-harvest are currently trading at about £275/t ex-farm and, even with an oil bonus, prices will struggle to break through the psychological barrier of £300/t.

See also: Oilseed rape growers urged to be on alert for stem rot disease

Owen Cligg, trading manager at co-operative United Oilseeds, says growers’ interest in the crop tends to fade if prices before oil bonuses are below £300/t.

“If we don’t get a price rally or see yields up at harvest, then it is difficult to see the area showing a big increase this summer,” he tells Farmers Weekly.

The oilseed rape area is estimated to have risen to 600,000ha this season from a Defra figure of 554,000ha last ***year***, which represented its first rise after five ***years*** of falls and down from a record crop area of 756,00ha at harvest 2012.

Mr Cligg is pencilling in an average yield of 3.5t/ha from this ***year***’s harvest to give a crop of 2.1m tonnes, down from harvest 2017 when a 3.9t/ha yield from a smaller area gave a crop of 2.2m tonnes.

Late harvest

Geoff Hall, commercial lead for north-west Europe at rapeseed breeder Monsanto, estimates that this ***year***’s harvest could be around one week later than normal after wet and cold weather this spring.

He believes the area will be little changed his summer, with any movement largely due to conditions at planting. The breeder controls about a third of the UK oilseed rape seed market with varieties such as Extrovert and Exalte.

“The weather and soil conditions at drilling will be critical, but the area in some parts of Europe, such as northern Germany, are down, which may encourage more plantings here,” he says.

One area of expansion could be in Clearfield varieties, which are bred conventionally with tolerance to the herbicide imazamox, which has good activity against brassica weeds such as charlock and runch.

These varieties are particularly useful where brassica weeds are a problem, and the high erucic acid content of the weed seed can lead to rapeseed loads being rejected.

Mr Hall expects the Clearfield area to rise from 60,000ha to 80,000ha or even as much as 100,000ha this season. His group markets Clearfield varieties Imperial, Impression and Impressario.

Opportunist growers

Barry Barker, national arable seed product manager at agronomy group Agrii, says that about 5-10% of the rapeseed area is down to opportunist growers who drill more rapeseed if conditions at the time are favourable.

“The overall area could be as big as this ***year*** but not any bigger, and will probably be 90-100% of this ***year***’s crop, depending on conditions at drilling,” he says.

Mr Barker adds the top varieties are set to be dominated by the hybrids Exalte, Extrovert and Alizze, and conventional varieties Elgar and Campus, with the Clearfield variety Imperial also set to be a good seller.

He expects Clearfield varieties could do well and take a 15% share of the market as growers worry about rapeseed loads being rejected for higher erucic acid content, especially as standards are being tightened up.

The European Union is reducing the food standard for rapeseed to a maximum 2% erucic acid from 5% previously, which could be implemented as early as this autumn, and Britain is likely to follow suit even after Brexit.

JOURNAL : Farmers Weekly

After months of rain, the sun’s out, the soil’s dried and the wheels of machines are beginning to roll.

It's all going so well until you hear a snap, or notice a crack, or a light appears on the dash, and everything comes to a grinding halt until the part can be replaced.

See also: Massey parts up for grabs as dealer has final clear out

Part searching can often be a time-consuming process, so a new online parts store – buyanypart.co.uk – has been launched as a go-to platform which allows farmers to browse more than 500,000 parts for any type of machine in one place, rather than trawling the web and phoning suppliers to compare prices.

Finding the part can by done by entering the part number or by clicking on one of the manufacturers and scrolling through the listed items available.

Results of both original and replacement parts matching the exact model are shown and, if there’s no part available, the company can help with further searching.

The service is available every day of the ***year*** with prices quoted including delivery and VAT.

JOURNAL : Farmers Weekly

Three members of Somerset Young Farmers earned the right to celebrate in Blackpool this weekend after cycling more than 230 miles to this ***year***'s NFYFC Annual Convention, raising money for charity, in the process.

Ben Druitt from Bridgwater YFC, plus Tom Pope and Joshua Fincham, from Ilminster YFC, left the Weston-super-Mare pier in the early hours of Thursday morning (3 May), supported by fellow young farmer Pip Cusack.

Setting off at 6.15am, the team cycled for 20 hours and 15 minutes before arriving at Blackpool pier at 2.30am on Friday (4 May), allowing a few hours to sleep, before the weekend festivities got under way at the Winter Gardens.

See also: Video: Young Farmers raise almost £1,000 for charity

The young farmers have raised more than £2,000 so far, with the money being split between the Royal ***Agricultural*** Benevolent Institution (Rabi) and St Margaret’s Hospice.

As tiring as the epic journey was, Ben says it was a unique way to travel to the convention and a great method of raising money.

“Josh has done a lot of long-distance cycling in the past, so that’s where we got the inspiration. The response from people has been excellent and we’ve managed to raise a significant amount of money for charity, which is great," he added.

You still have time to donate to the team's fundraising page and support their efforts.

JOURNAL : Farmers Weekly

Since my last Spud Watch, conditions have improved dramatically and there’s been a flurry of activity.

We’ve avoided the extremes of temperatures and rainfall that areas further south have experienced in the past few weeks and growers have made steady progress with planting.

Soils have warmed up quickly and are at temperature’s similar to last ***year*** already.

Seed planting began in the last week of April which is not particularly late, and conditions have been in general good with only the heaviest soils needing time to dry out and become workable.

See also: Midlands potato grower develops time-saving chitting system

Ware growers are also making progress and although they did start significantly later than normal, hopefully, the yield potential won’t be hit too hard (although it might help the price).

The very earliest planted crops of salads are almost emerging, so attention will soon be on herbicide choices.

With little or no linuron on farm to use up by the 3 June which is the final use date, the ***programmes*** will be based around metribuzin as the main residual active.

However, with a lot of sand soils up here and also varieties which are sensitive to metribuzin there’s going to be several options to consider depending on the weed spectrum.

Soleto (metobromuron) and Quidam (prosulfocarb) will be used in many situations, but other products may be needed.

JOURNAL : Farmers Weekly

Tens of thousands of individuals and organisations with an interest in food, farming and rural issues are believed to have responded to Defra’s “Health and Harmony” consultation, in the hope of influencing future policy.

The ideas and priorities now submitted to Defra will be pored over in the coming months and some of it will finally emerge as the new policy for British ***agriculture*** outside the European Union.

Here we summarise the key points put forward by some of the bodies that have taken part.

See also: Key points to consider in Health and Harmony consultation

Tenant Farmers Association

Tenancies should be reformed to give growers and livestock producers greater security and incentive to invest in their businesses, says the Tenant Farmers Association (TFA).

Farm businesses tenancies, let under the ***Agricultural*** Tenancies Act 1995, lack the necessary security of tenure for a vibrant, productive and prosperous farm industry, argues the TFA, which advocates a series of fiscal changes to stimulate a “more sustainable approach to letting land”.

Recommendations include restricting 100% ***Agricultural*** Property Relief (APR) from inheritance tax to landlords prepared to let for 10 ***years*** or more – or on new tenancies, including successions, with security of tenure under the ***Agricultural*** Holdings Act 1986.

The TFA says the government should also clamp down on landowners who use share farming, contract farming, share partnerships and grazing licences as “thin veneers of trading activity and as vehicles for aggressive tax avoidance”.

Arguing that these schemes are promoted by agents and accountants, the TFA says landlords taking advantage of them in practice “take no risk in the business, have little, if any, entrepreneurial input and lack any management control”.

To further encourage longer tenancies, the TFA says landlords prepared to let land for 10 ***years*** or more should be able to declare their income as if it was trading income for taxation purposes. Stamp duty land tax should also be reformed to end discrimination against longer tenancies, it adds.

A further issue to be resolved is “dual use”, which allows landowners to enter land into an agri-environment scheme – and receive the benefits from the scheme directly – even if they have let that same land to an ***agricultural*** tenant.

“This practice supports the non-active individual and provides the opportunity for landlords to impose scheme requirements on their tenants who often get no return from the scheme itself,” says the TFA. “These practices must be outlawed in any new arrangements.”

Country Land and Business Association

While favouring a move towards greater environmental delivery, the CLA is especially wary of a sudden change, such as a sharp drop in direct farm ***payments*** following Brexit. It has therefore set out three crucial preconditions:

There must be absolute clarity about the long-term EU/UK trade arrangements before there is any transition away from direct ***payments***

There is a clear plan in place for investing in ***agricultural*** productivity during the transition period.

There must be clarity on what will replace the Basic ***Payment*** Scheme before steps are taken to start dismantling it.

The CLA is totally against the capping of ***payments*** to larger farmers and landowners as part of the process of winding down direct ***payments***, saying cuts should be made in small increments (no more than 20% a ***year***) and spread across all farmers equally. A five-***year*** transition is deemed “reasonable”, while the CLA also sees no merit in retaining “greening” requirements.

It also insists that the current budget for ***agriculture*** should continue beyond 2022, while ***payments*** for a new environmental scheme should do more than just cover “income forgone” and actually provide a profit to participating farmers.

“It must also come with an effective delivery mechanism which has been shown to work,” it says. The CLA is advocating a system of land management contracts, including a non-competitive “universal” element that most farmers can sign up to, and an “enhanced” element, with extra ***payments*** for those who want to take the provision of public goods a stage further.

The CLA favours a new system of “rolling application windows”, with area ***payments***, stand-alone grants and a “light touch” from inspectors.

It has welcomed the recognition of improved productivity and competitiveness as a public good worthy of support.

National Sheep Association

Transition and ending direct ***payments***

The NSA wants a minimum transition period of five ***years*** to give farmers time to adapt – and this should only start when there is clarity on the terms of trade with the EU, the new ***Agriculture*** Bill is on the statute books, and a food policy agreed. As for direct ***payments***, the NSA wants a “fair” percentage cut across all businesses.

Barriers to progress

A lack of core profitability due to high business costs and comparatively low product prices is holding businesses back, exacerbated by a culture of cheap food prices. Encouraging young people into ***agriculture*** is also constrained by a lack of reward. This must be addressed.

Collaboration

The NSA believes it is beneficial to retain as many individual farm businesses as possible, but to seek scale through collaboration. A new policy should encourage farmers to work together in areas of research, land management initiatives (such as water catchment areas and landscape management), and marketing to increase efficiency and negotiating strength.

Farm support

The current budget for ***agriculture*** should be maintained and funding redirected to support capital investment, efficiency improvements (in particular a sheep health scheme), and public goods (including environmental and social goods).

Animal welfare

The NSA does not agree with raising welfare standards per se, as this could raise costs in comparison with production elsewhere. But it does aspire to raise welfare “outcomes” through investment in health measures to improve productivity, efficiency, carbon footprints and welfare.

Devolved issues

A level regulatory platform between all UK nations is needed, with consistent movement and traceability rules and, within reason, comparable financial support ***programmes*** and no trade disruption within the UK.

Sustain

Sustain, “the alliance for better food and farming”, is the umbrella organisation representing about 100 environmental and ***agricultural*** lobby groups. Its members include Compassion in World Farming, the Campaign to Protect Rural England, the Family Farmers Association, the Landworkers Alliance, Friends of the Earth, the National Trust and the Soil Association.

It describes Defra's 64-page consultation document as “uneven”, but says it has some real strengths, in particular its focus on the public goods that government should support via regulation, advice, rewards and disincentives.

Sustain welcomes the focus on environmental outcomes, and soil and water, as well as biodiversity. But it says Defra needs to go further with “delivering public health outcomes”, including measures based on public procurement, mitigating climate change and organic farming.

“We need to talk more about growing more, and sustainable fruit and vegetables, less sugar and growing for sustainable diets, as well as air pollution, pesticides, access to nature and reducing farm antibiotics,” says campaign co-ordinator Vicki Hird. “It needs to offer much stronger support for higher animal welfare.”

Sustain is especially concerned with ensuring greater fairness in farming matters – with a better regulated supply chain to ensure farmers get a fair price. And it favours “a diversity of farm businesses”, with specific help for smaller farmers.

On the phasing out of direct ***payments*** during the transition period, Sustain says cuts should be deep enough to generate sufficient funds for new pilot environmental schemes, but the burden should be spread more widely than just capping ***payments*** to the largest farmers. It suggests linking ***payments*** to employment levels, with the smallest farms exempt from cuts.

Sustain does not favour the removal of “greening rules” as part of the transition, but ***payments*** should be made conditional on delivering public goods.

Generally, Sustain has expressed concern about the long-term commitment of the Treasury to support Defra’s ambitions for delivering public goods and a support structure, including grants, advice and better IT.

It also wants farmworkers to be able to negotiate collectively on wages, “as they can in Scotland, Wales and Northern Ireland”.

NFU Scotland

Even though the consultation is primarily focused on a new policy for England, it does touch on devolved issues, acknowledging the need for some policy divergence, while ensuring the UK single market works properly.

NFU Scotland says it is vital that future ***agricultural*** policy meets the distinctly different needs of Scotland. It is especially interested in the frameworks needed to facilitate intra-UK trade and future funding levels for Scottish farming.

“The UK’s various governments should jointly take every step to retain and protect single market access for food, ***agricultural*** commodities, live animals and plant and plant products throughout the UK,” says policy director Jonnie Hall.

NFUS is also seeking a clear statement on future funding levels for ***agriculture*** and rural development in Scotland. “At least the same level of public investment in Scottish ***agriculture*** must be retained and this budget must be ring-fenced to ***agriculture*** and rural support.”

Sustainable Food Trust

The Sustainable Food Trust says it supports the high emphasis on sustainability, animal welfare and using public money for public goods. “If designed in the right way, such a future support package has the potential to correct the economic distortions which currently exist within food and farming,” it says.

However, it cautions against getting rid of area ***payments*** per se, because of the “social security element” of the current scheme, which keeps many businesses afloat. “Instead, we believe that many of the desired changes in farming practice would be most effectively delivered through a whole-farm support package, based on land area,” it says.

Such a scheme could include a number of options, some applicable on a field scale, or even whole-farm scale, and some of a more tailored stewardship nature.

The Sustainable Food Trust welcomes Defra’s proposed Environmental Land Management Agreement, which is set to become the main vehicle for delivering post-Brexit farm support. But it is wary that such an approach might perpetuate the separation of food production from nature conservation.

“We feel that the continued structural separation of nature conservation from food production – physically, financially and in the public mindset – will fail to reverse the catastrophic declines in biodiversity and natural capital which have occurred over the last 50 ***years***.”

The trust says it is also concerned about the possibility of significant areas of land being taken out of food production and given over entirely to nature conservation.

“For a country which is nowhere near self-sufficient, this will either result in further increases in intensification on the areas remaining in production or increased imports of food from countries where environmental and public health standards are not as high.”

A new system of conditional area ***payments*** should reward/encourage:

Crop rotations which include a soil fertility building phase

A reduction in the use of chemical fertilisers/pesticides

Farming practices which build soil carbon and promote biodiversity

High standards of animal welfare

Increased employment and staff development

Greater sales to local processing facilities and markets.

Soil Association

The Soil Association has expressed its frustration that, while the consultation is entitled “Health and Harmony”, there is “bugger all” in it about human health.

“The need to reduce farm antibiotic use gets a mention, as does the possibility that access to green spaces might benefit our wellbeing, but there is so much more to it than this,” says policy director Peter Melchett.

“The government is keen on the ‘public money for public goods’ principle, but it has, so far, failed to recognise public health as a public good.”

As such, the Soil Association is urging government to pay farmers to change their practices, including increasing vegetable production, reducing antibiotic usage and getting schoolchildren out onto farms and into green spaces.

Lord Melchett also calls for a change in public procurement policy to support British farmers, “particularly those producing to high quality standards, such as high-welfare food that is good for wildlife and organic”.

“There is still time to stop-the-clock on our declining public health by empowering farmers to join the battle for a healthier Britain. Failure to do so will exacerbate the pressures already on the NHS, entrench already dire diet inequalities, and create not ‘health and harmony’, but worsening ill-health and social disharmony.”

AIC

The ***Agricultural*** Industries Confederation (AIC) says environmental enhancement must be coupled with ***agricultural*** production and support for innovation. Specifically, it wants:

A greater acknowledgement of the need for productive ***agriculture***

Incentives to reward farmers for balancing production and environmental goals

Better education and training, to improve farm productivity

Continuous professional development that includes environmental management

Research and development that is more relevant to farmers’ needs

Increased sharing of best practice between farmers

RSPB

A focus on public money for public goods – rewarding farmers who deliver environmental benefits such as more wildlife, cleaner water and carbon storage – presents the best case for ongoing public investment into farming, argues the RSPB.

“A significant increase in investment is needed compared to existing agri-environment schemes,” it says. “Defra should retain, but refocus the overall budget associated with the CAP, in order to drive the restoration of nature that we need.”

Alongside this, the RSPB says the government should develop a Sustainable Food Strategy for England – including measures that improve supply chain transparency, help farmers to get a fair return from the market and promote more sustainable, healthy diets.

Recognising the “urgent need” to rebuild the confidence of the farming community in Defra’s ability to deliver Countryside Stewardship, the RSPB says Defra's proposed new environmental land management scheme should learn lessons and build on the best of previous initiatives.

Recognising the scale of change faced by farmers, the RSPB says Defra should establish a transition fund to help farmers adapt to life after direct ***payments***. This would provide support for succession planning, business management advice and new entrants.

“Securing a stable transition will be essential in making a success of a new, expanded environmental land management system,” says the RSPB. So too will proper enforcement of rules that maintain high environmental standards.

JOURNAL : Farmers Weekly

Oilseed rape growers in Scotland and northern England could be set to benefit from the launch of two new varieties, which should deliver consistently higher yields across more difficult terrain.

Elevation and Broadway offer high gross output, good oil content and solid resistance to the crop’s most destructive disease – light leaf spot. They entered the AHDB Recommended List late last ***year***.

Both conventional varieties have been bred by independent breeder Mike Pickford who is based in the north Cotswolds and aims for varieties with high yield and consistency over a range of locations.

See also: New maize varieties offer high yields and quality

Mr Pickford believes that his varieties should allow growers to see a rise in their oilseed rape yields.

“There’s no reason why with good soils, correct sowing times, good agronomy, they shouldn’t all be getting on average over 5t/ha, which is significantly higher than the national average,” he says.

[*https://infogram.com/north-region-osr-varieties-at-a-glance-1hxj48rjej3q6vg*](https://infogram.com/north-region-osr-varieties-at-a-glance-1hxj48rjej3q6vg)

Elevation

Elevation, the first of Mr Pickford’s new varieties, is the joint highest for gross output on the AHDB list in the northern region at 107%, including all hybrids and across different regions. In Recommended List trials, the variety averaged a yield of 5.8t/ha.

Clive Sutton, business development manager at DLF Seeds & Science, the company selling the seed, believes that the figures help to highlight the consistency of Elevation and says the variety offers growers a number of benefits.

“We like to believe it’s a farmer-friendly variety and statistics so far show it has solid all-round characteristics. It has a good, robust agronomic package, produces short straw, good stem stiffness and its pollination provides high gross output,” he says.

In terms of disease resistance, Elevation has a good rating of 6 for light leaf spot, but only 4 for stem canker.

It has a prostrate autumn growth habit, a medium to late flowering pattern, with medium maturity and has a recommended sowing rate of 70 seeds/sq m, for a target of 40 plants/sq m established.

Broadway

The second variety, Broadway, also in its first ***year*** of AHDB recommendation, has a similar gross output yield to Elevation of 107% in the northern region.

Mr Sutton highlights a few of the key benefits that growers could experience with the variety.

“Broadway is a robust variety and has a very strong light leaf spot rating, helping give growers a bit more flexibility, in terms of the timings of their sprays,” he says.

It has a more vigorous and erect growth habit in the autumn than Elevation, which goes down well with growers who are looking for early ground cover over the winter period.

A further benefit of growing Broadway is its medium to late maturity, meaning the variety misses some of the late frosts experienced in the north of the country.

With good resistance to lodging, high oil content and a rating of seven for light leaf spot, the variety has the same recommended sowing rate as Elevation.

Who is independent UK breeder Mike Pickford?

Became a self-employed oilseed rape plant breeder in 1995

Breeding site based 900ft up in north Cotswolds,

Has produced 15 varieties to date for both UK and EU distribution

Elevation and Broadway are his first varieties to achieve Recommended List status

His number one objective for varieties is gross output yield

Another principle aim is to breed varieties that show consistency over a range of locations and weather

JOURNAL : Farmers Weekly

Farming unions have welcomed a decision by EU farm commissioner Phil Hogan to agree a derogation for some arable farmers from the three-crop rule for 2018.

In a statement, Mr Hogan said he would agree to UK requests for EU rules on crop diversification to be relaxed following excessive rain that has delayed crop planting.

The decision follows requests from the NI Department of ***Agriculture***, Environment and Rural Affairs (Daera), the Scottish government and Defra to exempt arable farmers in Northern Ireland and Scotland from the requirements for crop diversification under the greening provisions of the common ***agricultural*** policy (CAP).

See also: Five top tips for growing a profitable spring barley crop

Requirements will also be eased for farmers in other parts of the UK.

The derogation for arable farmers in Northern Ireland and Scotland and an easing of the rules for farmers in parts of England and Wales follows an earlier decision to propose a derogation for arable farmers in Ireland.

In Scotland, autumn plantings substantially down on the ***year*** and the cold, wet conditions this spring have worked against ground preparation and planting, narrowing the window of opportunity to plant and establish spring crops in 2018.

‘Impossible task’

For many farmers, meeting the requirements of the three-crop rule has been almost impossible, NFU Scotland said.

Although now late in the planting season, the derogation may help some growers whose planting schedules have been delayed.

NFUS president Andrew McCornick said: “Although we are deep into the planting season, a derogation from the three-crop requirement may yet make a difference to some of our farmers.

“It is already so late for some parts of the country, that fallow may be a more economic option than planting.”

Scottish rural economy secretary Fergus Ewing described the decision as “sensible” and said it will provide “much needed relief to farmers across Scotland”.

UFU welcomes news

The Ulster Farmers’ Union (UFU) said a spell of prolonged wet weather last autumn left many farmers unable to plant winter crops due to poor field conditions and the delayed planting of spring crops has left them with very few options.

UFU president Ivor Ferguson said: “This is welcome news for farmers who can be reassured that their greening ***payments*** will not be impacted on now the derogation has been agreed.”

JOURNAL : Farmers Weekly

Government has been told to develop a comprehensive food policy in order to make a success of Brexit for the food and farming industries and consumers, as outlined in a House of Lords report.

Brexit: food prices and availability, produced by the House of Lords EU Energy and Environment Sub-Committee, stresses the government has to be clearer over what it wants regarding maintaining high food and welfare standards or delivering on promises of lower food prices for consumers.

See also: Young farmers optimistic about Brexit but fear ‘trade-offs’

The report found there was a “striking difference” between government confidence and the industry’s concerns surrounding a successful outcome for ***agriculture*** and its related industries following Brexit.

“[George Eustice] may not be worried about the potential for Brexit to impact on the price and availability of food, but the representatives of the food and farming industry, importers, port authorities and consumer organisations were vocal in their concerns,” said chairman of the EU Energy and Environment Sub-Committee, Lord Teverson.

In total, 41% of UK food comes from overseas, 11% of which emanates from outside of the single market and is imported under 40 EU free-trade agreements covering 56 different countries.

Maintaining these free-trade agreements as well as achieving near-frictionless access to the single market would be essential in order to maintain the UK’s food supply and security when the transition period ends after December 2020, says the report.

[*https://www.youtube.com/watch?v=cX1k4hAb7gk&feature=youtu.be*](https://www.youtube.com/watch?v=cX1k4hAb7gk&feature=youtu.be)

However, the committee found even in a best-case trade scenario with the EU, with no tariffs and few customs barriers, international rules would force the UK to undertake more customs and borders checks than it does now.

Displacing EU imports with increased UK production or higher imports from non-EU countries would not be easy, according to the report, stating 30 ***years*** of declining UK self-sufficiency would take time to be reversed.

“The government has some important choices to make. They have said they want to maintain high food standards but also that they would be willing to have minimal customs checks to avoid disruption at borders,” said Lord Teverson.

Industry needs time to prepare

“We are calling on the government to set out what checks they do intend to carry out on food imports, to allow the food industry and customs authorities time to prepare and to reassure consumers that standards will be upheld.”

He added the government had presented a paradox where it would seek trade deals that secure lower prices for consumers, while UK food and farming were expected to be exemplars of high-quality production post Brexit.

“We would urge the government to consider the impact Brexit may have on food inequality in the UK: will we have a situation where high quality, local produce is available for those who can afford it, with cheaper food imported for those on lower incomes?” added Lord Teverson.

“The UK needs a comprehensive food policy, to tackle these complex issues, and we urge the government to produce one with some urgency.”

JOURNAL : Farmers Weekly

Dutch machinery manufacturer Vervaet has purchased a 50% share of its UK importer, J Riley Beet Harvesters.

The deal comes as no members of the Riley family are in a position to continue running the business. It was a logical move as the two family-run companies have been in partnership for more than 25 ***years***.

See also: Root-crop chasers take the headache out of harvest haulage

J Riley Beet Harvesters was established in 1994 by managing director Jeremy Riley, and now employs 14 staff from its base in Attlebridge, Norfolk.

Since day one, J Riley has been the sole UK importer of Vervaet beet harvesters and Hydro-Trike self-propelled spreaders, supplying and servicing both new and refurbished second-hand machines throughout the country.

JOURNAL : Farmers Weekly

Farmers have been warned to be aware of the complexities surrounding the use of sideways loss relief  to minimise income tax bills.

Accountant Saffery Champness said it was offering “a word of caution” about the relief for losses arising from farming after a number of tax tribunals involving farmers which have ruled in favour of HMRC.

In principle, sideways loss relief can be used where losses, arising from a trade undertaken on a commercial basis and with a view to making a profit, can be offset against any other income arising in the same or previous tax ***year***, thereby reducing an individual’s liability to income tax.

See also: Farmers to face new digital tax regime

Losses can also be carried forward and automatically offset against the first profits arising from the same trade, in the absence of any other claims, but not against future other income.

There is, however, a restriction on the amount of losses that can be offset against other income in a given tax ***year***, the limit being the greater of £50,000 or 25% of an individual’s adjusted net income.

Hobby farming rules

The hobby farming rules also introduce further restrictions on the use of losses arising from farming.

These rules mean after five successive ***years***, sideways loss relief will usually be denied for any losses made in ***year*** six, and these can then only be carried forward for use against future farming profits.

The rules were introduced in the 1960s to stop people claiming they were farming and then claiming their losses against other non-farming income.

Reasonable expectation

An exemption is available from the five-***year*** restriction where farming activities meet the reasonable expectation of profit test, and where a “competent farmer” carrying on farming activities in the current ***year*** would reasonably expect future profits, but could not over the previous five ***years*** have expected their activities to become profitable until after the end of the current tax ***year***.

Martyn Dobinson, director at Saffery Champness, and a member of the firm’s landed estates and rural business group, said: “This is a very complex area which has been tested a number of times at the tax tribunal, with victories for the taxpayer [ie the farmer] being few and far between.

“The ‘hobby farming’ rules still apply in the case of unforeseen and one-off events, such as poor weather and disease, and market factors are not an acceptable argument for longer-term losses being made.” Mr Dobinson added the losses clock would be reset by a ***year*** of profit.

“However, ***transferring*** the business between spouses, or to or from limited companies, cannot, due to anti-avoidance rules, restart the clock.”

Accounting ***year***

Complications also arise where the farm’s accounting ***year*** and the tax ***year*** do not match.

In such instances, it can mean the restriction regarding the number of ***years*** can also kick in a ***year*** earlier than anticipated.

JOURNAL : Farmers Weekly

Brothers Rich and Chris Norman will make history this summer by being the first autumn block grazed herd to host the Gold Cup Open Day on Thursday 14 June.

During the day, the winners of the coveted trophy will reveal the secrets behind their success through a series of talks from some of the people who inspired the achievements that saw them winning the 2017 Gold Cup.

Throughout the day, attendees will get an insight into the running of the 580-head cross-bred herd and its other enterprises, including the 200,000 broiler unit and anaerobic digester, where managers will be on-hand to answer questions.

See also: Cross-bred dairy herd wins Gold Cup

***Programme*** of speakers

Future market predictions, presented by dairy market analyst Chris Walkland

Succession planning and the role of governance,presented by Tony Evans of the Andersons Centre

Factors driving business and team performance and success, presented by LIC and Real Success

The benefits of linking your farm to the environment, presented by the Wye and Usk Foundation

Rich Norman said he hopes they are able to demonstrate how success is possible for all herd types and he hopes the day will attract visitors from far and wide, from the whole range of dairy systems.

He added: “We are thrilled to be in this position and look forward to sharing some of our practices with visitors through specialist speakers who are integral to our business and its success.

“Above all, we hope we are able to provide some key take-home points that people can apply to their own businesses. Equally, we look forward to learning some new ideas ourselves.”

Entry is free, but pre-registration is essential and can be done online on the RABDF website. If you have any queries, please call the office on 02476 639 317.

JOURNAL : Farmers Weekly

When Richard Spencer sold 4.4ha of farmland for residential development, it was an opportunity to relocate the farmyard and build new housing for his beef herd.

Mr Spencer, who farms with his father, John, needed a shed to hold 80 suckler cows and followers on a greenfield site at Mansell Farm, Newbold-on-Stour.

See also: What’s In Your Livestock Shed: £5k sheep shed transformation

He opted to have two mono-pitch steel portal frame buildings facing each other.

At £87,695 for the sheds, and another £38,053 for the fittings and labour, it was a substantial investment.

But it means cattle are easy to manage in their new environment and there have been no cases of pneumonia since the cattle occupied the buildings.

Farm facts

Suckler herd of Shorthorns with some Shorthorn cross Belgian Blues and South Devons

Herd number reduced from 80 to 70 this spring due to TB

Herd split, with 40 calving in spring and 30 in the autumn

Cattle sold to Woodheads to supply Morrisons

How did you set about choosing the design?

We wanted a simple design, something that was suitable for a one-man system. It needed to have good ventilation and to hold up to 200 cattle of different age groups.

We chose two identical single-span sheds and constructed these opposite each other so in fact it looks like one shed with a 2.4m gap between the overhangs.

The environment is very airy and the layout lends itself well to handling different groups.

What are the shed’s dimensions?

Each half is 36m long and 12m wide, with a ridge height of 6.36m and 3.65m to the eaves. The central passageway is 7.3m wide.

At capacity, we can house 180-200 cattle, including calves and followers.

What is the building made of?

The frame is galvanised steel and the roof is fibre cement sheeting with clear plastic corrugated skylights.

The walls are a combination of Yorkshire boarding and concrete panelling. The bedded areas have compacted stone floors.

How is the shed laid out?

Each side has six bays and the straw-bedded areas can be shut off from the feed passageway, which means we can hold the cattle in those pens when we scrape.

How much did the whole thing cost?

The shed itself was £87,695 excluding VAT. The internal fittings such as gates and other metal work cost £15,840 and we paid £22,213 to have those fitted.

As it was a greenfield site we needed to get three-phase electricity from a point 200m away, so that cost us another £28,000.

The planning fee was £5,390. We created a track from the farmhouse down to the shed using our own limestone and that worked out at about £25,000.

We had an existing steel portal frame building at the old farmyard and spent another £18,690 relocating that.

Who was your supplier?

The shed was supplied by SA Mogg at Astwood Bank, Redditch, and constructed by Dudfield Farm Buildings at Stow-on-the-Wold.

The gating and barriers were from IAE, but supplied by Stow Ag. It took two months to complete. This has been our second winter using it.

Has it been a good investment?

It seems a lot of money for an 80-cow suckler herd, but we had the funds from the housing development and we wanted to continue with the beef enterprise.

If we hadn't had the income from the development, we would not have been able to do it.

Dad does the mucking out. It takes him an hour a day to scrape and to run a straw chopper down each side.

It had been taking two men three hours to bed and feed 80 sucklers because the old housing set-up was a rabbit warren of buildings. We are now using about 750kg of straw a day.

The herd is mostly housed from September and out again by the end of March, but we have had to delay turnout this spring because it has been so wet and grass growth has been slow.

We muck out the bedding every six to eight weeks. The shed is laid out in a way that we can shut the cattle into the concrete passage while we do this.

How has it improved cattle health?

In our old buildings pneumonia and scours had been a big problem, but I’m happy to say we haven’t had a case for two winters.

We vaccinate for pneumonia. The cows get a rotavirus corona jab too and they pass that benefit on to their calves.

What is your favourite feature?

There are removable metal bars in the barriers of one of the pens which acts as a creep feeding passageway for calves.

They stay with their mothers, but they can come and go from a separate pen to get extra feed.

When we don't have calves in that pen we use it to house our stock bulls.

What would you change?

The water troughs are positioned behind the feed barriers and we find that the cattle have a tendency to muck in them.

I didn’t want them on the back wall because I thought we would get more dirty bedding.

Also, if there had been a leak, the water would have soaked onto the bedding.

We have a temporary handling system, but ideally we would have a permanent area where we could isolate the cattle to PD and foot-trim them.

Have you made any changes since the shed was built?

We have fitted hardboard under the doors to stop badgers getting in. We had been TB-free for 10 ***years***, but currently have a herd breakdown.

There are also bits that we need to finish. For instance, we created a manure store from some materials we had at the old site and will put a roof on that this ***year***.

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JOURNAL : Farmers Weekly

The National Federation of Young Farmers’ Clubs is facing a six-figure funding shortfall after a proposal to increase its funding from members was watered down in an AGM rebellion.

The national body is set to be short of £380,000 over the next two ***years*** after northern counties, led by Lancashire, lined up to voice their disapproval of a £5 increase per YFC member in the national levy, currently set at £16.38.

They succeeded in passing a more modest increase of £1.64 per member after winning support from representatives from Yorkshire and Northumberland at the AGM, held in the Winter Gardens, Blackpool, as part of the NFYFC Annual Convention.

See also: Video: Pints of milk and miles of smiles in Blackpool

Katy Dutton, speaking on behalf of Lancashire YFC, said that they could not sanction such a significant increase in funding for Stoneleigh without putting services in their home county under threat, as subscriptions had already been fixed for this ***year***.

“If your mortgage ***payments*** increased by 30% in one ***year*** you might have something to say about it,” she said. “Why so much at once with no warning?”

But incoming NFYFC council chairman Lynsey Martin, while praising young farmers for exercising their democratic rights, warned that the smaller increase could cause funding shortfalls in future.

She said: “The approved increase of £1.64, will still go some way to help NFYFC’s finances but is obviously not the amount needed to support the necessary changes.

“While there are challenges ahead for the Federation, NFYFC will work hard to ensure we can still provide services that support and develop rural young people across England and Wales.”

What is the NFYFC levy?

County federations are obliged to send a portion of the subscriptions they collect from members to the National Federation of Young Farmers’ Clubs, which uses it to fund administrative staff and events such as national competitions and the Annual Convention.

The rest of the subscription is retained by counties to fund local organisers and events, such as the annual Rally and other competitions.

County federations have also been under financial pressure in recent ***years*** after other sources of funding, such as county council children’s services budgets, have been slashed.

JOURNAL : Farmers Weekly

Young farmers are optimistic about the future of ***agriculture*** post-Brexit but still fear that uneven trade deals, cheap food imports and a failure to buy British could see them lose out.

Members of Wales YFC were invited to give evidence at the Welsh Affairs Committee’s Brexit parliamentary inquiry about ***agriculture***, trade and the repatriation of powers on Tuesday (8 May).

Wales YFC member Jacob Anthony told the panel he was “totally optimistic” and was looking forward to embracing change, new opportunities and different markets.

“Let’s look to the future, not be negative,” he said. “We need to think about things globally, not just within the EU.”

See also: Farmers Weekly’s coverage of this ***year***’s YFC AGM

Trade deals

However, the young farmers do have concerns, and their biggest one lies with future trade deals and the possibility of food produced to lower standards, such as US hormone-treated beef and chlorine-washed chicken, entering the UK market at cheap prices.

“We produce top quality food,” said senior member of the ***year*** Cennydd Jones. “The last thing I would want to see is a cheap trade-off with, for example, the USA, so that Welsh farmers can’t compete. It will make family farms non-sustainable.”

Vice-chairman Dafydd Jones said a level playing field would be important, and that high food safety and animal welfare standards were the best selling points of British food.

What changes would you like to see for subsidies post Brexit?

Cennydd Jones: “There must be a drive to push efficiencies most of all. Subsidies should go to the farm practitioner rather than the landowner – the farmer knows the land better than anyone else.”

Dafydd Jones: “The crucial thing is it has to be simple to be effective. We also need to be upskilling in the sector, especially if we want to compete with the technology and skills in places like New Zealand.”

Laura Elliott: “In the future policy is going to have to support farmers who are being innovative and pushing boundaries.”

Laura Elliott, Wales YFC chairman, told the committee: “We fear ***agriculture*** may be used as a cheap trade-off for other things, treated as a commodity rather than understanding its background. Farming is the lifeblood of Wales.”

Buying British

Brecon and Radnorshire MP Chris Davies asked how young farmers would play their part in selling British food and products.

Cennydd Jones said: “There is a responsibility there and we want to take it up because we want a strong future more than anyone else.”

Inviting school groups on to farms on educational visits worked well, he added, and formed part of one of NFYFC chairman Lynsey Martin’s key aims to spread messages about food, farming and careers.

Mr Anthony said social media could also be used to raise awareness, educate and spread positive stories.

Wales’ voice in Westminster

Dwyfor Meirionnydd MP Liz Saville Roberts questioned the YFC members on how the interests of Welsh farmers could be reconciled in Westminster and how to ensure Wales’ voice was heard.

Ms Elliott said emphasising the importance of ***agriculture***, food and farming was a “fundamental priority” and the YFC was keen to engage with government to make that happen.

Cennydd Jones stated that policy had to be set in Cardiff. “There are farms across Wales that are completely different so if you spread that across the whole of the UK, the differences are going to be even bigger,” he explained.

However, he acknowledged that bigger issues such as bovine TB needed a UK-wide approach.

JOURNAL : Farmers Weekly

A young father-of-three has died following a farm accident in Northern Ireland.

Farmworker Toirdealbhach Larkin, aged 22, from Bessbrook, south Armagh, was erecting an outbuilding at a farm in Katesbridge, County Down, on Friday (4 May), morning when he was killed.

According to local reports, it is understood a concrete slab fell and hit him on the head. His death is being treated as an accident.

See also: How to stay safe as silage season begins

Police officers from attended the scene and Northern Ireland’s Health and Safety Executive (HSENI) has also been informed.

Mr Larkin is the son of Sinn Féin local councillor Mickey Larkin, who is also a loyal club supporter of Dromintee Gaelic Athletic Club (GAC).

In a statement on their Facebook page, Dromintee GAC said: “We tender deepest sympathy to Mickey and to the entire family circle on this sad occasion.”

Tragic death

Newry & Armagh Sinn Féin MLA Megan Fearon said she was “shocked and deeply saddened” by Mr Larkin’s death.

“The thoughts and prayers of all are with Toirdealbhach’s family as they come to terms with the news of his tragic death and I extend my condolences to them on behalf of myself and Sinn Féin,” she added.

Mourners gathered at St Catherine's Dominican Chapel in Newry on Sunday (6 May) for the requiem mass to pay their respects to Mr Larkin. His burial took place at St Mary’s cemetery in Newry on Monday (7 May).

Mr Larkin is survived by his partner Aofie, and children, Thomas, Scarlett and Lily-Mae.

He is the fourth person to die following a farm accident in the UK in the past 19 days.

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ICIS Chemical Business

June 8, 2018

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**Section:** NEWS IN BRIEF

**Length:** 15376 words

**Byline:** Will Beacham

**Body**

EUROPE

Givaudan completes 40.5% Naturex buy

Givaudan has completed the 40.5% acquisition of the shares of France-based natural flavors company Naturex for 522m, the Swiss producer said on 5 June. The shares were bought at 135 each, the company said in a statement. The company also confirmed its intention to launch a cash tender offer for the remaining shares, at 135 per share.

Borealis invests 15m in German recycling

Borealis has invested 15m in mtm plastics, a Germany-based post-consumer waste recycling technology firm it acquired in mid-2016, to ramp up its processing capacity, the Austria-headquartered petrochemicals and fertilizers producer said on 5 June. The investment increases mtm’s processing capacity of post-consumer waste plastics from 60,000/***year*** to 80,000/***year***, and to improve the company’s capacity to address the higher-value re-granulates market. Borealis also plans to invest 2.5m in mtm compact, a sister company of mtm plastics acquired in 2016.

Odfjell committed long term to chems

Odfjell remains committed to owning and operating chemicals storage and distribution terminals long-term, despite partner Lindsay Goldberg (LG) considering selling its stake in the business, the Norway-headquartered shipping and logistics firm said on 5 June. The chemicals logistics specialist plans to restructure its terminals division if LG moves forward with its plan to divest its 49% stake in the subsidiary, but has not ruled out selling its 51% indirect stake in its Rotterdam, Netherlands, terminal operation, Odfjell said.

DowDuPont to invest $400m in Luxembourg

DowDuPont plans to invest more than $400m to expand capacity for its Tyvek-brand nonwoven materials at its plant in Luxembourg, the US-based chemicals major said. With the investment the company’s DuPont Safety & Construction business will add a new building and third operating line at the site. The expansion is due to start up in 2021. The materials are used in building and construction, as well as other industries. The expansion will help DowDuPont meet growing global demand, it said.

Arkema to expand specialty polyamides

Arkema is to increase its production capacity for specialty polyamides powders by more than 50% at its Mont site in France, the French specialty chemicals producer said on 5 June. The expansion, which is planned to come on stream in the second half of 2019, will cost Arkema 20m and will support steady customer growth in the coatings and advanced composite materials markets as well as in 3D printing. Arkema’s specialty polyamides powders are marketed under the Orgasol brand name.

German chem employers slam union’s demands

Germany’s chemical employers see labour union IG BCE’s wage demand for the 2018 collective bargaining round as “unrealistic”, partly because of the rising trade tensions export-dependent producers are facing, officials said on 5 June. IG BCE is calling for a 6% increase. However, Andreas Fehler, spokesman for chemical employers in the country’s Baden-Wurttemberg state, told ICIS that after factoring in demands for higher vacation ***payments***, the union was effectively demanding 7%.

Digitisation will have biggest impact – VCI

Adoption of digitisation in the chemical industry will have the greatest impact in the sales & marketing and administration functions in companies, according to a survey by Germany’s VCI trade body. There will be lesser impacts in R&D, procurement, logistics and production, the study found. This is a key challenge for chemical distributors, said Alexander Keller of Deloitte’s chemical practice, which worked with VCI on the study, as it will change the way they interact with customers.

EU chemicals lose momentum in Q1

EU chemicals sector output rose ***year*** on ***year*** in the first three months of 2018 but lost momentum as the general European economy cools, according to trade group Cefic on 6 June. Sector production rose by 1.9% ***year*** on ***year*** during the quarter but fell by 1.4% compared to the closing three months of 2017, a banner season for the chemicals industry, as the surge in momentum in the eurozone at the end of the ***year*** gradually slowed.

Repsol plans 7bn downstream capex

Repsol has budgeted capital expenditure (capex) of 6.75bn in its downstream divisions – including chemicals – until 2020, the Spanish energy and petrochemicals major said on 6 June. Overall, the company said it would invest total capex of 15bn in both upstream and downstream during the period. As part of its ‘Strategic Plan 2018-2020’, the company forecasts crude oil prices at an average of $50/bbl, a “conservative” prediction, it added.

Americas

Bayer closes Monsanto acquisition, retires name

Bayer expects to close the acquisition of Monsanto and is set to retire the company name, the Germany-headquartered chemicals producer said. Announced shortly after Bayer stated its intention to launch a 6bn rights issue to help finance the purchase, the company intends to complete the deal on 7 June, almost two ***years*** after the planned merger of the two agrochemicals giants was announced. Following the deal close, Monsanto will no longer be a company name, ending over a century of the existence of the brand.

Cybersecurity threats on the rise – US

Department of Energy (DOE) Secretary Rick Perry pushed for enhancing the nation’s cybersecurity defences, saying risks to the nation’s electric power grid and natural gas distribution networks are only growing larger. Though he did not specifically mention coal and nuclear energy, Perry also cited the need for back-ups, fuel-secure units that he said were retiring “at an alarming rate”. A lack of security preparedness threatens the US ability to recover from intentional attacks, as well as natural disasters, the former of which he stressed were on the rise.

Chems would benefit from higher crude

North American producers of chlor-alkali, ethylene, methanol and ammonia could be helped by sustained higher crude oil prices, Moody’s Investors Service said. Even if oil-based feedstocks are not directly involved in the process, chemicals that are energy-intensive to produce benefit significantly in areas such as the US Gulf Coast, where companies utilise cogeneration or low-cost energy sources. The North American producers should remain at an advantage (over the next 10 ***years*** at least) as a result of relying on natural gas feedstocks.

Total declares force majeure on Texas PP

Total Petrochemicals and Refining USA declared a force majeure on all of its impact copolymer polypropylene (PP) products from its plant in La Porte, Texas, according to a customer letter. The letter attributed the force majeure to a series of unplanned and external events that have impacted production levels. As a result, Total will implement an allocation ***program*** for impact copolymer PP starting with shipments on 11 June. Total’s PP plant in La Porte has a capacity of 1.224m tonnes/***year***.

Swiss SGS acquires US Polymer Solutions

Swiss inspection, verification and testing major SGS has acquired Polymer Solutions Incorporated (PSI) for an undisclosed sum, it said. PSI, based in Christiansburg, Virginia, is a materials testing laboratory specialised in polymer science, serving a range of industries, including medical devices/pharmaceuticals, consumer products, aerospace, specialty packaging and industrial manufacturing of polymeric materials. PSI employs about 40 people and had 2017 revenues of more than $4m.

Sealed Air, Kuraray cooperate on bio resins

Packaging company Sealed Air has agreed to offer food packaging materials derived from Kuraray’s bio-based resins, it said. Under the cooperation with Japan-based Kuraray, Sealed Air will offer Kuraray’s Plantic-brand materials to package perishable foods such as poultry, beef and seafood in the US, Canada and Mexico. Financial terms were not disclosed. The materials provide an effective oxygen barrier that is cost-competitive with traditional rollstock barrier films. Japan-based Kuraray had acquired the Plantic business in 2015.

INEOS to move forward with Gulf Coast EO

INEOS is to move forward to the next stage of development for a 270,000 tonne/***year*** ethylene oxide (EO) plant on the US Gulf coast, with the unit expected to be operational by 2022, the Switzerland-headquartered chemicals producer said. Several sites in the region and EO technologies are under consideration, INEOS said, and will be confirmed later this ***year***. The site, which will produce EO and derivatives, will provide EO supplies by rail and allow third parties to develop operations on the site and consume EO by pipeline.

Canada groups set 100% recovery, recycle goals

The Canadian Plastics Industry Association (CPIA) and the Chemistry Industry Association of Canada (CIAC) announced the following targets for plastic packaging waste reduction: A goal of 100% of plastics packaging being re-used, recycled or recovered by 2040. An interim goal of 100% of plastics packaging being recyclable or recoverable by 2030. The goals will mean new and upgraded infrastructure, as well as improved packaging design, the groups said. Widespread public participation in recycling and recovery ***programmes*** will also be needed.

asia

Lotte to expand Yeosu aroms capacity in Q3

South Korea’s Lotte Chem will expand the production capacity of its aromatics unit at Yeosu towards the end of the third quarter. The expansion is likely to be completed by second-half October, with the plant likely to be shut in mid-September for the revamp together with its upstream cracker unit. The plant will be able to produce an additional of 10,000-15,000 tonnes/***year*** of benzene, 15,000-20,000 tonnes/***year*** of toluene and 20,000-25,000 tonnes/***year*** of solvent xylenes after that.

Indonesia PP buyers seek to keep inventories lean; trade slows

Trade in Indonesia’s polypropylene (PP) market is set to slow as buyers seek to keep inventories lean across the Eid ul-Fitr or Lebaran holidays in mid-June. Suppliers hiked offers for June shipments month on month, as feedstock costs for crude and naphtha remain high. Offers of dutiable flat yarn grade cargoes from Saudi Arabia and India were at $1,300-1,320/tonne CFR Indonesia in the week. Meanwhile, offers for June shipment cargoes of non-dutiable ASEAN origin were at $1,320/tonne CFR Indonesia and above.

Singapore manufacturing PMI dips to 52.7 in may

Singapore’s manufacturing purchasing managers’ index (PMI) in May edged lower to 52.7 from 52.9 in April amid lower exports, the Singapore Institute of Purchasing and Materials Management (SIPMM) said on 5 June. The PMI is a barometer of an economy’s manufacturing performance, with a reading of 50 and above indicating expansion. The Singapore manufacturing PMI recorded its 21st month of consecutive expansion in April.

INEOS Oxide exploring building ENB unit

INEOS Oxide has launched a feasibility study as it plans to build a new “world-scale” EthylideneNorbornene (ENB) production unit. A number of locations in the Middle East and Asia-Pacific regions are being considered by INEOS, as well as the option of adding a second line to the existing ENB asset has in Antwerp, Belgium, which itself is undergoing a capacity expansion set to be completed in late 2019. INEOS is aiming to have the second ENB unit on stream by 2023.

China plans crude terminal at Huanghua

China is planning to construct a crude terminal at Huanghua port in Hebei province and eyes to bring it on stream in 2020. The terminal will be able to dock 300,000-tonne oil carriers and handle 13m tonnes of crude each ***year***. Storage tanks with a combined capacity of 1m cubic metre will also be constructed. Cangzhou Port and Qinhuangdao Port will jointly invest in the CNY2.6bn ($405m) project and submitted the environment impact assessment (EIA) for government approval in late May.

Anhui Liuguo Chemical to start polyamides

China’s Anhui Liuguo Chemical is planning to start up a polyamide (chip) plant at Tongling in November, a company source said on 1 June. The plant being built in Anhui province will have a 70,000 tonne/***year*** capacity. The company made the investment decision on the facility two ***years*** ago and established a wholly owned subsidiary, Tongling Jiahe Technology, to operate the plant.

Teijin building carbon fibre facility in US

Teijin has started building a new carbon fibre production facility in South Carolina as part of a move to strengthen its global upstream-to-downstream carbon fibre business. The TCF facility – the largest initial capital investment that a company has ever created in the South Carolina city – is expected to create some 220 jobs with $600m worth of investment around 2030. The company did not provide a timeline for the completion of the facility.

Zhejiang Satellite to start up second PDH

China’s Zhejiang Satellite Petrochemical is planning to start up its second propane dehydrogenation unit (PDH) at Pinghu by the end of this ***year***. The plant in Zhejiang province will have a 450,000 tonne/***year*** propylene capacity. A downstream 300,000 tonne/***year*** polypropylene (PP) plant at the site has started trial operations recently. In August 2014, Zhejiang Satellite commenced operations at its first PDH and PP units at the site, with the same capacities of 450,000 tonnes/***year*** and 300,000 tonnes/***year***, respectively.

MIDDLE EAST/AFRICA

Sahara, Sipchem merger talks continue

No agreement has been reached on terms or structure of a proposed merger between Sahara Petrochemicals and Saudi International Petrochemical (Sipchem), but negotiations are still ongoing on a deal, Saudi Arabia-headquartered Sahara said on 4 June. The two companies announced earlier this ***year*** that they had revived merger talks almost four ***years*** after initial negotiations stalled. Basic details of a deal, such as valuation of the two companies and the number of shares the purchaser will offer stakeholders of the merged company remain to be determined, according to Sahara. “The negotiations with Sipchem are still ongoing regarding the potential merger conditions and its structure,” Sahara said in a filing on Saudi Arabia’s Tadawul bourse.

JOURNAL : Farmers Weekly

Less than a week remains for farmers to complete a major survey examining the effect of crime in the countryside.

The National Rural Crime Survey aims to measure the personal, social and economic cost of rural crime and antisocial behaviour across the country.

See also: Farm security advice to combat rural crime

The rural crime survey is available on the National Rural Crime Network (NRCN) website and is open for submissions until Sunday 10 June.

The last survey took place in 2015, when 13,000 people responded to give their impressions of crime and antisocial behaviour.

Significant costs

Results revealed that the financial cost of rural crime to the country was significant – totaling an estimated £800m/***year***.

The goal of the 2018 survey is to provide a clear picture of what has improved, what challenges remain and what more can be done to combat rural crime.

Questions in the survey cover a range of issues – including whether you report crimes and if you believe enough is done to catch offenders.

Rural challenges

The NRCN brings together police and crime commissioners, police forces and organisations playing a key role in rural communities.

These organisations include the NFU, the Country Land and Business Association, Neighbourhood Watch, Crimestoppers, Historic England and the Countryside Alliance.

NRCN chairman Julia Mulligan said: “I hope everyone living or working in a rural community will spare a few minutes to complete our survey.

“It will provide a clear picture of what has improved, what challenges remain and what more government, police forces and other organisations can do.”

JOURNAL : Farmers Weekly

Since the late 1980s Staffordshire farmer David Rushton has had a sideline buying, repairing, selling and exporting Laverda combines.

Having cut his teeth on early New Holland/Clayson 133s and 135s, his attentions turned the Italian brand during a chance opportunity.

“A local contractor ran a fleet of six 1970s Laverda M150s and when he packed up they were all entered into his dispersal sale,” he says.

“I didn’t really go there to buy one, but they when they started knocking them down for about £500 apiece a friend and I ended up getting the whole lot.”

With a yard then rammed with combines, Mr Rushton set about selling off the machines they didn’t need.

To his surprise, one of the enquiries came from a chap based in Guyana, South America, who wanted a simple, tough machine that could cope with harvesting rice.

He did a deal, worked out how to export it and with the help of his wife Kathryn has been sending them over there ever since.

Sadly, Kathryn’s health has deteriorated in the past few ***years***, so family friend Debbie Langridge now helps with the day-to-day running of the operation.

Almost 30 ***years*** on, the demand in Guyana is still focused on older, simple four- and five straw-walker machines.

That includes 1970s models like the M150, its later replacement the M152 and the 3000-series machines built during the 1980s and early 1990s.

Buyers tend to favour models fitted with Fiat engines rather than Perkins, wobble box knife drives (instead of the old Pitman type that could shake the header to bits) and, crucially, minimal electronics.

That rules out the M182, which was well ahead of its time in 1981 as one of the first combines to offer full electronic controls.

The fact Laverda overengineered its combines and galvanised the tinwork means they stand the test of time better than most. Therefore, machines on up to 5,000 hours are still popular.

As a result of this interest, prices have climbed considerably since the lows of £500 to £1,000, with some tidy examples now worth more than £10,000.

See also: Video: It's coming; Massey Ferguson's huge 650hp Ideal combine

Shipping them abroad

To get the combines to South America as efficiently as possible, Mr Rushton came up with the idea of piggybacking them on an 18t flatbed lorry (also in high demand) and shipping the two as one unit.

To fit the machines neatly on the truck bed he removes the wheels, stacking them under the rear hood, and puts any spare parts in the grain tank.

Headers are shipped separately, with units up to 16ft being the most popular and 18ft generally the maximum.

The combine/lorry package is then hauled on a low loader to Ipswich dock before beginning its transatlantic journey on the top deck of the ship. When this makes its return journey it’s largely packed with rice and timber.

Typically, the journey takes two weeks and includes various stop-offs in the Caribbean, such as Trinidad and Tobago.

Sometimes the combine and lorry combo has to be shifted around the boat, which is when damage can sometimes occur.

After their arrival in Georgetown, Guyana, the buyer treats the machines to full overhaul, including fresh paint if needed. They build and fit their own steel track units, too, which help them stay afloat in the paddy fields.

Tooth peg drums are also installed instead of the standard rasp-bar units for more efficient threshing of the tough rice plants.

Asian market

Pakistan is another country Mr Rushton has been dealing with for the past 15 ***years*** or so.

This market has similar preferences to Guyana, but is willing to take a wider range of machines in more varying states of repair.

Rather than being shipped whole, these eastbound machines are disassembled and packed into shipping containers.

On average, three combines can be shoehorned into two containers. However, this often involves removing the wheels, grain tank, cab, engine and cutting off some sections of tinwork.

“With the big six-walker 3850s you have to do some serious work,” says Mr Rushton.

“Getting an 11ft 6in combine through a 7ft 6in container opening takes a bit of doing.”

Once they arrive in Pakistan the machines get completely rebuilt before heading out for cereal and rice harvesting duties.

New Holland 8070s are another particular favourite in this region and Mr Rushton has sent some of these over too.

UK machines

Almost all of the Laverda combines shipped abroad are sourced from within the UK, and due to the sheer number of machines sold in the 1970s and 80s there has been a fairly rich supply over the ***years***.

However, due to exports, breaking and scrapping, Mr Rushton reckons there are now just 80 to 100 Laverda combines still running here.

These range from the 1960s-built M120s up to Laverda and McCormick-branded 2000 series. Many are located in the west of the country and the midlands, where the main Laverda dealer Burgess had it highest concentration of dealerships.

However, the last dealers to sell the combines in the UK were Yorkshire-based Wilfred Scruton and Mike Garwood in Hampshire, so those areas are where some of the latest models can be found.

Most popular model

One of the most desirable Laverda models is the 3790, which is what Mr Rushton uses to cut the 80ha of arable cropping on the 180ha family farm near, Uttoxeter, Staffordshire.

These combines were built between 1985 and 1992 and have five straw walkers, a 175hp Iveco/Fiat engine a hydrostatic transmission and a 16ft header. Tidy versions of these can still command high prices.

Spare parts

To keep the UK base of Laverda machines rolling, Mr Rushton also provides a comprehensive parts service.

These include genuine and non-genuine new spares as well as some second-hand items from machines he has broken.

Generally, Laverdas are pretty resilient, so the most common replacement parts are the usual consumables such as belts, bearings and knife sections.

However, the 3600 and 3700 non-hydrostatic machines are notorious for clutch problems.

“To be honest, they’re an embarrassment,” says Mr Rushton.

As a result, he sells modified versions that correct most of the problems associated with the original item.

He also sends parts all over the world, including Poland, Finland, Australia and New Zealand.

Laverda in the UK

Laverda started building combines at its base in Breganze, Italy in the 1950s, but it wasn’t until the late 1960s they started to make their way into the UK, though importer Bamford.

At that time Burgess was the main dealer and with more than 100 branches in the UK it quickly got a foothold on the smaller end of the market.

With plenty of keen deals on offer it managed to saturate many areas with Laverda combines.

Most of the UK machines were built during the 20-***year*** period when Laverda was partnered with Fiat, which is why many sport Fiatagri decals.

However, things started to change when Fiat bought Ford New Holland in the mid 1990s and began selling many of its machines under the New Holland brand.

Laverda-badged combines were still being sold in the UK at this time, but some machines, such as the TL58i hillsider, appeared in New Holland livery.

When Fiat added Case-IH to its portfolio, the EU competition authorities insisted it sell off one of its combine businesses. As a result, Laverda moved to the Argo group in 2000 and for a time, some machines were sold as McCormicks.

Four ***years*** later Argo and Agco struck a deal whereby Laverda supplied combines to Agco to sell under its own brand colours. By 2007 that had developed into a 50/50 joint venture.

Agco closed its Dronningborg combine plant in mid-2010, ***transferring*** production to the Laverda factory in Italy, before buying the remaining 50% share from Argo in 2011.

The Breganze factory is now home to Agco’s entire European combine operation from the Laverda-based straw-walker models sold in Massey Ferguson and Fendt colours, up to the new Ideal range of rotary machines.

JOURNAL : Farmers Weekly

A 22-***year***-old man has died following an accident involving a tractor in Denbighshire.

Emergency services were called to Prion, near Denbigh, at 2.31pm on Saturday (2 June).

The victim has not been named and police have asked for privacy for his family.

See also: Tributes to woman, 49, killed in farm accident

In a statement, Inspector Alun Davies, of North Wales Police, said: “We can confirm that on Saturday afternoon [2 June], North Wales Police, along with North Wales Fire and Rescue Service and Wales Ambulance Service, attended an incident at Prion near Denbigh, where sadly a 22-***year***-old young man was killed in an incident involving a tractor.

“The North East Wales and Central coroner John Gittins and the Health and Safety Executive have been informed of the incident.

“A thorough investigation is taking place into the circumstances. At this time, North Wales Police have no more comment to make but ask for the family’s privacy to be respected.”

JOURNAL : Farmers Weekly

UK dairy processor, Meadow Foods has increased its A litre milk price by 1p/litre from the start of next month.

The move means the 650 Meadow producers will receive 28p/litre for litres with a constituent content of 4% butterfat 3.3% protein.

See also: Dairy markets rise despite peak production month

 Meadow cited a strengthening of dairy markets behind the rise with protein and skim milk powder (SMP) performing particularly well.

SMP was resurgent in May, shooting up 14% on the month to an average of £1,320/t, but still remained 15% down on its level in May 2017.

Recent volatility in the butterfat and cream markets had stabilised in recent weeks according to the processor, with average UK wholesale prices for May finishing 13% up at £2,350/t and 11% up at £5,180/t respectively.

[*https://infogram.com/meadow-foods-june-price-1h7v4pj79j084k0*](https://infogram.com/meadow-foods-june-price-1h7v4pj79j084k0)

“We are pleased the market conditions continue to improve and to be able to pass on the improvements to our farmers,” said Meadow Foods chief executive, Mark Chantler.

He added: “Our decision to invest in customer innovation and new product development is also starting to bear fruit as we extend our range and reach into new markets, creating an even greater demand for our products.”

July will also see the introduction of the Meadow Foods fixed price contract.

Producers who take up the scheme will lock in 2.6% of their total annual volume recorded between April 2017 and May 2018 for two ***years*** at a fixed price of 28p/litre.

Other July milk price moves

Liquid litres (4% butterfat, 3.3% protein)

Yew Tree Dairy 1.5p to 28p/litre

Sainsbury’s Dairy Development Group  0.36p to 28.48p/litre

Pensworth 1.2p to 27.2p/litre

Muller 1.25p to 28p/litre

Manufacturing litres (4.2% butterfat, 3.4% protein)

Belton Farm 1p to 28.25p/litre

Dairy Crest 0.65p to 28.65p/litre

Glanbia 1.5p to 28p/litre

JOURNAL : Farmers Weekly

UK dairy processor, Meadow Foods has unveiled its Young Farmers Initiative to provide the next generation with key business skills and dairy industry knowledge.

The ***program***, scheduled to begin in October 2018, will recruit 20 candidates between the ages of 20 and 35 – although the milk buyer added there is no formal upper age limit.

See also: Young farmers grant scheme opens in Wales

All applicants must already be Meadow Foods suppliers.

Successful applicants will receive six hands on training days across the two-***year*** ***program***, covering subjects such as sustainability, accounting, milk-price forecasting, cost management and purchasing.

The courses will be taught by industry experts and Meadow Foods management staff and all travel training, travel and accommodation costs will be covered as part of the scheme.

Course sponsorship

Beyond the two-***year*** ***program***, applicants will also be sponsored by the processor to undertake an on-the-job ***agricultural*** or business course of their choosing.

“Supporting young farmers is critically important to maintain the future of the industry, said Mark Chantler, chief executive at Meadow Foods.

“By establishing this exciting new ***programme*** we aim to support the next generation of farmers and provide them with the hands-on training and funding needed to gain a wider understanding of the industry and further their careers in farming.”

Interested applicants should contact the Meadow Foods liaison team on 01244 680 071 or visit Meadow Foods' website for an application form.

The deadline for applications is 31 July 2018.

JOURNAL : Farmers Weekly

The Advertising Standards Agency (ASA) has rejected a claim made against poultry supplier Winterton Brothers that its pre-stunned chicken could not be called “100% halal”.

The firm advertises itself as a family-run business specialising in supplying halal poultry meat, and its website prominently advertises it offers “original 100% halal”, which was considered misleading by the complainant.

See also: Why halal will be critical for UK meat market

Halal, which simply means “permitted”, requires animals to be killed by a Muslim, who offers a short blessing before delivering a clean cut to the neck with a razor sharp blade, severing the carotid artery, jugular vein and windpipe.

In practice, most halal poultry in the UK is submerged in an electrified water bath set to deliver a “recoverable stun” before killing.

Intervention opposed

Some Muslims oppose this intervention, claiming it is more humane – and more in line with their beliefs – to deliver the kill without stunning.

But most halal certification bodies in Britain accept pre-stunned meat as halal, and it was for this reason the ASA did not uphold the complaint made against Winterton Brothers.

It said the company’s poultrymeat, which in this case was supplied by Highbury Poultry, was consistent with normal standards for halal slaughter.

Approved methods

“The website of the Halal Food Authority stated they did allow the stunning of birds and animals, provided that process did not kill the animals and it was carried out by certain approved methods,” said the ASA ruling.

“Although we recognised there was some division of opinion on the role of stunning in the halal slaughtering process, the requirements for halal slaughter did not appear to prohibit stunning and we understood the vast majority of halal meat sold in the UK was slaughtered using that method.”

Winterton Brothers was approached for comment.

JOURNAL : Farmers Weekly

German chemical giant Bayer will ditch the controversial Monsanto name as it prepares to close a $63bn takeover of the US seed and spray company on Thursday.

Monsanto, a 117-***year***-old brand, has long attracted criticism from environmental campaigners who oppose its use of genetically modified seed, and the brand was recently ranked the 16th most-hated in the US.

The combined entity will create the world’s largest seeds and agrochemical supplier despite Dow’s merger with Dupont and ChemChina’s takeover of Syngenta.

See also: Blackgrass battle looks winnable for Suffolk grower

In the UK, it will give Bayer control of one-quarter of the oilseed rape market under the Dekalb brand, as well as glyphosate, the best-selling herbicide of all time.

The deal, announced some 18 months ago, cleared its final regulatory hurdle last week after approval from US authorities and Bayer chief executive Werner Baumann said he expects it to go into effect on 7 June.

To gain approval in Europe, Bayer had to sell its existing InVigor oilseed rape varieties and hybrid wheat-breeding ***programme*** to fellow German group BASF, alongside more significant assets in the US.

Despite this, its total ***agricultural*** business will double in size, giving it annual sales of almost 20bn, nearly 50% bigger than nearest rival ChemChina.

JOURNAL : Farmers Weekly

An influential committee of MPs has lambasted Defra's approach to Brexit, saying farmers urgently need more detail about support mechanisms for ***agriculture*** after the UK leaves the European Union.

The warning follows a three-month inquiry examining whether Defra will deliver on proposals to increase farm competitiveness and enhance the environment. The inquiry was conducted by the House of Commons Environment, Food and Rural Affairs (Efra) committee.

See also: Thousands respond to 'health and harmony' consultation

Defra wants to replace direct ***payments*** with a system largely based on support for environmental measures. However, farm leaders say the plan fails to recognise the importance of ***agriculture*** and threatens to expose UK farmers to substandard food imports.

The committee of MPs recommend that the government ring-fences future funding for farming, provides greater detail on new support mechanisms – including tax breaks and capital grants – and maintains environmental and welfare standards on food imports (see "Efra committee key recommendations").

Banned in UK

This week, American president Donald Trump blamed “big trade barriers” for discriminating against US farmers, reigniting fears that British farmers may have to compete against imports of chlorinated chicken and hormone-produced beef – both currently banned in the UK.

Committee chairman Neil Parish said a new funding model for ***agriculture*** was essential to ensure farming prospered after Brexit. It is also important that any trade agreements ensure imported products met UK standards and avoided a regulatory race to the bottom.

Mr Parish said: “We seek more clarity on funding, delivery and timing. The government risks not achieving its ambition and damaging the sector. The government should respond to the farming sector’s concerns and provide clarity as soon as possible.”

NFU president Minette Batters welcomed the report's recommendation that the government rejects any trade deal that paves the way for food imports below UK standards. She added: “It is vital that British farming’s produce and contribution to the nation is not undermined.”

Fresh approach

A Defra spokesperson said Brexit was a historic opportunity to design a fresh approach to farming. “We have set out ambitious proposals to raise productivity and move away from land-based subsidies so we can reward farmers for the public goods they provide.”

The government has committed to match the £3bn in farm support until the end of this parliament in 2022, followed by a longer ***agricultural*** transition period to give farmers time to adapt, said the Defra spokesperson.

“We had more than 44,000 responses to our consultation, which we are analysing before bringing forward an ***Agriculture*** Bill later this ***year***. We welcome the support shown by the Efra committee for this consultation and will respond to their report in due course.”

Efra committee key recommendations

Support: Withdrawing direct ***payments*** will be “ particularly damaging” for grazing livestock, cereal and mixed farms. The government should identify support for small and medium-sized farms and ring-fence funds for the rural economy and environment.

Competitiveness: The government should produce a farm productivity plan by May 2019 that investigates new tax breaks, advice centres, capital grant support and the successor to the government's agri-tech fund, among other areas.

Environment: There is broad support for animal health and welfare within Defra’s planned policy of “public money for public goods”. But the report says the government should consider food policy and its ability to improve public health more widely.

Standards: It will be hard for Defra to find the right body to co-ordinate its national public goods framework and avoid a “race to the bottom” in standards. An assessment of public bodies is required to co-ordinate a planned environmental land management scheme.

Trade and labelling: The government should ensure that any trade agreements keep agri-food imports out of the country if they are below the UK's environmental, animal welfare and food standards. This will be supported by better country-of-origin labelling.

JOURNAL : Farmers Weekly

Pottinger’s line-up of Torro Combiline forage wagons now has two larger models – the Torro 7010 and the bigger Torro 8010.

Thanks to a new beater drive line, which has been added to the full Torro and Jumbo Combiline ranges, output power now peaks at 160kW (which translates into torque of 1,700Nm), speeding up the unloading process, the firm says.

An optional extra for the Torro Combiline models is a four-tonne drawbar, which provides extra traction in the field and at the clamp.

The new wagons can also be equipped with an optional driver assist system. This has integrated sensors for driving speed and driving direction, and in automatic mode the axle is locked so that it steers straight when reversing at speed and when driving along an incline or slope.

See also: Forage wagon v precision chop for a multi-cut silage system

In addition, the driver can set a threshold to lock the steered axle on the slope, and a second for maximum incline work, with a warning displayed on the screen when the limits are hit, to minimise the overturning risk.

Weight limit

A new weighing system allows the weight of a load to be displayed while driving. A maximum load limit can be preset, with the display turning red and a warning alarm sounding if this weight is exceeded.

The system is operated using Pottinger’s power control terminal, and new 32-bit hardware means it can be used without Isobus.

Other additions include new Durastar knives, which have a mixture of hard and soft steel. The 6mm-thick blades have a knife shape designed to be self-sharpening, for lower fuel consumption and higher chopping quality, the firm says.

JOURNAL : Farmers Weekly

British dairy farmers who produce and sell ice cream from the farmgate are being encouraged to sign up for the NFU’s nationwide Ice Cream Map.

The interactive map, which already features 60 farms in England and Wales producing real British ice cream, will promote UK dairy farming in time for peak sales this summer.

See also: How one dairy farm set up a processing unit to sell direct

 A campaign, “from cow to cone” will run simultaneously with the map, promoting the stories behind real British ice cream producers and the process of how its made.

The UK was the world’s second-largest importer of ice cream in value terms in 2016, buying in £235m worth of the product – equal to a quarter of total world imports, second only to Germany which imported £241m, according to research from IndexBox.

In contrast, the UK was only the seventh-largest exporter of ice cream, shipping just £106m in 2016 giving the UK a net deficit on ice cream of almost 230%.

“It’s good to be able to highlight how some of our dairy farmers are adding value to milk on farm,” said NFU dairy board chairman, Michael Oakes.

“We first recognised a couple of ***years*** ago that many of our dairy farmer members have diversified into producing their own ice cream and it would be a great idea to create a map to show exactly where the public can go to buy real, British, local ice cream.”

Mr Oakes said the NFU already has 60 producers on the map and throughout the summer months the British dairy ice cream map will continue to grow as more NFU members are added.

“Real dairy ice cream, made with British milk, has a great taste and a creamy texture. Nothing beats it.”

Farms who wish to take part must be NFU members and should ask for a consent form from NFU dairy adviser, Verity Richards at [*verity.richards@nfu.org.uk*](mailto:verity.richards@nfu.org.uk)

JOURNAL : Farmers Weekly

Potentially lethal asbestos cement roofing has been found dumped at the entrance of a farm in Kent.

The toxic material has been fly-tipped outside a farm gate in Haymans Hill, Horsmonden, amid a “spate of fly-tipping incidents” involving industrial waste in the area, say councillors.

On this occasion, because the fly-tipped waste was dumped mostly on the public highway, it is the council’s responsibility to remove it – not the private landowner.

See also: Revealed – the burden of fly-tipping on farms

Jane March, a Conservative councillor for Brenchley and Horsmonden, said: “The asbestos sheets were probably tipped off a small tipper lorry on Friday 25 May.

“The load was tipped onto the highway blocking access to two gates. It appears that whoever dumped it deliberately chose a steep hill, tipped it and then quickly escaped.

“Tunbridge Wells Borough Council has put barriers around it ahead of organising asbestos removal.”

Cllr March, who also farms locally, said the pile of rubbish is still in place as it needs specialist licensed council contractors to remove it.

“Cars can get around it, but they are degrading the grass verge and hedgerows,” she added.

'A regular occurrence'

Lucy Noakes, clerk to Horsmonden Parish Council, added: “The asbestos waste was dumped on the edge of the road in front of the farm gate. It’s nasty stuff.

“It didn’t totally block public access to the road, but it caused the farmer some inconvenience.

“Fly-tipping is becoming a more regular occurrence around here. We’re getting builders fly-tipping waste in country lanes.”

The parish council is urging homeowners and landowners who are having work done on their property to always ask their builder to see a waste carrier licence to ensure they are licensed to remove waste.

People should also try to avoid cash-in-hand deals for waste removal, the council added.

JOURNAL : Farmers Weekly

Police are appealing for information following the theft of 17 sheep near Dorchester, Dorset.

The cream-coloured Dorset Horn and Polled Dorset pedigree ewes were taken from a field in the area between Crossways, Owermoigne and Moreton.

Dorset Police said the sheep rustling theft is believed to have happened sometime overnight on Saturday 26 May.

See also: Fleece – Police failure to tackle sheep rustling exposed

Police community support officer Sarah Hart said: “I am appealing to anyone who witnessed any suspicious activity in the area over the weekend, such as any 4x4 or trailer movements at night, or who has any information that could assist with the investigation to please contact us.

“We would also urge farmers and members of the rural community to be vigilant and report any suspicious vehicle movements they encounter.”

Easy pickings

Thieves often see livestock as easy pickings – especially in isolated rural areas.

Despite hundreds of sheep rustling incidents across the UK, a Farmers Weekly investigation last ***year*** found just nine of cases that resulted in a conviction.

In total, some 1,203 incidents of sheep rustling were reported to 45 police forces between April 2012 and April 2017 – equivalent to 4.62 incidents every week.

Information

Cumbria Constabulary recorded 262 incidents over this period, the highest of all forces, followed by West Mercia Police and Devon and Cornwall Police with 130 and 122 cases, respectively.

North Wales Police recorded 67 cases, and South Wales Police 42.

Anyone with information about the Dorset incident is asked to email [*101@dorset.pnn.police.uk*](mailto:101@dorset.pnn.police.uk) or call 101, quoting occurrence number 55180080665.

Alternatively, contact Crimestoppers anonymously on 0800 555111 or via [*www.crimestoppers-uk.org*](http://www.crimestoppers-uk.org).

Take action to reduce livestock theft

Livestock theft is notoriously difficult to prevent – but police say farmers and smallholders can take action to reduce the chance of being targeted.

Check livestock and the security of perimeter fencing regularly

If sheep or cattle are making more noise than usual it could mean something has disturbed them

Make sure gates to the field are secured by using a suitable chain and padlock and ensure hinges are capped or inverted to prevent their removal

Block any unused gateways with machinery or large tree trunks

Use herd or flock ear tags, horn brands, freeze marking or tattooing to make your animals more easily identifiable should they be stolen

Install CCTV in barns or yards and keep gates locked

Use hard landscaping such as ditches, mounds and hedges to make vulnerable fields less easily accessible for vehicles. Installing bollards and removable cattle grids can also be effective

Installing remote gate alarms and hidden cameras that will alert owners instantly if someone unauthorised is driving vehicles across their land.

(Source: Dorset Police)

JOURNAL : Farmers Weekly

Arable farmers, industry leaders and academics will be gathering at Stoneleigh Park in Warwickshire on Tuesday (5 June) to attend a summit on integrated pest management (IPM).

The event, NFU IPM summit: What’s in your toolbox?, will discuss the research and practicalities of a holistic, integrated approach to the pest, weed and disease challenge for combinable crops.

Guest speakers include Paul Temple, chairman of the Voluntary Initiative, Phil Jarvis, farm manager at The Allerton Project farm at Loddington in Leicestershire and AICC independent agronomist Sean Sparling.

See also: Biopesticides to play a greater role on arable farms

Many UK farmers and growers already implement an IPM approach, using cultivation and management techniques, such as crop rotations and cover cropping to productively and sustainably cultivate crops.

What is integrated pest management?

Integrated pest management is the holistic use of all available plant protection methods and subsequent integration of appropriate measures to discourage the development of weed, pest and disease populations and keep the use of pesticide and other interventions to levels that are economically and ecologically justified and minimise risks to human health and the environment (based on the UN’s Food and ***Agriculture*** Organization and Sustainable Use Directive definition).

Defra secretary Michael Gove has set out his vision for a “green Brexit” and the release of Defra’s Health and Harmony paper and its 25-***year*** environment plan will only add increasing pressure to the way UK ***agriculture*** operates.

‘Green Brexit’

The future of farming is set to be green and there are no doubts much is to change over the coming ***years*** with our exit from the EU.

Tom Bradshaw, NFU crops board chairman, said: “Together we must make more noise about the positive influences UK farmers have on the countryside whilst also addressing any existing knowledge gaps that could aid productivity and sustainability of future food production.”

Take part in our poll.

(function(d,s,id){var js,fjs=d.getElementsByTagName(s)[0];if(d.getElementById(id))return;js=d.createElement(s);js.id=id;js.src='[*https://embed.playbuzz.com/sdk.js*](https://embed.playbuzz.com/sdk.js)';fjs.parentNode.insertBefore(js,fjs);}(document,'script','playbuzz-sdk'));

JOURNAL : Farmers Weekly

Ringworm is a very common and highly transmissible skin infection, passed between both cattle and humans.

It causes intense irritation and can affect growth rates and damage hides, but steps can be taken to prevent it.

Vet Keith Cutler of Endell Veterinary Group, Salisbury, Wiltshire, answers some key questions on the infection, explaining what causes it, the symptoms and treatment.

What is ringworm and what causes it?

Ringworm is a fungal skin disease caused most commonly by the spore forming fungi trichophyton verrucosum.

What does it look like?

Cattle are the most commonly affected farm animal species. Affected animals usually have roughly circular areas of hair loss where the skin becomes slightly thickened, crusty and flaky and greyish in colour.

These areas are often seen on the face, around the eyes and over the shoulders, although all areas of the body, including the udder, can become affected and the areas affected can be extensive.

See also: Q&A: Everything you need to know about liver fluke in cattle

Can it affect livestock performance?

Generally, the effect on performance is minimal, although affected areas are itchy and while animals are rubbing they will not be eating, which will affect performance and cause additional damage to their hides.

Rather than its effect on performance, the presence of widespread and extensive ringworm lesions among groups of cattle is often suggestive of an already debilitated state.

How should it be treated?

The in-feed treatments that were available ***years*** ago no longer are. Topical fungicidal washes containing the active ingredient enilconazole or similar are available.

These are effective, but only where they are applied and treating the whole animal is rare, so the disease often spreads to untreated areas of skin giving the appearance that the treatment may not be working.

The infection often resolves without treatment, due to the development of natural immunity and exposure to UV light from the sun after turnout, especially in less severe cases.

Does it take long to clear up?

If not treated, lesions can persist for a considerable period of time. Even if the causative fungus is treated and killed it will take several weeks, or perhaps months, for hair to regrow and the lesions to disappear.

Is it infectious?

Yes, ringworm is infectious. The causative fungus produces spores which can spread from animal to animal where there is direct contact; this is why the part of the face around the eyes, which often rubs similar areas on other animals when eating from troughs, is commonly affected.

Spores can also, however, be spread by indirect contact via fence posts and building partitions. Isolating affected animals, therefore, often fails to prevent spread of the disease.

Is it contagious to humans?

Yes, ringworm is contagious to humans, often causing an itchy, roughly circular patch of dry flaky skin with an expanding red margin in areas where clothing may rub; under the cuffs or collar, for example.

Treatment advice should be sought from your GP or local pharmacist, but often an anti-fungal cream, Canesten, containing fluconazole, will be recommended.

Is there a vaccination available against ringworm?

Yes, a vaccine, called Bovilis Ringvac, is available to protect cattle against ringworm and to hasten recovery.

Two doses of vaccine, with dose volume dependent on the age of the animals being vaccinated, are required to be given by intramuscular injection with an interval of two weeks between them. Immunity is achieved by three weeks after the second dose.

Hygiene is also important to reduce the challenge from infectious spores deposited by previously infected animals.

Perhaps of greatest importance is to ensure the general wellbeing of your livestock and that they are well fed so their own innate immunity can act against any challenge.

JOURNAL : Farmers Weekly

Dairy farmers have been urged to move towards remote fault analysis for high-tech milking equipment in a bid to reduce costly downtimes in modern parlours.

Speaking at a Milking Equipment Association conference in Birmingham dairy technology specialist Ian Ohnstad said breakdowns were increasingly costly as herd sizes continued to increase.

“The average UK herd size is now over 140 cows so breakdowns have greater financial implications as well as causing significant disruption to daily routines,” Mr Ohnstad from The Dairy Group, told delegates.

See also: Dorset dairy farmers build bespoke outdoor parlour

Those routines are also tighter as the larger herds and high yields limit time between milking, putting pressure on achieving a consistent, parlour performance, he added.

Mr Ohnstad said on many large-scale, high-tech operations there was not the capacity in the system to allow for a breakdown so specialist dairy farmers required a new approach to milking machine maintenance.

The average UK herd size is now over 140 cows so breakdowns have greater financial implications as well as causing significant disruption to daily routines Ian Ohnstad, dairy technology specialist

Remote consultations

“While there will always be an essential need for an on-farm parlour-testing service, farmers and technicians need to embrace innovations like remote support,” he said.

“Remote consultations offer a great opportunity for future efficiencies and the need for farmers to utilise data capture to improve parlour performance,” Mr Ohnstad stressed.

But technicians would need to have access to milking information, parlour and component performance – to analyse, diagnose and resolve problems, without a physical visit.

Act on data

So the process needed farmers to embrace a mindset that analysed and acted on the data produced by modern technology, said Mr Ohnstad.

He also said scheduled annual dynamic tests were undervalued in the UK but could help make parlours more efficient by identifying issues before they became problems.

The implications of a poorly operated machine are significant. Teat damage has health and welfare implications, can affect milk quality and also increase mastitis incidence, Mr Ohnstad warned.

Underlying problems can affect parlour running costs, which vary hugely between farms.

“Running costs range from 0.1p/litre to 0.87p/litre according to Kingshay data and farmers could make noticeable savings by simply improving the efficiencies of their parlour,” he added.

JOURNAL : Farmers Weekly

Showery and humid weather over the next few days could encourage wheat ear diseases and pests, with growers being urged to monitor their crops and spray if necessary.

Winter wheat crops across southern England are well into flowering, which is the susceptible time for fusarium to strike, while more northerly crops could still be at risk from midge attacks.

Experts say the weather at flowering determines the severity of fusarium diseases, while similar weather encourages the hatch of orange wheat blossom midges as the wheat ear emerges.

See also: Why fusarium risk is rising in wheat and how to manage it

Fusarium infection needs high humidity for only 24-48 hours to occur and this can happen with a heavy shower over a couple days, so Jonathan Blake, disease expert at crop consultant Adas, says growers should be monitoring their crops daily.

Many wheat growers use a T3 ear spray to control fusarium, especially on milling varieties, and also give some top-up control against brown and yellow rusts and septoria.

“Using a T3 spray gives a yield advantage of 0.3t/ha, so it is quite an easy decision with wheat at £150/t,” says Mr Blake.

Ear sprays are advised to be applied at start of flower to mid-flower (GS61-65), with Phil Jennings at crop specalist Fera suggesting if the forecast is wet then growers should apply a fungicide as soon as the flowers show.

Midge attacks

The critical time for midge damage occurs earlier at ear emergence, so northern crops could be at risk after recent rain and soil temperatures above 13C. Advice from Adas is to check susceptible winter wheat varieties at the susceptible stage of ear emergence (GS 51-59) for adult female midges in the evening.

Steve Ellis, an entomologist at the consultant, says the control threshold in susceptible milling and seed crop is one midge per six ears and in susceptible feed crops it is one midge per three ears.

Agronomists point out that this is the first ***year*** that big numbers of midges have been seen since the most effective insecticide for controlling them, Dursban (chlorpyrifos), was banned in 2016.

Paul Fogg, cereals specialist at agronomy company Frontier, says his group is seeing big numbers of midges, especially in southern England, with one Oxfordshire trap catching a large number.

He says wheat growers need to be monitoring their crops until they start to come into flower, after which the risk of midge damage is diminished.

There are some midge-resistant wheat varieties available on the AHDB Recommended List, including Skyfall, Barrel, Kerrin and Santiago.

Control measures

Control of fusarium diseases is achieved with azole fungicides, with prothioconazole giving the best control while tebuconazole and metconazole offer some level of activity while giving good control of rapidly-spreading brown rust.

Mr Blake said tebuconazole and metconazole can be useful if brown rust is a threat, while the multisite fungicide mancozeb can be useful to boost septoria control.

For midge control, Dr Ellis suggests pyrethroids such as lambda-cyhalothrin and beta-cyfluthrin, and says timing is crucial as treatment only kills the adults present at the time of spraying.

The neonicotinoid insecticide thiacloprid (Biscaya) can control adults and has some activity against eggs and larvae, he adds.

JOURNAL : Farmers Weekly

NFU Scotland has welcomed the cancellation of a mass release of Chinese lanterns near Lockerbie.

The Light Fest, run by US firm Viive Events, had been due to take place at Springkell Estate near Lockerbie on 11 August.

But following strong opposition from farmers and environmentalists over the debris and fire risk to livestock, crops and buildings created by the lanterns, organisers have said the event will not go ahead.

See also: Calls for England to adopt Welsh councils’ sky lantern ban

NFUS said the timing of the event was especially bad as it coincided with harvest and lanterns have been shown to start fires.

Teresa Dougall, NFUS regional manager for Dumfries and Galloway, said the decision would be “great relief” to farmers.

Campaign for a total ban

The union has been campaigning for an outright ban on the lanterns for several ***years*** and said it would continue to do so, supported by other UK farming unions.

“While organisers of such events may point at insurance being in place, that is of little comfort,” she added.

“By the time insurance is needed, the damage to property, crops, woodland or animal health has been done.”

In total, 18 out of Scotland’s 32 councils, including Dumfries and Galloway Council, announced a ban on the release of sky lanterns at all major events the council would host or sponsor. But that does not stop individuals releasing lanterns from private land.

‘Common-sense decision’

NFUS policy manager Penny Middleton said it was a “common-sense decision”, which should not require a campaign to achieve this result.

“Chinese lanterns can cause untold damage as there is no control over where these burning structures of paper, metal and wood decide to land,” she added.

“That means they present an unacceptable risk to animal health, property and farmland at any time of ***year***.”

Sky lanterns have been banned across all public land in Wales. And more than 50 councils in England, out of a total of 353, have already banned sky lanterns, according to data collated by the NFU.

JOURNAL : Farmers Weekly

Small suppliers will be hit hardest and thousands will lose jobs as a result of an industry-wide squeeze on margins as a result of the Asda-Sainsbury’s mega-merger.

April’s deal to create a Frankenstein’s monster of a retailer from the two supermarket giants will force many suppliers to go to the wall or see them become victims of the takeover through pressure on margins, according to a report from financial analysts Plimsoll.

See also: Industry reacts to Asda-Sainsbury’s merger

Despite the average profit margins within the food supply industry sitting at a healthy 4%, the report outlined that 125 of the UK’s 500 largest food manufacturers were already considered to be in “financial danger”.

A further 73 businesses were in the financially vulnerable position of making losses before the inevitable squeeze on margins as a result of the merger has even taken place.

In order to survive such a hyper-competitive environment, the report predicted many suppliers would have to merge themselves to deliver greater margins from economies of scale.

[*https://infogram.com/plimsoll-report-1h0n25gopx7l6pe*](https://infogram.com/plimsoll-report-1h0n25gopx7l6pe)

“Improved efficiencies may be one area of cost savings for the newly combined Sainsbury’s and Asda, but anymore downward pressure on supplier prices will make it incredibly tough for food suppliers – ultimately costing jobs in the long run,” said Plimsoll senior analyst, David Pattison.

Mr Pattison added if the deal goes ahead he foresaw a period of acquisitions, takeovers and mergers as supermarket suppliers fought for survival, in a race to the bottom on price.

“In many cases, these companies have a good gross margin but Plimsoll’s assessment shows their financial health isn’t what it could be.

“Mergers like this and the consolidation of the competition also make life very difficult for surviving smaller suppliers,” he added.

Tough environment already

Many food suppliers were already having to adapt to the higher costs that have come with the national living wage, auto-enrolment pensions and the weakened pound, said Mr Pattison, who added the proposed merger could be the final straw that pushed many suppliers to sell up.

“Doing business will become harder as more stringent financial controls are introduced in an effort to reduce exposure from both suppliers and customers going bust and it is the small supplier who will suffer most.”

“Ultimately, the consumer might well end up paying the price as a consequence of this merger with less consumer choice or lower-quality products.”

The report was published as the Competition and Markets Authority’s  deadline for evidence from suppliers over how the potential merger would affect businesses ended on Monday (4 June).

JOURNAL : Farmers Weekly

What a difference a month makes – and if it is dry and relatively sunny, it’s even more pronounced.

There has been a flurry of activity all along the Moray firth and after a later start, all the seed and ware crops are in the ground, and in pretty good order. In fact, the finish of planting has not been particularly late for the North.

With the heat now in the ground – soil temperatures of more than 19C were recorded on several days and this ***year***’s average for May is 3C higher than last ***year*** – the crops are emerging fast. Agronomists and sprayer operators have worked hard to keep up with the growth.

See also: How to manage disease in sugar beet crops

Weed control has been pretty good up until now, but it is going to be a challenge for residuals to perform in drying soils.

Growers are getting out irrigators for scab control in early Maris Peer – the only hope for some rain is the chance of a passing thunderstorm this weekend and that will be a bit of a lottery

Early salad crops are now only a week behind last ***year*** in terms of ground cover and the first blight sprays are going on them.

Blight risk

The warm overnight temperatures and fog rolling in from the sea has been triggering warnings for the past few days, so it's not a time for complacency, despite the relatively dry and sunny weather during the day.

Next week is going to be spent getting blight ***programmes*** in place and, hopefully, some results from yellow in-field water traps will confirm what the aphid populations are like.

They were predicted to have a late arrival after the cold winter, but it will probably be offset by the warmth of the past month.

JOURNAL : Farmers Weekly

A farm-designed cultivator for dealing with blackgrass problems won the top award in the Inventive Farmer Competition at this ***year***’s Suffolk Show.

The annual competition, which attracts entries from across the eastern counties, is for machines and gadgets designed and built on the farm, usually with mainly recycled scrap materials.

This ***year***’s winning entry in the new equipment category was the germinator/cultivator built on Andrew Fane’s 500ha Hoo House Farm at Woodbridge, Suffolk.

Designed to work in stubble, his cultivator encourages blackgrass and other weed seeds to germinate for subsequent chemical control.

The main frame was from a redundant power harrow and carries a pair of wheel-mark eradicating tines at the front followed by 15 heavy-duty spring tines arranged in two rows.

The rear of the frame has a levelling bar with height adjustment, followed by a heavy press roll at the rear.

See also: 2017 best farm inventions: Complex category

Runner-up in the new equipment class was a grain pusher designed to operate at maximum reach while working on a small telehandler.

It was built from scrap materials on Andrew Gaught’s Manor Farm, Ashbocking, Suffolk, where it is used on a JCB 525 Loadall.

Special design features include a slim tubular main frame allowing the pushing head to operate among drying pedestals, and the pushing head is removable to allow the frame to be used on the telehandler as a lifting jib.

Nifty mods

In the modifications section, the winning entry was a special grass seed sowing unit developed by Peter Knight for his contracting business based in Bury St Edmunds, Suffolk.

Grass sowing and maintenance for amenity and ***agricultural*** use is a major part of Mr Knight’s operation, and he developed his modified seeding unit for a contract to sow seed along a river bank.

He used a standard Stocks Fan Jet Pro 65 applicator fitted with rear deflector plates and mounted on a rigid steel arm carrying the seeder up to 2 metres away from the side of the ATV or UTV.

Last ***year***’s new equipment winner in the Suffolk Show competition was retired engineer, Michael Beckett from Great Blakenham, Ipswich.

He entered his heavy-duty log splitter equipped with a hydraulic ram originally designed for use on a Caterpillar excavator. It is powered by a 1960 Fordson Dexta tractor.

Although the splitter can handle big logs, loading them on to the main frame manually was difficult.

To solve the loading problem Mr Beckett has attached a lifting frame to the main beam of the log splitter, powered hydraulically by the tractor.

With the frame lowered, the log is rolled into position and its weight automatically triggers a pair of catches that prevent the log rolling off the frame.

The frame then lifts the log into position ready for splitting.

Although it no longer qualified for the new equipment category in the competition, the new self-loading version of the log splitter was awarded second place in this ***year***’s modifications class.

Clever gadgets

In the gadgets category a compact storage unit made entirely of recycled items took the top award.

Entered by Chris Templeman of Red House Farm, Witnesham, Suffolk, the main components were large diameter concave discs from a harrow that provided the three round shelves with a fourth disc used as the base.

The discs were originally serrated, Mr Templeman explained, but when the serrations became too worn to be effective, he decided to give the discs a new role as circular storage shelves for the corner of his workshop.

The circular shelves are free to rotate, and the top shelf is fitted with lengths of steel spiral from a pig feed auger to hold hammers and other workshop tools.

JOURNAL : Farmers Weekly

It is often said that any dog is capable of attacking a sheep – it’s the hereditary wolf in them, and even the most placid pooch can turn killer if those ancient genes kick in.

That is true, says Kent-based sheep farmer Tobin Bird, but it doesn’t mean the vast majority of dogs can’t be trained to respect livestock and become almost totally reliable in the presence of sheep.

See also: The law on shooting dogs

Like many sheep farmers, Mr Bird has had repeated problems with dog attacks on his 80ha farm at Iden Green. “Every ***year*** it seems to get worse. I’ve had two serious attacks, with sheep being ripped apart and on occasion having to be put down.

“It is so frustrating. People just don’t understand the consequences of their actions and the damage their pets can cause to a farmer, both financially and emotionally.”

That is why, six ***years*** ago, Mr Bird decided to launch a sideline to his farming business called Sheep Proof Your Dog.

“I have always worked with animals, and especially like working with problem cases,” he says. “Initially a few friends asked me to help train their dogs to stop chasing sheep. That worked so well that I then decided to develop it as a business.”

Mr Bird trains about 400 dogs a ***year*** on his farm and, while he cannot guarantee 100% success, he says only a handful of dogs do not quickly learn to behave in the presence of sheep.

How does it work?

The key to a successful training session is to let the dog know who is boss, and that is all about the tone of voice.

“People just don’t know how to speak to a dog,” says Mr Bird. “You’ve got to dominate the dog and let them know who is the alpha party.”

Each session begins with the owner and the dog on a lead entering an enclosed pen with four sheep in it. As soon as the dog gets close to the sheep, Mr Bird shouts “No, No” and makes a loud noise with bottles to effectively shock the dog.

The numbers

Tobin Bird trains about 400 dogs a ***year***

Sheep worrying is estimated to cost farmers £1.6m a ***year***

A 30-minute mid-week training session costs £31

There are 900 sheep in Ashdown Forest

This is repeated several times, before the group enters a larger field, where Mr Bird’s two working Collies drive a small flock of sheep towards them. Again, as they pass close by, the strong command of “No, No” is repeated.

The dog is then returned to its owner, who has to repeat the process as the sheep get near.

The dogs often seem completely disconcerted and associate the presence of sheep with a loud, scary noise. Within minutes, they start to regard the sheep with a mixture of respect and caution.

After the lesson, Mr Bird encourages the dog owners to reinforce the message with voice and noise whenever they can – especially to call their dogs off things like rabbits and pheasants, using the same technique.

“It is also important to praise the dog as well when it comes back – and I still strongly recommend people keep their dogs on leads when livestock are visible and not take any chances,” says Mr Bird.

Meet the trainees

Butter wouldn’t melt – or would it? Nigel Fish, the owner of this five-***year*** old Madagascan Coton de Tulear,  said he had no idea his family pet would show any interest in sheep – until three ***years*** ago when out on a family walk in Snowdonia.

“We were nearing the end of our walk when we suddenly came across a flock of sheep and he went absolutely nuts,” he said.

“He gave chase and we just could not get him to stop. Fortunately the sheep managed to cross a stream and got away, but it made me realise the same could happen again, so we’ve always kept him on a lead, and now we are putting him through this training.”

This three-***year*** old Mastiff, Serberus, may look pretty mean, but according to his charge for the day, Fiona Stephens, he has never shown any interest in sheep.

But with a sheep farm adjacent to the equestrian centre where he lives, his owners felt it imperative that he receive some training to try to minimise the risks.

“In my opinion, people should be made to ‘livestock proof’ their dogs and this sort of training should be obligatory,” says Ms Stephens.

“At least if you know your dog’s limits, you know what you are dealing with. It only takes one sheep to go, and any dog can take off after them. I always keep my dogs on a lead near livestock – it should be made compulsory.”

Forest partnership

As well as training about 400 dogs a ***year*** on his own farm, Mr Bird has also teamed up with the Ashdown Forest Conservators in East Sussex to run four training days a ***year*** – held at the National Cat Centre in the forest.

Forest director Pat Buesnel says the forest has suffered a number of fatal attacks in recent times, both on its own Hebridean sheep and on those belonging to its 12 active commoners.

In one incident last ***year***, commoner Henry Osborne from Nutley, East Sussex was himself attacked as he tried to get two dogs off his sheep. In the past, he had to shoot a dog which was attacking his livestock.

“The problem seems to be getting worse, with out of control dogs not only disturbing our sheep, but also our cattle, fallow deer and ground nesting birds,” says Mrs Buesnel. “It’s often due to ignorance on the part of the owners, so we want to help them.”

As well as publishing its own Code of Conduct for Dog Walkers, for the past four ***years*** the forest has helped organise training days with Mr Bird, catering for up to 17 dogs a day.

“The courses are proving incredibly popular and are always over-subscribed,” says Mrs Buesnel. “We publicise them through social media and they are generally full within a few days. We often find people coming back for refresher courses.”

JOURNAL : Farmers Weekly

Britain’s biggest flour miller, Whitworths, is urging wheat growers to produce very high quality grain which could replace imports and help shield them from the uncertainties of Brexit.

The privately-owned group is looking to substitute German and Canadian imports, and so reduce the 500,000t annual need for very high specification wheat to make wholemeal loaves and bagels.

New bakeries currently being  built in the UK are looking for 14%-plus protein wheat, so the miller is appealing to growers to try to meet home needs rather than growing a mountain of feed wheat for export.

Raich Growdridge, purchasing director at Whitworth Brothers, warns that wheat imports from the European Union may become more expensive after Brexit, so there is a clear opportunity for UK growers.

“We would love this wheat to be grown in the UK. If we ever see 14% domestic wheat it does not show good functional protein,” he says.

The company has linked up with independent plant breeder Bill Angus, grain trading giant Glencore and agronomy group Agrii to look at a Hungarian wheat variety to try to meet this need.

See also: Wheat grower’s 6-point plan to hitting top milling grade

Bread basket

Mr Angus, who selected the variety for the UK market, sees it as a wheat for East Anglia, the bread basket of the UK, with its high sunshine levels and dry climate, but it also could be grown south of a line between the River Humber and River Avon at Bristol.

“It has been test baked with three independent bakers over three ***years*** with positive results, showing surprisingly good hagbergs and strong protein,” says Mr Angus.

Four farmers are currently growing the variety, named Mv Fredericia, with an enlarged group of growers set to drill 1,000ha this autumn, and then the seed will be more widely available next ***year***.

Whitworths, which mills 1.3m tonnes of wheat annually at its 13 mills – including Whitworth Brothers and Carr’s Flour Mills – has seen little of the variety, but Mr Growdridge says it shows definite promise to fill the industry’s need for top quality wheat.

“We have seen limited quantities of the variety so far, but it has baked at least as well as German wheats,” he says.

Bakery demand

Mr Growdridge adds that the arrival of Aldi and Lidl supermarkets has shaken up the UK baking sector, with bakery groups that supply the two retailers from continental Europe moving to Britain. The firms are currently building two new plants and have 3-4 more in the pipeline.

These bakers are looking for wheat at 14% protein, hagberg 300 and specific weight 78kg/hl, compared with standard UK millers’ demand  of 13% protein, hagberg 250 and specific weight 76kg/hl.

Mr Angus’s Hungarian variety may not hit this top quality, but the key will be protein functionality and how it bakes, and so help replace some of the German and Canadian imports which are priced at about £10-30/t over standard UK milling wheats.

Qualities Whitworths is looking for in milling wheats

Consistency

Protein

Gluten quantity and quality

Functionality

Ideally a good specific weight

Standard Class 1 – 13% protein, 250 hagberg, 76kg/hl specific weight. In most circumstances this is perfectly adequate

Higher specification – 14% protein, 300 hagberg, 78kg/hl specific weight

Focus on quality

James Maw, managing director of Glencore ***Agriculture*** UK, also urges growers to focus on quality wheats rather than feed wheat, as he does not see a big future for exports of these feed grains.

“Growing this type of quality wheat gives more growers more opportunities as they are closer to the end user than those in the middle of Germany or the Canadian prairies,” he says.

Currently, German elite or E wheats come into the UK tariff-free, while Canadian hard red spring wheat also comes into UK tariff-free if over 15.2% protein, or with a 90/t tariff if under this level.

After Britain leaves the EU next ***year***, it is unclear what, if any tariff, will apply to UK imports from EU nations like Germany and to non-EU nations like Canada.

With Britain importing about 22% of its annual milling wheat need, or 800,000-900,000t out of the total requirement of 3.7m tonnes, Mr Maw says farmers need to be focused on growing wheats that the market needs.

“If we are importing 300,000 to 400,000t of German wheat, why not grow it on our doorstep,” he says.

Risks from Brexit

Growing this type of wheat will help growers manage the risks from Brexit and also reduce the carbon footprint of wheat production, adds Mr Maw.

The tie-up between Glencore and Agrii could be similar to that suppling spring malting barley of the variety Explorer at a higher nitrogen content than traditional to brew Budweiser beer, which currently amounts to 75,000t per ***year***.

Mr Angus and Agrii will be working out an agronomy package to manage the variety to yield a modest 8-9t/ha and get it close to the high milling specification.

The variety is ideally late sown at the end of October, is early to harvest in late July and is probably 5% lower yielding than milling mainstay variety Skyfall.

“Early maturity will always lead to lower yields, you can not compare Usain Bolt with Mo Farah,” he adds.

Hungarian variety

Although some German wheats grown in the UK have been weak-strawed and susceptible to UK-specific diseases such as septoria and yellow rust, this awned Hungarian variety is showing generally good disease resistance as it was bred in a country with low fungicide use, says Mr Angus.

He suggests growers should monitor the variety for mildew, and fast-developing brown rust late in the season, while lodging could be an issue in thick crops. It has a good septoria resistance and a specific weight to match top-performer Costello.

The variety is in national list trials but will not go into recommended list trials, as Mr Angus argues it will not fit well into these trials as it is very early maturing at -4, compared to traditional early variety Cordiale at -2 and old favourite Diego at 0.

Another big flour miller, ADM, is encouraging farmers to grow the German E wheat variety Montana bred by KWS with a target to produce 14% protein wheat.

Disease ratings from national list trials for Mv Fredericia

Mildew - 6

Septoria - 6/7

Yellow rust - 8

Brown rust - 6

Fusarium - good

Why the name?

All varieties from the Hungarian breeder Martonvaras are prefixed with Mv, while Federicia was the name of the first pirate radio ship transmitting Radio Caroline in the 1960s, which shattered the BBC radio monopoly and changed the world of radio.

Current crops

Steve Corbett, senior agronomist at Agrii, says 23.3% of certified winter wheat seed currently in the ground is of Group 1 milling varieties, nearly double that of four ***years*** ago. But this has not particularly helped the millers as much of it does not reach milling standards.

Top varieties being grown currently are Skyfall, Siskin, Graham, Crusoe, Costello and Kerrin, with Skyfall and Crusoe being Group 1 milling varieties and another miller Zyatt is seventh.

In Agrii trials, the Hungarian variety along with old milling favourite Soissons and Crusoe gave the best protein levels, while it performed best for yield and grain protein at a relatively modest nitrogen level of 200-250kg/ha.

In competition against blackgrass, it came top alongside Bennington, emphasising its usefulness in combating the grassweed.

“The speed of growth in the spring is impressive as it sees strong growth before the blackgrass wakes up,” says Mr Corbett.

JOURNAL : Farmers Weekly

The lead in the race for a driver-free, super-efficient arable farming utopia has been taken up by SeedMaster – a little known name in the world of autonomous ***agriculture*** but with grand plans to revolutionise life in (or rather, out of) the tractor seat.

It’s called Dot and is an offshoot of the firm that made its name building mammoth drills and seed carts in the heart of the Canadian prairies.

The robotised rig was created by SeedMaster chief Norbert Beaujot, who set about the challenge of getting a driverless tractor into mainstream production back in 2014.

His design looks nothing like a normal tractor – instead it takes the form of a U-shaped tool carrier with the engine and hydraulic driveline sitting in lopsided fashion along one part of a three-sided frame.

The fourth side is formed by the implement, of which there will be about 10 to pick from initially, and dozens more once the machine is fully up and running.

See also: Diesel-electric drives offer cheaper tractor power

Why Dot?

Canada, like many first-world nations, is suffering from a chronic lack of skilled farming labour as potential employees ditch the tractor seat in favour of the juicier wages in oil, mining and construction. And the challenge is all the greater as farm sizes swell, forcing operators to clock huge hours during peak seasons.

The widely trumpeted solution is to automate time-sapping jobs – a nice idea that has proved almost impossibly hard to bring to reality.

Mr Beaujot’s aim was to build a versatile tool carrier, rather than wasting an intelligent platform by restricting its responsibilities to simply drilling or grain carting.

His early plans proved enough to convince dozens of overworked Canadian growers (and several from other continents) to put down deposits long before the finished product was ready to hit the fields.

So, while the general UK farming consensus is that autonomous tractors remain a hazy mirage on the horizon, those across the pond with more acres and tighter working windows are in no doubt the time is nigh.

Dot in a nutshell

Six units running this ***year***

Implements will include a 36m sprayer, 14t grain cart and 9m drill

Bare unit likely to cost up to £225,000

Europe-friendly 3m version coming by 2021

How does it work?

It uses a simple but clever U-shaped carriage to pick up implements sideways (in its 3.8m-wide transport mode) before swivelling 90deg on its four wheels so the engine sits at the front during field work.

The powerplant is soon to be upgraded to a 200hp Cummins Tier 5 block, which is mounted on one side of the box section frame and sends its power through a splitter gearbox to a set of four Poclain variable displacement hydraulic pumps.

Two of these provide auxiliary power to the implements (all are oil-powered, so there’s no pto) while the other two provide hydrostatic drive to the wheels.

Each leg carries a hydraulic motor – forget clutches and cogboxes – providing all-wheel power and two speed ranges topping out at 9kph and 19kph, respectively.

This layout also makes it easy to run a traction control system that directs the oil to whichever wheel has the best grip based on the disparity between the GPS and wheel speeds.

A heavier-duty walking beam axle on the side opposite the engine helps keep all four wheels biting into terra firma and acts as a counterweight to the driveline.

Dot's choice of diesel power differs from most prototype driverless tractors, which tend to run off batteries.

However, electricity adds complexity – both in manufacturing and for the end user – and is probably why most experiments have failed to get anywhere close to full-scale production.

Big batteries remain prohibitively expensive, don’t have the capacity to deliver the huge power outputs required and are a nightmare to charge in hard-to-reach places with poor access to the grid.

Below is a video showing how it works on the farm:

Software

The robot-grade software that allows Dot to run without a driver was developed by SeedMaster’s seven developers and supported through a collaboration with guidance specialist Raven.

Manual steering with a remote-control joystick is only really needed for farmyard manoeuvres and picking up/dropping off implements, although even this can be automated once their GPS co-ordinates have been noted.

It uses existing field maps to create uncrossable virtual boundaries for the machine and its implement. The company’s own software makes sense of the information provided by the map, including hazards such as rogue troughs and power poles.

From that, it picks out the most efficient route across a field, which must then be approved by the farmer before it is sent to the on-board processor.

Dot strictly follows this route and will stop dead if it’s forced to deviate, before sending an alert and waiting for operator input. Owners can also keep tabs on its progress through on-board cameras, or even take the reins via long-range wifi.

Most of the basic decision-making during work is computerised, so it can do things such as reduce forward speed to climb a steep hill.

It also collects data as it works, which can be used to form variable rate application and horsepower maps as well as monitoring fuel usage and repair/maintenance indicators. In time, more sensors will allow it to process information relating to soil conditions, crop health or weed detection.

In the field

To keep purchasing decisions simple, one Dot unit is designed to be able to cover the same land area as a single combine – about 1,000ha.

Machines still require a degree of operator input – sprayer tanks and drill hoppers need filling, as does the fuel tank every 10-14 hours – but it’s designed to be far less taxing than an 18-hour stint in the seat.

Nor is there any getting away from the fact that shear-bolts break and nozzles block, but there are plenty of companies developing cameras and sensors capable of detecting problems and alerting operators, who can then march out to the field with tools in hand.

The cost of the kit is tumbling too, so there’s likely to be rapid progress in this department.

Carrying implements on top of the power platform also helps cut compaction by making use of their weight to benefit traction.

Typically, tractors must outweigh the drill or cultivator to help put their power to the ground, but Dot can make do with a fairly modest empty weight of less than 6t, which apparently reduces the quantity fuel and power required purely for propulsion.

Specs

Engine Cummins QSB4.5 Tier 4F 4.5-litre turbocharged diesel

Power 173hp@2,200rpm

Torque 705Nm@1,500rpm

Top speed 19kph

Auxiliary hydraulic pump 230-litres/min@207bar

Dry weight 5,670kg

Carrying capacity 18,000kg

Transport width 3.76m

Transport length 6.1m

Height 3.66m

Fuel tank 320 litres

Continuous run time 10-14 hours

Standard tyres 500/70 R24

Price Expected to be $250,000-300,000 (£188,000-225,000)

Health and safety

As ever, health and safety represents the biggest challenge in any type of automation.

The first objective is to get the machines working in the Canadian provinces of Alberta and Saskatchewan, where the authorities are keen to embrace any technology that cuts the number of accidents caused by overtired operators.

However, the company is bound to be engaged in a few arm wrestles with law makers in other countries, so its designers can ill afford to have a buccaneering approach to machine safety.

Default protection modes that bring it to a standstill outside of its working boundaries are standard and more safety kit will be added in due course, including radar/lidar sensors.

Developments in the autonomy of cars – particularly self-steering and automatic braking – are making the technology cheaper than ever before, but someone, somewhere will still have to be responsible.

Early models aren’t set-up to drive on the roads and will  need carting to sites on a trailer – but the plan is to be able to send units between fields in the future. By that time, driverless cars are expected to be well established.

Building implements

One of the perks of Dot is that it can be used for all sorts of tasks, including grain carting, cultivating, drilling and spraying.

All of the implements are mounted without wheels or hitches – instead it uses four ram-powered hooks to hoist the implement on to cone-like guides, in turn forming the fourth side of the rectangular frame.

Designing the power unit first – with a single, clear horsepower rating and hydraulic capacity – means the implements can be built to suit its capacity.

The company has assembled a range of items through sister firm SeedMaster, most of which have been adapted from standard, hydraulically driven tools.

The 9m drill, for instance, is simply one third of the firm’s mainstream product and is able to offer variable rate and auto shut-off. Other products will include a 12-row planter, 18m sprayer with 3,785-litre tank, a 12.5m land roller and 14t grain cart.

Short-line manufacturers have also been invited to build their own Dot-ready implements and it has prompted a flurry of interest from companies such as Pattison Liquid Systems, which is developing a 36m sprayer.

Although the development process is expensive, potential suppliers see Dot as a fast-tracked opportunity to get into the robotics business without relying on the world’s biggest ag machinery makers, and the standardised platform should bring their production costs down in the long-term.

Other potential sectors for automation include the repetitive tasks of feeding and cleaning duties on dairy farms – a market where the likes of Lely have already had plenty of success with smaller robotic units.

There have also been whacky-sounding whispers about making a combine. Dot’s carrying capacity is enough to cope with the body of a reasonably sized combine, which could be paired with a second engine to cope with the demand of both threshing and motive power.

When will it be available?

As many as six units should be up and running for this season, with another 20 scheduled for production next ***year*** and many more in the pre-order book.

The company is initially focusing on western Canada, but it hopes to have a Europe-friendly model with a 3m transport width ready within three ***years***.

That timeline puts it well ahead of most other autonomous tractors being developed by universities and researchers, which are predominantly small, electrically powered and miles from reaching mainstream production and large-scale operation.

Surprisingly, the farm machinery market’s biggest hitters have so far failed to get any sort of chokehold on the gold rush of autonomous ag. The likes of CNH, Fendt and Kubota have dabbled with driverless technology – and several others have demoed master-and-slave-style systems – but, so far, their efforts seem to be more of a bombastic marketing exercise than anything close to manufacturing.

Redesigning seeders to work with Dot

SeedMaster had to redesign its drills to make them easily adapted to run on Dot.

Traditionally, the company has used a fairly standard layout of three staggered rows of coulters to maintain decent trash flow when working on min- or zero-tilled land.

To reduce the space required for the implement, the company now uses spoked, ground-driven wheels between each coulter to walk trash through the seeder.

The 8in spokes poke a small hole in the soil as they bite in and avoid throwing soil into the other rows. This means that each coulter’s packer wheel properly gauges the working depth, running level with its neighbour to complete all of the soil movement before any of the packers pass over the drilled seed.

The design also makes servicing much easier, as each coulter can be accessed from the rear rather than having to scrabble around underneath the drill.

JOURNAL : Farmers Weekly

A key vote by European farm leaders will decide whether the NFU remains a member of the influential Copa-Cogeca umbrella organisation after the UK leaves the EU.

The powerful lobby group represents farm unions and co-operatives from across Europe – fighting the corner on behalf of growers and livestock producers at the heart of Brussels.

See also: Frictionless trade ‘vital’ for farmers post-Brexit

Copa-Cogeca’s rules require its member organisations to be from EU member states.

But that will no longer be the case for the NFU once the UK formally ceases to be a member of the EU on 29 March 2019.

The NFU says it hopes to remain a Copa-Cogeca member – at least during the Brexit transition period which is due to last from 29 March 2019 to 31 December 2020.

'Foreseeable future'

The Copa-Cogeca praesidium – which comprises representatives from its member organisations – is due to vote on the issue of continued NFU membership on 14 June.

NFU director of policy Andrew Clark told Farmers Weekly it made sense for the union to remain a Copa-Cogeca member “for the foreseeable future”.

He said: “The NFU believes that working closely with our European colleagues on EU farm policy – and our shared farming future – is incredibly valuable.”

The NFU’s membership of Copa-Cogeca played a vital part in that work, added Mr Clark.

“For the foreseeable future, British farming will continue to follow the rules laid out by the CAP, alongside the thousands of other EU regulations and decisions that affect members on a daily basis.

European allies

“The NFU will continue to fully represent the voice of British farming during this uncertain time, working with European allies to strengthen our messages and ensure members get the best possible outcomes.”

The Brussels-based Agra Facts news service says “there are no provisions in Copa or Cogeca statutes for this kind of situation”.

But it adds several Copa-Cogeca members “have underlined the importance of closest possible collaboration to minimise any disruption in our economic and political relations to the UK”.

**Load-Date:** June 8, 2018

**End of Document**



[***Register of Commission documents:Statute for Social and Solidarity-based Enterprises Document date: 2017-12-06 EPRS\_STU(2017)611030 Study***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R8Y-T851-JDG9-Y4X3-00000-00&context=1516831)

Impact News Service

December 28, 2017 Thursday

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**Length:** 22484 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

STUDY EPRS | European Parliamentary Research Service Author: Elodie Thirion European Added Value Unit PE 611.030 - December 2017 Statute for social and solidaritybased enterprises European Added Value Assessment Accompanying the European Parliament's legislative own-initiative report (Rapporteur: Jiří Maštálka)

EPRS | European Parliamentary Research Service Study European added value assessment of a statute for social and solidarity-based enterprises In accordance with Article 225 of the Treaty on the Functioning of the European Union (TFEU), the European Parliament has a right to ask the European Commission to take legislative action in a particular area. Such requests are based on a legislative initiative report by the parliamentary committee responsible. In January 2016, the Conference of Presidents of the European Parliament authorised its Committee on Legal Affairs (JURI) to draft a legislative initiative report on a statute for social and solidarity-based enterprises. In September 2016 the Conference of Presidents authorised the Committee on Employment and Social Affairs (EMPL) and the Committee on Legal Affairs (JURI) to be associated under Rule 54. All legislative initiative reports must automatically be accompanied by a detailed European added value assessment (EAVA). Accordingly, the JURI Committee asked the Directorate-General for Parliamentary Research Services (EPRS) to prepare an EAVA to support the legislative initiative report on a statute for social and solidarity-based enterprises, 2016/2237(INL). The rapporteurs are, for JURI, Jiří Maštálka (GUE/NGL, Czech Republic), and, for EMPL, Heinz K. Becker (EPP, Austria). The purpose of a European added value assessment is to support a legislative initiative of the European Parliament by providing scientifically-based evaluation and assessment of the potential added value of taking legislative action at EU level. In accordance with Article 10 of the Interinstitutional Agreement on Better Law-Making of 13 April 2016, the European Commission should respond to a Parliament request for proposals for Union acts by adopting a specific communication. If the Commission decides not to submit a proposal, it should inform the Parliament of the detailed reasons therefore, including a response to the analysis on the potential European added value of the requested measure. Abstract Social enterprises combine societal goals with entrepreneurial spirit. These organisations focus on achieving wider social, environmental or community objectives. There is currently no specific European legal framework to help social enterprises to benefit from the internal market. Against this background, this European added value assessment identifies the challenges in the existing national legal frameworks regarding social enterprises. It argues that action at EU level would generate economic and social added value. Moreover, it outlines potential legislative measures that could be taken at EU level, and that could generate European added value through simplification and a coordinated approach in this area. AUTHOR Elodie Thirion European Parliamentary Research Service, Impact Assessment and European Added Value Directorate, European Added Value Unit European Parliament B-1047 Brussels To contact the unit, please email: [*EPRS-EuropeanAddedValue@ep.europa.eu*](mailto:EPRS-EuropeanAddedValue@ep.europa.eu) LINGUISTIC VERSIONS Original: EN This document is available on the internet at: [*http://www.europarl.europa.eu/thinktank/en/home.html*](http://www.europarl.europa.eu/thinktank/en/home.html) DISCLAIMER This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy. Manuscript completed in November 2017. Brussels © European Union, 2017. PE 611.030 ISBN 978-92-846-2323-5 DOI 10.2861/382841 QA-07-17-097-EN-N Statute for social and solidarity-based enterprises 1 Contents List of abbreviations and acronyms.............................................................................3 List of Tables....................................................................................................................4 Executive summary .........................................................................................................5 Methodology ....................................................................................................................7 1. 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The assessment outlines the current regulatory context related to SEs (Chapter 1); identifies current regulatory problems (Chapter 2), then it assesses the potential socioeconomic benefits of possible EU action (Chapter 3) and concludes by defining and making a comparative assessment of possible policy options to address the identified regulatory gaps (Chapter 4). The substantive scope of the EAVA is limited to the issues related to company law. Despite the difficulty of collecting and comparing reliable data, it is estimated that the number of SEs in the EU is constantly rising and is currently at between 130 000 and 250 000.3 Also, there are more than 2.8 million entities and enterprises in the EU's social economy sector.4 Despite their diversity, social enterprises mainly operate in the areas of work integration, personal social services, local development of disadvantaged areas and environmental protection, sports, arts, and culture. They are therefore of the utmost importance for the EU economy. Their economic dynamism contrasts with the lack of visibility and awareness and the seeming underperformance of national policies targeting SEs. These and other challenges faced by SEs can lead to difficulties in accessing private finance and public markets for SEs, translating into difficulties for SEs in scaling up. The study argues that SEs that are willing to scale up in the internal market could benefit from an enabling EU legal framework. There are three main reasons why the EU should adopt a supportive legal framework for SEs. Firstly, there are convincing economic benefits of adopting such a measure, as SEs could benefit from access to a larger market, reduced transaction and enforcement costs, and increased visibility. Secondly, there are social benefits, in particular the increase in consumer confidence in goods and services 1 Statute for social and solidarity-based enterprises, Legislative Observatory (OEIL), European Parliament. 2 In accordance with Article 10 of the Interinstitutional Agreement on Better Law-Making, the European Commission will reply to the request for proposals for Union acts made by the European Parliament by adopting a specific communication. If the Commission decides not to submit a proposal it should inform the European Parliament of detailed reasons for its decision, including a response to the analysis concerning European added value. 3 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015. 4 J.L Monzón and R. Chaves, Recent evolutions of the Social Economy in the European Union, CIRIECInternational – Centre international de recherches et d'information sur l'économie publique, sociale et coopérative, 2017. European added value assessment 6 produced by SEs. Finally, an EU legal framework for SEs would establish a level playingfield for SEs willing to expand within the internal market. Considering the current lack of harmonisation, with the resulting economic and social disadvantages for citizens and social businesses, it is recommended that action at EU level be envisaged. To address the current lack of harmonisation, this study looks at four policy options:  Policy option 1: Baseline scenario, maintaining the status quo  Policy option 2: Minimum harmonisation  Policy option 3: Certification / label system  Policy option 4: Supranational legal form Based on the review of the qualitative cost-benefit analysis and a comparative qualitative assessment of policy options, it is suggested that such an EU approach could take the form a certification/label system. This EU certification/label system would give SEs the best balance between legal certainty and flexibility. In addition, it would allow SEs to distinguish themselves from other businesses, without having to register in each Member State to have their social condition recognised, while allowing them to choose the legal form under which they prefer to conduct their business, provided they respect certain basic criteria. Statute for social and solidarity-based enterprises 7 Methodology This analysis was carried out internally by the Directorate–General for Parliamentary Research Services (DG EPRS) European Added-Value Unit (EAVA) of the European Parliament. The study is based on:  a public hearing organised in March 2017 by the Legal Affairs (JURI) and Employment and Social Affairs (EMPL) Committees of the European Parliament with various experts;  data publicly available. Even if some Member States have put a great deal of work in recent ***years*** into providing reliable data on various social economy groups,5 the statistical information provided in this study should be treated with caution. Indeed, the available data is not always comparable. Sometimes, the scope of each group considered in the social economy field is not the same in the different Member States or even in the same country over a long period. The methodology used to account for variables in each system of statistics has not always been homogeneous or consistently applied. It was very difficult to find countries with reliable and comparable data (i.e covering the same statistical group, for same length of time, with the same variables). Cross-country empirical research is also quite limited and therefore,6 the analysis provided by this study relies mainly on qualitative considerations. 5 J.L Monzón and R. Chaves, Recent evolutions of the Social Economy in the European Union, CIRIECInternational – Centre international de recherches et d'information sur l'économie publique, sociale et coopérative, 2017. 6 Global Entrepreneurship Monitor 2015 to 2016: Special Report on Social Entrepreneurship, Global Entrepreneurship Research Association, 2016; and N. Bosma, T. Schøtt, S. Terjesen, P. Kew, 'Comparative International Entrepreneurship: A Review and Research Agenda', Journal of Management, Vol. 42, No 1, 2016, pp. 299–344. European added value assessment 8 1. Introduction Key findings (1) Social enterprises make a significant contribution to the EU economy. The number of entities is growing and is currently estimated to be in between 130 000 and 250 000 in the EU. The sector employed 14 million paid workers in 2015. (2) The regulatory framework is fragmented as proven by the significant differences across Member States in terms of activity profile, legal forms, fiscal treatment, business models and support structures. (3) In recent ***years***, more than 200 documents at EU level have underlined the importance of creating a level playing field for SEs. Nevertheless, progress has been slow and none of the initiatives has produced the expected results, especially for the SEs willing to scale up in the internal market. The social economy is a very diverse and growing sector.7 Its diversity is reflected in the terminology used, receiving different names in different countries (third-sector, not-forprofit sector, solidarity economy, etc.). There is however a normative definition of the social economy that has been widely adopted in academic and policy spheres, stating that the social economy 'includes all economic activities conducted by enterprises, primarily cooperatives, associations and mutual benefit societies, whose ethics convey the following principles:  placing services to its members or to the community ahead of profit;  autonomous management;  a democratic decision-making process;  the primacy of people and work over capital in the distribution of revenues'. 8 In addition, no commonly agreed definition exists at international level of what constitutes a social enterprise (SE). Defining SE is itself problematic and definitions of SE vary greatly within and between countries.9 However, a gradual convergence of understanding has occurred in the European Union (EU) with the development of a complex and widely accepted definition, elaborated 7 S. Terjesen, J. Lepoutre, R. Justo and N. Bosma, Global Entrepreneurship Monitor Report on Social Entrepreneurship, 2011. 8 J. Defourny and P. Delveterre, The Social Economy: The worldwide making of a third sector, Centre d'Economie Sociale, 1999, p.16 9 J. Kerlin, 'A comparative analysis of the global emergence of social enterprise', Voluntas, Vol. 21, No. 2, 2010, pp. 162-179. Statute for social and solidarity-based enterprises 9 within the EMES European research network.10 The definition is based on nine criteria for identifying social enterprises, grouped into three building blocks:11  economic and business characteristics: o continuous activity producing goods and services; o a significant level of economic risk; o a minimum amount of paid work;  social characteristics: o an explicit aim to benefit the community; o an initiative launched by a group of citizens or civil society organisations; o limited profit distribution;  participative governance characteristics: o a high degree of autonomy; o decision-making power not based on capital ownership; o a participatory nature, (the people benefiting from the goods and services manufactured/provided within the SE can effectively take part in economic activities). Drawing upon that definition, the European Commission has developed an operational definition in its communication on the Social Business Initiative (SBI):12 'a social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities'. In addition, for the purpose of Regulation (EU) No 1296/2013 and regardless of its legal form a 'social enterprise' is defined as an undertaking, that:  'in accordance with its articles of association, statutes or with any other legal document by which it is established, has as its primary objective the achievement of measurable, positive social impacts rather than generating profit for its owners, members and shareholders, and which: o provides services or goods which generate a social return and/or o employs a method of production of goods or services that embodies its social objective;  uses its profits first and foremost to achieve its primary objective and has predefined procedures and rules covering any distribution of profits to shareholders and owners that ensure that such distribution does not undermine the primary objective; and 10 EMES European research network owes its name to its first research ***programme***, on 'the emergence of social enterprises in Europe' (1996-2000). 11 J. Defourny and M. Nyssens, The EMES approach of social enterprise in a comparative perspective, WP No 12/3, 2012. 12 Communication from the Commission on the Social Business Initiative, COM(2011) 682, 25.10.2011 European added value assessment 10  is managed in an entrepreneurial, accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities'.13 The European Parliament, in its resolution of 10 September 2015 on social entrepreneurship and social innovation in combating unemployment, noted that 'social and solidarity-based economy enterprises, which do not necessarily have to be nonprofit organisations, are enterprises whose purpose is to achieve their social goal, which may be to create jobs for vulnerable groups, provide services for their members, or more generally create a positive social and environmental impact, and which reinvest their profits primarily in order to achieve those objectives; points out that social and solidarity-based economy enterprises are characterised by their commitment to upholding the following values:  the primacy of individual and social goals over the interests of capital;  democratic governance by members;  the conjunction of the interests of members and users with the general interest;  the safeguarding and application of the principles of solidarity and responsibility;  the reinvestment of surplus funds in long-term development objectives, or in the provision of services of interest to members or of services of general interest;  voluntary and open membership;  autonomous management independent of the public authorities'. All of the above definitions bring together the features shared by all SEs regardless of the Member State of incorporation, and encompass for-profit and non-for-profit organisations. It is worth highlighting that, as it will be examined below, SEs can adopt multiple legal forms, provided that they comply with some requirements. As the above definitions are compatible, the SBI definition will be retained for the purpose of this study.14 It must be clarified as well that even if the title of this study refers to 'social and solidarity-based enterprises', the substance of the subject matter under consideration is the same. 13 Article 2 of Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union ***Programme*** for Employment and Social Innovation ('EaSI') and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion. 14 For a more in-depth analysis of the definition, see: A. Fici, A European Statute for Social and Solidarity- Based Enterprise, Policy Department for Citizens' Rights and Constitutional Affairs, European Parliament, 2017. Statute for social and solidarity-based enterprises 11 1.1 The significant role of SEs in the EU economy The number of SEs is continuously growing, together with their contribution to the EU economy. The currently available data suggests that there are between 130 000 and 250 000 SEs in the EU.15 Taking the social economy as a whole, there are more than 2.8 million entities and enterprises16 and in 2015 the sector employed over 14 million paid workers, which is about 6.5 % of the EU's active population.17 In addition, in 2009, one in four companies created in the EU belonged to the social economy.18 SEs in the EU carry out activities in various areas such as the social and economic integration of underprivileged categories of people or people in exclusion situations, social and community services, land-based industries and the environment, cultural, tourism, sport and recreational activities, etc. As SEs cut across standard statistical classifications of economic activity such as NACE,19 classifying the activities that a social enterprise may or could engage in to deliver its social mission is complicated. However, some statistics are available for the entire social economy sector. Table 1 – Main sectors of activity in the EU social economy Social economy main sectors of economic activities in the EU % Employment and Training 14.88 Environment 14.52 Education 14.52 Economic, Social and Community Development 14.34 Culture, the Arts and Recreation 7.08 Health 6.90 Business Associations 2.00 Law, Advocacy and Politics 1.63 Other 4.72 Social Services 16.70 Total 100 Source: Social economy study for the IMCO Committee, p. 58, 2016. 15 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015. 16 J.L Monzón and R. Chaves, Recent evolutions of the Social Economy in the European Union, CIRIECInternational - Centre international de recherches et d'information sur l'économie publique, sociale et coopérative, 2017. 17 ibid. 18 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions: Social Business Initiative, COM(2011) 682, 25.10.2011 19 NACE refers to the statistical classification of economic activities in the EU. The acronym derives from the French Nomenclature statistique des activités économiques dans la Communauté européenne. European added value assessment 12 Not only do SEs represent multiple economic sectors but they also differ enormously in terms of average age and size. The age of SEs in the EU varies greatly. For example, more than 70 % of SEs in Belgium are more than 10 ***years*** old, whereas that is the case for only a third in Spain. Table 2 – Average age of SEs in selected EU Member States ***Year*** ≤ 4 ***years*** old 5-10 ***years*** old 11-20 ***years*** old Belgium20 2013 10 % 18 % 72 % Germany21 2013 26% 26% 48 % Hungary22 2012 20 % 20 % 60 % Sweden23 2010 27 % 29 % 44 % Spain24 2010 11 % 24 % 66 % United Kingdom 25 2015 30 % 34 % 36 % Source: data compiled by the author. Despite a wide range of ages, a converging trend regarding the size is emerging, since the vast majority of SEs are small and medium-sized enterprises (SMEs). Table 3 – Average size of SEs in selected EU Member States Member States ***Year*** Micro company: staff headcount <10 Small company: <50 Medium company: <250 Large company: >250 Hungary26 2012 52 % 28 % 17 % 3 % Romania27 2012 61 % 30 % 9 % 0 % Spain28 2010 33 % 27 % 20 % 20 % United Kingdom29 2010 5 % 34 % 8 % 18 % Source: data compiled by the author. 20 The State of Social Entrepreneurship - Key Facts and Figures, SEFORÏS, 2014, p.2 21 The State of Social Entrepreneurship - Key Facts and Figures, SEFORÏS, 2014, p.8 22 The State of Social Entrepreneurship - Key Facts and Figures, SEFORÏS, 2014, p.11 23 The State of Social Entrepreneurship - Key Facts and Figures, SEFORÏS, 2014, p.27 24 The State of Social Entrepreneurship - Key Facts and Figures, SEFORÏS, 2014, p.23 25 The State of Social Entrepreneurship - Key Facts and Figures, SEFORÏS, 2014, p.30 26 The State of Social Entrepreneurship - Key Facts and Figures, SEFORÏS, 2014, p.11 27 The State of Social Entrepreneurship - Key Facts and Figures, SEFORÏS, 2014, p.17 28 The State of Social Entrepreneurship - Key Facts and Figures, SEFORÏS, 2014, p.23 29 The State of Social Entrepreneurship - Key Facts and Figures, SEFORÏS, 2014, p.30 Statute for social and solidarity-based enterprises 13 Regardless of the impact of the recent economic crisis,30 there has undoubtedly been an increase in the role taken on by SEs in the EU economy. Furthermore, SEs have proven more resilient to economic downturns.31 In addition to job creation and economic growth, the literature often highlights many of the contributions SEs make when it comes to achieving important goals for the community, such as local economic development, increased social inclusion, and a reduction in the gender pay gap.32 The European institutions33 have also on a number of occasions underlined the impact of SEs on the EU economy and their contribution towards:  high quality, inclusive and non-exportable job creation;  stronger social, economic and regional cohesion;  an increasingly territorial and community-based economy;  gender equality;  social protection and high-quality services of general interest;  sustainable development, energy transition and environmental protection. 1.2 Regulatory framework While Member States remain the main actors regulating SEs, the EU is progressively creating a regulatory framework to support the growth of SEs in the internal market. 1.2.1 Diverse national approaches The social enterprise dynamic is present in all the Member States.34 However, at Member State level, various regulatory frameworks exist, ranging from well-developed policy initiatives to non-formal frameworks targeted specifically at social entrepreneurship. As a result, there are significant differences across countries in terms of the activity profile of social enterprises, legal forms, tax incentives, business models and support structures. 30 J.L Monzón and R. Chaves, Recent evolu

tions of the Social Economy in the European Union, CIRIECInternational – Centre international de recherches et d'information sur l'économie publique, sociale et coopérative, 2017, p. 60. 31 S. Barco Serrano, G. Hahn and G. Pastorelli, A better future - Results of the network for better future of social economy, Ministry of Regional Development of Poland, Department for European Social Fund Management, 2012. 32 Including E. Bidet and R. Spear, The Role of Social Enterprise in European Labour Markets, EMES Network Working Paper No 03/10, 2003; M. Evans and S. Syrett, 'Generating Social Capital?', The Social Economy and Local Economic Development, European Urban and Regional Studies, Vol. 14 (1), 2007, pp. 55-74. 33 Social enterprises and the social economy going forward – A call for action from the Commission Expert Group on Social Entrepreneurship (GECES), Commission Expert Group on Social Entrepreneurship (GECES), 2016; European Parliament resolution of 14 December 2006 on a European social model for the future; European Parliament resolution of 19 February 2009 on Social Economy. 34 C. Borzaga and G. Galera, Social Enterprises and their Eco-systems: Developments in Europe, Directorate- General for Employment, Social Affairs and Inclusion, European Commission, 2016, p.14 European added value assessment 14 1.2.1.1 Different legal forms In terms of legal form, there is a great variety among Member States in the available forms under which SEs can register, including cooperatives, mutual societies, associations and foundations. The increasing proliferation of various company law forms available in national jurisdictions makes it increasingly difficult to navigate this complex landscape. In addition, the development of social enterprise does not necessarily require the adoption of specific legal forms. In a minority of Member States (10), there is no specific national recognition. The existing legal forms such as associations, foundations, or cooperatives can however have SE purpose. In these cases, the vast majority of SEs tend to use and adapt existing legal forms that are not specifically designed for SE and that enjoy no special legal recognition as such. Only 18 Member States have some form of legislation that recognises and regulates social enterprise activity.35 The panorama is varied. Here, an important distinction needs to be drawn between legal form, which relates to the fundamental legal structure of an organisation, and legal status, which concerns a number of legal forms with certain characteristics and affects the treatment of those legal forms. Specific recognition can take two main different forms:  social enterprise legal forms, which are exclusively designed for SEs through the tailoring or adaptation of existing legal forms. National laws provide a specific legal form of incorporation for SEs, which is distinct from all other legal forms and constitutes a special sub-type (or modified type) of either a company or a cooperative. Social cooperatives in Italy, sociétés coopératives d'intérêt collectif (SCICs) in France, community interest companies (CIC) in the UK, are the most prominent examples of this sort of legislation;  social enterprise legal statuses, which can be obtained via a number of different legal forms, and which comply with a number of pre-defined criteria. Laws that recognise and establish the SE as a particular category identify a specific category of entities by some common requirements. Under these laws, an organisation 35 A. Fici, A European Statute for Social and Solidarity-Based Enterprise, Policy Department for Citizens' Rights and Constitutional Affairs, European Parliament, 2017. Cooperative Mutual Association Foundation Company Legal status (certification, label, etc.) that applies to one or more legal forms Statute for social and solidarity-based enterprises 15 can qualify (and disqualify) as an SE if it complies with certain requirements, and the term 'SE' is, therefore, a legal qualification (or legal status). Hence this category may comprise entities incorporated under various legal forms (company, cooperative, association, foundation, etc.), provided they meet the relevant legal requirements. This sort of legislation can be found in many Member States, such as Belgium (social purpose company) or Denmark (registered social enterprise). Some other countries (e.g Slovenia) have created new types of legal form that allow traditional non-profit organisations to undertake economic activity. Table 4 – Different legal forms of social enterprises Member States Legal forms of a social enterprise Special qualification with different legal forms Austria No information available No information available Belgium Société à finalité sociale – Social purpose company (1995) Bulgaria Draft for specific law on the social economy at national level (2016) Croatia Social cooperative law of 11 March 2011 No 764 (2011) Cyprus Czech republic Act No 90/2012 on social cooperatives (2012) Denmark Law 711/2014 on registered social enterprises (2014) Estonia No information available No information available Finland Law 1351/2003 on social enterprises (2003) France Entreprise solidaire d'utilité sociale (2014) Société coopérative d'intérêt collectif – Cooperative of collective interest (2001) ESUS accreditation, solidarity enterprise of social utility Germany No information available No information available Greece Law 4019/2011 on the social economy and social enterprises (2011) Law 2716/1999 on social cooperatives (1999) Law 4430/2016 on the social and solidarity economy (2016) Hungary Law No X-2006 on social cooperatives (2006) Ireland No information available No information available Italy Law 381/1991 on social cooperatives (1991) Law 106/2016 on reform of the third sector (2016) Latvia Law on social enterprises (under development) European added value assessment 16 Lithuania Law IX-2251/2004 on social enterprises (2004) Luxembourg Social impact societies (2016) Malta Draft social enterprise act, since June 2016 Draft social enterprise act, since June 2015 Netherlands No information available No information available Poland Social cooperatives (2006) Portugal Law 51/96 on social solidarity cooperatives (1998) Law 30/2013, the basic law of the social economy (2013) Romania Law 219/15 on the Social Economy - Social enterprises (2015) Slovakia Act No 448/2008 on social services Act No 448/2008 on social services Slovenia Act 20/2011 on social entrepreneurship Spain Royal legislative decree 1/2013 on special employment centres (2013) Law 44/2007 on integration enterprises (2007) Law 27/1999 on social initiative cooperatives (1999) Law 13/1982 on sheltered employment centres (1982) Law 5/2011 on social economy (2011) Sweden No information available No information available United Kingdom Community interest company (2005) Source: data compiled by the author As social enterprises take a variety of legal forms in each country studied, providing a precise estimation of the size of the various social enterprise types in each Member State is rather difficult. Even if significant steps forward in the collection of systematic data on SEs have been made in the framework of the EU-funded Third Sector Impact project (TSI),36 research efforts have so far been unable to quantify the different legal forms that compose the social enterprise universe.37 1.2.1.2 Policy framework A large number of Member States do not have an express policy commitment to grow SEs and so there is often an absence of incentives for SE development. Where such a policy frameworks exist, their scope, coverage and content differ widely. Very few countries (e.g Italy and the UK) can be said to have put in place – or indeed sought to have put in place – several of the components that would provide a policy environment for social enterprises, such as: 36 The Third Sector Impact website. 37 C. Borzaga and G. Galera, Social Enterprises and their Eco-systems: Developments in Europe, Directorate- General for Employment, Social Affairs and Inclusion, European Commission, 2016. Statute for social and solidarity-based enterprises 17 • legal recognition or institutionalisation of social enterprises through the creation of a bespoke legal form and/or legal status; • fiscal incentives for social enterprises/ social impact investment; • the existence of specialist support and infrastructure – business support, coaching, mentoring schemes that take into account the distinct characteristics of social enterprises; • measures designed to facilitate access to markets, notably public sector markets (by creating demand for the services of social enterprises, introducing social clauses in public procurement for example); • measures designed to support access to finance through the creation of dedicated financial instruments and social investment markets more generally; and • standardised social impact measurement and reporting systems.38 Public support measures for the start-up and scaling-up of social enterprises differ in terms of 1) the different public authorities entitled to implement the support ***programmes*** (central versus regional governments); 2) the array of support provided; and 3) the types of beneficiary organisations targeted. Favourable fiscal treatments exist in some Member States. They can be classified into three main types: i) reduced social security contributions awarded to social enterprises when they perform in given fields; ii) tax exemptions and lower rates envisaged for social enterprises under specific conditions; and iii) tax reductions granted to private and/or institutional donors to SEs.39 There are no examples of established tax exemption for SEs in general. Tax advantages are not specifically targeted at social enterprises, and tend to fall into the following categories: • those that relate to the underlying legal form; • those that relate to the charitable or public benefit status of certain legal forms of non-profit organisation, including relief on income tax and donations; this is, for example, the case in Ireland, where organisations with charitable status are exempt from tax on non-distributed profits; and • those that are available to integration enterprises employing people who are disadvantaged, as a specific incentive to encourage employment.40 However, specific tax treatment for SEs exists in most EU countries.41 Opponents of this specific treatment have long argued that it could be considered unequal treatment that 38 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015. 39 C. Borzaga and G. Galera, Social Enterprises and their Eco-systems: Developments in Europe, Directorate- General for Employment, Social Affairs and Inclusion, European Commission, 2016. 40 Social Enterprise in Europe – Developing Legal Systems which Support Social Enterprise Growth, European Social Enterprise Law Association, 2015. 41 J.L Monzón Campos and R. Chaves Ávila, The social economy in the European Union, Report drawn up for the European Economic and Social Committee by the International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC), 2012. European added value assessment 18 constitutes unlawful state aid in contravention of free competition rules. In 2011, the Court of Justice of the European Union (CJEU) ruled that the specific tax treatment is justified because social economy entities (cooperatives in the case) are, in principle, different in nature from for-profit companies.42 It could be argued that the same applies to SEs, even if they are not totally not-for-profit, since they are supposed to respect a constraint on benefits distribution and they carry out economic activities the explicit and main purpose of which is to have a positive impact on society. Public support measures cover a variety of areas such as information services, specialist business development support, dedicated financial instruments (such as social investment funds), physical infrastructure (e.g shared working spaces) and collaboration on market access. 1.2.2 EU initiatives Since 2000, the European Commission, the European Parliament,43 the European Economic and Social Committee and the Committee of the Regions have adopted more than 200 texts highlighting the social economy's contribution to employment, entrepreneurial spirit, social inclusion, financial services, rural and local development and social cohesion, inter alia. The EU has taken various legislative measures and policy initiatives aimed at supporting the development of SEs, through the creation of a regulatory policy framework concerning both the legal forms and general enabling policy measures. These initiatives have had mixed results. 1.2.2.1 Legal forms Few advances have been made concerning legal forms. In 1989, the European Commission published its first communication on social economy enterprises, which proposed an EU legal basis to establish EU-wide cooperatives, associations, mutual societies and foundations.44 42 Judgment in joined cases C‑78/08 to C‑80/08, CJEU, 8 September 2011. 43 See European Parliament resolution of 10 September 2015 on Social Entrepreneurship and Social Innovation in combating unemployment, which calls for the necessary framework conditions to be set up for a system of social innovation, facilitating access to public procurement, and improving access to funding; European Parliament resolution of 2 July 2013 on the contribution of cooperatives to overcoming the crisis, in which the Parliament points out the resilience of this type of enterprise in face of the fluctuations of the economic cycle and their critical role in integrating disadvantaged workers; European Parliament resolution of 2 July 2013 on the proposal for a Council regulation on the Statute for a European Foundation (FE); European Parliament resolution of 14 March 2013 with recommendations to the Commission on the Statute for a European mutual society; European Parliament resolution of 20 November 2012 on the Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation; European Parliament resolution of 13 March 2012 on the Statute for a European Cooperative Society with regard to the involvement of employees; European Parliament resolution of 19 February 2009 on social economy. 44 Communication on businesses in the social economy sector, SEC(89) 2187, European Commission, 18.12.1989 Statute for social and solidarity-based enterprises 19 Between the 1990s and 2000, the Council, the European Commission and the European Parliament adopted a series of initiatives directed at promoting the visibility of social economy entities.45 In 2003 the EU adopted a Regulation on the Statute for a European Cooperative Society (SCE) to support the development of the cross-border and transnational activities of cooperatives. Its main aim is to improve European cooperatives' potential to conduct transnational activities. Nevertheless, a few ***years*** after this regulation came into force, the results had not been as positive as expected.46 In the same period, the initiative for a European association statute (SAE) did not receive enough support from EU Member States. The European Parliament also supported the establishment of EU-level legal forms for social economy actors in its resolutions on the statute for a European mutual society, on the statute for a European foundation and on the statute for a European cooperative society. In its 2012 resolution on the Social Business Initiative it emphasised the importance of improving the framework conditions for social enterprises, while recognising the diversity of social business models across the Member States. However, the proposal for a statute for a European mutual society and the proposal for a statute for a European foundation, were finally withdrawn by the European Commission owing to lack of institutional support. 1.2.2.2 Regulatory framework Until recently, insufficient attention has been given to the specific features of the regulatory framework for SEs, with the application of competition policy remaining a priority. 2011 however saw an important shift in the European Commission's political agenda regarding SEs. Indeed, with its Social Business Initiative (SBI),47 the European Commission highlighted three priority areas: funding, visibility and legal environment. The SBI listed the policy agenda of the European Commission with 11 key actions. One set of measures are aimed at improving private and public funds. To enhance the interests of private investors in SEs, Regulation (EU) No 346/2013 on European social entrepreneurship funds (EuSEF) was approved. It established a new label (the EuSEF label) that identifies European social entrepreneurship funds. The label highlights the social impact of the beneficiaries of the funds, not their statute or governance, and it requires that at least 70 % of capital received from investors be used in support of social businesses. The regulation has just been revised. A second measure is the ***Programme*** for Employment and Social Innovation (EaSI), established in collaboration with other pre-existing financial initiatives as the EaSI 45 COM(93)650; COM(97)241; COM (2004)18; and Council Decision of 19 January 2001 on guidelines for Member States' employment policies for the ***year*** 2001. 46 Study on the implementation of Regulation 1435/2003 on the statute for a European cooperative society, European Commission, 2010. 47 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions: Social Business Initiative, COM(2011) 682, 25.10.2011 European added value assessment 20 Guarantee Instrument, the EaSI Capacity Building Investments Window and the Social Impact Accelerator (SIA). It provides microcredits with risk-sharing guarantees. Concerning public funds, the promotion of the social economy and social entrepreneurship is included in the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Fund for Strategic Investments (EFSI) – with the EFSI Equity Instrument. Other financial instruments are also available, though not exclusively to SEs, through InnovFin under Horizon 2020 (research and innovation investments for enterprises) and COSME (Competitiveness of Enterprises and Small and Medium-Sized Enterprises). Another set of EU rules relevant to SEs is the EU public procurement framework. The public procurement reform package of 2014 included provisions encouraging public authorities to introduce social considerations in procurement decision-making. More specifically, it allowed for the insertion of certain social clauses in procurement procedures. In a similar vein, the 2012 Services of General Economic Interest (SGEI) package introduced more flexibility for public authorities when providing state aid for SEs in the area of public service compensation. In addition, as highlighted by some contributions, the European Commission is, for the first time, currently implementing a series of measures to support the development of SEs at EU level. Following the publication of its communication 'Europe's next leaders: the Start-up and Scale-up Initiative',48 the European Commission structured its measures around five major pillars: 1. access to funding; 2. access to markets; 3. improving framework conditions; 4. social innovation, technologies and new business models; and the 5. international dimension. The EU is putting more and more effort into designing a policy framework to support the growth of SEs in the internal market. However, and even though the influence of SE in the EU economy is growing, SEs still face a number of challenges, especially when trying to scale up. 48 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions: Europe's next leaders: the Start-up and Scale-up Initiative, COM(2016) 733, 22.11.2016 Statute for social and solidarity-based enterprises 21 2. Main challenges faced by SEs Key findings (1) There is a lack of common understanding of the concept of social economy, leading to a lack of visibility and awareness of SEs. (2) Most EU Member States do not have a comprehensive policy framework specifically targeting SEs. (3) Only a small minority of SEs have systems in place for monitoring social impact. (4) Many SEs have difficulties accessing private finance and public markets, leading to complications for SEs wishing to scale up. (5) SEs that are willing to scale up in the internal market should benefit from an enabling EU policy framework. SEs are developing and are crucial for the EU economy. However, their participation in the internal market remains low. Indeed, SEs encounter a number of challenges in the internal market. The causes and consequences of these challenges are summarised in the problem tree below, and further developed within this section. European added value assessment 22 2.1 Problem drivers 2.1.1 Lack of visibility and awareness According to the study Recent evolutions of the social economy in the European Union, Member States can be divided into three groups depending on their level of recognition of the social economy concept:  Countries in which the concept of the social economy is widely accepted: In Belgium, France, Luxembourg Portugal, and Spain the social economy concept of enjoys a great degree of recognition by public authorities and in the academic and scientific world, as well as in the social economy sector itself.  Countries in which the concept of the social economy enjoys a moderate level of recognition: These include Bulgaria, Cyprus, Denmark, Finland, Greece, Hungary, Ireland, Italy, Poland, Romania, Slovenia, Sweden, and the United Kingdom. In these countries, the concept of the social economy coexists alongside other concepts, such as the non-profit sector, the voluntary sector and social enterprises. In some Member States, such as the United Kingdom, the level of awareness of the social economy contrasts with the government's policy of support for SEs.  Countries where there is little or no recognition of the concept of the social economy: The concept of the social economy is little known, emerging or unknown in the following countries: Austria, Croatia, the Czech Republic, Estonia, Germany, Latvia, Lithuania, Malta, the Netherlands, and Slovakia. The related terms non-profit sector, voluntary sector and non-governmental organisations sector enjoy a relatively greater level of recognition. This lack of a common understanding of the concept of social economy leads to a lack of awareness and understanding, highlighted by the low visibility of SEs in the media and also in statistics. A lack of databases, official statistics and reliable data about SEs emerge in lot of countries, including Austria, Slovakia and Sweden.49 In addition, there is a general misconception about the economic activity conducted by an SE. The term 'social' is often associated with charitable activities and social sector entities rather than entrepreneurship.50 This lack of recognition and understanding of the term 'social enterprise' by the general public, partners and prospective investors as well as customers has a negative effect on the growth and financing prospects of social enterprises.51 49 J.L Monzón and R. Chaves, Recent evolutions of the Social Economy in the European Union, CIRIECInternational – Centre international de recherches et d'information sur l'économie publique, sociale et coopérative, 2017, p.47 50 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015. 51 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015. Statute for social and solidarity-based enterprises 23 2.1.2 Inadequacies of the existing regulatory framework As demonstrated above, the Member States all take different approaches to regulating SEs. This diversity in SE legal forms in the EU exposes companies to a lack of flexibility. SEs expanding in the internal market have to choose a different company form in each Member State. As a result, they have to operate under a different internal organisation and different articles of association in each Member State. They do not have the flexibility to opt for the same internal structure throughout their organisation. For example, a group of SEs present in four Member States will have four different legal forms, each with a different management structure. In contrast, a domestic group of comparable size can apply a single model. In addition, new laws and statutes on SEs are not always fit for purpose or implemented correctly, as seems to be the case of the Spanish social economy law, 52 or in Poland and Portugal, where the recent changes in cooperative laws are not considered adequate for cooperatives.53 Social Economy Europe points out that SEs face administrative and legal difficulties in the EU when they wish to operate across borders, particularly in countries where the creation or operation of certain social economy actors is not envisaged or restricted to certain activities. The lack of legal recognition for all social economy actors in EU legislation means that most EU policies are not designed taking the social economy into account. For that reason, the EU needs to find innovative ways to integrate the social economy into EU legislation and to establish a level playing field that provides all social economy actors with opportunities equivalent to those available to other forms of enterprise.54 In addition, as stated above, most countries do not have a comprehensive array of public support measures specifically targeting SEs.55 As a result, the fiscal framework within which SEs operate is rather complex, often incoherent and fragmented, and an overall and clear policy providing for specific fiscal incentives for SEs is missing. 2.1.3 Absence of common mechanisms for measuring impact Only a small minority of SEs have systems in place for monitoring their social impact. Measurement of social impact is not yet a well-established practice even if some recent 52 J.L Monzón and R. Chaves, Recent evolutions of the Social Economy in the European Union, CIRIECInternational - Centre international de recherches et d'information sur l'économie publique, sociale et coopérative, 2017, p.48 53 J.L Monzón and R Chaves, Recent evolutions of the Social Economy in the European Union, CIRIECInternational - Centre international de recherches et d'information sur l'économie publique, sociale et coopérative, 2017, p.49 54 White Paper – Social Economy... Taking back the initiative – Proposals to make the social economy into a pillar of the European Union, Social Economy Europe, 2015. 55 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015. European added value assessment 24 initiatives have made inroads in raising awareness on its importance.56 In addition, there is no clear consensual definition of the concept of social impact, and the metrics and methodologies to carry out the measurement of social impact are numerous but incoherent. Moreover, it is debatable whether quantification, no matter how comprehensive it is, can express the intricate nature of the issues at hand.57 Better measurement of their social impact would help increase awareness of SEs' contribution to society and their visibility. Indeed, one added value of SEs is their positive impact on society and therefore a more systematic monitoring of this element is essential. It is an emerging issue in social entrepreneurship since about half of those individuals who fit the broad definition of social entrepreneurs report that they put substantial effort into measuring the social and environmental impact of their social ventures.58 In addition, the European Commission started to develop a rigorous and systematic method for the measurement of social enterprises' impact on the community, with the creation of the GECES sub-group in October 2012. On 3 June 2014, the GECES adopted a sub-group report,59 which develops a minimum standard process for social impact measurement together with a standard set of criteria that should be exhibited by all social impact measurement reporting. The Social Impact Accelerator (SIA), the first pan- European public-private partnership addressing the need for equity finance to support social enterprises, also developed a methodology for measuring social impact performance in the context of SIA. Finally, it is also worth mentioning that there are a number of initiatives emerging in the banking sector, including that of the European Federation of Ethical and Alternative Banks (FEBEA) on calculating social impact and social return on investment.60 2.1.4 Public spending cuts and general economic conditions Although SEs derive a portion of their revenues from the markets, the public sector remains an important source of income and support. Indeed, SEs' sources of capital vary across the Member States, ranging from models based on donation and grant finance to enterprises with sales and fees as their primary capital sources. The revenue stream is different from one Member State to the next. 56 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015, p.98 57 N. Milotay, Measuring social impact in the EU, EPRS European Parliament, May 2017. 58 N. Bosma, T. Schøtt, S. Terjesen and P. Kew, Global Entrepreneurship Monitor 2015 to 2016: Special Report on Social Entrepreneurship, Global Entrepreneurship Research Association, 2016. 59 Social entrepreneurship expert group, European Commission web site. 60 M. Pedrini, Review of impact assessment methodologies for ethical finance, study commissioned and financed by FEBEA (European Federation of Ethical and Alternative Banks and Finance companies), 2014. Statute for social and solidarity-based enterprises 25 Table 5 – Earned income derived by SEs from market services (competitive public sector contracts included) Market income as a share of total revenues Member States concerned Above 50 % Czech Republic, Finland, France, Italy, UK Less than 50 % Austria, Belgium, Poland, Hungary, Ireland, Slovakia Source: European Commission, 2015. Recent ***years*** have seen significant cuts in public spending across the Member States. The Organisation for Economic Cooperation and Development (OECD) has found that decline in real social spending has been greatest in Greece, Italy, Portugal and Hungary.61 For example, in Italy, spending reviews implemented by the government have reduced the availability of public resources in sectors that are fundamental for social enterprises (such as welfare). This has reduced social enterprises' opportunities to expand.62 2.2 Problems As identified above, there is a wide range of interplaying factors inhibiting social enterprise development and growth across the EU. All these problem drivers affect the growth potential of SEs negatively, including by limiting access to finance and markets. Three main obstacles preventing social economy enterprises from taking full advantage of the single market by operating cross-border have been identified: limited access to financing, difficulties in accessing public markets and problems in scaling up. 2.2.1 Difficulties in accessing finance Limited access to finance is one of the main barriers to the growth for SEs. The scaling stage for SEs has been identified by an EU-funded research project as requiring € 100 000 to € 500 000.63 It is indeed more difficult for social enterprises to access mainstream finance and instruments than for small and medium-sized enterprises (SMEs). As the social added value of such enterprises is often difficult to ascertain and measure, the return on investment is not clear for financial institutions, which often rely on short-term exit 61 Social expenditure update – Social spending is falling in some countries, but in many others it remains at historically high levels. Insights from the OECD Social Expenditure database (SOCX), 2014. 62 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015. 63 How fine-tuned, state-of-the-art hybrid financing packages can build bridges and channel more investment capital into the social entrepreneurship sector, Final Project Report to the European Commission, July, Financing Agency for Social Entrepreneurship, 2015. European added value assessment 26 strategies, traditional ownership structures and a high-return investment logic.64 In addition, because of the financial crisis, banks are following stricter rules to finance enterprises and therefore cooperatives have limited or no access to venture capital on the capital markets and depend primarily on their own members' capital.65 Initial funding often requires social entrepreneurs to use personal funds.66 In some Member States, difficulties are the result of national rules or regulations. For example, not-for-profit social enterprises in Romania have limited access to bank finance on account of national bank rules, placing them in the most risky category as borrowers. In the Czech Republic, organisations are prohibited from using property to guarantee loans.67 In addition, the limited degree to which social enterprises are able to distribute profits to investors inhibits access to equity finance. For example, in France, an investor who makes an equity investment into a société coopérative d'intérêt collectif (SCIC) by purchasing shares will become a 'contributing' member of the SCIC. However, SCIC investors can only receive a 3-4 % rate of return on dividends. On winding up, a SCIC's surplus assets and capital cannot be distributed to members but must be ***transferred*** to a public interest organisation.68 2.2.2 Difficulties in accessing public markets Public procurement represents a significant percentage of the EU economy (14 % of GDP).69 It is particularly relevant to social enterprises' scaling trajectory, and may enable them to grow while reducing their dependency on grants. Many studies70 have highlighted the low level of participation of SEs in the EU public procurement market. This is mainly due to the fact that contracts are predominantly awarded with regards to price before, or to the exclusion of, other considerations (including the social value). 71 There also exist other factors that limit access for social enterprises, such as the size of contracts, the common use of framework contracts, prequalification and specification requirements that inhibit competition by requiring long track records or very strong financial positions. Delays in ***payment*** for services delivered 64 N. Bosma, T. Schøtt, S. Terjesen and P. Kew, Global Entrepreneurship Monitor 2015 to 2016: Special Report on Social Entrepreneurship, Global Entrepreneurship Research Association, 2016, p.25 65 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015. 66 N. Bosma, T. Schøtt, S. Terjesen and .P Kew, Global Entrepreneurship Monitor 2015 to 2016: Special Report on Social Entrepreneurship. Global Entrepreneurship Research Association, 2016, p.25 67 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015. 68 A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015, p.56 69 Public procurement, European Commission website. 70 D. Pirvu and E. Clipici, Social Enterprises and the EU's Public Procurement Market, Voluntas, 2016. 71 For example, in Bulgaria, Czech Republic, Estonia, Italy and Ireland, according to A map of social enterprises and their eco-systems in Europe, Directorate-General for Employment, Social Affairs and Inclusion, European Commission, 2015. Statute for social and solidarity-based enterprises 27 to public administrations were also named as a factor adversely affecting the sustainability of social enterprises. In addition, traditionally, following the application of competition policy, the introduction of social clauses in public procurement was prohibited. In 2014, the public procurement reform package72 partially changed this. The rules now allow public authorities to include social clauses in procurement procedures – but it remains an option, not an obligation. However, by May 2016, 21 Member States had failed to transpose (or notify) those provisions into their national legislation and the practice of including social criteria in public contracts is not yet very extensive.73 Public procurement is an opportunity that is used mainly by already established and/or large social enterprises. For example, in the United Kingdom, the largest social enterprises – i.e those with an approximate turnover in excess of €6.3 million or £5 million – are three times more likely than smaller ones to rely on the public sector as their main source of income. It is also worth noting that public officials – particularly at local level – may not be familiar with the added value of social enterprises when they evaluate tender offers, and may therefore evaluate them exclusively on value-for-money grounds during the tender processes. That explains why Social Economy Europe used its white paper to urge the European Commission to give Member States and other public authorities guidance on how to include social and environmental considerations in public procurement procedures.74 2.2.3 Difficulties in scaling up SEs need to overcome a set of challenges as they establish and consolidate their activities, but they also face additional challenges once they decide to scale up. While conventional enterprises' main objective is to prioritise profit maximisation or shareholder value, the main aim of social enterprises is to expand and deepen their social impact by creating value for people, communities and society. For SEs, scaling up therefore means finding the most effective and efficient way to increase social impact. Some social enterprises aim to reach a greater number of users or beneficiaries, and therefore aspire to expand their social impact widely (quantitative approach). Others diversify their activities, either to address emerging needs at local level or tackle the same needs from multiple angles. These social enterprises aspire to expand their social impact deeply (qualitative approach).75 In both cases, this could be achieved through two complementary 72 Public procurement strategy, legal rules and implementation, European Commission website. The public procurement package comprised of Directive 2014/24/EU on public procurement, Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors and Directive 2014/23/EU on the award of concession contracts. 73 European Commission – Fact Sheet, May infringements' package: key decisions, 26 May 2016. 74 White Paper Social Economy... Taking back the initiative – Proposals to make the social economy into a pillar of the European Union, Social Economy Europe, 2015. 75 A. Heinecke and J. Mayer, 'Strategies for Scaling in Social Entrepreneurship', Social Entrepreneurship and Social Business, C. Volkman, K.O Tokarski and K. Ernst (eds.), 2012, pp. 191-209. European added value assessment 28 strategies: increasing their presence on the internal market by merging, diversifying or specialising; or opening up new legal entities in other Member States. According to a study by Global Entrepreneurship Monitor, 76 SEs have strong potential to expand into new markets, with 56 % of Eastern European SEs expecting to grow in the next five ***years***. In the UK, the proportion of social enterprise employers that aim to grow is even higher: 78 %.77 However, among this large proportion of SEs willing to expand, only few actually do. This is the case for example in Germany, with only about 6 % of SEs operating at EU level.78 In Scotland, 7 % of social enterprises are collaborating with international partners, and approximately 5 % have exported/licensed goods or services to international markets.79 SEs do not seem to be exploiting the scale and potential of the internal market fully. Further measures could be necessary at EU level to favour the scaling up of SEs in the internal market. EU action should aim to enable the development of a regulatory framework and a specifically tailored financial ecosystem to support SE growth. 76 N. Bosma, T. Schøtt, S. Terjesen and P. Kew, Global Entrepreneurship Monitor 2015 to 2016: Special Report on Social Entrepreneurship, Global Entrepreneurship Research Association, 2016, p.27 77 UK Department for Digital, Culture, Media and Sport Department for Business, Energy and Industrial Strategy Social Enterprise: Market Trends 2017, September 2017. 78 T. Scheuerle, B. Schmitz, W. Spiess-Knafl, R. Schües and S. Richter, 'Mapping social entrepreneurship in Germany – a quantitative analysis', Int. J. Social Entrepreneurship and Innovation, Vol. 3 (6), 2015, pp.484–511. 79 Internationalising Social Enterprise, A Strategy for Scotland, September 2016 Statute for social and solidarity-based enterprises 29 3. Why is EU-level action needed? Key findings (1) An EU framework for SEs would establish a level playing-field. (2) There are different legal bases in the Treaty on the Functioning of the European Union (TFEU) that could be used for the adoption of an EU legal framework for SEs. (3) The main objectives identified above could be reached within the limits of EU competences while respecting the principles of subsidiarity and proportionality. (4) An EU legal framework for SEs could translate into economies of scale for SEs, as they could benefit from access to a larger market, reduced transaction and enforcement costs, and increased visibility. (5) An enabling EU legal framework could also increase consumer confidence in goods and services produced by SEs, while also reinforcing some of the intrinsic advantages of SEs, thus leading to social added value. SEs contribute to addressing today's key social challenges – including poverty, social exclusion and unemployment and promote sustainable development. 80 Boosting the development of SEs could help to could overcome the challenge of an aging population. The European Commission estimates that in 2060, there will be only two active people (between 15 and 64 ***years***) for each person older than 65, where as in 2013 there were four.81 Elderly people will need more services especially in the sectors of health care and personal services, developing wide opportunities in this area, especially for SEs. Fostering the development of SEs could also potentially help to decrease the unemployment rate by hiring a specific population of workers that would have lower chances on the 'regular' labour market (long-term unemployed, immigrants, disabled, elderly persons, etc.). Between 2003 and 2010, paid employment in the social economy increased by 26.8 %. In Belgium, between 2009 and 2013 there was an 8.3% total increase in paid employment82, whereas in the private sector the increase was only 4.2%. In France, since 2000 the number of jobs created has increased by 24 %, compared with an increase of only 4.5 % in paid-employment in the private sector.83 80 Policy Brief on Scaling the Impact of Social Enterprises – Policies for social entrepreneurship, OECD/European Commission, 2016. 81 The 2015 Ageing Report, European Commission, 2015. 82 Baromètre 2015 des entreprises sociales en Belgique, p38. 83 Économie sociale : Bilan de l'emploi en 2013, ACOSS-URSSAF and CCMSA, 2014. European added value assessment 30 Despite these prospective economic and social benefits, the potential of SEs has yet to be fully realised.84 To facilitate the development of an ecosystem within which SEs can thrive, stakeholders recommend the provision of legal and regulatory frameworks to encourage the creation and development of social enterprises.85 An EU framework for SEs would establish a level playing-field for SEs giving them equal possibilities to add a European dimension to their activities. It would also provide them with adequate legal tools to facilitate their cross border and transnational activities, as well as with a way to group and develop their organisation and activities in the internal market. For an EU measure to be legal and effective, it would require a valid legal basis, and would have to uphold the principles of subsidiarity and proportionality. It would also necessitate clear economic and social added value. The following section will first analyse the feasibility of EU action and then look at the benefits that an EU framework would bring for SEs. 3.1 Legal basis The legal basis for EU action would depend on the content of the proposal put forward. Several options could be envisaged.  Company law: Article 50 TFEU Article 50 TFEU could be the legal basis for a proposal, since it is the legal basis for EU competence in the area of company law and freedom of establishment. If the proposal were to create a new legal company form, Article 50 could be used as the legal basis, provided that it covered for-profit SEs. 86  Flexibility clause: Article 352 TFEU The EU has already created several European legal entities that apply throughout the EU and co-exist with national ones. The legal acts underpinning their creation are based on Article 352 TFEU (previously Article 308).87 This provision provides a legal basis for EU action aiming to attain one of the EU's objectives in the absence of any specific legal basis in the Treaty. The CJEU confirmed88 that Article 352 was the correct legal basis for the European Cooperative Society. By analogy, if the option chosen were to set up a completely new SE legal entity, Article 352 TFEU could be envisaged as the legal basis. 84 Policy Brief on Scaling the Impact of Social Enterprises – Policies for social entrepreneurship, OECD/European Commission, 2016. 85 Social enterprises and the social economy going forward – A call for action from the Commission Expert Group on Social Entrepreneurship (GECES), Commission Expert Group on Social Entrepreneurship (GECES), 2016, p.7 86 In accordance with Article 54 (2) TFEU. 87 Regulation 2157/2001 on the Statute for a European company (SE), Regulation 1435/2003 on the Statute for a European Cooperative Society (SCE). 88 Judgment in case C-436/03 - European Parliament v Council of the European Union, CJEU, 2 May 2006. Statute for social and solidarity-based enterprises 31  Internal market: Article 114 TFEU Should the option be chosen to harmonise Member States' laws on some aspects of their laws on private companies, Article 114 of the TFEU could provide an appropriate legal basis. This provision offers a legal basis for measures whose object is to improve conditions for the establishment and functioning of the internal market. 3.2 Subsidiarity and proportionality As for the legal basis, respect for the subsidiarity and proportionality principles will depend on the option chosen. According to the subsidiarity principle the EU should act only where it can provide better results than intervention at Member State level. The legal and regulatory frameworks adopted so far by individual Member States with regard to social enterprises have not been coordinated at EU level. It appears that without any action at EU level, only non-harmonised national legal and regulatory frameworks would be available and SEs would continue to face barriers, making their expansion abroad more difficult. The simplification resulting from coordinated or harmonised rules could theoretically be achieved by Member States acting individually, but it is highly unlikely. EU action would create positive synergies that would otherwise not exist. In this context, targeted EU intervention appears to comply with the principle of subsidiarity. As regards the proportionality principle, EU action should be appropriate to achieve the objectives of the policy pursued and should be limited to what is necessary to achieve them. It is appropriate to coordinate the legal framework of SEs to achieve an increase in the number of SEs scaling up on the internal market. This action should facilitate and encourage SE access to public markets and private finance, without fully harmonising the surrounding regulatory framework (tax issues, employment rules, etc.). This would not go beyond what is necessary, since it would not attempt to fully harmonise all legal aspects of SEs, but be limited to those aspects that are the most important in the crossborder context. Thus the main objectives identified above, namely easing access to public and private finances for SEs to help them with scaling up, could be achieved within the limits of the EU competences while respecting the principles of subsidiarity and proportionality, and without imposing on Member States extensive amendments to their company law regulatory systems. 3.3 Economic added value In addition, an action at EU level would certainly bring economic added value. Indeed, SEs and social entrepreneurs face legal and administrative barriers each time they seek to operate or set up a new SE in another EU Member State. These legal and administrative requirements affect both the creation and the day-to-day operation of businesses. These barriers require companies to dedicate human and financial resources and consequently expose them to significant costs. European added value assessment 32 3.3.1 Economies of scale According to Cecchini89, economies of scale are benefits offered by a single European market. An EU legal framework for SEs could translate into economies of scale for SEs, as they could benefit from access to a larger market, reduced transaction and enforcement costs, and increased visibility. 3.3.1.1 Access to a larger market An EU framework for SEs could help SEs providing goods or services to reach a larger market. With recognition at EU level of SE status, the benefits of that status to SEs could apply across borders. For example, consumers could easily recognise products from a certain SE regardless of the Member State of production; or SEs could be considered in public procurement with social clauses in EU Member States other than their own. It is clear that SEs are also concerned about customers, suppliers, entry barriers, substitutes, competition, and the economics of the venture.90 The main difference with commercial enterprises is that their primary focus is not on economic returns but on social returns. Having the possibility to reach a wider market would most certainly help SEs to scale up. 3.3.1.2 Reduced transaction and enforcements costs All SEs wishing either to extend activities across borders or set up new entities in another Member State are affected by administrative and legal burdens. These administrative and legal burdens are proportionately much heavier for smaller companies and their founders, who often have fewer financial and human resources than large companies. Having an EU legal framework could help reduce compliance costs when setting up a new SE. The administrative costs associated registering a new legal entity would be reduced, together with the fees for expert legal advice,91 and other costs relating to accounting, auditing, financial reporting, tax-filing, compliance, human resource management, information technology, and cash management. The above-mentioned costs associated with the creation of a company, excluding capital, can run up to levels that can deter company formation in some markets. In 2008, the European Commission referred to a Baker & McKenzie study, which estimated that a total of €28 550 was required in Belgium, €20 500 in the Netherlands, and € 16 500 in Italy, to set up a small company. 92 When it comes to the day-to-day operation of companies in various Member States, the compliance costs are on average €2 300 a ***year***. 93 89 P. Cecchini, 'Europe 1992: The overall challenge.' SEC (88) 524, 1988. 90 J. Austin, H. Stevenson and J. Wei-Skillern, 'Social and commercial entrepreneurship: same, different, or both?', Revista de Administração, 2012. 91 Including advice on the legal entity form and/or the drafting of articles of association. 92 European Commission staff working document accompanying the proposal for a Council regulation on the Statute for a European Private Company (SPE), Impact assessment, SEC(2008) 2098. 93 European Commission staff working document accompanying the proposal for a Council regulation on the Statute for a European Private Company (SPE), Impact assessment, SEC(2008) 2098. Statute for social and solidarity-based enterprises 33 3.3.1.3 Increased visibility Evidence from behavioural economics suggests that under certain circumstances, consumers prefer goods or services that have a social value dimension, rather than a purely commercial one. A recent study by Deloitte points in the same direction.94 Creating customer value would benefit SEs by providing new opportunities in an enlarged market. 3.3.2 Leverage effect An EU framework for SEs would also have a multiplier effect,95 understood as the economic impact generated, including indirect impacts not directly related to the activity.96 Potentially, creating a new legal form would have a leverage effect in those Member States where there is currently no legal and/or regulatory framework. It would also raise interest in SEs at EU level and encourage national governments to be more innovative and encouraging in supporting SEs by creating and securing supportive policy frameworks. 3.4 Social added value 3.4.1 Consumers A strong EU framework regulating SEs would forbid the use of any 'fake' SE label. At the same time, it would provide consumers with the guarantee that wherever they bought a product or used a service with the certification mark, it would be a product or service coming from an SE that had been registered as such because it complied with the EU specification. This would certainly increase consumer confidence in goods and services produced by SEs. 3.4.2 Improving social policies A clear EU framework on SEs would enable them to reach their full potential, reinforcing some of their intrinsic advantages. As SEs work to improve the quality of employment and working conditions, reduce regional differences, and reconnect disadvantaged groups (immigrants, the elderly, groups suffering discrimination, and disabled people, etc.) with the remainder of society,97 a clear EU framework would support these policies. 94 Big demands and high expectations: The Deloitte Millennial Survey, 2014. 95 M. Albert and R.J Ball, Towards European Economic Recovery in the 1980s: Report Presented to the European Parliament, Working Documents 1983-1984, 1983. 96 J Núñez Ferrer and EA Kaditi, 'The EU added value of ***agricultural*** expenditure–from market to multifunctionality–gathering criticism and success stories of the CAP.' Report prepared by the Centre for European Policy Studies for the European Parliament, CEPS, 2008. 97 S. Barco Serrano, G. Hahn and G. Pastorelli, A better future – Results of the network for better future of social economy, Ministry of Regional Development of Poland, Department for European Social Fund Management, 2012. European added value assessment 34 4. Policy options Key findings (1) No action, (policy option 1) seems to fail to address the specific needs of SEs that want to scale up, would not resolve legal uncertainty and does not appear sufficiently effective. (2) A minimum harmonisation directive setting out some of the main features that an SE should encompass (policy option 2) could help to address some of the challenges, but might not be effective enough. Indeed, a generic framework might not fit each SE characteristic, and would not give a marketing incentive to send signals to consumers that products came from an SE, not therefore improving visibility or awareness. (3) The creation of an EU certification/label system (policy option 3) appears to be the most acceptable approach, with a good balance between legal certainty and flexibility. In addition, a certificate or a label would help social enterprises to distinguish themselves from other businesses. It would save SEs costs as they would not have to register in each Member State to have their social condition recognised, while being able to choose the legal form under which they preferred to conduct their business. (4) The addition of a new supranational legal form for SEs (policy option 4) would seem to leave Member States and SEs little flexibility in an innovative field that is currently evolving. Furthermore, in the absence of political acceptability, this policy option appears unlikely to materialise. Having ascertained that an EU legal framework for SEs is both necessary and appropriate, the subsequent topic is the possible form that ad hoc SE legislation might take. The comparative analysis conducted in the next section of this study will examine this point. It is assumed that SEs will continue to grow, but the rate at which this will happens will depend on the legal regime applicable. For the baseline scenario, we assume that the existing law remains as it is, with no particular adaptation. We then develop a number of scenarios to represent the impact of different legal regimes on the rollout and take-up of SE. Quantification of these effects is beyond the scope of this study. Only overall impacts are calculated. Statute for social and solidarity-based enterprises 35 4.1 Options and their impacts Based on the analysis of the existing literature and current rules in the EU Member States, the following policy options were identified: Table 6 – Policy options Policy option 1: 'No action' Baseline scenario, Maintaining the status quo The existing framework comprised of various EU Member States' rules would be maintained, with no additional EU action. Policy option 2: Minimum harmonisation This option would seek, through legally binding EU legislation, to align national rules, including minimum elements of SE definition. However, Member States would still be able to regulate issues related to specific legal form, internal organisation and financing. Policy option 3: Certification / label system This option would seek to introduce a voluntary system of certification/labelling. In addition to the current framework, the EU would introduce a system where SEs could apply for a certificate of recognition of SE status. The granting of this certificate would be based on a set of minimum criteria under which a specific company could be recognised as an SE. All EU Member States would recognise this certificate. Policy option 4: Supranational legal form This option would seek, through legally binding EU legislation, to create a new EU legal form for SEs. If chosen, this legal form needs to be as simple as possible to give the possibility for a regulatory simplification in all the Member States. Source: Author's own summary. For each policy option, a qualitative cost-benefit analysis taking into account the various stakeholders (SEs, workers, customers, investors and the State) is provided. 4.1.1 Policy option 1: no action This policy option implies that the existing framework comprised of various EU Member States' rules would remain, with no additional EU action. As described in Chapter 3, the existing framework fails to address the specific needs of SEs that want to scale up, and is not therefore sufficiently effective. It does not ensure the level of consistency and flexibility that would enable SEs to scale up in the internal market, whether by setting up subsidiaries or by operating in another Member State. European added value assessment 36 In addition, this option seems politically unsatisfactory since there is a growing consensus that SEs do not currently benefit sufficiently from the advantages of the internal market.98 4.1.2 Policy option 2: minimum harmonisation This policy option would seek, through legally binding EU legislation, such as a directive, to align national rules, in part by including minimum elements of a definition for SEs. A directive could be introduced, requiring all EU Member States to incorporate in their national legislation at least one legal form for SEs. The directive could contain the minimum criteria to be included by the Member States in their national legislation for an enterprise to qualify as an SE. However, Member States would still be able to regulate issues related to the name given to such enterprises, their internal organisation, financing, or certain non-essential constitutive elements. This option would imply the existence in all Member States of a specific legal form for SEs. Coordination among Member States would be improved, as they would be required to amend or introduce to their national legal systems identical requirements for a company to qualify as an SE. A minimum harmonisation directive would introduce a specific and (partially) harmonised law on SE in all the Member States, including, therefore, those that still lack such legislation. It would also create incentives for Member States to develop further policy framework for SEs, such as fiscal policy, public procurement, or competition law, if not already existing. The directive could concentrate on the essential elements of SE identity, leaving the other aspects of regulation to the national law of each Member State. The most likely form for the directive would be to set the criteria for convergence between the EU's SEs. A specific legal identity under organisational law would permit, not least, the establishment of clearer boundaries between SE and other concepts, such as, notably, corporate social responsibility. 98 The Commission Expert Group on Social Entrepreneurship (GECES) called among other things for EU action, as they considered the previous SBI not to have achieved its intended results. Statute for social and solidarity-based enterprises 37 Table 7 – Qualitative cost-benefit analysis for policy option 2 Benefits Costs SE  Some existing SEs could endorse the new status without changing their legal entity  Legal certainty (especially where no regulation already exists)  Clear legislation is an incentive to start and develop an SE  Prevention of the establishment and operation of 'false' SEs  No additional registration fee – as would be the case for certification/a label  The need to monitoring the law for modifications  A generic framework might not fit each SE characteristic  No marketing incentive to send signals to consumers that the product comes from an SE  No improvement to visibility or awareness Investors  Better investment protection, the use of the term 'SE' being guaranteed by a legal standard  Increased visibility, especially for international or pan-European investors  No clear signal effect on the quality of the goods or services  No clear signal effect on the type of firms Consumers  No additional cost to bear  Better protection, the use of the term 'SE' being guaranteed by a legal standard  If no information on the product: consumers do not know what they are buying State  Improvement of SEs' statistics  Easier to identify SE for the design of specific public policies in support of SEs, notably, tax, public procurement, or competition law  Easier justification of national policies under EU competition and state aid law  Harmonisation of local and national levels  Transposition costs Source: Author's own summary. 4.1.3 Policy option 3: certification/label regime Policy option 3 would seek to introduce a voluntary system of certification/labelling. In addition to the current framework, the EU would introduce a system where SEs could apply for a certificate of recognition of SE status. The granting of this certificate would be based on a set of minimum criteria under which a specific company could be recognised as an SE. All EU Member States would recognise this certification/label. The European Commission Working Group recommended adopting a soft legal measure that could help Member States design an adequate framework to support the European added value assessment 38 flourishing and expansion of social enterprises.99 This could certainly be achieved by adopting a social enterprise certificate/label, which could be used by a variety of legal entities if they complied with given criteria. A certificate or a label would help social enterprises to distinguish themselves from other businesses and send a clear signal to consumers and investors. For the certificate or label to be effective, it should present a good certification system, without conflicts of interest, but the system should also be transparent, information on the content and the organisation behind the label should be accessible and there should be opportunities for public comment. It should also be well known, distinctive and unique. There are currently many different types of label and certificate either identifying the social aim of an SE, or a specific sector where the SE is acting.100 To avoid the duplication of different and divergent certificates/labels, the EU should create and monitor the certification/label system so as not to constrain SE freedom needlessly, but rather enable SEs to affirm and make their distinct identities visible, and benefit accordingly. Whether this initiative should take the form of a certificate or a label should be further studied.101 Table 8 – Qualitative cost-benefit analysis for policy option 3 Benefits Costs SE  Ensuring a common identity and allowing SEs to enjoy exclusive rights over the denomination of 'social enterprise', thus preventing organisations that are not SEs from using it and allowing social entrepreneurs to distinguish their own initiatives in front of various stakeholders (e.g customers, employees, investors, volunteers, donors, public institutions, etc.)  Saving SEs costs, as they would not have to register in each Member State to have their social nature recognised  No automatic accompanying policy (such as tax exemption)  Increased competition (every firm can be compared)  Registration costs  No additional protection  Lack of mutual recognition of labels at global level  Labels and marks should be treated with caution, however, as they may have negative effects on social enterprises in specific cultural contexts.108 99 Social enterprises and the social economy going forward – A call for action from the Commission Expert Group on Social Entrepreneurship (GECES), Commission Expert Group on Social Entrepreneurship (GECES), 2016. 100 For example the green economy with the label Ecocert for Belgium. 101 According to the FAO, while a certificate is a form of communication between seller and buyer, a label is a form of communication with the end consumer. 108 Policy Brief on Scaling the Impact of Social Enterprises – Policies for social entrepreneurship, OECD/European Commission, 2016. Statute for social and solidarity-based enterprises 39  Creating niche markets where higher prices may be obtained102. In the fair trade labelling case, the cost is increased for consumers but their willingness to pay also increases;103 generating increased demand for ethical products104  Attracting and retaining consumer loyalty, generating fidelity and trust among customers  Helping development of a network and/or exchange of good practices and encouraging cooperation between economic actors, civil society and Member States  Giving SEs the choice of whether or not to belong to the SE label denomination  Allowing SEs to choose the legal form under which they prefer to conduct their business 105  Increasing consumer awareness; indeed, many consumers only learned about the existence of organic farming methods through the label and the associated publicity  Permitting existing organisations to become an SE without having to re-incorporate as an SE, and allowing an existing SE to lose its status as an SE without having to 102 Several studies have tried to model the effects of labelling on demand, prices and production levels, including G. Stigler, 'The economics of information', The Journal of Political Economy, Vol. 69 (3), 1961. A. Mattoo and H.V Singh, Eco-Labelling: Policy Considerations, Kyklos, Vol.47, 1994, and R.A Sedjo and S.K Swallow, Eco-labeling and the Price Premium, 1999, studied eco-labelling in a partial equilibrium model. S. Marette, J. Crespi and A. Schiavana in 'The Role of Common Labelling in a Context of Asymmetric Information', European Review of ***Agricultural*** Economics, 1999, Vol. 26 (2), pp.167-78, use cartel theory, and C.F Mason, on 'The economics of eco-labelling', International Review of Environmental and Resource Economics, Vol. 6(4), University of Wyoming, 2002, models certification as a noisy test. 103 A.P Carlson, Are Consumers Willing to Pay More for Fair Trade Certified Coffee?, Working Paper (University of Notre Dame), 2015. 104 J. Hainmueller, M.J Hiscox, and S. Sequeira, 'Consumer demand for Fair Trade: Evidence from a Multi- Store Field Experiment.', Review of Economics and Statistics, Volume 97, Issue 2, 2015. 105 Moreover, nothing prevents legislators from providing different treatment for SEs established in different forms; for example, to favour, under tax law or policy measures, an SE in the cooperative form, in consideration of its democratic nature as compared to an SE in the company form. European added value assessment 40 dissolve, convert into, or reincorporate in another legal form, thereby reducing costs and facilitating access to (and exit from) the SE legal denomination106  Permitting SEs to shape their structure in the most suitable manner, according to the circumstances (e.g , the nature of the founders or members: workers, investors, first-degree SEs, etc.), the (cultural, historical, etc.) tradition where it has its roots (e.g associations or cooperatives), or the type of business to conduct (e.g , labourintensive or capital-intensive) thereby taking advantage of the benefits that each of these legal forms is capable of conferring  Offering support, aiming at improving knowledge levels and market transparency, certification/labelling lower the costs, especially transaction costs107 Investors  Increased knowledge of the firm (signal effect) Consumers  Reduced information costs  Increased confidence in product  Decreasing the number of labels and improving clarity and trust: a single EU label would make it easier for EU consumers to understand and visualise what they wanted to buy.  In some cases, increased product costs State  No regulation cost  Imposing sanctions may be simpler for the authority enforcing the SE status (and less onerous for the organisation), because it may suffice to revoke the SE qualification (or threaten 106 K.E Sørensen and M. Neville, 'Social Enterprises: How Should Company Law Balance Flexibility and Credibility?', European Business Organization Law Review, 2014. 107 A. Perrels, Efficiency and effectiveness of policy instruments: concepts and practice, 2015. Statute for social and solidarity-based enterprises 41 to revoke it if irregularities were not addressed), instead of dissolving or converting a legal entity.109 Source: Author's own summary. 4.1.4 Policy option 4: full harmonisation This option would seek, by means of a regulation, to create a new EU legal form for SEs. This legal form would be additional to those already existing in the Member States. If chosen, this legal form would need to be as simple as possible to allow for regulatory simplification in all the Member States. Table 9 – Qualitative cost-benefit analysis for policy option 4 Benefits Costs SE  Legal certainty  Clear legislation is an incentive to start and develop SE  Possibility of accompanying policy (like tax exemption)  Better awareness  No additional registration cost  Existing SEs have to change their legal entity  Generic framework may not fit each SE characteristic  No clear signal effect on the quality of the goods or services  No marketing incentive to send signals to consumers that the product comes from an SE  Rigidity of one SE status Investors  Increased knowledge of the firm (signal effect)  No clear signal effect on the type of firm Consumers  No additional cost to bear  With no information on the product, consumers do not know what they are buying.  Not necessarily an external recognisable sign State  Improvement of SE statistics  Easier to identify SE for public procurement procedures  Harmonisation of local and national levels  Regulation costs Source: Author's own summary. 4.2 Comparative analysis of the impacts As accurate and precise data was very difficult to collect (see methodology section), the impacts of the various options will be analysed through a multicriteria analysis. This analysis aims to compare the various policy options according to a variety of criteria and 109 K.E Sørensen and M. Neville, 'Social Enterprises: How Should Company Law Balance Flexibility and Credibility?', European Business Organization Law Review, 2014. European added value assessment 42 policies. As the aim is here to find out which of the exploratory scenarios best matches decision makers' expectations, the method is considered to be appropriate. Five qualitative measurable indicators of direct impacts are used to comparatively assess the four chosen policy options. Both legal certainty and legal adaptability, as the two corresponding aims that lawmakers need to balance, are assessed.110 Efficiency, effectiveness and acceptability, as substantive values to be achieved by a policy, are also thoroughly evaluated. 4.2.1 Legal certainty and predictability Legal certainty is one of the general principles of the European Union.111 As a general principle, it means that the law must be certain, in that it is clear and precise, and its legal implications foreseeable. In our particular policy analysis context, it refers to the degree of stability, predictability and certainty for SEs regarding applicable rules. The more clear and precise the rule is, the stronger the legal certainty will be. The current situation (policy option 1) is not predictable enough, as it is difficult for SEs to find the applicable set of rules. Indeed, it involves national (sometimes even regional) legislation on the setting up of SEs, a private institution for labelling, and EU rules relating to public procurement or financing. In some Member States, SEs first have to set up a legal entity, before knowing if they will qualify for the SE appellation. With a directive (policy option 2), the need for national transposition might lead to a loss in legal certainty. Indeed, each Member State could transpose the directive in a slightly different way, leading to a difficult uniform interpretation of the rules. However, the CJEU could ensure, a posteriori, that all national rules follow the same objectives. The creation of an EU certificate/label (policy option 3) could reinforce legal certainty. Indeed, by introducing a clear EU definition and removing ambiguities, SEs would be able to better predict whether they belonged to this given category or not. They would be better able to plan growth at EU level, knowing that they would enjoy the same recognition in all EU Member States. A legislative EU framework harmonising the legal status of SEs (policy option 4) would definitely be the most predictable option, for SEs, investors, consumers, and Member States. The regulation would then be the same in every EU Member State, directly applicable, and uniformly interpreted by the CJEU. 4.2.2 Flexibility Legal flexibility should balance the need for legal certainty. Indeed, social entrepreneurs also need flexibility, notably regarding the formation, functioning and operation of their 110 M. Fenwick, M. Siems and S. Wrbka, The Shifting Meaning of Legal Certainty in Comparative and Transnational Law, Oxford: Hart Publishing, 2017, pp. 115-134. 111 Judgments in cases C-7/56 – Algera, CJEU, 12 July 1957; C-42/59 – SNUPAT, CJEU, 22 March 1961; and C-265/78 Ferwerda, CJEU, 5 March 1980. Statute for social and solidarity-based enterprises 43 business. In addition, it has to be kept in mind that 'the diversity and openness of the concept [of SE] are probably some of the reasons for its success'. 112 The current situation (policy option 1) leaves maximum flexibility in a majority of Member States, as the social entrepreneurs can chose between a lot of different legal forms and/or statuses. On the contrary, having only one EU legal status for SEs (policy option 4) would lead to extreme rigidity. Moreover, national legislation has failed to boost social enterprise replicability when legislation and concepts embedded in legislation were transplanted from other countries/contexts with a significantly different history/tradition (as was, for example, the case in Slovenia) or were excessively rigid (e.g French legislation on SCICs). 113 Embedding all legal culture and traditions into one legal instrument does not seem desirable or even possible. Introducing some common definition elements in all EU Member States (policy option 2) implies the existence of a specific SE legal form and/or status in all Member States. Even if a directive would leave some or a wide margin of flexibility, depending on the final content of the instrument, for the Member States, the requirement of a specific legal form and/or status for SE could appear as a form of rigidity. Having a certification/label system (policy option 3) would leave maximum flexibility to social entrepreneurs. Indeed, they would still be able to choose the legal form they felt corresponded best to their business needs, while conferring upon them strong recognition as social actors. In addition, the acquisition or loss of the SE certification/label would be easier than with other options. 4.2.3 Efficiency Efficiency is the ratio of inputs to outputs. Policies that achieve more of a desired goal at a lower cost are more efficient. For SEs, a monetary quantification of the policy's outputs and outcomes is problematic and would be based on controversial assumptions. This assessment of efficiency therefore focuses on maximisation of satisfaction by society. Policy option 1, would not require any additional inputs. However, this policy option is not expected to create any additional outputs either. On the other hand, creating an EU legal framework, whether thanks to a directive (policy option 2), certification/labelling (policy option 3) or a regulation (policy option 4) would establish stable and reliable investment conditions for social entrepreneurs. All three options would also lead to long-term perspectives contributing to dynamic efficiency. 112 J. Defourny and M. Nyssens, The EMES Approach of social enterprise in a comparative perspective, WP No 12/03, 2012. 113 C. Borzaga and G. Galera, Social Enterprises and their Eco-systems: Developments in Europe, European Commission, Directorate-General for Employment, Social Affairs and Inclusion, 2016, p.14 European added value assessment 44 However, the drafting of an EU directive, and its transposition into 28 national legislations (policy option 2) would lead to regulatory costs. In some cases, it could also lead to the requirement, for some enterprises, to change their legal form. The drafting of certification/labelling criteria and the maintenance of the system (policy option 3) would also imply regulatory costs. However, SEs' transaction costs, leading to static efficiency, would be minor, as they would not have to adopt a new legal form. Indeed, certification schemes can be used by all corporate forms, provided company legislation allows the pursuit of social purposes. Certification does not require reincorporation as a new form of company (which can entail significant costs). With policy option 4, SEs would, in most cases (especially in countries where there is currently no specific legal form for SEs), have to adopt a new legal form. The regulatory and transaction costs would then be quite high for doubtful increases in output. Indeed, whereas clear legislation is an incentive to start and develop SEs, the requirement to adopt of a specific SE legal form could hamper the development of SEs. 4.2.4 Effectiveness The effectiveness refers to the extent to which a policy achieves its goals. A policy approach is considered to work when it solves, reduces or ameliorates the problem or problems that prompted lawmakers to adopt it in the first place. As no policy change (policy option 1) would certainly not result in an increase of in the number of SEs doing cross border business or an increase in their scaling up, this policy option does not seem effective. Recognising a specific form, whether through national legislation (policy option 2), certification/labelling (policy option 3) or regulation (policy option 4) would most probably be effective in boosting visibility; but at the same time it could overshadow all the types that do not enjoy formal recognition. In Italy and Poland, social cooperatives registered a dramatic increase in number right after the introduction of specific legal acts. Conversely, cooperative adjustment was disappointing overall in France.114 A specific formal recognition through a certification/labelling (policy option 3) or a regulation (policy option 4) would also ensure a common identity and allow SEs to enjoy exclusive rights over the 'social enterprise' denomination. It would prevent organisations that were not SEs from using it and allow social entrepreneurs to distinguish their own initiatives vis à vis various stakeholders (e.g customers, employees, investors, volunteers, donors, public institutions, etc.). Both options would also help Member States in the creation and/or maintenance of key statistical databases. It would also certainly be easier for public authorities to identify SE for public procurement procedures, thus helping SEs to access finance. 114 C. Borzaga, G. Galera, Social Enterprises and their Eco-systems: Developments in Europe, European Commission, Directorate-General for Employment, Social Affairs and Inclusion, 2016, p.22 Statute for social and solidarity-based enterprises 45 In addition, certification/labelling (policy option 3), would save SEs the cost of having to register in each Member State to have their social condition recognised. It would permit existing organisations to become SEs without having to re-incorporate as SEs, and existing SEs to lose their SE status without having to dissolve, convert into, or reincorporate in another legal form, thereby reducing costs and facilitating access to (and exit from) the SE legal denomination. Imposing sanctions may be simpler for the authority enforcing SE status (and also less onerous), because it might suffice to revoke SE qualification (or threaten to revoke it if irregularities were not addressed), instead of dissolving or converting a legal entity. Finally, an EU certification/labelling scheme would decrease the number of already existing labels, improving clarity and trust. The introduction of a completely new legislative form is unlikely to be very effective. Indeed, the adoption of the European cooperative society should serve as a lesson. The European Commission report on 'the application of Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE)'115 notes that only seven SCEs could be considered as 'social cooperatives' or social enterprises. The lack of success of this initiative should not be replicated. 4.2.5 Acceptability Political acceptability is primarily an instrumental criterion that is a means to achieving other values because it is critical to the success of a public policy.116 There is a lot of literature on the need for EU action. This implies that the status quo (policy option 1) is not currently well accepted among scholars, stakeholders and to a certain extent policy makers too. The European Parliament asked the 'Commission to establish clear rules to identify which entities can legally operate as social economy enterprises'.117 This could be achieved through the adoption of a minimum harmonisation directive (policy option 2) or the setting up of a certification/labelling scheme (policy option 3). This latest option also benefitting from support from an increasing number of scholars.118 However, the creation of a new regime, with the adoption of an EU regulation (policy option 4), seems highly unlikely. There is indeed a very negative atmosphere when EU lawmakers talk about the introduction of additional EU legal entities. In the last few ***years***, the debates around the European Association, the European Foundation, the European Mutual Society, and the European Private Company have been very complicated. The process of their adoption has been officially suspended or interrupted, mainly owing to the fact that Members States show the same negative attitude towards 115 Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions on The application of Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE), COM(2012) 072, 23.2.2012, p.12 116 C.H Rossell, Using multiple criteria to evaluate public policies, Boston University, 1993. 117 European Parliament resolution of 19 February 2009 on Social Economy (2008/2250(INI)). 118 Cf., in particular, K.E Sørensen and M. Neville, 'Social Enterprises: How Should Company Law Balance Flexibility and Credibility?', European Business Organization Law Review, 2014. European added value assessment 46 EU organisational law that they harbour towards harmonisation directives in company law. This climate, of course, infuses pessimism about the introduction of an EU statute on SEs. Table 10 – Comparative analysis of the impacts Legal certainty Flexibility Efficiency Effectiveness Political acceptability Policy Option 1: baseline scenario, maintaining the status quo -- ++ = -- + Policy Option 2: directive with minimum elements of definition + + - + + Policy Option 3: certification + ++ + ++ ++ Policy Option 4: fully harmonised legislation ++ -- - - -- Key: '--' highly negative; '--' negative; '++' highly positive; '+' positive; '=' neutral Source: Author's own summary. 4.3 Conclusion According to the multicriteria analysis performed, creating an EU certification/label scheme seems to be the best available strategy. It would ensure the best balance between legal certainty and flexibility. In addition, it would allow SEs to distinguish themselves from other businesses, without having to register in each Member State to have their social condition recognised, while allowing them to choose the legal form under which they prefer to conduct their business, provided they respect certain basic criteria. Nevertheless, whichever model of SE legislation is adopted, the legal identity legislators should assign to SEs remains a fundamental question. However, legislation is often of limited effectiveness without associated policies. In addition to the legal recognition that could be given to SEs by an EU framework, a range of possible measures at EU level to support the development of SEs could be envisaged. A common EU approach to the legal status could be a precondition for addressing other problems relating to the development of SEs, including increased funding, easing access to public procurement or fostering cooperation between EU SEs. 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This is a publication of the Ex-Post Impact Assessment Unit EPRS | European Parliamentary Research Service European Parliament This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. PE 611.030 ISBN 978-92-846-2323-5 DOI 10.2861/382841 QA-07-17-097-EN-N [*www.europarl.europa.eu/thinktank*](http://www.europarl.europa.eu/thinktank) (Internet)    [*www.epthinktank.eu*](http://www.epthinktank.eu) (blog)    [*www.eprs.sso.ep.parl.union.eu*](http://www.eprs.sso.ep.parl.union.eu) (Intranet) There are a number of weaknesses in the existing national legal frameworks regarding social enterprises and this European added value assessment (EAVA) attempts to identify them. It goes on to argue that action at EU level would generate economic and social added value and presents a qualitative analysis of possible policy options and qualitative estimates of the possible additional value of taking legislative action at EU level in connection with a statute on social enterprises. The EAVA also identifies the economic and social costs associated with the implementation of each one of the identified options. Finally, it compares the various options on the basis of a set of criteria.

**Load-Date:** December 29, 2017

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Surrey Mirror

December 8, 2017 Friday

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**Section:** FEATURES:PEOPLE; Pg. 22-23

**Length:** 11825 words

**Body**

Janet Costley Email: [*chevening.events@gmail.com*](mailto:chevening.events@gmail.com)

RIVERMERE Care Home is holding its Christmas Fayre tomorrow, Friday December 8, from 10.30am to noon. Vendors include Kentish Soap, In the Craft Shed and Sevenoaks Candle Company.

The Fayre is supporting Demelza, so any purchases will contribute to this worthwhile cause. Pop in to the Home at 64-70 Westerham Road, TN13 2PZ to enjoy a cup of fresh coffee or tea and some Christmas treats.

THIS Saturday there will be a Christingle-making party in the parish hall, Homedean Road, Chipstead at 10am in preparation for the Christingle family service at Chevening Church at 10.30am on Sunday. All are welcome. Details of the services over the Christmas period can be found on the church website at [*www.cheveningchurch.org*](http://www.cheveningchurch.org)

THE Meeting House at 5 Westerham Road will once again be filled with candlelight for the annual carol service this Sunday at 4pm. All are welcome to attend. Refreshments will be offered at the end of the service.

CHIPSTEAD WI will host an evening of Festive Fun at their December meeting next Tuesday. Visitors and non members are also welcome to attend. Join the celebrations at 8pm in the parish hall, Homedean Road, Chipstead.

CHEVENING Church will hold two Carols by Candlelight evening services: the first on Wednesday December 13 at 7.30pm; and the second on Sunday December 17 at 6pm.

THIS month's meditation hour will take place next Thursday December 14 from 8 to 9pm, again in candlelight. It will comprise a guided meditation leading through to a longer period of stillness.

All are welcome to come to the Meeting House, 5 Westerham Road, Bessels Green.

Darryl Ransom [*Email:Darrylleeransom@gmail.com*](mailto:Email:Darrylleeransom@gmail.com) 07341 821554

CHURCH of the Good Shepherd will host the children from Ightham Primary School Choir who will be singing Christmas carols tomorrow at 10.30am. Details: Pam 01732 886150.

MULLED wine and mince pies will be on offer at the Bright Start School Christmas event tomorrow between 4 and 6pm. Book a stall for £8 and join the fun. Toys, cakes and 'Guess the Bear' Parish Hall, 25 Quarry Hill Road. Details 07858 18886.

IGHTHAM Mote's Great Hall has been decorated to celebrate Queen Palmer's Victorian Christmas with an American twist. The display will continue until January 1, 2018 except December 24 and 25. You can learn more about Queen Palmer in the exhibition, which features paintings by John Sargent. Christmas Carols in the courtyard with a meal December 16. Bookings: 01732 810378.

Please note that the house itself will be closed from January 1 until March 3, 2018

A LOT of money has been spent in 2017 to upgrade the parking facilities at Ightham Recreation Ground for the use of parents of Ightham School.

Dropping and collecting children from the school in the lanes of the surrounding area are narrow and dangerous for parking. Locals have complained about access to driveways being blocked, which has led to confrontations.

Parents are encouraged to use the car park at the rec, and are reminded that walking is actually good for you.

ANYBODY suffering a heart attack stands a significantly better chance of survival if assistance can be brought to them within four minutes of the incident.

Fourteen school staff at Ightham School have had defibrillator familiarity training. A defibrillator has been installed at the school and is available for the community. It is accessible during school open hours 7am-6pm Monday - Friday in term time only.

The nearest other defibrillator is at the village hall in Sevenoaks Road.

CAROLS will be sung at The Harrow public house in Common Road on Thursday December 21 starting at 7.30pm.

CHRISTMAS party bookings still available at:

Borough Green village Hall, High St Borough Green TN15 8BJ: 01732 882880

Parish hall, Quarry Hill TN15 8RH: 01732 883405

Potters Mede Sports Pavilion, Wrotham Road TN15 7RD: 01732 884159

Ightham Village Hall, Sevenoaks Road Ightham TN15 9HA: 01732 780283

St George's Hall, High St Wrotham TN15 7AH Benda Jackson 01732 884865

Platt Hall, [*Bookplatthall@btinternet.com*](mailto:Bookplatthall@btinternet.com) Barry Baker 01732 882518

THE newly-formed St Martin's Brasted Heritage Trust is organising carol singing around the village, which will take place after the lighting of the tree on the green, tomorrow at 6.30pm, and a display of Christmas trees from local residents and businesses in the church.

Carol singing around the village was once a regular feature of village life and the idea is to revive the practice and invite along anyone who fancies being involved in what should be a hugely enjoyable and sociable occasion to take part.

There's no requirement for anyone taking part to have an outstanding singing voice - though we'd love it if you did! - but enthusiasm and a sense of Christmas spirit will count for much more.

If you would like the singers to visit your house in Brasted village, do let us know and, although logistics might prevent us getting around to everyone who asks, we'll do our best to spread the Christmas cheer as far as we can!

AFTER an hour or so singing at locations around the village, the singers will finish up at the church to see the display of Christmas trees.

Children are invited to come along to the church, where they will be able to take part in a supervised crafts evening, producing decorations for their own Christmas tree at home or in the church.

Next door in the Stanhope Arms, there will be a lively and informal evening of carols sung around the bar, which will start around 8pm.

There will also be a tree of remembrance in the church vestibule, and there's an open invitation to add a personal message for a loved one.

There are also a limited number of spots for Christmas trees in the church available. The church will provide a power point for a set of lights - or you could use battery-operated lights - and you'll need to turn up and set up your tree at a pre-arranged time and commit to removing it at a set time a week later. It's hoped that this will be a truly memorable event to be a part of and we're anticipating that it will be hugely popular.

We'll also be offering the opportunity for people to fill in a card at the village green, which will be attached to the tree on your behalf.

It's hoped this will become a regular feature of the church ***calendar*** in much the same way as it has in Westerham, and these will be on display for a week.

Details of church opening times during the week will be posted soon.

To invite the singers to your home or to book a Christmas tree space in the church, email us at enquiries@stmartinsbrastedher itagetrust.org.uk as soon as possible.

Freda Mcbride

Call 01732 865514

Anthony Carrol e-mail [*anthony.carrol@gmail.com*](mailto:anthony.carrol@gmail.com)

Christmas Tree Carols

CAROLS Around the Christmas Tree is organised by the DGPC and will be held on Monday December 18 at 7pm on the Village Green.

Everyone is welcome to attend. Refreshments will be served.

DUNTON Green Primary School would like to invite senior citizens of Dunton Green to attend a Christmas Tea Party to be held on Monday December 18 at the School Hall between 2pm and 3:30pm. Please bring along a friend.

For further details, please contact the school office on 01732 462221

THIS is held on the first Wednesday of every month between 11:45am and 2pm at the Dunton Green Pavilion Recreation Ground, off London Road, TN13 2UR. Cost £4 per person. To confirm you will be attending or to book transport, please call Age UK on 01732 454108.

OVER 55s Social Club is held on the third Sunday of every month between 2pm and 4pm at the Dunton Green Pavilion, Recreation Ground, off London Road, TN13 2UR. Price 50p which includes tea and cake.

STREET Dance is held every Wednesday between 5.15pm and 6.15pm during term time only for eight to 16 ***year*** olds and is held at the Dunton Green Pavilion, Recreation Ground, off London Road, TN13 2UR. Cost £2.50 per person per class pay as you go or £20 for the full ten week course. For more information please call 01732 227000 or email [*communities@sevenoaks.gov.uk*](mailto:communities@sevenoaks.gov.uk)

EIGHT to 12s Project Dunton Green is a weekly club held every Monday between 3.30pm and 5.30pm at the Dunton Green Pavilion, Recreation Ground, off London Road, TN13 2UR for children aged eight to 12 ***years*** old and offers young people a safe place to meet friends where the focus is about encouraging acceptable behaviour and responsibility while having fun. Cost £2 per week. Contact Kate Craib on 07132 749945 or email [*kate.craib@wkha.org.uk*](mailto:kate.craib@wkha.org.uk)

STAY and Play is held every Thursday between 9.30am and 11am during term time ONLY for children aged nought to five ***years***, and is organised by Sure Start Children's Centres - Sevenoaks District. Please call 03000 421137 for further information.

Football is held every Tuesday between 6.30pm and 7.30pm by Kick Kent Sports Charity, for ages nine to 14 and 15 to 19 ***years*** old, and is held at the Dunton Green Pavilion, Recreation Ground, off London Road, TN13 2UR. Entry is free. For further information please email [*kelrw@nkcc.org.uk*](mailto:kelrw@nkcc.org.uk)

NETBALL is held every Wednesday between 6.30pm and 7.30pm at the Dunton Green Pavilion, Recreation Ground, off London Road, TN13 2UR. Cost £2 pay as you go. For more information or to enquire about spaces, please call 01732 227000 or email com [*munities@sevenoaks.gov.uk*](mailto:munities@sevenoaks.gov.uk)

Viv Parker

Email: [*vivienneparker913@gmail.com*](mailto:vivienneparker913@gmail.com) or call 01322 862330

MORE volunteers are always welcome, all working parties meet in main village car park. Dates are Tuesday at 9.30am on December 19; Saturday 9.30am on January 6. Call Pauline Penny 01322864751.

LIGHTS of Love St Martin's Church, Eynsford. Come and see our beautiful church with its Lights of Love Christmas trees. Entrance free.

CEILIDH New ***Year***'s Eve, Eynsford Village Hall. Tickets £20 from Normans or Hannah 01322 861494. Practice for dancers on Sunday 3pm to 5pm at EVH.

RIVERSIDE Players Panto at Eynsford Village Hall. Evenings on Friday January 19 and 26 and Saturday 20 and 27; Matinees January 21. Box office via [*http://riversideplayers.co.uk/box-office*](http://riversideplayers.co.uk/box-office)

DICK Whittington Axstanes Christmas Panto at Farningham Village Hall is Saturday January 27 at 2pm and 6.30pm; Saturday February 3 at 2.30pm and 7.45pm; Fridays January 26 and February 2 at 7.45pm. Tickets £8 each or family of four at £28. Call box office on 01322630680.

ST MARTIN'S Choir needs you! You don't have to sight read music or even know much about music. You just need to offer an hour on Sundays and an hour Wednesdays at 6.30pm for practice. Contact Barry Payne on 01474391350 or [*barriepayne@hotmail.co.uk*](mailto:barriepayne@hotmail.co.uk)

FRIENDS Of Farningham invite you to share ideas and volunteer to carry them out. We meet for about an hour every week, when and as, people are free to come along. We provide some tools but suggest you come with gloves. We are keen to welcome more volunteers. Contact Jane Gray, clerk to the parish council by email at [*farninghamparishcouncil@gmail.com*](mailto:farninghamparishcouncil@gmail.com) for further details

THIS friendly group meets every Thursday at Farningham Village Hall and offers a supportive and enjoyable break to anyone who is lonely or perhaps just needs a little time away from their house or would like to meet some new friends, chat and share some cake and tea. Contact [*stella.baggaley05@btinternet.com*](mailto:stella.baggaley05@btinternet.com)

Alan Brown

Email: [*halstead.school@btinternet.com*](mailto:halstead.school@btinternet.com) or call 01959 532361

BADGERS Mount Parish Council's next committee meeting will take place tonight Thursday in Badgers Mount Memorial Hall at 7.30pm. All parishioners are encouraged to attend and will be made welcome. Any queries contact the clerk, Naomi Morgan [*clerk@badgers-mountpc.kentpar*](mailto:clerk@badgers-mountpc.kentpar) ishes.gov.uk

WE meet tonight in Halstead Village Hall for a demonstration by Jill Smaggasgale "Have you stopped to wonder" and our Christmas Supper, by ticket only. Meet at 7pm for 7.30pm start.

THE Rose and Crown, Halstead, will be holding their next quiz on Sunday December 17 at 8pm in aid of Halstead Senior Club. We are looking for teams of up to six people, £2 entry per person. There will be a raffle and if anyone would like to donate a prize we will be please to accept it on the night.

THE December Tots Praise will be held at St Katharine's Church, Knockholt on December 13 at 2pm. Please join us for an informal time followed by refreshments. We would like to give this meeting a Christmas feel, so if anybody would like to dress as a Shepherd or Angel that would be lovely.

WE meet on Monday December 18 for our Christmas lunch at 1pm. For further details on this event contact either Jackie Johnson on 01959 575432 or Gail Baker 01959 532814.

HALSTEAD Parish Council next meeting is on Monday December 11 at 7.45pm in the Pavilion Station Road, Halstead. All parishioners are welcome to attend and there will be time allowed for questions.

WITH the approach of Christmas we will be holding many festive services. On Sunday December 17 at 6pm we will be holding our traditional "Carols by Candlelight" service, led by the choir. Do come along and join in singing carols, hear the story and feel the wonder. On December 24 the Crib Service will be held at 5pm. Bring the children along as we act out the story.

Liz Easterbrook

Email: [*lizwehome@gmail.com*](mailto:lizwehome@gmail.com) or call 01732 750980

IDE Hill held its bonfire night and fireworks display on Sunday November 5. The event was very well attended with around 150 people enjoying the display. The weather was perfect if a little chilly, something that was soon rectified by the roaring fire! We hope that Ide Hill Bonfire and Fireworks can once again become an annual village event to be enjoyed by all.

Through the sale of hot dogs, sweets and contributions for the fireworks over £350 was raised for Ide Hill Scout Group.

We would like to thank the Scouts, Ide Hill Football Club, The Cock Inn and Jewsons in Brasted. We would also like to thank the Ide Hill residents who worked so hard to organise and run the event.

THE annual carol singing extravaganza will happen at The Cock Inn on December 20. Warm up your vocal chords and come and join in the fun.

YOU have until December 15 to order a Stockenden Farm Turkey. No increase in price this ***year***. Call Decima or John Grundy on 01732 750667.

Diane Treloar Email [*d.treloar@btinternet.com*](mailto:d.treloar@btinternet.com)

SEVENOAKS Volunteer branch of Cancer Research UK present Sounds of Music Take 2! Rocking with Mockingbird on Saturday at 7.30pm in Otford Village Memorial Hall.

Tickets £17.50 including a fish and chip supper. Bring your own drinks. Raffle. For further information and tickets please call 01959 5331.

KEMSING Wildlife Group will be holding their Christmas Party tomorrow in St Edith small hall at 7.30pm.

KEMSING Gardeners Society will be holding their members meeting on Tuesday at 8pm in St Edith small hall.

The speaker comes from How Green Nursery and will be talking about the show gardens they grow plants for. Festive refreshments included.

THE Kemsing WI will be holding their Christmas Party on December 13 in St Edith small hall at 8pm.

THE Kemsing Singers concerts will be held on Friday December 15 and Saturday December 16 in St Edith Hall at 7.30pm.

'Winter Wild' a deep and crisp and even ***programme*** of Christmas and other seasonal music in aid of Age UK Sevenoaks and Tonbridge including some original piece, works by Goodall, Langford, Willcox and McCartney and featuring a brass ensemble and your favourite carols. The original works are by musical director Sara Kemsley who has arranged music in previous concerts. Tickets £8 by contacting 01959 523752, on the door or visit [*www.kem*](http://www.kem) singsingers.com

KEMSING Heritage Centre Association is open on the first Saturday in each month between 10am and noon and also each Monday afternoon from 2pm to 4.30pm. Please do drop in, you will be made to feel very welcome. The centre now has for sale a 30 minute DVD of the Jack Hammerton memorial service, filmed on the day at Noah's Ark. The cost is £5.

ST MARY'S Church Christmas Fair will be held this Saturday in the church from 10.30am to noon. Christmas cards, the Kemsing ***Calendar*** will be on sale, bring and buy, toy tombola, cakes, refreshments and lots more. Please do pop along as you will be made to feel very welcome.

Huge thanks once again to Annette Cartwright and Kim Fear for all their time and effort organising the OAKS Christmas Lunch.

Gill King Scott Email [*gillian.rara@btinternet.com*](mailto:gillian.rara@btinternet.com)

Kay Drake Email [*drake\_kay@hotmail.com*](mailto:drake_kay@hotmail.com) or call 01959 522727

'SOUNDS of Music Take 2, Rocking with Mockingbird' in aid of Cancer Research takes place at 7.30pm on Saturday in the Memorial Hall. Tickets cost just £17.50 including a fish and chip supper but take along your own drinks and glasses. There will also be a raffle. To book, call 01959 533154.

AS a result of an Otford Pond Willow Resistograph Test it seems that the last, large, willow tree on the pond will have to be removed. The tree is in a bad way with a large area of decay and Tree Consultancy Limited who carried out the survey recommended the tree and stump be removed as a matter of reasonable urgency, followed by the planting of a replacement specimen tree in a similar position. Their species suggestion would be another Weeping Willow, as they are well suited alongside water features. I am providing this information as I am sure many people, like me, can only see a large apparently healthy tree and are not aware of the damaged core which could cause branches to break off with dangerous consequences. It will take a long time for a new tree to grow to the size of the existing one but, in the interests of safety, the tree must come down.

THIS is the 35th ***year*** that Girlguiding Otford will be operating their Christmas post and stamps are now on sale from Otford library during normal opening hours or in the Parish Council office every weekday morning. Christmas cards can be posted in the special post boxes located in the same places until Tuesday December 19. This special charity post service, which is one of the longest running in the country, delivers Christmas cards with the scheme's special stamps to addresses in Otford village. Stamps cost 25p and Otford's Brownies and Guides will collect, sort, frank and then deliver the cards over the two weekends before Christmas. This ***year***'s chosen charities are Dreamflight, a charity taking seriously ill or disabled children on holidays of a lifetime, and Kent Wildlife Trust. Please support them by purchasing the special stamps and posting your cards early.

A Tree of Light Service will be held at 7pm on Friday December 15 starting in St Bartholomew's church followed by the switching on of the lights on the tree on The Green. All are welcome and labels to remember those who have died may be obtained from the Parish Office in the High Street or from Hospice in the Weald. Donations will support the work of the Hospice.

OTFORD Heritage Centre Management Committee already have copies of several paintings of Otford in much earlier times, but need to know more about the artists and whether there are any more such paintings to be found in galleries or private collections. If this voluntary work could be of interest to you please contact Doug Cracknell, who is chair of the management committee on 01959 522325.

THE eight new Otford Heritage Trail information panels detailing key points on the Green and along the High Street, are well on the way to completion. Each panel tells the stories of the houses they stand opposite and include attractive watercolour impressions of the homes when in their prime. The fact that from an early age our local children will be able to understand the heritage of their own village is of great importance to the future. The purpose of the panels is to enhance understanding and appreciation of our local heritage, not to do it harm, and siting and visibility will therefore be critical.

SAM Lee runs Pilates Classes in small group for all abilities, using small props to deliver a full body workout that builds core strength, balance and flexibility at 7.30pm, on Wednesdays in Bartholomew's Church Hall, Otford. The price is £70 for a block of 7 classes. If you are interested email [*pilateswithsam@gmail.com*](mailto:pilateswithsam@gmail.com)

ST Bartholomew's church will be holding a Choir Christmas Carol Concert at 7pm on Sunday, a Christmas Presentation and Nativity Play at 10am and a Service of Nine Lessons and Carols by candlelight at 6.30pm on Sunday December 17 a Crib Service at 4pm, Carols followed by Midnight Choral Communion at 11.10 on Christmas Eve Sunday December 24 and Christmas Communion at 9am and an All Together Christmas Worship Service on Christmas Day Monday December 25.

CATHOLIC Church of The Most Holy Trinity will be holding a Children's Nativity Service at 3.30pm, Carols by candlelight at 7.30pm and the First Mass of Christmas at 8pm on Sunday December 24 and a Christmas Day Mass on Monday December 25.

OTFORD Methodist Church are holding a Who Let the Dads Out Christmas special for male carers and their primary aged children, including a bouncy castle and bacon butties, between 3.30 and 5.30pm on Saturday.

Their Christmas Services include an All-Age Worship and Children's Advent Presentation at 10.30am and Carol Service at 6.30pm on Sunday December 17, a Christingle Children's Service at 5pm on Christmas Eve and a Christmas Day Service, where you are invited to take along a present to unwrap, at 10am on Christmas Day.

REMEMBER that Otford Parish Council meet monthly in the Memorial Hall on the second Tuesday of each month and at every meeting there is a ten minute public forum to which you are invited. Their next meeting is on Monday December 11. This is your parish and your council and they want you to be involved so go along to their meetings and have your say. To contact the Parish Council ring 01959 524808 or visit their website http://www. otford.info/parish/council/.

OTFORD and District Historical Society (ODHS) meet at 7.30pm for mulled wine on December 13 followed at 8pm by their AGM, and a selection of films of Otford. The films date from the 1940's and 1950s and are kindly made available by Screen Archive South East. Membership for the ***year*** costs £10 and visitors are very welcome at £3 per meeting, there is no charge for students.

Maggie Miles Email [*maggie.miles@btinternet.com*](mailto:maggie.miles@btinternet.com) or call 01732 450259

JOIN IN the countdown to the switch-on of Riverhead's always-admired Christmas Lights at 6pm today. Just turn up at the area under The Heights in the village centre from 5.45pm to enjoy mulled wine, fruit drink and mince pies (supplied by Riverhead Londis) and take part in the count-down so that all the village can hear!

There will also be carol singing led by members of St Mary's Church choir. Everyone is welcome to come along! If you have any queries contact Caroline at Riverhead Parish Council on 01732 461278 or email clerk@river headparishcouncil.org.uk. Many Riverhead shops will also be staying open late today especially so do support them!

ONCE again Riverhead Parish Council has invited all Riverhead businesses to dress up their windows for Christmas. First prize is a hamper full of Christmas goodies and there will be two runner-up prizes of a bottle of something fizzy. Every village business decorating their window will get a box of mince pies.

As I write, Nick Chard, our district councillor, was due to visit Riverhead to judge the windows on Tuesday December 5 so they should all be ready to view (and we will also know who won!) by the date of the Christmas Lights switch-on today!

St MARY'S Church in Riverhead will once again be holding its spectacular Festival of Christmas Trees over this coming weekend.

The church will be open for all to visit the festival free this weekend 9.30am to 4.30pm on Saturday, and 11am to 4pm on Sunday. Home-made refreshments will be available and there will also be gift items on sale.

As a finale there will be a carol service amid the trees on Sunday at 3pm when everyone is welcome to join in.

Donations will be welcomed and this ***year*** St Mary's will again be supporting Age UK Sevenoaks which has just celebrated 70 ***years***. A percentage of any money raised will also go to church funds.

CHILDREN and their families are invited to visit Santa in his unique Bird Hide Christmas Grotto at the Sevenoaks Wildlife Reserve off Bradbourne Road TN13 3DH this Saturday and Sunday and Saturday and Sunday December 16 and 17. Open 11am to 3pm. A great experience for families and ideal for younger children who are maybe meeting Santa for the first time? The Christmas grotto is suitable for any age and every child plus their family will get to meet Santa while each paying child will receive a small gift. Booking is advised. To book (or for more information) go to [*www.kentwild*](http://www.kentwild) lifetrust.org.uk and click on What's On. These events are always very popular so book now!

THE NEXT Riverhead Parkland Working Party will be held on Wednesday December 13 from 9.30 to 11.30am when the small volunteer group of Riverhead parish councillors and local residents would welcome you to join them.

We are so lucky to have this large and lovely open parkland area in the centre of our village but it needs to be kept that way. Tools and refreshments are provided but do come appropriately clad, including sturdy footwear and gardening gloves. Fresh air and good company!

Meet at the entrance to the Parkland off St Mary's Drive at 9.30am. More information on the Parish Council web-site at [*www.riverheadpc.kentparishes*](http://www.riverheadpc.kentparishes). gov.uk or phone 01732 461278.

THE CHRISTMAS meeting of Chipstead WI, at which Riverhead residents are always welcome, will be on Tuesday December 12 starting at 8pm. The venue, as always, is Chevening Parish Hall, Homedean Rd, Chipstead. For more information about your local WI call Janet Sharp on 01732 452715 or email [*barjansharp@tiscali.co.uk*](mailto:barjansharp@tiscali.co.uk)

THE NEXT meeting of the Parish Council will be on Monday December 18 at 7.30pm in the Committee Room at the Village Hall. (We hope that councillors will have recovered from putting up the Christmas lights etc by then. They are very hands-on!)

Residents are always welcome to attend meetings of the Parish Council. If there are any local matters that you would like to raise in open council (which is near the beginning of the proceedings) it would be appreciated if you could notify the parish clerk beforehand. Phone 01732 461278 or email [*clerk@riverheadparishcouncil.co.uk*](mailto:clerk@riverheadparishcouncil.co.uk) (NB this is a new email address).

The agenda is always available a few days beforehand on the council website at [*www.riverheadpc.kentparishes*](http://www.riverheadpc.kentparishes). gov.uk as are those for the meetings of the planning committee.

The parish clerk has an office (open Mondays and Thursdays from 9.30am to 12.30pm) at the village hall and phone messages and emails are picked up regularly at other times. The village hall and the committee room are available for hire - see the web-site [*www.riverheadpc.kentparishes*](http://www.riverheadpc.kentparishes). gov.uk for details.

Andrew Michaelides Email [*cllr.michaelides@sealparishcouncil.org.uk*](mailto:cllr.michaelides@sealparishcouncil.org.uk) or call 01732 761323

Steve Birkin Email [*birkins78@gmail.com*](mailto:birkins78@gmail.com)

THERE was a packed hall for the Shoreham Society Annual General Meeting on November 24. Guest speaker, Simon Greenwood, owner of The Mount Vineyard, gave an illuminating talk on his journey from being a lukewarm wine enthusiast to a passionate grower and consumer of local grapes and wine.

He illustrated the talk with some excellent photos which demonstrated the development of the vineyard and the covered courtyard where customers can sup wine and enjoy home made pizzas. Simon stressed that he always has the interests of the community at the centre of his plans and feels honoured to have been accepted by the village.

The outgoing chairman, Sheila Birkin, also mentioned the absence of a fete group for 2018 and it is hoped that at the beginning of 2018, there might be someone offering to lead a fete committee.

Sheila Birkin was surprised and delighted to accept a much coveted first edition of the book 'The Badgers of Bearshanks by Denys Watkins-Pitchford (known as B.B.) along with much appreciated Coolings tokens as a thank you gift.

The planning application for a large farmhouse in Timberden Valley was discussed and people were urged to make comments to the Sevenoaks District council. The valley is both Green Belt and is designated as an Area of Outstanding Natural Beauty.

SHOREHAM School was buzzing on Sunday, November 26 when the Christmas Fayre took place in the hall and classrooms. Craft making sessions, games and a whole range of bargains were on offer as well as delicious food.

The School Carol Concert takes place in the church at 6pm on Tuesday December 12. Anyone wishing to support the school whilst making purchases on line can do so through the link [*https://www.thegivingmachine.co.uk/.../shoreham-village.../*](https://www.thegivingmachine.co.uk/.../shoreham-village.../)

A GREAT village effort took place on the evening of November 29 when a visiting family's dog went missing in the Andrews Wood area.

A number of volunteers assisted the owner in roaming the woods in the dark looking for the pooch - known as Storm. The village Facebook page provided regular updates.

Everyone was beginning to get anxious as - despite occasional sightings - no one had been able to get near him. Finally, at 10pm, word reached Shoreham via Facebook that Storm had been located and had been reunited with his family!

On Sunday, December 17, Henry Desmond is arranging a Nine Lessons and Carol Service at Shoreham Church. Henry is organising a 'hand picked' orchestra and choir and it is guaranteed to get everyone into a festive mood. The service starts at 6pm and everyone is welcome.

Jane Sankey Email martinandjane@potters-hill. co.uk or call 01732 883212

CAN you imagine our gentle Kent countryside with as many as 50 furnaces for smelting iron? The geology of Kent provide iron ore, remains are as near to us as Tudeley. At the Wrotham Historical Society meeting tomorrow, Friday, speaker Jeremy Hodgkinson will tell the audience about the 2000 ***years***, including the Roman and Norman invasions, when the furnaces were an important part of Kent industry. You will be very welcome to St George's Hall, Wrotham at 8pm.

IT IS still possible to make an appointment for a flu immunisation at the Borough Green Medical Practice. Ring 01732 885555 if you think that you or your child may be eligible.

ON Saturday there will be the annual Christmas Fair at Platt Primary School between 11am and 3pm. There will be a Christmas market, refreshments, games, mulled wine, face painting, raffle prizes and much more.

THE Vigo Singers will be singing a seasonal concert 'A Christmas Celebration' in Platt church on Saturday at 7.30pm. Tickets are £10 each, and are available from me. There will be no charge for tickets for children.

ON Sunday the main service will be a CafÃ© Style Family Service with the Explorers' play at 10.30am. Come and watch the presentation of a play by the young people.

At 2pm there will be the Carol Service at Harpwood Care Home for residents, their families and those who work at the home. Members of the WiTunes choir will augment the singing. At 4.30pm there will be a Quiet Christmas Compline in the church.

FIRST Steps, for babies and young children up to four ***years*** and their parents, grandparents or carers will be held on Monday at 11am in the Garden Room adjoining Platt Church.

It will have a Christmas theme and there will be puppets, music and movement, musical instruments and a simple prayer. It will last for about 20 minutes and be followed by tea and coffee, squash and biscuits in the Garden Room. All are welcome. For further details contact Rev Lorraine Turner 01732 882447.

ON Wednesday there will be a mid-week Holy Communion service in the church at 9.30 followed by CafÃ© Platt in the Garden Room at 10am.

There is always a very popular quiz, and lots of delicious cakes.

THE Christmas Get-Together Lunch for Platt residents will be held in the Garden Room on Thursday December 14 at 12.15 for 12.30pm. It would be very helpful if those who would like to come could let us know in advance for catering purposes.

AS in previous ***years*** you are invited to pin a Christmas Card onto the Bridge Trust Christmas Card Tree in the church with Christmas wishes to your friends in the village. You are then asked to make a donation to the Bridge Trust for the saving you have made by sending just the one card. The Trust, based in Tonbridge, offers shelter and support to the homeless, helping them to find accommodation and employment. A list of those who sent Christmas greetings in this way will be printed in the February edition of Village News.

ON Sunday December 17 at 6.30pm there will be a traditional Service of Nine Lessons and Carols by Candlelight in the church. After this you are invited to stay for mulled wine and mince pies. The collection taken at this service will be for Tunbridge Wells Churches Shelter a charity supporting the homeless.

YOUR GP surgery and Dispensary will be closed on Christmas Day, Boxing Day and New ***Year***'s Day. During this time, if you need urgent medical advice please call NHS 111. For non-urgent matters please seek advice from your pharmacist. Please ensure you have sufficient medication to last you beyond the holiday period

WHY not visit Borough Green Library and see what there is on offer. Knit and Knatter every Monday from 10am to noon, Scrabble Club every Tuesday from 1.30 to 3.30pm, Talktime every Thursday between 10am and noon.

NEW! Sure Start Children's Centres will run Story Explorers alternate Fridays between 10.15 and 10.45pm.

Free activity for nought to five ***year*** olds. Come and join in. You do not need to book a place in respect of the events above, please feel free to come and join in but please call us to book your place on 03000 413131 for the following event: Ancestry (help with finding your ancestors online) Mondays between 10am and noon.

2017 Advent and Christmas in Platt.

As in previous ***years*** you are invited to pin a Christmas Card onto the Bridge Trust Christmas Card Tree in the church with Christmas wishes to your friends in the village.

You are then asked to make a donation to the Bridge Trust for the saving you have made by sending just the one card. The Trust, based in Tonbridge, offers shelter and support to the homeless, helping them to find accommodation and employment.

A list of those who sent Christmas greetings in this way will be printed in the February edition of Village News.

Today the Beavers will decorate the Christmas tree inside the church.

ON Sunday December 17 there will be a service of Holy Communion at 10.30am during which three of the young Explorers will be baptised.

At 6.30pm that day there will be a traditional Service of Nine Lessons and Carols by Candlelight in the church.

After this you are invited to stay for mulled wine and mince pies. The collection taken at this service will be for Tunbridge Wells Churches Shelter a charity supporting the homeless.

ON Monday December 18 Platt School's Carol Service will take place in the church at 2.30pm. Visitors are welcome to this service.

ON Thursday December 21 there will be Carol Singing in the Blue Anchor between 7 and 8.30pm. Do come and swell the singing. A collection will be taken for the Alzheimer's Society.

On Christmas Eve there will be Christingle Services at 2 and 4pm for children and all the family with a collection in aid of the Children's Society.

This ***year*** the Christingles will be lit with glow candles. Last ***year*** over 300 people came to the 4pm service so glow candles will be safer and will have the extra delight for children that once lit they will glow for many hours, long after the sweets have all been eaten.

11.30pm Midnight Mass - This will be a traditional Midnight Mass to celebrate Christ's birth.

On Christmas Day there will be an All Age Communion service at 10am.

On New ***Year***'s Eve there will be a Pilgrim Parishes combined service of Holy Communion at Platt Church at 10.30am.

At 7.30pm join the New ***Year***'s Eve Party at the Memorial Hall to see 2018 in.

If you will be away for Christmas and would like to find a church service nearby, visit [*www.AChristmasNearYou.org/Upload*](http://www.AChristmasNearYou.org/Upload)

THE Platt community, council officials, local business people and all life in between are welcome to attend a public consultation on January 30, 2018, at 7.30pm at The Memorial Hall.

S.P.R.T have whittled down two key playground providers, Eibe Play Ltd and Kompan Playground UK who will pitch, answer questions and display plans so the public can decide who they think is best placed to build our local playground in Stonehouse Field.

Both providers' plans are working at a £60k spend - the play park might be utilised by you or your neighbour so all feedback will shape our decision process and in turn form your child's unique play experience. Your motivation doesn't have to be profound however so please come along (albeit to be nosey) as ALL Platt's views count!

Thank you for your continued support. Any kind donations, please call Rachael: 07796655700.

John Jolley

Email [*john.jolley@btinternet.com*](mailto:john.jolley@btinternet.com) or call 01892 239100

THE White Horse is advertising for applicants to take on a new lease as publican as Ian Fenn is seeking pastures new. On behalf of the village, thank you Ian and we wish you every success and happiness for the future.

IF YOU have any concerns about people calling at your home, don't open the door. Always check the identity of anyone who calls and don't be afraid to close your door and leave them waiting outside if you need to telephone to make checks. Phone 101 to report any suspicious behaviour or 999 if it is an emergency.

I HAVE been asked to point out that it is better to put your refuse sacks out on the morning of the collection rather than leaving them out overnight. If you don't do this there is a good chance that foxes, or worse, rats, will be attracted by discarded food cartons or pet food. It also means that other people will not have to clear up the resulting mess.

Susan Gidman Email [*wealdnews@hotmail.com*](mailto:wealdnews@hotmail.com)

SARAH Rogers reports that there is excitement 'up on the hill'! For quite some time there has been discussion about opening Riverhill to activities beyond the September 'back to school' closure. I had hoped that there would be a time in the autumn to enjoy the stunning colour of the trees, especially the huge beech tree that arches over the cafe. However, plans put in place are a lot more grandiose than that.

I'm pleased to report that an area of Riverhill is being turned into a winter wonderland with a skating rink and alpine cafe. It opens on December 1 so will be in full swing by the time you read this. You can try your hand at skating or just to soak up the festive atmosphere in the alpine cafe which overlooks the rink. Skating can be pre-booked online [*www.riverhillatchristmas.co.uk*](http://www.riverhillatchristmas.co.uk). If you just fancy a coffee and to see the skaters perform you can just pop in! Skating is available everyday until the end of December (except 24, 25 and 26) and there are special 'Skating under the Stars' evening skating sessions today, and December 16, 20 and 23 where you can enjoy skating followed by drinks in the bar. I understand that the ice on the rink is an extremely high quality synthetic ice, the same type used by skating professionals and sportsman alike. I'm told that this means that it provides a safer surface and you don't get wet when you fall over! Sounds good to me.

The rink is also protected from the elements with a huge clear marquee so you can see the stars without the chance of getting rained on! If you loved Roberta Briant's incredible reindeer at Weald School Christmas Fete last ***year***, then go and check out this ***year***'s herd pulling the sleigh, not to mention Carol Bain's beautiful wreaths and festive decorations in the marquees.

I've been writing in our Weald history book about the TV ***programme*** 'Country House Rescue' with Ruth Watson and the impact it has had on the Rogers family. The ***programme*** makers certainly need to come back to see a Riverhill transformed.

IT'S December 1 as I write this and there are only 23 sleeps (it's the latest way children and their parents count the time to Christmas Day!) until the turkey has to go into the oven.

Although Richard and Fran have been extremely busy with the refurbishment and opening of the Greyhound pub at Charcott, they are still running Stidolphs Farm Butchers supplying fresh local produce. Richard says that they continue to be approved suppliers of Appledore Free Range Bronze Turkeys (Whole & Crowns) and will happily deliver it/them to your door for you. I had one last ***year*** and my mouth is salivating already the thought of Christmas lunch. As well as turkeys, Richard provides hams, sausages, beef and lots more. You can call 07504 393895 or 01892 870275 to place an order or, if you prefer, you can pick up a form at the Community Shop or have a pint at the Greyhound and place your order at the same time. As well as food, Richard also delivers fire wood and with the downturn in the weather, you might need to stock up on some more wood so that you don't run out over the festive period!

A SERVICE to celebrate the life of Audrey Boakes will be held at St George's Church on Thursday December 14 at 2.30pm. Please let Jean Conacher know if you would like a lift (463635).

I HAVE heard from Ros Hollamby that an astounding £2,242.60 was taken at the Christmas Charity Lunch held in St George's Church Hall on November 18 of which £552.00 was taken by charities independently. The church raised £1,690.60, which means that each of their designated charities will receive £845.30. Ros says that they are delighted with the total and very grateful to everyone who supported their efforts.

Vivien Sheffield

If you would like to be included in this column please email me in advance at [*viviensheff@outlook.com*](mailto:viviensheff@outlook.com)

WESTERHAM Theatre Club is delighted to report that they have sponsored tickets for all of ***Year*** six at Churchill C of E School to see 'The Lion King' in London's West End, in celebration of the end of their final ***year*** at the school. The Theatre Club added a donation to the reduced ticket rate to save up for this gift to the school. 'Hakuna Matata' Churchill School!

The Theatre Club is looking for more members. People interested in theatre or who want to gain more from theatre can see plays shown locally and in London. The club offers the opportunity to meet like-minded people, discuss and review plays, socialise, have fun and make friends! Read more about past and future theatre visits on www.westerhamtheatre club.weebly.com

THE Food Bank puts together 'Christmas bags' each ***year*** for its clients and always try to have some special, festive items, as well as the usual basics. This ***year*** they will be distributing these on December 14.

Biscuits, both sweet and savoury, sweets and chocolates are always welcome at this time of the ***year***, especially those for children. Fruit squash or fizzy drinks go down well, as do cold meats such as tins of ham. Tinned custard or rice pudding are favourites. Jams, tinned vegetables and sauces (brown, red or Christmassy) and pasta sauces all help. Anything that can be given will be gratefully received both by the Food Bank and its recipients. Also needed are personal toiletries. All in date and non-perishable please!

Items can be left at Wolfe Garage, St Mary's Church, The Library, Waitrose in Biggin Hill or the Council Offices.

FESTIVAL of Christmas Trees, set in the magical setting of St Mary's ancient church, view an array of beautiful, creative, ingenious trees decorated by Westerham's businesses, organisations, clubs and residents and all reflecting the spirit of Christmas.

The Festival is open to visitors from 10am to 5pm every day (except when services are taking place) until Sunday, December 10. Free to everyone, although donations are welcome.

NATIVITY as part of Messy Church is a 30 minute interactive service especially suitable for under sevens, which is followed by tea (free, but donations welcome). It is taking place at St Mary's Church on Saturday from 4.15pm to 5.15pm. Children (and adults if they wish) can come dressed as their favourite nativity character or animal. All can take part as the Christmas story is told. The Church would like to know numbers attending in advance for catering purposes.

CHRISTMAS would not be complete without this lovely annual event.

Sing carols to the accompaniment of the Orpington Brass Band, enjoy mulled wine and a mince pie outside the Grasshopper on the Green pub on Sunday at the earlier time of 6pm until 7.30pm.

Free to everyone, although donations are welcome. Visitors to Westerham are reminded that parking is free for the first three hours in the Darent Car Park.

PENSIONERS' Annual Christmas Buffet will be taking place today, Thursday, from noon until 3pm at The Westerham Club. Free food, free drinks and free laughs guaranteed. Limited spaces, so to book contact Jackie on 01959 562092.

DAISY Dog Vintage Fair is back at Westerham Hall, Quebec Avenue on Sunday from 10am to 4pm. Live music, ideas for Christmas presents, vintage and vintage style clothing, cards, accessories and bags plus a lot more.

FRIDAY Lunch Club sponsored by Westerham Town Council and the Co-operative Society is for seniors and those less able and takes place tomorrow from 11am to 2pm at Westerham Hall, Quebec Avenue. Price £5 for a cuppa, a two -course lunch, a quiz and a raffle.

For details contact Anne Dumb leton@btinternet.

St Mary's Church on The Green holds a regular Tuesday morning get together for local people who enjoy meeting others in an informal way over a cup of tea or coffee and a slice of cake. The next meeting is on Tuesday December 12, from 10am to noon in the John Fryth Room (to the side of St Mary's Church). It is open to everyone, so feel free to drop by.

The bingo and social club is run for local senior citizens by local people and provides an opportunity for some fun to anyone wishing to come along, or get involved in keeping the club running.

There is no obligation to play bingo, people can just enjoy meeting others. However, for those wishing to take part, six houses of bingo are played and pay for a house, line or corner.

Everyone brings a raffle prize. Outings are organised for club members from time to time. The next meeting is on Tuesday, December 12, at Westerham Hall, Quebec Avenue from 2.30 to 4.30pm. For information contact Dot Gammage on 01959 562364.

Drop in at the Library, London Road today for Baby Bounce and Rhyme from 9.30 to 10am. All parents, carers and babies are welcome.

Knit and natter. Pop in from 10am to noon and join this friendly group knitting for various projects and enjoy good company.

Tomorrow, Community Warden Surgery. Chat about local matters with Steve Grange from 10 to 11am.

Scrabble Club is from 2 to 4pm and would really like more new members to join in what is an enjoyable pastime. For details on the above and about the Home Library service call: 03000 413131 or email: [*westerhamlibrary@kent.gov.uk*](mailto:westerhamlibrary@kent.gov.uk)

'TOUCH a new world' is an excellent new service offered by the library. Up to eight sessions of computer support - given in the home. It is aimed at people unable to get to the library, but require support with a computer. Borrow an i-pad or use the home PC. Contact 03000 41 31 31 and ask to be ***transferred*** to Westerham Library.

This week's ramble is on Sunday, starts at 10.30am from Westerham Green or 10.40am from Mill Lane, Westerham. Walk to Crockham Hill via Squerreyes Park and Crockham Hill Common. Returning via Treveraux Manor and Goodley Stock. Refreshment stop at the Royal Oak, Crockham Hill. About seven miles in total taking in several steep hills. Plans can change at short notice, so check with Richard Gadd 07792919727. This is an informal walking group and carries no insurance. Walkers are responsible for themselves and their animals.

WESTERHAM Fine Arts Society. 'The Punch and Judy Show' is a talk by Bertie Pearce taking place at Westerham Hall on Wednesday, December 13 from 7.30 to 9.30pm. Find out about the interesting history attached to these two entertaining, but scary and controversial puppets. Non- members £5 on the door. Westerham Society are now taking subscriptions and renewals for 2018. An annual subscription for a couple is £65 or for one person, £35. See their website for the details.

FORGET Me Not cafÃ© opens its doors once more on Friday, December 15 from 11am to 1pm at the Congregational Church on Fullers Hill. Join in and share with family and friends that might benefit from attending. For details contact Angela Howells 01959 562147 or email office@west erhamtowncouncil.gov.uk

RAMBLERS Meet, 70's saunter. This ramble is a gentle stroll around the Shoreham area on Sunday, December 17. It starts at 11am from Shoreham Station car park. About two miles in total with refreshments at The Old George, Shoreham. Plans can change at short notice, so check with Richard Gadd 07792919727. This is an informal walking group and carries no insurance.

NINE Lessons and Carol Service is taking place at St Mary's Church on Sunday December 17 from 6.30 to 7.30pm. Advent III is taking place on Sunday December 17 at St John the Baptist Catholic Church from 4 to 5pm. Carols by Candlelight Service is taking place at the Congregational Church on Fullers Hill on Sunday December 17 from 4 to 5pm.

CHESS Club is still looking for new members. The club is a must for those who like the challenge of pitting their wits against an opponent in a game of chess while enjoying something to drink and good company in a relaxed, welcoming atmosphere. Next games will be taking place on Tuesday December 12 at 8pm at the Grasshopper on the Green, High Street. Bring your own set.

WESTERHAM Local Vocals are looking for new members to join this unique, friendly and lively community adult choir. Weekly sessions are held on Wednesday evenings in the Council offices off the High Street from 8 to 9.30pm. There is no audition requirement, nor an ability to read music, just enthusiasm and a love of singing and all new members are warmly welcomed. Members learn arranged versions of favourite songs from rock and pop to Andrews sisters and sometimes acapella. First session is free. Contact Louise Orfila 07714276241 or visit the Westerham Local Vocals website.

BLUEWATER Bus service. For those who may want to start Christmas shopping early. Every Wednesday, including Wednesday, December 13 the 774 bus arrives at 9.52am at the George & Dragon bus stop and at 9.55am at the Hartley Road (Wolfe Garage) bus stop to take people over to Bluewater to do shopping. Just be sure to be at the Bluewater Marks & Spencer bus stop at 1.15pm for the return journey. A return ticket is just £8 and concessions £5.

Diana Knox

Email: [*sevchron@gmail.com*](mailto:sevchron@gmail.com) or call 01732 885172

STANSTED Village Market and Coffee Maughaning is taking place today from 9 to 11am in Stansted Village Hall. Come and have a cup of coffee and then see the excellent produce and crafts that will be on sale including local cheeses, quiches, vegetables, greetings cards and jewellery.

WROTHAM Historical Society meets this Friday in Wrotham Village Hall at 8pm. The speaker is Jeremy Hodgkinson and his subject is 'The Iron Industry of the Weald'. Visitors are most welcome but as they are not members of the Society a ***payment*** of £3 is required. Further information from the Hon Secretary, Dorothy Stewart on 01732 780721.

TICKETS are now on sale for The Wrotham Christmas Concert which features Wrotham Festival Chamber Choir and Wrotham Community Choir. This is taking place in St George's Church on Saturday December 9 at 7pm. The cost of tickets before the night is £10 but on the door the price goes up to £12. Call 01732 885172 or email [*concert@wrothamchurch.org*](mailto:concert@wrothamchurch.org)

QUALITY Christmas Trees can be ordered by telephoning 07895 052945 or by email [*helen.degeorgio@widehorizons.org.uk*](mailto:helen.degeorgio@widehorizons.org.uk) A Norway Spruce costs £31 for a five foot tree, Serbian Spruce same height £32, Nordmann (well known non drop) £37 and Blue Spruce which is very fragrant £32. Collection is 10am to noon on Sunday December 10 from Wide Horizons Gravesend Road Wrotham TN15 7JN. A donation of £6 per tree will go directly to Wide Horizons which is a charity that gives inner city children experience and of the natural environment.

Sevenoaks Town Partnership meetings

The next meeting of the Sevenoaks Town Partnership will now take place 6.30pm on Wednesday, January 10 at Sevenoaks Town Council Offices.

Proposal for a Sevenoaks Business Improvement District (BID)

Information relating to the potential BID is available at [*www.sevenoaksbid.wordpress.com*](http://www.sevenoaksbid.wordpress.com)

In order to continue with consultation in relation to the proposed BID and provide additional information being requested by local businesses a draft Business Plan is being prepared for discussion by the Sevenoaks Town Partnership Board initially and then circulated. Sevenoaks Town Council will pay for the development of the Business Plan as part of its commitment to Economic Development for the town.

Christmas Markets

Vine - Tomorrow until Sunday. Now an annual event a Christmas Market with festive entertainment.

Bligh's - From Saturday until December 23: Sevenoaks Town Council are pleased to announce the return of the annual two week Bligh's Christmas Market taking place from December 9 to 23, 9am till 4pm. There will be an array of food and gifts available to suit every taste. Please help support your market and help keep the £ local.

Small Business - Competition

Sevenoaks Town Partnership supported Small Business Saturday on December 2 by running a competition to win an advert on the community screen at Sevenoaks Mainline Station during December. The Cllr Stephen Arnold, chairman of the Sevenoaks Town Partnership drew the three winners in November from 28 entries. The winners were - Home Instead Senior Care, Elands Veterinary Clinic and The Running School Kent their adverts will be on display until December 31. All entries will have company details placed on the Sevenoaks Town Partnership website.

Rosemary Cracknell 01959 522325

[*romycracknell@aol.com*](mailto:romycracknell@aol.com)

The newly-formed St Martin's Brasted Heritage Trust is organising carol singing around the village, which will take place after the lighting of the tree on the green tomorrow at 6.30pm, and a display of Christmas trees from local residents and businesses in the church.

Carol singing around the village was once a regular feature of village life and the idea is to revive the practice and invite along anyone who fancies being involved in what should be a hugely enjoyable and sociable occasion to take part. After an hour or so singing at locations around the village, the singers will finish up at the church to see the display of Christmas trees.

Children are invited to come along to the church, where they will be able to take part in a supervised crafts evening, producing decorations for their own Christmas tree at home or in the church.

Next door in the Stanhope Arms, there will be a lively and informal evening of carols sung around the bar, which will start around 8pm.

Cantate, the chamber choir is holding its Christmas concert on Saturday at 7.30pm at the Church of St Mary, Kippington.

The ***programme*** provides a joyful selection of well-known and less familiar pieces to get you into the Christmas mood including John Rutter's Magnificat, and music by Poulenc, Bach, Mendelssohn and the opportunity for you to join in with some favourite carols. Tickets are £12 and include refreshments.

St Peter and St Paul, Seal will have a Christingle Service at 10am on Sunday followed by a Christmas fair from 11.30am to 2pm with mulled wine and mince pies.

There will be homemade cakes, sweets, crafts, wreaths and table decorations.

St Mary Kippington will be welcoming the new Archdeacon, Julie Conalty, to preach at the 10.30am service on Sunday. She will also ask God's blessing on the new glazed door, which enable outsiders to see into the church and eliminate draughts!

At 5pm they have a Christingle Service in Church and then gather outside for the switching on of the Christmas tree lights followed by tea in the Parish Centre.

The Sevenoaks and Tonbridge Concert Band will be giving a ***programme*** of 'music For Christmas' at The Drive Methodist Church at 6.30pm on Sunday.

There will also be items by Sevenoaks Primary School Choir and carols for all to sing. Admission is free. Proceeds from the retiring collection will be donated to Demelza Children's Hospice.

The choir of St Bartholomew's, Otford will give their Christmas concert in church at 7pm on Sunday. There will be a mixture of old and new carols from England and many other countries and some for the audience to join in. The cost of £5 (children free) includes refreshments in the form of mince pies and wine or fruit juice.

Brasted: 52 Bowes Wood, New Ash Green, Demolition of existing porch. Erection of a first floor extension and porch to the front elevation; Foxwold Lodge, Pipers Lane, Demolition of existing building and erection of three bedroom detached house.

Chevening: 2 Witches Lane, Details pursuant to condition 4 (hard and soft landscaping) of planning permission 17/02482/HOUSE; 56 High Street, Erection of porch, single storey rear extension, loft conversion and associated works (roof and fenestration alterations, solar panels, new dormers, lantern roof lights).

Chiddingstone: Keepers Cottage, Hill Hoath Road, Rear single storey extension.

Dunton Green: 3 Plummers Croft, Erection of a single storey rear extension with rooflight; Former West Kent Cold Store, Rye Lane, Erection of 35 apartments, including the provision of affordable homes, together with access, parking and landscaping.

Edenbridge: Benchmark Cases, Unit E, Gaywood Farm, Hole Lane, Continued use of building for B2 purposes; Land North Of Railway Line And West Of St Johns Way, St Johns Way, Details pursuant to condition 6 (phasing plan) of Appeal ref: G2245/W/3130787 relating to planning application ref: SE/14/03783/OUT; Land North Of Railway Line And West Of St Johns Way, St Johns Way, Details pursuant to condition 11 (tree protection) of Appeal ref: G2245/W/3130787 relating to planning application ref: SE/14/03783/OUT; Land North Of Railway Line And West Of St Johns Way, St Johns Way, Details pursuant to condition 13 (slab levels) of Appeal ref: G2245/W/3130787 relating to planning application ref: SE/14/03783/OUT; Land North Of Railway Line And West Of St Johns Way, St Johns Way, Details pursuant to condition 22 (sewer capacity) of Appeal ref: G2245/W/3130787 relating to planning application ref: SE/14/03783/OUT; Land North Of Railway Line And West Of St Johns Way, St Johns Way, Details pursuant to condition 23 (foul and surface water) of Appeal ref: G2245/W/3130787 relating to planning application ref: SE/14/03783/OUT; Land North Of Railway Line And West Of St Johns Way, St Johns Way, Details pursuant to condition 27 (construction method statement) of Appeal ref: G2245/W/3130787 relating to planning application ref: SE/14/03783/OUT; Land North Of Railway Line And West Of St Johns Way, St Johns Way, Details pursuant to condition 32 (contamination risk assessment) of Appeal ref: G2245/W/3130787 relating to planning application ref: SE/14/03783/OUT; Westerham House, Fircroft Way, Details pursuant to condition 6 (ecological assessment) of Appeal ref: G2245/W/16/3159096 relating to planning application ref: SE/15/00376/FUL; Homestead Lodge, Homestead Road, Prior notification of a single storey rear extension which extends 5m beyond the rear wall of the original dwelling house with a maximum height of 3.3m and eaves height of 3m; Westerham House, Fircroft Way, Details pursuant to condition 7 (ecological protection) of Appeal ref: G2245/W/16/3159096 relating to planning application ref: SE/15/00376/FUL; Land North Of Railway Line And West Of St Johns Way, St Johns Way, Details pursuant to condition 15 (external lighting) of Appeal ref: G2245/W/3130787 relating to planning application ref: SE/14/03783/OUT; 5 Mill Hill, Reduction of 1 Eucalyptus tree

Hartley: Woodley, Larks Field, Demolition of single storey bungalow and erection of replacement dwelling with rooms in the roof. New access and associated hard standing; Primrose Cottage, Manor Drive, Erection of a single storey extension. Realignment to retaining wall on north west elevation. Alterations to fenestration; Details pursuant to condition 4 (Landscaping) of SE/17/02903/FUL; Amberley, Ash Road, Details pursuant to condition 4 (Landscaping) of SE/17/02903/FUL.

Horton Kirby and South Darenth: Linslade, The Street, Horton Kirby, Reduce crown by 25% and removal of dead wood of 1 No. Ash tree (TPO).

Kemsing: Crossways, 8 Greenlands Road, To raise the roof in order to accommodate addition of first floor with rooflights; 71 Dynes Road, Demolition of existing extension to 71 Dynes Road and the erection of a proposed two storey detached three bedroom dwelling in the garden and two additional parking spaces; Land North Of 141 West End, Details pursuant to condition 3 (visibility splays) of 17/03048/FUL; Land North Of 141 West End, Details pursuant to condition 4 (biological diversity) of 17/03048/FUL; Land North Of 141 West End, Details pursuant to condition 5 (hard & soft landscaping) of 17/03048/FUL.

Knockholt: Castle House, Main Road, Details pursuant to condition 3 (external joinery) of 17/02819/LBCALT; Letts Green House, Shelleys Lane, Details pursuant to condition 5 (french door and window details) to SE/17/02580/LBCALT; Land North East Of New ***Years*** Cottages, New ***Years*** Lane, Erection of stables and use of land for equestrian purposes.

Leigh: Manor Buildings, Powder Mill Lane, Continued use of the building and land for the sale of motor vehicles including pre-sales preparation and valeting; 6 Wyndham Avenue, Erection of a two storey side extension with bay window at front. Replacement roof on single storey rear extension with rooflights. Extension of porch roof at the front.

Otford: 2A The Butts, Erection of a single storey rear extension and conversion of loft space into bedroom with en-suite bathroom with skylights to the East and West elevations and addition of window to the North elevation. Conversion of garage to habitable space, with associated alterations to fenestration; 32 The Charne, Demolition of outbuilding. Erection of detached garage.

Penshurst: Birches, Fordcombe Road, Erection of a greenhouse; The Old Laundry, The Lane, Reduction of Oak tree by 25%; Woodgates, Walters Green Road, Replace existing window with door to rear.

Riverhead: Tesco Superstore, Aisher Way, Erection of 3 fascia signs and 2 vinyl signs.

Seal: Bluebell Farm, Church Street, Details pursuant to condition 4 (Hard and Soft Landscaping) to SE/17/02389/FUL; Bluebell Farm, Church Street, Details pursuant to condition 6 (means of enclosure) to SE/17/02389/FUL; Underriver Farm, Underriver House Road, Proposed dismantling of existing garage and reconstruction of garage in a reduced form in a new location.

Sevenoaks: 24 Hutchen Hatch Lane, Proposed rear dormer and front roof light; 16 Croft Way, Additional drive pavement cross over to form a carriage drive; The Limes, 71 Kippington Road, Details pursuant to condition 2 (materials) of 17/02110/FUL; The Limes, 71 Kippington Road, Details pursuant to condition 5 (soft and hard landscaping) of 17/02110/FUL; The Limes, 71 Kippington Road, Details pursuant to condition 6 (Arboricultural method statement) of 17/02110/FUL; The Limes, 71 Kippington Road, Details pursuant to condition 8 (levels) of 17/02110/FUL; 11 Weald Road, Erection of a rear ground floor extension and rear first floor bedroom extension; 32 Quakers Hall Lane,Loft conversion to create living space. Erection of a dormer and juliet balcony to the rear and rooflights to the front; 6B White Hart Wood, Erection of a first floor side extension. Demolition of existing conservatory. Erection of a single storey rear and side extension. Entrance porch extension. Garage conversion and alterations to fenestration; Meads Seal Hollow Road, Erection of a single storey front extension to extend existing garage; Johnsons, Oak Lane, Details pursuant to condition 4 (cleaning of bin store) of planning permission SE/17/02837/FUL; Garth, 8 Woodside Road, Erection of a two storey side extension; 6 St Botolphs Road, Sub division of plot, rebuilding of existing garage with additional volume to create a 3 bed detached dwelling with basement and 8 solar panels on roof; 1 Greenwood Way, The erection of a single storey rear extension with flat roof with skylight and Bifold doors to side; 34 Gordon Road, Demolition of existing extension and the erection of a single storey rear extension; 79 London Road, Details pursuant to condition 2 (sample of materials) of planning permission 17/01194/LBCALT; Hilbre Cottage, 21 Croft Way, Various works to trees TPO; 4 Wickenden Road, Conversion of garage into habitable space and insertion of new windows and new ancillary entrance in front elevation; part demolition of existing porch and replacement with new porch; new dormer window and new rooflight to rear elevation; replacement side window to comply with current building regulations; part removal of low retaining wall to front elevation and creation of new parking bay with proposed new soakaway; 10 The Rise, T3 Oak - Thin crown to remove 25% of live branches. Reduce crown spread by approximately 1-2.5 metres;

Shoreham: Daisy Farm, Firmingers Road, Orpington, Erection of a detached granny annexe.

Sundridge: Ranlea, 8 Greystone Park, Demolition of existing porch and construction of new porch with toilet accommodation.

Swanley: 35 Reeves Crescent, Demolition of outbuilding. Erection of a single storey rear extension; United House, Goldsel Road, Details pursuant to condition 11 (verification report) of SE/16/00253/FUL.

West Kingsdown: Three Horseshoes Veterinary Clinic, London Road, Erection of a single storey part side extension; 93 Millfield Road, Erection of a rear conservatory; Silverdown, Viking Way, Demolition of the existing detached garage. Erection of single storey side extension to form new garage and erection of single storey rear extension and rooflights. Erection of front porch; Two Chimneys, St Clere Hill Road, Details pursuant to condition 3 (Hard and Soft Landscape) to SE/17/02467/FUL; Two Chimneys, St Clere Hill Road, Details pursuant to condition 4 (Biodiversity lighting) to SE/17/02467/FUL; Two Chimneys, St Clere Hill Road, Details pursuant to condition 5 (Biodiversity) to SE/17/02467/FUL; wo Chimneys, St Clere Hill Road, Details pursuant to condition 6 (Details of curtilage) to SE/17/02467/FUL; 58 Southfields Road, Ash tree - Reduce the overhang up to 5m to the vicinity of the boundary.

Westerham: 74 Madan Road, Alterations to existing dwelling and erection of three bedroom, two storey detached dwelling, with car parking for existing and proposed properties. Upgrading works to adjacent stream; The Old Granary, Crockham Farm, Pootings Road, Crockham Hill, The erection of a new greenhouse within the curtilage of The Old Granary, Coakham Farm; Mills Water, Mapleton Road, Four Elms, Non material amendment to 13/03802/HOUSE.

Volunteer team 01732 454785

[*volunteering@imago.community*](mailto:volunteering@imago.community) or [*www.imago.community*](http://www.imago.community)

For more information about local volunteering opportunities please telephone Volunteer Centre Sevenoaks on 01732 454785 or email [*volunteering@imago.community*](mailto:volunteering@imago.community)

Visit [*www.imago.community*](http://www.imago.community) to find out more about volunteering.

0300 330 9001

[*info@sevenoaks.cab.org.uk*](mailto:info@sevenoaks.cab.org.uk)

I am behind on my energy bills and my energy company wants to install a prepayment meter. I don't want one as I've heard they can be more expensive than paying by direct debit.

What can I do?

Suppliers may try to install a prepayment meter if you are falling behind on your bills. This is so you can pay for your energy by topping up your meter before you use it, and don't get into debt.

If you don't want pay for energy in this way, contact your supplier to tell them you are struggling with your bills.

They should help you agree a repayment plan, based on how much you can afford and how much energy you use. If you are already on a plan but can't afford it, see if you can make a new arrangement.

Also discuss with your supplier the costs of the different meters and tariffs.

Once you've agreed to pay back your debts, your supplier won't install a prepayment meter if you don't want one.

There are further steps you can take to help you with your bills. You may be eligible for the Warm Home Discount, which could reduce your energy bill by £140, or a one off Cold Weather ***Payment*** from the government.

Some energy companies also offer grants to their customers to pay off fuel debts, while other companies and charities have grants which are open to anyone.

For further help on negotiating with your supplier or applying for benefits, contact Citizens Advice.

Information provided by Citizens Advice Sevenoaks, Buckhurst Lane, TN13 3HW. Open 10am to 2pm Tues, Thurs, Fri.

Otford first Tuesday of each month 10am to noon; New Ash Green community centre Thursdays only 9.30am to noon.

Telephone advice - 0300 330 9001.

E-mail advice - please provide your name, address and full details of your enquiry.

Peter Rogers

[*pnarogers@kent2.co.uk*](mailto:pnarogers@kent2.co.uk)

THE news that Mount Agung on Bali seems likely to erupt soon is a timely reminder of the profound effect that such eruptions can have worldwide.

In March 1963 an earlier eruption of this volcano caused an acid haze in the atmosphere which spread across the world reflecting the sunlight back into space, thereby lowering global temperatures by between 0.1C and 0.4C. Though this temperature change seems small, it was significant.

More recently in 1991 the eruption of Mount Pinituba in the Philippines caused a dip in global temperatures of 0.5C.

The most celebrated example is the eruption of Mount Tambora in Indonesia in 1815 resulting in dreadful weather in Europe and North America the following ***year*** that it became known as "the ***year*** without a summer".

Keats and Shelley holidaying in the Lake District were confined indoors for long periods. As a result, Mary Shelley created 'Dracula'.

Any such dips in temperature are temporary and will never have any long-term effects.

AT the recent meeting Prof David Killingray spoke on "Radical Voices in Sevenoaks since the 18th Century".

People with radical views can be of any political party or none; they are people who want reform of the current system.

The speaker gave many examples of radical people in the Sevenoaks area. They included the 3rd Earl Stanhope who opposed the slave trade along with William Wilberforce.

Until 1918 people had to own property in order to vote, and some wealthy radical people bought land to divide it up to allow more people to vote.

Other examples of radical causes included ***agriculture***, the provision of main drainage, housing for working class people and education.

The next meeting will be on Thursday February 15, at the Undercroft of St Nicholas Church when Alan Williams will give a talk about The History of the London Underground'.

**Load-Date:** December 8, 2017

**End of Document**



[***Washington: WORLD BANK ACCOUNTABILITY ACT OF 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RFG-21T1-JDG9-Y42R-00000-00&context=1516831)

Impact News Service

January 18, 2018 Thursday

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**Length:** 16292 words

**Body**

Washington: The Library of Congress, The Government Washington: of USA has issued the following house proceeding:

 General Leave Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to submit extraneous material on the bill under consideration. The SPEAKER pro tempore (Mr. Aderholt). Is there objection to the request of the gentleman from Texas? There was no objection. The SPEAKER pro tempore. Pursuant to House Resolution 693 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R 3326. The Chair appoints the gentleman from Tennessee (Mr. Duncan) to preside over the Committee of the Whole.

{time} 1449 In the Committee of the Whole Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R 3326) to increase accountability, combat corruption, and strengthen management effectiveness at the World Bank, with Mr. Duncan of Tennessee in the chair. The Clerk read the title of the bill. The CHAIR. Pursuant to the rule, the bill is considered read the first time. The gentleman from Texas (Mr. Hensarling) and the gentlewoman from California (Ms. Maxine Waters) each will control 30 minutes. The Chair recognizes the gentleman from Texas. Mr. HENSARLING. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, I rise today in support of H.R 3326, the World Bank Accountability Act. Frankly, I don't quite understand why every Member is not rising in support of H.R 3326. [[Page H441]] This is important legislation, which is sponsored by my friend from Kentucky (Mr. Barr), the chairman of the Monetary Policy and Trade Subcommittee. It was cosponsored by a senior Democrat on our committee, the gentleman from California (Mr. Sherman). Mr. Chairman, it passed our committee by a unanimous vote 60-0. Again, Mr. Chairman, this measure passed our committee by a unanimous vote of 60-0. H.R 3326 makes a share of future World Bank appropriations contingent upon vitally needed reforms, with focus on the World Bank's International Development Association, known as IDA, which is the World Bank's concessional lending window, dedicated to 75 of the world's poorest countries. Mr. Chairman, the reforms in this bill have emerged from five different oversight hearings held in our committee over the past 2 ***years*** and they all enjoy bipartisan support. The bill also supports the administration's goal of ensuring that the World Bank's work is consistent with U.S priorities that are, obviously, financed by the U.S taxpayer. In the President's FY 2018 budget, the administration called for a holding to account international organizations whose missions don't advance U.S foreign policy's interest or which haven't been well managed. H.R 3326 would enact the administration's request for a 15 percent reduction on authorized funds for IDA. In addition, Mr. Barr's legislation contains crucial national security provisions, including a prohibition on World Bank assistance to countries that knowingly violate U.N Security Council sanctions on North Korea. Also, safeguarding our national security is a provision that helps ensure World Bank assistance won't be used for state sponsors of terrorism. Mr. Chairman, this is a commonsense requirement that benefited from the input of our democratic colleague on the committee: again, Mr. Sherman from California. So, again, Mr. Chairman, it does kind of beg the questions: Why are we here today? Why are we debating a bill that received support from every single Republican and Democrat on the committee? As some who may be viewing our proceedings know, there is such a thing known as a suspension ***calendar*** for relatively noncontroversial items. This bill should have been dispensed with on what is known as a suspension ***calendar*** since it passed our committee 60-0. But now, apparently, the ranking member has had a change of heart on opposing a bill that she voted for on committee. So some may be confused, and indeed we are confused. It is interesting that we now see opposition to linking these IDA ***payments*** to reforms, but that is exactly what Democrats on the Financial Services Committee did in 2005. It is exactly what they did when they voted to withhold 25 percent of IDA funds in a foreign operation's appropriations bill. Last July, the ranking member, the gentlewoman from California (Ms. Maxine Waters), consistent with her earlier vote, voted in support of H.R 3326 as well. So, again, some of us are confused as to why it is being opposed now if she has voted for the policy of withholding twice, including voting for the very bill we are debating today. It is also important to note, Mr. Chairman, that the reforms included in this bill are those that the World Bank itself deems are important. As far back as 1992, a bank management review highlighted its perverse staff incentives that made pushing money out the door more important than making a dent in global poverty. And as recently as 2014, a bank evaluation report confirmed that these very same perverse incentives are still in place. Then there is the notorious case of mismanagement in the Uganda Transport Sector Development Project: a scandalous bank initiative, where basic lack of project oversight led to sexual exploitation of underage girls, repeated harassment of female staff, and deficient safety measures that very well may have resulted in five fatalities-- lest we forget. In 2015, the World Bank's president had this to say: The multiple failures we have seen in this project on the part of the World Bank, the government of Uganda, and a government contractor are unacceptable. It is our obligation to properly supervise all investment projects to ensure that the poor and vulnerable are protected in our work. In this case, we did not. I am committed to making sure that we do everything in our power, working with other stakeholders first, to fully review the circumstance of this project, and then to quickly learn from our, and other's, failures so they do not happen again. Mr. Chairman, if the World Bank thinks these reforms are necessary, shouldn't we all think these reforms are necessary? And how about the testimony of Sasha Chavkin, a reporter for the International Consortium of Investigative Journalists, who testified before our committee? Sasha said: We found that, over a decade, spanning from 2004 to 2013, projects financed by the World Bank physically or economically displaced an estimated 3.4 million people around the world. Mr. Chairman, these are some of the world's most vulnerable displaced by the World Bank that screams out for more reforms. Mr. Chairman, I thank Mr. Barr for saying with his legislation that enough is enough. He has produced a serious, long overdue reform bill, one that was supported in our committee unanimously 60-0. We typically could not get a 60-0 vote on a Mother's Day resolution, yet we have it for this bill. Again, it just begs credibility and credulity as to why are we here today debating a bill that was passed unanimously in committee. I urge the House to adopt it unanimously. Mr. Chairman, I reserve the balance of my time. Ms. MAXINE WATERS of California. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, I rise in opposition to H.R 3326, the World Bank Accountability Act of 2017. Last ***year***, Democrats on the Financial Services Committee joined our Republican colleagues in favorably reporting H.R 3326 out of committee to support the bill's authorization of a U.S contribution of $3.29 billion to multilateral development efforts and to enforce the importance of U.S leadership at the international financial institutions, but the favorable report in committee came with clear conditions for the future of the bill. Democrats made it clear during consideration of this bill in committee that our ongoing support for the measure would depend upon changes to provisions in the bill moving forward that put critical U.S funding at risk. But here we are today and Republicans have not made any effort at all to address our very specific concerns. Namely, the bill would cut up to 30 percent of the U.S contribution to the International Development Association--IDA--in any ***year*** in which the Treasury Secretary does not certify to Congress that the World Bank has adopted or is taking steps to implement two sets of reforms mandated in the bill. IDA is the arm of the World Bank that provides grants and other assistance to the world's 77 poorest countries, which are home to more than 450 million people living in extreme poverty. Cuts to U.S funds to IDA would punish millions of children and other vulnerable people in Africa, Latin America, and Asia, who are living in extreme poverty, who are suffering from famine, or who are emerging from conflict. Democrats do not believe that cutting U.S funds for, and diminishing U.S influence at, the international financial institutions is an effective approach to reform. {time} 1500 To remedy this problem with the bill, Representative Moore, who is the ranking member on our committee's Subcommittee on Monetary Policy and Trade, had sought to offer an amendment on the floor to strike the provisions in the bill that would give the administration cover to cut U.S funding from multilateral efforts aimed at alleviating global poverty. The amendment would have maintained both sets of reforms currently in the bill and directed the Secretary of the Treasury to actively promote these policy goals through advocacy and direct engagement with World Bank management as well as the World Bank's other major shareholders. Unfortunately, the Rules Committee refused to make this amendment in [[Page H442]] order, thus depriving the House of the opportunity to decide for itself which approach it prefers to take: reforming the World Bank by fiat with a threat to cut funding or reforming the World Bank through the exercise of U.S influence and power at the World Bank based on the merits of the reforms themselves. Mr. Chairman, the process by which this bill has come to the floor stands in stark contrast to our committee's long history of working together on issues relating to global economic governance. For many ***years***, the Financial Services Committee has worked in a bipartisan fashion to achieve a number of important reforms at the World Bank, including increased transparency, the creation of the inspection panel, more disclosure of information, and closer consultation with local communities most affected by World Bank projects. We were able to successfully advance these policy goals through serious and direct negotiations and sustained engagement with both the Department of the Treasury and the World Bank itself, not by threatening to walk away from our commitments, but the Trump administration has consistently demonstrated troubling attitudes toward the role of the U.S in the world. In November of last ***year***, in testimony before the Financial Services Committee, David Malpass, Treasury's Under Secretary for International Affairs, expressed the administration's view that globalism and multilateralism have gone substantially too far. In December, the Trump administration refused to pledge any funds for the next replenishment of the International Fund for ***Agricultural*** Development, a small multilateral development bank that helps the poor in remote, rural areas where few donors operate. Of course, just last week, this President made ignorant, racist, and deplorable comments about Africa, where, as it happens, IDA focuses a great deal of its resources and energy. Mr. Chairman, the more committed we are to our goals and to our ideals, the more morally obligated we are to do everything we can to advance those goals. The legislation before us today, in its current form, fails to meet that test, so I will be opposing this legislation, and I urge my colleagues to do the same. We can, and we should, do better. Mr. Chairman, I reserve the balance of my time. Mr. HENSARLING. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky (Mr. Barr), the sponsor of the legislation that passed unanimously 60-0 in our committee and the chairman of the Financial Services Subcommittee on Monetary Policy and Trade. Mr. BARR. Mr. Chairman, I thank the chairman for yielding, and I thank him for his support and leadership in bringing my legislation to the floor. As Chairman Hensarling has already noted, H.R 3326 passed the House Financial Services Committee by a unanimous vote of 60-0. No amendments were offered by any of our Democratic colleagues during that markup. So it is disappointing to me that the ranking member is standing in opposition today, despite voting for this bill in committee and then waiting half a ***year*** before proposing any changes. Nonetheless, I want to address the gentlewoman's criticism of the withholding mechanism in this legislation, because she seems to share a philosophy endemic at the World Bank, which basically says this: money equals impact. But this runs counter to the evidence we have heard again and again during multiple oversight hearings. It also runs counter to how the World Bank itself operates with its borrowers. The World Bank lends to poor countries by attaching conditions. People can disagree if that conditionality is too much or too little, but the World Bank affects behavior by telling governments that there are no blank checks. The ranking member knows this, and it goes without saying that there are many elements to World Bank conditionality that the ranking member and her Democratic colleagues passionately support, but if the gentlewoman from California would never tolerate the World Bank writing blank checks to governments, it is odd that she wants Congress to write a blank check to the World Bank. Here is how a former, longtime senior staff member of the World Bank put it in testimony before our subcommittee last Congress: `` . . . the reality is that bank staff are assessed by the volume of their lending, dollars of money lent. And that is just a poor indicator of impact on poverty. You have impact on poverty sometimes when you don't lend at all.'' This perverse lending culture at the World Bank has been documented for at least a quarter century and documented by the World Bank itself. Mr. Chairman, I want to draw your attention to a 1992 bank management review entitled, ``Effective Implementation: Key to Development Impact'', commonly known as the Wapenhans Report, which details a pressure to lend that distorts staff incentives at the expense of management and project implementation. Again, this is from 1992. Well, fast forward to 2014, and a report by the bank's own evaluation office entitled, ``Learning and Results in World Bank Operations: How the Bank Learns,'' concludes that the pressure to lend is alive and well. In addition to focusing on better incentives and management at the World Bank, H.R 3326 requires the World Bank to more effectively support secure property rights, due process, and economic freedom. As distinguished academics such as Nobel economics laureate Angus Deaton, New York University's William Easterly, and the University of Chicago's James Robinson have found, foreign aid makes little positive difference if we are indifferent to the poor's right to exert control over their livelihoods, own land and other assets, and be free from arbitrary government interference. Now, Mr. Chairman, if the World Bank supports a corrupt government, that doesn't mean that it is going to help the condition of the impoverished in that country that is denied economic freedom. Why doesn't the ranking member support these commonsense principles? If the bank doesn't lend with the rights of the poor in mind, then the ranking member's concerns about withholding money aren't serious. If money is being squandered and it isn't helping the poor to begin with, why would you not want to withhold it? Again, our Democratic friends love conditionality at the World Bank; they just had a change of heart when a Republican-sponsored bill is holding the World Bank to high standards. So let no one watching this debate be fooled by crocodile tears. Let me close by touching on the national security elements of this bill, which the ranking member also plans to vote against. H.R 3326 incentivizes the World Bank to strengthen its work to fight violent extremism and keep state sponsors of terrorism away from World Bank resources. This latter provision was a direct result of bipartisan discussions that we had in our subcommittee, so it is shocking to see anyone on the other side of the aisle oppose the legislation. Finally, this bill would also ensure that the U.S oppose World Bank financial assistance to countries that knowingly fail to enforce U.N Security Council sanctions against North Korea. Our committee passed nearly identical language as part of the Otto Warmbier North Korea Nuclear Sanctions Act, which I am proud to have sponsored, and the provision benefitted directly from input from my subcommittee ranking member, Ms. Moore. The committee vote, yet again, was unanimous on that bill, and the House went on to pass it by a vote of 415-2. It boggles the mind that any Member of this body would vote against that language as part of H.R 3326. In closing, if the ranking member is upset that we take the interests of the poor more seriously than the interests of the World Bank, then so be it, but I believe the World Bank's interests and the poor's interests should be aligned, not just in theory, but in practice, and if they are not, it is the World Bank that should look at itself in the mirror. Mr. Chairman, I urge my colleagues to support H.R 3326. Ms. MAXINE WATERS of California. Mr. Chairman, the gentleman from Texas really has presented rather hollow arguments that have no place in this debate. This is about our humanitarianism and about our strategic position in the world. [[Page H443]] Mr. Chairman, I yield 3 minutes to the gentlewoman from New York (Ms. Velazquez). Ms. VELAZQUEZ. Mr. Chairman, I thank the ranking member for yielding. Mr. Chairman, I rise in opposition to H.R 3326, the World Bank Accountability Act of 2017. Let me be clear, from the outset, that I support the World Bank and its mission. The World Bank is a vital source of financial and technical assistance to developing countries. It works to reduce poverty and support development around the globe. Let me also be clear that I support this bill's authorization of $3.29 billion to the World Bank's International Development Association, which provides grants and very low-interest loans to the poorest 77 countries on the planet. These countries use this funding for a wide array of investments in areas like education, health, public administration, infrastructure, and resource development, but when I voted for this bill in committee, I joined the ranking member and the rest of my Democratic colleagues in making clear that my support was dependent on working together on making changes to the bill as we moved to the floor. This is about the right of the minority to provide meaningful input into legislation, and that was an agreement that we struck before we voted on the bill. Despite Democrats' best efforts, that did not happen, and there continue to be provisions in this bill that need to be addressed. For example, the bill calls for withholding 30 percent of the U.S contribution to IDA in any ***year*** over a 6-***year*** period in which the Treasury Secretary cannot certify to Congress that the World Bank has adopted or is taking steps to implement two sets of reforms mandated in the bill. In addition, if the Treasury Department cannot report that the World Bank has met either or both of these reforms in any given ***year***, the bill forces U.S funding to the World Bank to be withheld and makes it more difficult for the World Bank to implement these reforms going forward. As currently drafted, this bill reflects a total misunderstanding of how the international system works. Multilateral institutions, like the World Bank, which we set up, require sustained U.S involvement and leadership. It is unrealistic to think that the U.S can impose its will on the World Bank. Withholding funds is not an effective approach to reform. The only way to achieve the reforms we are seeking at the World Bank is through our participation and commitment. At times like this, we must not retreat from our involvement or responsibility on the world stage. The Acting CHAIR (Mr. Curtis). The time of the gentlewoman has expired. Ms. MAXINE WATERS of California. Mr. Chairman, I yield an additional 30 seconds to the gentlewoman. Ms. VELAZQUEZ. Placing restrictions on our involvement or undermining international efforts that promote growth and reduce poverty is not something that we should support. Mr. Chairman, I encourage every Member in the House to vote ``no'' on this bill. Mr. HENSARLING. Mr. Chairman, I yield myself 10 seconds just to say when my colleague on the other side of the aisle talks about meaningful participation, not one single amendment was offered by my Democratic friends. It was a perfect bill. It passed 60-0. I would also point out the only leverage we have as the United States is our contribution, and that is what this bill does. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan (Mr. Huizenga), the chairman of the Financial Services Subcommittee on Capital Markets, Securities, and Investments. {time} 1515 Mr. HUIZENGA. Mr. Chairman, I rise in strong support of the World Bank Accountability Act, sponsored by my friend from Kentucky (Mr. Barr). Having had the opportunity last Congress to chair the subcommittee that Mr. Barr now leads, I can tell my colleagues that the reforms in this bill are real and they're urgent. Let me highlight one case of management failure at the World Bank that I focused on last Congress, alongside with my ranking member, the distinguished gentlewoman from Wisconsin (Ms. Moore). I think the scandal will illuminate not only the reasoning behind the reforms demanded by H.R 3326 but, also, the mechanism for achieving those reforms, as the chairman was pointing out. It is the power of our purse that will effect change. In 2015, the World Bank canceled an IDA--International Development Association, as has been referred to--road project in Uganda. This initiative saw appalling lapses in basic management by the Bank which, literally, enabled sexual exploitation of children to happen. When local Ugandans complained to the Bank staff, they were ignored. Only after the Bank's ombudsman became involved directly did the Bank really investigate the abuses. My colleagues on the Financial Services Committee and I were so outraged by the scandal that I, along with Ms. Moore, my ranking member, wrote a letter on July 14 of 2016 to the World Bank demanding corrective action. Here is the thing: To underscore the gravity of the Bank's management failures, we originally proposed a letter at the highest levels of the committee, including the chairman and the ranking member. In fact, the letter as it went out--and I will include it in the Record--was on the letterhead of Chairman Hensarling and Ranking Member Maxine Waters. And, unfortunately, the ranking member then refused to sign the letter, then just leaving it as a subcommittee letter that went out by myself and Ranking Member Moore. Committee on Financial Services, House of Representatives, Washington, DC, July 14, 2016. Dr. Jim Yong Kim, President, World Bank Group, Washington, DC. Dear Dr. Kim: We are writing to express our alarm over the World Bank's cancelled Uganda Transport Sector Development Project. As you know, the Bank is facing serious allegations related to misconduct by a Chinese contractor, including sexual exploitation of minors, repeated harassment of female staff, and deficient safety measures that may have resulted in five fatalities. The Bank has admitted that its supervision of the project was inadequate, particularly with respect to protecting Ugandan girls. In addition to negligent supervision, the Bank's slow response to local communities' accusations is troubling. According to the Bank's own timeline, Ugandans had to wait six months from the time they first voiced their complaints until the Bank's Country Director wrote to public authorities requesting follow-up by law enforcement. Ten months elapsed before the Bank suspended the project, and delays in the Management Response meant that the Bank's Inspection Panel did not visit Uganda until one ***year*** following the initial allegations. As the Panel continues to investigate this case, we urge you and Bank management to cooperate fully while respecting the Panel's independence. We also ask that any findings of negligence and wrongdoing lead to appropriate disciplinary action, The failure of this project to protect, let alone benefit, Ugandans should inform supervision in all sectors and regions going forward. We believe that the Bank must strengthen its role in supervising and monitoring its projects to ensure that the poor are protected in the Bank's work. Any actions by the Bank that would weaken its oversight could undermine support for the institution. Additionally, the Bank has long faced criticism, including from its own staff, for a culture that too often places the volume of lending above concerns for the effectiveness of that lending. Last October, the Subcommittee on Monetary Policy and Trade held a hearing on the multilateral development banks that explored this very problem, and a report by the Bank's Independent Evaluation Group notes how the ``pressure to lend'' has characterized the Bank's culture for decades, often at the expense of development outcomes. It is clear that such a culture can distract from the proper preparation and administration of projects, including monitoring and supervision, thus putting development at risk. In the case of Uganda, the Bank clearly should have made supervision a higher priority. We hope that future beneficiaries, be they in Africa or elsewhere, will encounter more capable and responsive partners at the Bank. Sincerely, Bill Huizenga, Chairman, Subcommittee on Monetary Policy and Trade. Gwen Moore, Ranking Member, Subcommittee on Monetary Policy and Trade. Mr. HUIZENGA. Mr. Chair, I think what America just heard from the last two speakers on the other side of the aisle was that, literally, the Democrats [[Page H444]] wanted the money to the World Bank but not the reforms. That is why they voted for the $3 million-plus to go into that account, that IDA account. How cynical. I mean, funding of IDA is about as good as putting a Band-Aid on a car accident victim; right? It is not doing anything, ultimately, if there is such woeful inadequacy in trying to provide the true issues that need to be addressed. So, the sexual abuse of underage Ugandans, not really interested in talking to you about that; harassment of female project staff, not really interested in talking about that on the other side of the aisle; deficient project safety that may have resulted in five fatalities, not interested in talking about that. So, when they rise, talking about how much they care about the poor and those who are underserved--forgive me if I am cynical, Mr. Chairman--it rings a bit hollow. For the Bank, it got even worse. After sending this letter with Ms. Moore, we received a response that the Bank was undertaking cosmetic steps to improve their projects and their actions, such as creating a task force. Again, forgive me for being a little cynical about the task force, but not only was the country manager associated with the Ugandan project not held accountable, he was promoted to country director for the Congo. It still gets worse. Last November, we learned that the Bank was suspending yet another road project in the Congo due to allegations of sexual violence against women. The investigation is still underway today, Mr. Chairman. And the Bank has already admitted that it ignored repeated requests to the beneficiaries in the Congo to look at the other complaints, but we are beginning to see a theme: let's just keep the money flowing anyway. Here is the thing: it was the same projects, the same people in place. I am just wondering why they--whether it is the ranking member or others who voted for this in subcommittee--refused to keep the Bank's feet to the fire. The Acting CHAIR. The time of the gentleman has expired. Mr. HENSARLING. Mr. Chairman, I yield the gentleman from Michigan an additional 30 seconds. Mr. HUIZENGA. Mr. Chairman, I am just confused as to why my colleagues on the other side of the aisle refuse to hold the Bank's feet to the fire because we have known about these issues for several ***years***. Task forces haven't been sufficient; rhetoric hasn't been sufficient. We need real accountability in the Bank, and we need it now. It needs to be initiated immediately, and then it needs to be maintained and institutionalized. So I thank my friend from Kentucky for taking this commonsense approach and for demanding that the World Bank live up to its commitments to the poor, whether they are in Africa or in other places in the world. I urge my colleagues to support H.R 3326. Ms. MAXINE WATERS of California. Mr. Chair, I yield 3 minutes to the gentleman from New York (Mr. Meeks). Mr. MEEKS. Mr. Chair, I thank the gentlewoman for yielding time. Today, I rise in opposition to H.R 3326, the World Bank Accountability Act of 2017. Let me start by stating how important our Nation's contributions are to the World Bank's International Development Association, IDA. Those funds support the largest source of development finance for the world's poorest nations, including those in Africa, Latin America, and Asia. That is why, at the committee level, I voted in favor. Both Democrats and Republicans agreed that funding the World Bank's development finance for poor nations represented America's highest ideals and interests. And, naturally, I would support a bill like this, but we had agreed that it wasn't the last word, that we would work and there would be additions thereto and/or subtractions in reviewing the bill. In my estimation, looking at the bill, it also cedes too much authority to the executive, and those concerns have not been addressed in the final bill. For me, particularly in light of this administration's statements just a few days ago, it is troubling that it could be misused by this administration. As written, the President, who has indicated a complete disdain for poor nations and people of color, could withhold foreign assistance if the World Bank does not conform to his administration's policies. It would be a mistake to allow the President to coerce the World Bank to fit his flawed world view, especially this President whose world view is inconsistent with America's past leadership around the globe, and that is whether it was a Democrat or Republican President. Furthermore, the procedures in this bill do little to rebuild the world's faith in our Nation because we are having a problem with all of our allies, particularly the poor nations of the world, as to where we stand. So, clearly, our vision, this Nation, has deteriorated under the current administration. Under this bill, our Nation could lose further credibility around the world during a time when countries, especially our allies, are uncertain about where our country stands on fundamental democratic values. Ultimately, the procedures in this bill could punish millions of children and the vulnerable families in Africa, Latin America, and Asia who could go without food and basic resources. The Acting CHAIR. The time of the gentleman has expired. Ms. MAXINE WATERS of California. Mr. Chair, I yield the gentleman from New York an additional 30 seconds. Mr. MEEKS. Mr. Chair, since we know of the President and his will to withdraw from multilateral organizations and not work with others and just work by himself, we know what his position is. I urge my colleagues to vote ``no'' on H.R 3326. Mr. HENSARLING. Mr. Chairman, I am pleased now to yield 4 minutes to the gentleman from Texas (Mr. Williams), the vice chairman of Financial Services Subcommittee on Monetary Policy and Trade. Mr. WILLIAMS. Mr. Chairman, I rise today in strong support of H.R

3326, the World Bank Accountability Act. I would like to thank the chairman of the Subcommittee on Monetary Policy and Trade, Mr. Andy Barr, for his hard work on this piece of legislation and for his leadership on this important issue. H.R 3326 passed through the Financial Services Committee unanimously, with an overwhelmingly bipartisan vote of 60-0. Mr. Chair, right now, the World Bank's International Development Association, IDA, is an irresponsible benefactor for the world's neediest nations. At the core of my concerns within the World Bank, I take great issue with the Bank's offering employee incentives for approving new loans. The Bank, itself, has even documented that they harvest a culture that encourages loan volume rather than approval based on merit and approval based on need. H.R 3326 will help eliminate these illogical incentives at the World Bank that prioritize pushing money out the door rather than delivering authentic and helpful solutions. In addition to mass lending from the Bank, careless lending is equally disconcerting and has made it easier for corrupt regimes to abuse their citizens and exploit the money for terrorism-related efforts. To address this issue, H.R 3326 ensures that the World Bank cannot approve funds for a country that has been classified by the United States as a state sponsor of terrorism, and it demands that the U.S decline Bank loans to countries that knowingly fail to impose U.N Security Council sanctions against the North Korean regime. Additionally, this bill will encourage improvements within the World Bank by withholding up to 30 percent of future appropriations for the World Bank's IDA until the Treasury reports that the Bank has undertaken meaningful reforms in order to combat corruption, strengthen management accountability, and undermine violent extremism. By passing this legislation, we require the World Bank to put more faith in free enterprise as opposed to corrupt regimes that abuse the poor. If the World Bank is serious about helping those who need it most, it should make certain that borrowing governments are committed to the welfare of their citizens. The World Bank has been slipping through the cracks far too long, and it is time to implement meaningful and lasting reforms. [[Page H445]] Once again, I commend Representative Barr for introducing this necessary legislation. I encourage the House to follow the Financial Services Committee's lead by passing H.R 3326. In God we trust. Ms. MAXINE WATERS of California. Mr. Chair, I yield 3 minutes to the gentleman from Illinois (Mr. Foster), the senior member of the Subcommittee on Monetary Policy and Trade of the Financial Services Committee. Mr. FOSTER. Mr. Chairman, I rise today in opposition to H.R 3326 as it currently stands. This is a disappointment to me. I, like many of my colleagues, originally voted to support this legislation in committee, with the understanding that both sides of the aisle would continue to work to allay the concerns that elements of this bill would give the Trump administration new and disruptive tools that would likely be used to the detriment of the World Bank's mission and our relationships with other countries. There was an understanding to negotiate changes, but this legislation we will be voting on today does not reflect that promise. In light of that failure, my colleague, Gwen Moore, offered an amendment that would have set aside our concerns, but this amendment was not made in order, so we will not be voting on that either. This bill does have elements that are important to our country's obligation to some of the poorest countries in the world. The World Bank provides grants and highly concessional loans through the International Development Association, the IDA, to the world's 77 poorest countries. This money goes a long way towards raising the standard of living, public health, and economic growth for the 450 million people who live there. Since World War II, the United States has stood as a strong partner and a leader in the multilateral work to improve the quality of life around the world. Our success has relied on the diligent support of American lawmakers, diplomats, and groups around the world that work closely with allies and partner organizations throughout the world to provide assistance in times of great crisis. But our confidence that this administration's broad discretion to defund the IDA--provided in the bill we will be voting on--would not be abused, frankly, was not improved by the President's recent racist remarks last week. We are constantly reminded of the continuing importance of this mission and the need to pledge our support to the poorest countries in the world, to offer aid for the neediest individuals. Time after time, however, the Trump administration has shown itself incapable of using the resources that Congress gives it to work in constructive ways within multilateral organizations, instead, alienating our allies and undermining our country's reputation and mission. While I support this legislation's authorization of $3.29 billion for multilateral development efforts for these countries, the poorly conceived and defined conditions in this legislation make it impossible to support. Any withholding of U.S contributions to IDA is a serious action that would have devastating consequences. It would punish millions of children and other vulnerable groups in Africa, Latin America, and Asia, many of whom live in absolute poverty. It would also limit our ability to help individuals in famine-ridden parts of the world and refugees in fragile areas. They rely on humanitarian assistance for food and water. The Acting CHAIR. The time of the gentleman has expired. Ms. MAXINE WATERS of California. Mr. Chair, I yield an additional 30 seconds to the gentleman from Illinois. Mr. FOSTER. Mr. Chair, they rely on humanitarian assistance for food, water, and basic medical care and could face death without this assistance. Many of the provisions in this bill, as written, would place conditions on U.S contributions to IDA that, in the hands of the Trump administration, would not be an effective approach to reform and could very well undermine efforts to reduce poverty and promote growth. This would damage our country's historic and noble mission to lead the world in assisting the poorest countries with food, clean water, and medical help. So, with reluctance, I have to encourage my colleagues to vote ``no'' on this bill and hope that it comes back to the floor with the bipartisan input that we were promised. The Acting CHAIR. Members are reminded to refrain from engaging in personalities toward the President. {time} 1530 Mr. HENSARLING. Mr. Chairman, I yield 4 minutes to the gentleman from Ohio (Mr. Davidson), another hardworking member of the Financial Services Committee who knows this bill passed 60-0 with no Democratic amendments offered. Mr. DAVIDSON. Mr. Chairman, I thank the chairman of our committee and the chairman of our subcommittee for making great points and for pushing forward this great legislation. The Members opposed to this legislation were for it before they were against it, as has been pointed out. But the other thing is the premise of the argument that is being made in opposition to this bill: that the United States should somehow give money, just spend the money, regardless of how poorly the World Bank will deploy this capital, regardless of whether they are effective or not in accomplishing the important mission of helping address poverty in some of the poorest nations in the world. The specific purpose of this fund is to address poverty, and it has not done a very good job of doing that. Frankly, they have abused the funds they have had. So the premise would be that somehow we can just spend the money and trust that somehow they are going to get better. Well, thankfully, when we were talking about it in committee and when we have talked about it on this side of the argument here--and I hope there is truly broad bipartisanship support for this bill to show to the American people we do expect a return on our dollars. We expect results for the money that comes to this body to spend on behalf of the United States of America. I think the other premise is that somehow, unless we just send the money with no strings attached and no expectation of results, then we are not engaged in the world, that somehow we have withdrawn from the world and we don't care. Nothing could be further from the truth. Because we do care, we are putting terms and conditions on the money. Because we do care about poverty and the results, we care that the World Bank operates, frankly, to accomplish its mission. So while some would look for bigger, bolder reforms and maybe better use of U.S tax dollars, we certainly expect some accountability for those results. This is a very measured objective in this bill, and I commend our committee for coming to this consensus 60-0 in committee. Mr. Chairman, I hope for a similar outcome when we call the vote on the floor of the House. Ms. MAXINE WATERS of California. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. Kildee), the vice ranking member of the Financial Services Committee. Mr. KILDEE. Mr. Chairman, I thank the ranking member for yielding. I appreciate the opportunity to express my concerns with the way this bill has moved to the floor today. Mr. Chairman, I support the bill's authorization of a U.S contribution to the International Development Association, IDA, the part of the World Bank that helps the world's poorest countries through loans and grants to boost economic growth, to reduce inequality, and to improve the standard of living across the world. The IDA provides assistance for basic healthcare, primary education, clean water and sanitation, and infrastructure. I also support the idea that the bill would reestablish the U.S ' engagement on global economic cooperation. When this bill came up in the Financial Services Committee markup, as has been pointed out, I, along with many of my colleagues, expressed concerns over the bill making a U.S contribution contingent on President Trump's determination that the World Bank is implementing these important reforms. Our support for the bill was based on the understanding that those concerns would be addressed. So we supported [[Page H446]] the bill in good faith, hoping that, in fact, those issues would be addressed. It has been pointed out that no Democratic amendments were offered in committee. We took on faith that those issues would be addressed. Ms. Moore, a member of the committee on the Democratic side and a leader on this issue, offered an amendment, which the majority rejected in the Rules Committee and did not allow this House to vote on in order to--what we would say would be--improve the legislation. The amendment was not even made in order. We support good governance and accountability, but those goals ought to be advanced on their own merits. Allowing President Trump to make the determination to withhold money from these countries based on his interpretation as to whether they have met his standard was a bridge too far for many of us. The nature of the reforms outlined in the bill give some pause when we consider the recent actions and the recent words. It is impossible for any of us to, first of all, erase the hateful comments made by the President of the United States in reference to countries such as those that benefit from the work of the IDA. So setting aside for a moment the concerns that members of the committee addressed--and this happens from time to time in committee, let's not pretend that it doesn't, where there are concerns that we decide we will address as the bill goes forward. Very often those are worked out. When they are not, we are not going to be put in the position as members of the committee of having to say: Well, that never happened. It did happen. The Acting CHAIR (Mr. Culberson). The time of the gentleman has expired. Ms. MAXINE WATERS of California. Mr. Chairman, I yield an additional 1 minute to the gentleman from Michigan. Mr. KILDEE. Mr. Chairman, I understand we may come to different conclusions ultimately on how the bill comes to the floor, and Members ought to feel free to vote their conscience, but it is not the case that we did not express those concerns with the hope that they would be addressed before the legislation moved to the floor. Nobody saw it as a perfect bill, unless, of course, those individuals were not listening to the issues being raised by Democratic Members during the debate in committee. Mr. Chairman, I will end with this: when the President of the United States, just in recent days, uses vulgar and hateful terms to depict entire populations, many of whom live in countries that are the principal beneficiaries and people who themselves are the principal beneficiaries of this work, I have a very difficult time granting authority to that same administration to make a determination as to whether those countries are worthy of the help that the United States would offer. Mr. HENSARLING. Mr. Chairman, I yield myself 10 seconds again to say it is an interesting narrative being told by the minority, but they offered no amendments, voted for the bill 60-0. We have heard nothing for 6 months until last Friday, the first time they decided to articulate a specific concern about a bill they had already supported. Mr. Chairman, I yield 4 minutes to the gentleman from Arkansas (Mr. Hill), the majority whip of the Financial Services Committee. Mr. HILL. Mr. Chairman, I thank our chairman of the full committee and the chairman of the subcommittee, Mr. Barr from Kentucky, for bringing this bill, H.R 3326, to the floor today because this is precisely what the American people want out of their government in Washington, D.C : accountability. Mr. Chairman, our constituents ask us all the time: Do you monitor the money that you send and spend around the world to further America's interests? There are always a lot of people just kind of looking around. And how do we verify that? Well, Mr. Chairman, here is an opportunity to verify that. This important piece of legislation would require the World Bank to implement real incentives, particularly through staff evaluation standards, that prioritize antipoverty results and capable project management over just the volume of loans they produce. It is that classic management expertise, quality over quantity. Of course we want poverty eradicated. The taxpayers of this country wouldn't vote for us to approve spending like this if it wasn't done right to further America's interests around the world and to alleviate poverty around the world. If the World Bank is serious about that, then it would defend the poorest's freedoms more vigorously. In other words, Mr. Chairman, no reforms like we propose, then poverty is not eradicated; the poor are not helped. So H.R 3326 insists on greater efforts by the World Bank to fight corruption in its projects. Just because the World Bank may have to work in corrupt environments does not mean it needs to add to the graft by pouring money in it for the taking. No one is for that. That is why the vote was 60-0. That is why the gentlewoman from Wisconsin (Ms. Moore) was so supportive of this in our subcommittee. It withholds appropriations until the World Bank raises the quality of its work, raises the quality of its forensic audits, which are designed to unmask the systemic corruption we find in the Third World, inadvertently or advertently supported by the efforts of the World Bank. We are tired of it. That is why, on a bipartisanship basis, we support the foreign policy goals contained in H.R 3326. Mr. Chairman, I thank my friend, Mr. Barr, for his thoughtful work to implement this. These are needed changes. These are bipartisanship changes. These improve transparency, end corruption, better spend our taxpayer resources, and demand accountability of the World Bank, which is notoriously unaccountable. I thank Mr. Barr and I thank Mr. Hensarling for their efforts. Ms. MAXINE WATERS of California. Mr. Chairman, I yield 2 minutes to the gentleman from Nevada (Mr. Kihuen), a member of the Financial Services Committee. Mr. KIHUEN. Mr. Chairman, I rise to briefly speak about H.R 3326, the World Bank Accountability Act, which the House is voting on this afternoon. Mr. Chairman, last summer, I joined my Democratic and Republican colleagues in supporting H.R 3326 in the Financial Services Committee to authorize the United States to participate in replenishing the International Development Association, the IDA. However, Democrats made it clear during consideration of this bill in committee that our support depended on changes to certain provisions. Specifically, we believe that prohibitions in the bill put the U.S funding at risk and make it too easy for the administration to cut off funding for vulnerable nations. Mr. Chairman, I am disappointed that my Republican colleagues have chosen not to uphold our agreement and address these concerns. Given the recent events and remarks by President Trump degrading developing nations and the people who live in them, we should be concerned about giving the administration this power. It is critical that Congress provide moral leadership and demonstrate to the world that the United States will not ignore or punish countries that are struggling with poverty or conflict. We must send a strong signal that the United States Congress respects people of all backgrounds and nationalities. Mr. Chairman, for these reasons, I urge my colleagues to vote ``no.'' Ms. MAXINE WATERS of California. Mr. Chairman, I yield myself the balance of my time. In closing, let me say that Democrats did view this legislation as an important marker of international engagement from our committee, which has not in recent times demonstrated a great deal of interest in global economic leadership. We viewed this measure as an opportunity to reinforce the importance of global economic cooperation. Given that, it seemed to us a mistake to then reject the possibility of cooperation with our own Republican colleagues. So we supported the bill for that reason as well, and I regret we couldn't come to an accommodation. {time} 1545 On another matter, let me also say that I won't question the sincerity of my Republican colleagues' commitment to reforming the World Bank, but [[Page H447]] I do wonder why, if these reforms are as pressing and as urgent and as critical as they say, why did they take so long? Chairman Hensarling has been at the helm of our committee for over 5 ***years***, and, during that time, the Obama administration requested legislation to authorize U.S participation in three other replenishments, including the previous IDA-17. But the committee refused to act on any of these requests, not only shirking its oversight responsibility, but also missing a number of opportunities to press for reforms which presumably were as urgent then as they are now. In fact, in November of 2014, near the end of the 113th Congress, I wrote to Chairman Hensarling urging him to turn his attention to the three pending authorization requests before Congress adjourned. I made a number of arguments in support of the multilateral development banks, the MDBs, which apparently did not persuade the chairman. Mr. Chairman, I include that letter in the Record. U.S House of Representatives, Committee on Financial Services, Washington, DC, November 19, 2014. Hon. Jeb Hensarling, Chairman, Committee on Financial Services, Washington, DC. Dear Chairman Hensarling: I write to urge you to turn your attention before Congress adjourns to the Administration's requests for authorizations for U.S participation in the replenishments of three concessional windows at the multilateral development banks (MDBs)--namely, the World Bank's International Development Association (IDA-17), the Asian Development Fund (AsDF-11), and the African Development Fund (AfDF-13). As you know, these concessional facilities provide grants and low-cost development financing to the world's poorest countries. They support projects that combat hunger and poverty while promoting private-sector growth and global stability. Well-designed multilateral aid ***programs*** help create more equitable societies and more stable democracies. It is also crucial to U.S interests that developing nations continue to grow. Exports have been the most rapidly growing share of our economy, and exports to developing countries have been an important part of that. America is also fighting a war on terrorism, and while the forces that give rise to terrorism are complex, poverty and despair provide a fertile feeding ground. Moreover, U.S contributions to the development banks also provide tremendous value for the money. Every dollar we commit is leveraged many times over by contributions from other donor nations, as well as from the internal resources of the institutions themselves. Today, we have another very important, and potentially far- reaching, reason why the U.S should promptly meet its commitments to the MDBs. The last few ***years*** have unfortunately seen a weakening of the commitment to multilateralism by the United States, which has led to widespread doubt about U.S leadership on global economic governance. In response, a number of developing countries, led by China, have begun to act independently, with initiatives viewed as the first serious, coordinated effort to reshape the global financial architecture and challenge western dominance in the world economy. Last month, China announced an agreement with 21 other developing countries to create a multilateral development bank called the Asian Infrastructure Investment Bank (AIIB), which will focus on financing infrastructure development projects in the Asia-Pacific region. A clear rival to the Asian Development Bank, the AIIB will be led by China, its largest shareholder, and headquartered in Beijing. Separately, in July, the so-called BRICS nations (Brazil, Russia, India, China and South Africa) announced plans to launch an international development bank of their own, which they hope will rival the strength and influence of the World Bank. The ``New Development Bank,'' as it is called, will be headquartered in Shanghai and focus on infrastructure investment throughout the developing world. Development experts agree that global infrastructure needs in developing countries is tremendous, and there are many who welcome the contribution that the new development banks can make in helping to build sustainable economic infrastructure both in Asia and elsewhere. But these new institutions also reflect frustration by the world's major emerging economies with the slow pace of governance reforms at the Bretton Woods institutions, especially the IMF. In fact, the now-stalled agreement to realign the quota shares at the IMF, negotiated by the Bush Administration, was a critical effort to preserve its legitimacy and keep emerging economies firmly anchored in the multilateral system that the U.S helped design. U.S inaction in meeting its commitments to the MDBs, as well as its refusal to ratify IMF governance reforms, is what led, in large part, to the creation of these new institutions that will increasingly pose a challenge to the global financial order created by western powers after World War II. We should be mindful that a world in which countries such as China and Russia are acting outside of the established international financial institutions, or other global bodies, is one that could drift beyond our control. Moreover, it remains to be seen what values these new rising powers will articulate and promote in their vision of a new global economy. I believe this makes U.S leadership at the multilateral development institutions today more important than ever. They are directed at some of the most central challenges faced by the U.S --strategic, economic, political and moral--and, in many ways, they are often our most effective means for responding to those challenges. I strongly urge you to take prompt action to affirm U.S support for, and U.S leadership at, these institutions, which have served both U.S interests and the global public good for so many ***years***. Sincerely, Maxine Waters, Ranking Member. Ms. MAXINE WATERS of California. Nevertheless, here we are, at a historic moment when U.S credibility on the global stage is in serious question. We have the option of choosing to lead and show the community of nations that the hateful words of the President will not be followed by misguided and enabling actions by Congress. Today, I speak on behalf of the world's poorest countries and their people. Today, I stand with Africa, and I urge my colleagues to oppose this legislation and its misguided, cynical approach to multilateralism. Mr. Chairman, I urge my colleagues to reject this legislation as a signal to the world that Trump doctrine is not the American doctrine or a broader sign of American unreliability and indifference. Mr. Chairman, I would like to take a moment to tell you what is being said about us from some of these countries and around the world. From Haiti, Trump comments saying that they were ``based on stereotypes.'' ``In the spirit of the people of Haiti, we feel in the statements, if they were made, the President was either misinformed or miseducated about Haiti and its people.'' From Laurent Lamothe, the former Haitian Prime Minister: ``It shows a lack of respect,'' he says, ``and ignorance never seen before in the recent history of the U.S by any President.'' Let's see what Jessie Duarte, Deputy Secretary General of the African National Congress, has to say. He said, ``Ours is not a s----hole country, neither is Haiti or any other country in distress.'' From the Government of El Salvador: ``We have addressed a note of protest to the Government of the United States highlighting in this document also the high value of Salvadorans.'' From Salvador Sanchez, President of El Salvador: The statement by the President of the United States hits the dignity of the Salvadoran people. El Salvador demands within the framework of the principles governing relations among states respect for the dignity of their noble and courageous people. Hugo Martinez, El Salvador's Foreign Minister, said: ``It's always been a foreign policy priority of our government to fight for the respect and dignity of our countrymen independent of the immigration status. ``Our countrymen are hardworking people who are always contributing to the countries where they are living and, of course, also to our country.'' And according to the State Department, Senegal also summoned the U.S Ambassador for an explanation. And so Macky Sall, President of Senegal, said: ``I am shocked by the words of President Trump on Haiti and Africa. I reject them and condemn them vigorously. Africa and the Black race deserves the respect and consideration of all.'' And then there is John Mahama, former President of Ghana. He said: ``Africans and Haitians come from s----hole countries? Isn't Trump demonstrating that he is nothing but a racist and pursuing a policy of `Make America White Again'? I congratulate Botswana for showing the way. Our AU Presidents must respond strongly to this insult.'' I could go on and on about comments that are coming from our friends and [[Page H448]] our allies. Some of them may be poor countries but who have had respect for us in the past and who have stood with us in times of adversity. I absolutely know that this country has demonstrated, time and time again, that we are humanitarians, that we understand the importance of giving support to the poorest countries in this world, and they appreciate us so much. They honor us, they have respected us, and they have done everything to show that they will stand with us when they need us to do that. And here we are at a time when we are willing to put them at risk with a piece of legislation where we have some Members on the opposite side of the aisle who think they know better than the World Bank, who think they know better than all of the Members, Democrats and Republicans, who have worked together for ***years*** in our support of the World Bank; in our support of giving support to the 77 poorest countries in the world; and giving our support to the 450 million people, many of them who are living in abject poverty, many of them who don't know where the next meal is going to come from, and many of them whose lives are at risk every day. How can we, the richest country in the world, turn our nose up at them, talk about somehow they are not credible, talk about somehow they are all corrupt? I reject it, and I ask the Members of this Congress to vote ``no'' on this misplaced, misguided piece of legislation. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The Chair would remind Members that remarks in debate may not engage in personalities toward the President, including by repeating remarks carried elsewhere that would be improper if spoken in the Member's own words. Mr. HENSARLING. Mr. Chairman, may I inquire how much time I have remaining. The Acting CHAIR. The gentleman has 4\3/4\ minutes remaining. Mr. HENSARLING. Mr. Chair, I yield myself the balance of my time. First, Mr. Chairman, let me get the whole process debate out of the way. Anybody who is watching this debate has got to be scratching their head at the proposition that every single one of my Democratic colleagues who come to the floor to denounce H.R 3326 have already voted for it. They voted for it 60-0 in committee. Mr. Chairman, do you know how many amendments they offered in that markup, their opportunity to refine the legislation, their opportunity to improve the legislation, their opportunity to put their imprimatur on the legislation? Do you know how many amendments they offered? Zero. Zero amendments were offered by the minority who now claim that somehow they were cut out of the process. For 6 months, we have been waiting, waiting to bring this bill, waiting to hear about these improvements, and only three legislative days ago did, finally, the Democrats deign to offer any new improvement to this bill. So I think, Mr. Chairman, she doth protest too much. And now what I don't understand, Mr. Chairman, is how my Democratic colleagues can defend some of these rogue regimes and some of the activities of the World Bank. Dr. Jean Ensminger, Edie and Lew Wasserman professor of social science at Caltech, testified that there is corruption throughout World Bank projects in remote areas of Kenya near the Somali border. She said: ``As I dug more deeply, it became apparent that corruption had been entrenched in the project since 2000.'' And we are talking about the poorest of the poor. She goes on to say: As the board was about to renew the project for 5 ***years***, finally, the internal investigation showed that 62 percent of the transactions were fraudulent. Except my friends on the other side of the aisle: It doesn't matter. Don't worry about the fraud. Just send them U.S taxpayer money. It doesn't matter that the poor aren't actually helped. Just send them money because it makes us feel good. Sasha Chavkin from the International Consortium of Investigative Journalists testified--and I alluded to this earlier about the forced displacement of the poorest of the poor caused by projects financed by the World Bank. He went on to testify: ``We found, instead, that the bank repeatedly funded governments that not only failed to adequately resettle communities, but, in some cases, were accused of human rights abuses such as rape, murder, and violent evictions associated with bank projects. We found in several cases that the World Bank continued to bankroll these borrowers even after evidence of these abuses came to light.'' We have a bill to reform that, to make sure the poor are actually helped, to ensure that instead of taxpayer money going to rape, murder, and violent evictions, that it actually goes to help the poor. And why my Democratic colleagues who were once for it are now against it is beyond me. We certainly know about the infamous World Bank project, road project, in western Uganda where it was associated with an increase in sexual exploitation of young girls. Teenage girls were being sexually harassed on the way to school. Many were sexually exploited or wagged by project workers, and once this became known, the World Bank denied it. So we have the simple bill to say that the U.S taxpayer will demand accountability. We will demand reforms. People should be aghast at how this money has been spent at the World Bank. It is not how much money you spend. It is how you spend the money. And if we want reforms, we are going to have some accountability, something that my friends on the other side of the aisle used to support, and they should be ashamed that they are not supporting it today. We must all support H.R 3326. I very much commend the gentleman from Kentucky for bringing this valuable piece of legislation to the floor. Mr. Chairman, I urge its adoption, and I yield back the balance of my time. The Acting CHAIR. All time for general debate has expired. Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the 5-minute rule the amendment in the nature of a substitute recommended by the Committee on Financial Services printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. The text of the committee amendment in the nature of a substitute is as follows: H.R 3326 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, SECTION 1. SHORT TITLE. This Act may be cited as the ``World Bank Accountability Act of 2017''. SEC. 2. WITHHOLDING OF FUNDS UNTIL CERTAIN CONDITIONS ARE MET. (a) Institutional Reforms.-- (1) In general.--With respect to each of fiscal ***years*** 2018 through 2023, in addition to any amounts withheld from disbursement under subsection (b), 15 percent of the amounts provided in appropriations Acts for the International Development Association for the fiscal ***year***-- (A) shall be withheld from disbursement until the conditions of paragraph (2) or (3) are satisfied; and (B)(i) shall be disbursed after the conditions of paragraph (2) are satisfied; and (ii) may be disbursed after the conditions of paragraph (3) are satisfied (2) Initial conditions.--The conditions of this paragraph are satisfied with respect to the amounts provided in appropriations Acts for a fiscal ***year*** if, in the fiscal ***year***, the Secretary of the Treasury reports to the appropriate congressional committees that the International Bank for Reconstruction and Development-- (A) is implementing institutional incentives, including through formal staff evaluation criteria, that prioritize poverty reduction, development outcomes, and capable project management over the volume of the Bank's lending and grantmaking; (B) is taking steps to address the management failures described in Inspection Panel Investigation Report 106710-UG, and to prevent their recurrence in countries that are eligible for World Bank support; and (C) is taking measures to strengthen its management of trust funds, with the goal of increasing the accountability of the trust funds for poverty reduction and development outcomes. (3) Subsequent conditions.--The conditions of this paragraph are satisfied if the Secretary of the Treasury reports to the appropriate congressional committees, in each of the 3 fiscal ***years*** most recently preceding the fiscal ***year*** in which the report is made, that the International Bank for Reconstruction and Development has instituted the measures described in paragraph (2) of this subsection and the measures described in subsection (b)(2). [[Page H449]] (b) Governance and Anticorruption Reforms.-- (1) In general.--With respect to each of fiscal ***years*** 2018 through 2023, in addition to any amounts withheld from disbursement under subsection (a), 15 percent of the amounts provided in appropriations Acts for the International Development Association for the fiscal ***year***-- (A) shall be withheld from disbursement until the conditions of paragraph (2) or (3) are satisfied; and (B)(i) shall be disbursed after the conditions of paragraph (2) are satisfied; and (ii) may be disbursed after the conditions of paragraph (3) are satisfied (2) Initial conditions.--The conditions of this paragraph are satisfied with respect to the amounts provided in appropriations Acts for a fiscal ***year*** if, in the fiscal ***year***, the Secretary of the Treasury reports to the appropriate congressional committees that the International Bank for Reconstruction and Development-- (A) is emphasizing in appropriate operational policies, directives, and country strategies its support for secure property rights, due process of law, and economic freedom as essential conditions for sustained poverty reduction in World Bank borrowing countries; (B)(i) in the preceding fiscal ***year***, has not approved any loans or grants assistance by the Bank to a country designated by the United States as a state sponsor of terrorism; and (ii) is strengthening the ability of Bank-funded projects to undermine violent extremism; (C) is taking steps to conduct forensic audits of projects receiving assistance from the Bank, increase the number of the forensic audits, and strengthen the capacity of the Bank's Integrity Vice Presidency, and that not less than 50 percent of the forensic audits initiated by the Bank in each fiscal ***year*** are of projects randomly selected from among International Development Association borrowing countries; and (D) is taking measures to detect and minimize corruption in all World Bank projects involving development policy lending. (3) Subsequent conditions.--The conditions of this paragraph are satisfied if the Secretary of the Treasury reports to the appropriate congressional committees, in each of the 3 fiscal ***years*** most recently preceding the fiscal ***year*** in which the report is made that the International Bank for Reconstruction and Development has instituted the measures described in paragraph (2) of this subsection and the measures described in subsection (a)(2). (c) Appropriate Congressional Committees Defined.--In this section, the term ``appropriate congressional committees'' means the Committees on Financial Services and on Appropriations of the House of Representatives and the Committees on Foreign Relations and on Appropriations of the Senate. SEC. 3. REPORTS TO CONGRESS. The Chairman of the National Advisory Council on International Monetary and Financial Policies shall include in the report required by section 1701 of the International Financial Institutions Act for each of fiscal ***years*** 2018 through 2023 a detailed description of the actions undertaken by the International Bank for Reconstruction and Development in the fiscal ***year*** covered by the report to institute the measures described in subsections (a)(2) and (b)(2) of section 2 of this Act. SEC. 4. OPPOSITION TO WORLD BANK ASSISTANCE FOR GOVERNMENT THAT FAILS TO IMPLEMENT OR ENFORCE MEASURES REQUIRED UNDER AN APPLICABLE UNITED NATIONS SECURITY COUNCIL RESOLUTION. The Bretton Woods Agreements Act (22 U.S.C 286 et seq.) is amended by adding at the end the following: ``SEC. 73. OPPOSITION TO ASSISTANCE FOR GOVERNMENT THAT FAILS TO IMPLEMENT OR ENFORCE MEASURES REQUIRED UNDER AN APPLICABLE UNITED NATIONS SECURITY COUNCIL RESOLUTION. ``The Secretary of the Treasury should instruct the United States Executive Director at the International Bank for Reconstruction and Development to use the voice and vote of the United States to oppose the provision of assistance to the government of a borrowing country of the International Development Association if the President of the United States determines that the government has knowingly failed to implement or enforce sanctions required under an applicable United Nations Security Council resolution (as defined in section 3 of the North Korea Sanctions and Policy Enhancement Act of 2016 (Public Law 114-122; 22 U.S.C 9202)) that is in effect.''. SEC. 5. EIGHTEENTH REPLENISHMENT OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION; REDUCTION FROM IDA-17 AUTHORIZED LEVEL. The International Development Association Act (22 U.S.C 284 et seq.) is amended by adding at the end the following: ``SEC. 30. EIGHTEENTH REPLENISHMENT. ``(a) Contribution Authority.--The United States Governor of the International Development Association may contribute on behalf of the United States $3,291,030,000 to the eighteenth replenishment of the resources of the Association, subject to obtaining the necessary appropriations. ``(b) Limitations on Authorization of Appropriations.--In order to pay for the contribution provided for in subsection (a), there are authorized to be appropriated, without fiscal ***year*** limitation, $3,291,030,000 for ***payment*** by the Secretary of the Treasury.''. The Acting CHAIR. No amendment to that committee amendment in the nature of a substitute shall be in order except those printed in part A of House Report 115-518. Each such amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question. Amendment No. 1 Offered by Mr. Norman The Acting CHAIR. It is now in order to consider amendment No. 1 printed in part A of House Report 115-518. Mr. NORMAN. Mr. Chair, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 6, line 2, after ``economic freedom'' insert ``, including reduction of government barriers to entrepreneurship,''. The Acting CHAIR. Pursuant to House Resolution 693, the gentleman from South Carolina (Mr. Norman) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from South Carolina. Mr. NORMAN. Mr. Chairman, I rise today to support my amendment to H.R 3326, the World Bank Accountability Act. I also want to thank the chairman of the full committee and Andy Barr, who is the subcommittee chairman, for introducing this legislation and working with me on this amendment. The purpose of the underlying bill is simple: to ensure that the World Bank is effective in supporting projects abroad that work and actually reduce poverty. One aspect of the bill requires that the U.S may withhold part of its funding from the World Bank unless the Treasury Department reports that the World Bank is emphasizing proven antipoverty solutions such as secure property rights, due process under the law, and economic freedom. My amendment would make a small and positive change to the bill which clarifies that the World Bank should also focus on reducing government barriers to entrepreneurship in addition to the other requirements. {time} 1600 This simple modification is important for a couple of reasons: First, multiple studies have found that entrepreneurship is an essential part of reducing poverty abroad because it gives people the ability to use their skills and God-given talents to foster innovation and create jobs in their individual communities. Foreign governments often create barriers to entrepreneurship through excessive fees, burdensome licensing requirements, and lengthy permitting processes. Second, this modification is consistent with United States foreign policy, which, in part, is to promote market solutions to international poverty. This will ensure that individuals will have the capability to pull themselves out of poverty without excessive barriers put up by their government, ultimately improve the efficiency of United States development assistance and improve the economic situation in impoverished nations. For these reasons, I urge my colleagues to support my amendment. I appreciate the committee's willingness to work with me on this issue. Mr. Chairman, I yield back the balance of my time. Mr. BARR. Mr. Chairman, I rise in opposition to the amendment, although I am not opposed to the amendment. Ms. MAXINE WATERS of California. Mr. Chairman, I rise in opposition to the amendment. The Acting CHAIR (Mr. Palmer). Is the gentlewoman opposed to the amendment? Ms. MAXINE WATERS of California. Yes, I am opposed to the amendment. The Acting CHAIR. The gentlewoman is recognized for 5 minutes. Ms. MAXINE WATERS of California. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from South Carolina (Mr. Norman). While the amendment speaks to reducing government barriers to entrepreneurship, the real-world impact of adopting this amendment would be to enlist the World Bank in the business [[Page H450]] of really what they are going for, diminishing labor standards. The World Bank's prior ``doing business'' report is a prime example of why we must reject this amendment. The World Bank should be encouraging sustainable and inclusive growth, not policies that diminish workers' rights. So I would urge all Members to oppose this amendment. Mr. Chairman, I yield 1 minute to the gentleman from Kentucky (Mr. Barr). Mr. BARR. Mr. Chairman, I thank the gentlewoman for yielding. Mr. Chairman, I want to thank the gentleman from South Carolina for his very thoughtful amendment. His amendment addresses an issue dear to our heart, and that is economic freedom. By making the bill even more explicit in its support for entrepreneurship, his contribution makes a good piece of legislation better. Still, it is important to remember that the poor, wherever they may be in the world, can succeed if their government lets them, and that is a principle we should all wholeheartedly support. I hope the World Bank will subscribe to it as well. I would just say one other thing about the debate that has transpired here today. This is hardworking American taxpayers' generosity. It is their charity. It is the American taxpayers trying to help people who live in impoverished countries. It is unfair to hardworking taxpayers and it dishonors the generosity of the American people to not hold the World Bank accountable. I applaud the gentleman, Mr. Norman, for his amendment, which will unleash entrepreneurship in these lesser developed countries. Ms. MAXINE WATERS of California. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from South Carolina (Mr. Norman). The amendment was agreed to. Amendment No. 2 Offered by Mr. Connolly The Acting CHAIR. It is now in order to consider amendment No. 2 printed in part A of House Report 115-518. Mr. CONNOLLY. Mr. Chairman, I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 7, line 22, insert ``, to institute the measures described in section 203 of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (8 U.S.C 1375c), and to ensure that persons to whom a G-5 visa (as defined in such section 203) has been issued and who are employed by a diplomat or staff of the Bank are informed of their rights and protections under such section 203'' before the period. The Acting CHAIR. Pursuant to House Resolution 693, the gentleman from Virginia (Mr. Connolly) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Virginia. Mr. CONNOLLY. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, I rise today to offer an anti-human trafficking amendment to the World Bank Accountability Act. The chairman of the National Advisory Council on International Monetary and Financial Policies is already required by law to submit to the Speaker of the House, the President of the Senate, and the President of the United States an annual report on the effectiveness and operations of international financial institutions as well as other goals for development assistance and financing already specified by Congress. The base text of the World Bank Accountability Act already includes several additions to the chairman's annual report. This amendment would make one addition to that report. The amendment would require the chairman to report on the detailed actions undertaken by the World Bank to institute certain protections for G-5 nonimmigrant visa holders and inform these individuals of the rights afforded to them by the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008. That legislation was sponsored by my good friend and former chairman of the House Foreign Affairs Committee, Howard Berman. G-5 nonimmigrant visas are reserved for foreign domestic employees of diplomats and international organizations, such as the World Bank. Prior to the enactment of the William Wilberforce Trafficking Victims Protection Reauthorization Act, these foreign domestic employees had very few protections. However, the bill enacted several important reforms on how we prevent abuse and trafficking of foreign domestic employees in the United States on G-5 nonimmigrant visas. The law mandated that all such visa holders have an employer-employee contract that includes, inter alia: One, an agreement by the employer to abide by all Federal, State, and local laws; Two, information on the frequency and form of ***payment***, work duties, weekly work hours, holidays, sick days, and vacation days; and Three, have an agreement by the employer not to withhold the passport, employment contract, or other personal property and documents of the employee. Among other things, the law also permits these foreign domestic employees to remain legally and work in the United States while seeking legal redress against their employers, as required. As a Representative for Northern Virginia, I count among the residents of my district many of the hardworking and dedicated employees of the World Bank who work in offices throughout the D.C metropolitan area. As a result, I also represent the foreign domestic employees of those who work in the World Bank and such institutions. Unfortunately, sometimes, some of these individuals have been subject to abuse by their employers. Since 2010, there have been at least five Federal civil trafficking cases in the United States involving the World Bank, and a majority of those cases were filed in the Eastern District of Virginia. All of these cases resulted in either a settlement, a default judgment for the plaintiff, or a guilty plea--all of them. According to the GAO report on household workers for foreign diplomats, ``The people who come to the United States on G-5 visas are among the most vulnerable who enter our borders legally. They are often poor, uneducated, and unfamiliar with their rights under United States law. If they find themselves in an abusive situation, their ability to hold their employers accountable can be limited, particularly if their employers hold full diplomatic immunity and inviolability.'' According to a 2017 survey, 85 percent of domestic worker trafficking survivors report having pay withheld or being paid well below minimum wage, in violation of our own domestic laws. Seventy-eight percent have had employers threaten to report them for deportation if they complained. Sixty-two percent report having their passports or other identification documents taken away or withheld illegally by their employers. We must empower all individuals who find themselves victims of abuse or human trafficking and provide them with a way out. Too often their plight is obscured by their vulnerability and their susceptibility to these kinds of threats. I hope this amendment helps shed more light on one corner of this problem and offers victims currently suffering under an abusive employer a way out of the shadows. This is a matter of human decency, human freedom, and a reaffirmation of human autonomy. Mr. Chairman, I urge its adoption. I thank the chairman and his staff and the ranking member and her staff for their cooperation fashioning this amendment. Mr. Chairman, I yield back the balance of my time. Mr. BARR. Mr. Chairman, I rise in opposition to the amendment, although I am not opposed. The Acting CHAIR. Without objection, the gentleman from Kentucky is recognized for 5 minutes. There was no objection. Mr. BARR. Mr. Chairman, I thank the gentleman from Virginia for his efforts, and I am willing to accept his amendment. The language he proposes would ensure that the Treasury keeps Congress updated on the World Bank's efforts to ensure that certain visa holders at the World Bank are aware of the provisions of current law. [[Page H451]] This addition to the bill is unobjectionable. I am pleased to support it. Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Virginia (Mr. Connolly). The question was taken; and the Acting Chair announced that the ayes appeared to have it. Mr. CONNOLLY. Mr. Chairman, I demand a recorded vote. The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Virginia will be postponed. Amendment No. 3 Offered by Mr. Barr The Acting CHAIR. It is now in order to consider amendment No. 3 printed in part A of House Report 115-518. Mr. BARR. Mr. Chairman I have an amendment at the desk. The Acting CHAIR. The Clerk will designate the amendment. The text of the amendment is as follows: Page 8, line 13, insert ``(a) In General.--'' before ``The Secretary''. Page 8, line 13, strike ``should'' and insert ``shall''. Page 8, line 16, insert ``financial'' before ``assist-''. Page 8, line 17, after ``ance'' insert ``, other than assistance to support basic human needs,''. Page 8, line 24, strike the close quotation marks and the period that follows. Page 8, after line 24, insert the following: ``(b) Waiver.--The President may waive subsection (a) for not more than 180 days at a time with respect to a foreign government if the President reports to the Congress that-- ``(1) the failure described in subsection (a) by the foreign government is due exclusively to a lack of capacity of the foreign government; ``(2) the foreign government is taking effective steps to prevent the failure from recurring; or ``(3) the waiver is vital to the national security interests of the United States.''. The Acting CHAIR. Pursuant to House Resolution 693, the gentleman from Kentucky (Mr. Barr) and a Member opposed each will control 5 minutes. The Chair recognizes the gentleman from Kentucky. Mr. BARR. Mr. Chairman, I rise to offer a straightforward amendment that would simply make this bill's language more consistent with legislation the House has already passed with an overwhelming bipartisan majority. As reported, H.R 3326 calls on the Treasury Department to oppose World Bank assistance to IDA countries that knowingly fail to enforce U.N Security Council sanctions against North Korea. As the U.N Panel of Experts has concluded, lax enforcement, including in developing countries eligible for IDA support, has significantly undermined the effectiveness of U.N sanctions against the Kim regime. All my amendment does is change the word ``should'' to ``shall,'' making U.S opposition to World Bank assistance for those countries mandatory. At the same time, the amendment adds Presidential waiver authority so that the administration can exempt countries that may be facing limits to their government capacity or which are making an effort to correct their enforcement failures. There is also a national interest waiver included in this provision. The Financial Services Committee has already passed this stronger mandatory provision in the Otto Warmbier North Korea Nuclear Sanctions Act, which I am proud to have sponsored along with my subcommittee ranking member, Ms. Moore from Wisconsin. Ms. Moore's input was important to making this provision both tough and flexible enough to incentivize foreign countries to work harder on sanctions enforcement. Our committee passed the Otto Warmbier sanctions bill unanimously, and it passed the full House in October by a vote of 415-2. Again, this is a minor change to align this bill's language with a policy that the House has already endorsed on a bipartisan basis. Mr. Chairman, I urge my colleagues' support. Before I conclude, I do want to just make a general comment about the wisdom of this legislation and the approach to enforce accountability on the World Bank. We heard some of the arguments from our friends on the other side of the aisle--our colleagues on the other side of the aisle. I would just say, on a bipartisan basis, we are the guardians and the custodians of the American taxpayers' charity. We are the guardians of their hard-earned income that they pay in the form of taxes to their government, and they ask us to be wise stewards of those tax dollars. These taxpayers work hard to pay their taxes. So when that money comes to Washington, they expect when we are fighting poverty in Third World countries with their tax dollars that we make it work because the American people--and we all agree here--want to fight poverty in these Third World countries. We want to make sure that these Third World countries are not either knowingly or unknowingly supporting circumventing these sanctions against North Korea. We want to make sure that they are promoting economic freedom and actually helping people rise out of poverty and achieve their God-given potential in these countries that need our humanitarian assistance. So for goodness' sake, let's support accountability at the World Bank so that we don't have rape, murder, and violent evictions associated with World Bank projects, which is what everybody knows the testimony has been in our oversight. This is not about turning our backs on the poor. It is about standing up for the poor. It is about making sure that the money that our taxpayers are giving to the World Bank is actually helping alleviate poverty and not exacerbating the problems in these poor countries. {time} 1615 If the Bank can't undertake the reforms in this bill--again, reforms that the minority supported--then, by definition, the Bank's money is not benefiting the poor. If it is not benefiting the poor, how could withholding a portion of it be punishing the poor? For goodness' sake, let's honor the charity of the American taxpayers. Let's not dishonor it. Let's honor it by actually making reforms to the World Bank so that it can fulfill its important mission and not undermine its important antipoverty mission. Mr. Chairman, I yield 30 seconds to the gentleman from Texas (Mr. Hensarling), the distinguished chairman of the full committee. Mr. HENSARLING. Mr. Chairman, I thank the gentleman for yielding. Mr. Chairman, not only do I want to thank him for his leadership in providing accountability to the World Bank to ensure that the poorest of the poor are truly helped and that the hardworking, beleaguered taxpayer has his funds respected, but I also want to thank him for this amendment and his previous work to ensure that sanctions on one of the most dangerous regimes on the face of the planet, North Korea, are actually effective. We know the threat that North Korea presents to all of our constituents and our country. So I thank the gentleman from Kentucky for his leadership, and I urge the adoption of his amendment. Mr. BARR. Mr. Chair, I yield back the balance of my time. Ms. MAXINE WATERS of California. Mr. Chairman, I rise in opposition to the amendment, though I do not intend to oppose it. The Acting CHAIR. Without objection, the gentlewoman is recognized for 5 minutes. There was no objection. Ms. MAXINE WATERS of California. Mr. Chairman, this amendment, offered by the gentleman from Kentucky, Representative Barr, would make changes to section 4 of the underlying bill dealing with opposing World Bank assistance for governments that fail to enforce U.N Security Council sanctions against North Korea. These changes are welcome and would bring this section of the bill in line with a provision that was adopted on a bipartisan basis in the Financial Services Committee as part of our commitment in the Otto Warmbier North Korea Nuclear Sanctions Act. Just as the bipartisan measure that was passed through our committee included a clearly defined waiver authority, the amendment offered by Representative Barr would add, in this same waiver, provisions to the underlying bill. In doing so, the amendment not only makes section 4 of the bill consistent with the approach used in [[Page H452]] other contexts, but, more importantly, it ensures that we allow the President to waive the withholding of assistance for countries that fall short in applying sanctions on North Korea when such failure is due exclusively to a lack of capacity of the foreign government and the foreign government is taking effective steps to prevent the failure from recurring. While I do not believe the underlying bill should become law in its current form, I do believe we should take a consistent and thoughtful approach to cutting off World Bank assistance to the poorest countries that are unable to fulfill their U.N Security Council obligations. This amendment would address this concern. Mr. Chairman, I thank the gentleman for giving credit to Ms. Moore for her work and her assistance with the work that was being done to deny North Korea any kind of assistance from any of our allies, as I understand it. This is not something that is done by the Republicans or the Democrats. This is truly bipartisan. We all feel the same way about North Korea, and we all feel that the sanctions should be honored. We all feel that no country, in particular those countries that we are supporting, in any way should do anything to give support to North Korea. In saying that, let me also point out that we don't come to this floor with any kind of empty rhetoric, talking about all of those countries are corrupt and somehow all of these countries in Africa and other places that are very poor are somehow disregarding the fact that the United States is being of assistance to them. Most of them know that their lives oftentimes depend on our generosity. They love us and support us. They want to emulate us. They get a little bit confused when we have people who charge them with being corrupt and irresponsible and noncaring and not having an appreciation for what the citizens of the United States are doing for them. That is not the kind of rhetoric that we need in order to enhance our posture or our image with our constituents and have them believe that we are saving them from these poor countries who are getting taxpayer money and don't care about them. That is not true. I cringe when I hear that kind of rhetoric on the floor of Congress. I cringe when I hear us using our position, our influence, to send a message that somehow we don't trust, we don't believe, we don't honor, and we don't respect many of those very, very poor countries. We are talking about 77 of the poorest countries in the world. You will see ads on television, from time to time, of nonprofit organizations that are trying to save the lives of little children who are dying from malnutrition. You see them every night, and they tell you: Send $21; send some money to this organization so we can save these children who are dying because they don't have clean drinking water, who are dying because they are victims of malaria, who are dying because they don't have any healthcare whatsoever, living practically outdoors. When we see these ads, many people are responding, joining in with their government to show our humanitarianism and helping the least of these. I want us to take credit, but I want us be respectful. I want us not to join in calling names. I want us to say to the President of the United States: ``Don't keep doing this.'' I want to say to the Members on the opposite side of the aisle: ``You are better than this, and you don't need this for your reelection. You don't need this to send a message to your citizens that you are saving them from poor, corrupt countries.'' Mr. Chairman, I yield back the balance of my time. The Acting CHAIR. The question is on the amendment offered by the gentleman from Kentucky (Mr. Barr). The amendment was agreed to. Mr. HENSARLING. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to. Accordingly, the Committee rose; and the Speaker pro tempore (Mr. Holding) having assumed the chair, Mr. Palmer, Acting Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R 3326) to increase accountability, combat corruption, and strengthen management effectiveness at the World Bank, had come to no resolution thereon.

**Load-Date:** January 19, 2018

**End of Document**



[***Plibersek says byelection date designed to disadvantage Labor party - as it happened; With byelections set for 28 July, Labor is unhappy at delay and the fact the ALP national conference is on the same weekend. All the day's events, live***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SD2-V401-JCJY-G03P-00000-00&context=1516831)

The Guardian(London)

May 24, 2018 Thursday 12:14 AM GMT

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**Section:** AUSTRALIA NEWS; Version:19

**Length:** 14727 words

**Byline:** Amy Remeikis

**Body**

block-time published-time 9.17am BST

So, there you have it.

From transcript shenanigans to racism not existing because Queensland likes a football player to a byelection date throwing everything, including the Labor party national conference, into chaos.

And we have three more days of this next week!

A big thank you to the Guardian's brains trust, which is still at it, typing away, and of course to Mike Bowers, who has been in the office for approximately the amount of time it takes to eat six chicken crimpy Shapes, so busy has he been today. You'll find a lot of his day at [*@mikepbowers*](http://www.instagram.com.au/mikepbowers) and of course, he makes his regular guest appearences on the story at   [*@pyjamapolitics*](http://www.instagram.com.au/mikepbowers).

We'll keep you up to date on the site, as usual, although the blog won't be back until Tuesday, when parliament resumes.

In the meantime, stay out of trouble. And of course, thank you for reading and for following along. If I haven't got back to you, I am sorry - it gets a little intense at times, keeping an eye on everything that is happening in this building, but I will eventually get through the messages.

I'll see you Tuesday, and remember - take care of you.

Ax

block-time updated-timeUpdated at 9.25am BST

block-time published-time 8.46am BST

There has been some chatter that Ken Wyatt was planning on resigning (which would spark another byelection in WA, this time in the Liberal seat of Hasluck)

Apparently not, though:

enltrKen Wyatt's office said to me this afternoon he's not resigning and will "absolutely" contest the next election [*#auspol*](http://www.instagram.com.au/mikepbowers)

- Tom McIlroy (@TomMcIlroy) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

block-time published-time 8.43am BST

enltrAEC commissioner Tom Rogers to Penny Wong: "Several members of the House have resigned, they've resigned as a result of failing to follow procedures, and now somehow the AEC is being fingered as being responsible for the outcomes of this. I'm sorry. I'm not taking it." [*#estimates*](http://www.instagram.com.au/mikepbowers)

- Tom McIlroy (@TomMcIlroy) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

block-time published-time 8.39am BST

And from the estimates hearing, where Penny Wong has been questioning the Australian electoral commissioner Tom Rogers, Mike Bowers saw this:

Senator Penny Wong questions the electoral commissioner. Photograph: Mike Bowers for the Guardian Finance minister Mathias Cormann at the Senate Finance and Public Administration committee. Photograph: Mike Bowers for the Guardian The electoral commissioner from the Australian Electoral Commission Tom Rogers before the Senate Finance and Public Administration committee Photograph: Mike Bowers for the Guardian

block-time updated-timeUpdated at 8.45am BST

block-time published-time 8.30am BST

In the Senate estimates hearing Labor has a few strands of its attack on the idea the new candidate disclosure process requires this lengthy preparation period for the byelection.

As Penny Wong has already demonstrated that filling in the form is voluntary, so the Australian Electoral Commission's claim that it will guarantee that nobody ineligible will be elected doesn't quite hold.

And as Kimberley Kitching has just said "the form is not complex" - the form just goes through each part of section 44 of the constitution asking if a candidate is - for example - an undischarged bankrupt.

For the most part it's a series of yes/no questions.

Labor's position is that there's no reason the AEC couldn't simply make this available to candidates now so they can get themselves ready, although Tony Smith told the House of Representatives it won't get final sign off from the governor general until 29 May.

There's nothing to stop candidates reading section 44 of the constitution now, either.

block-time updated-timeUpdated at 8.35am BST

block-time published-time 8.30am BST

Things got a little insane there, so I am late in showing you what Mike Bowers was up to today - let me correct that:

Environment minister Josh Frydenberg talks to Tony Abbott during question time. Photograph: Mike Bowers for the Guardian Labor's Mike Kelly talks to Andrew Hastie before question time. Photograph: Mike Bowers for the Guardian An emotional Jenny Macklin hugs Steve Irons after speaking on the bill dealing with the National redress scheme for Institutional Child Sexual abuse in the house of representatives, parliament house. Photograph: Mike Bowers for the Guardian Opposition leader Bill Shorten and Anthony Albanese during question time. Photograph: Mike Bowers for the Guardian The Turnbull-McCormack government, PM Malcolm Turnbull and deputy Michael McCormack during question time. Photograph: Mike Bowers for the Guardian

block-time updated-timeUpdated at 8.33am BST

block-time published-time 8.06am BST

Here's what the byelection candidates will be asked to provide by the new regulations:

enltr [*#breaking*](http://www.instagram.com.au/mikepbowers) - I've got a copy of the draft regulations for the new candidate checklist. It starts with the obvious: are you an Australian citizen.   [*#auspol*](http://www.instagram.com.au/mikepbowers)   [*pic.twitter.com/Hsr040RmJm*](http://www.instagram.com.au/mikepbowers)

- Paul Karp (@Paul\_Karp) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

enltrWe then get a series of questions about parents, grandparents and spouse - similar to the citizenship disclosure register [*#auspol*](http://www.instagram.com.au/mikepbowers)   [*pic.twitter.com/yVM0IwrRo2*](http://www.instagram.com.au/mikepbowers)

- Paul Karp (@Paul\_Karp) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

enltrThe form then asks whether people have renounced, and if not, for further details if they are unable to renounce [*#auspol*](http://www.instagram.com.au/mikepbowers)   [*pic.twitter.com/znXWGpLmOn*](http://www.instagram.com.au/mikepbowers)

- Paul Karp (@Paul\_Karp) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

enltrThe questions are basically a series of boilerplate "are you disqualified by section 44" and going through each part. No guidance eg on what "office of profit" is or "indirect pecuniary interest" [*#auspol*](http://www.instagram.com.au/mikepbowers)   [*pic.twitter.com/sXSFYIcjfy*](http://www.instagram.com.au/mikepbowers)

- Paul Karp (@Paul\_Karp) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

block-time updated-timeUpdated at 8.09am BST

block-time published-time 8.01am BST

In estimates Senator Lee Rhiannon is asking Clegg if individual sheep tag numbers are used to count sheep on and off live export ships between ports. She wants to know how accurate counts of animals are. Clegg, the ***agriculture*** department secretary, says ear tags aren't used but she says perhaps that's something that could be introduced to improve accuracy of counts. She admits there are discrepancies between the numbers of animals said to be loaded onto vessels and the number of animals actually discharged at ports. Clegg says "it's not the 1950s" and conceded maybe, with the technology now available, this lack of accuracy isn't good enough. "I think technology has moved on a lot and it will be something we focus on," she said.

block-time updated-timeUpdated at 8.02am BST

block-time published-time 7.56am BST

Estimate hearings are continuing, but the House has adjourned until Tuesday next week.

block-time published-time 7.52am BST

After [*this story in the Conversation by Michelle Grattan*](http://www.instagram.com.au/mikepbowers), that says even Barnaby Joyce doesn't know when the investigation into his expenses is complete, I've received this statement from the Independent Parliamentary Expenses Authority:

At this time the audit remains ongoing and we are unable to provide a timeframe for completion. To comment on any particular matter that may or may not be under consideration may compromise the conduct and outcome of any audit and the privacy rights of individuals.

block-time updated-timeUpdated at 8.03am BST

block-time published-time 7.45am BST

'We don't provide dates' - AEC

The Australian Electoral Commissioner, Tom Rogers, is arguing that Penny Wong is suggesting that the 28 July date is "solely as a result of the advice of the AEC", which he rejects.

He says: " I've made clear it's a matter for the Speaker. You've asked me when we first advised of the 28 July date... I don't provide particular dates, I provide factors [for one date or another]."

Mathias Cormann then launches a counter-attack that the byelections could have been a lot sooner if the Labor MPs had resigned when it was clear they were ineligible (October, after the Canavan decision, by the Coalition's reckoning).

block-time updated-timeUpdated at 8.05am BST

block-time published-time 7.44am BST

Chris Back drops out of livestock standards review

This has just dropped into my inbox from the ***agricultural*** minister:

Minister for ***Agriculture*** David Littleproud has announced the review into the Australian Standards for the Export of Livestock will be brought forward.

The review was due at the end of 2019 but will now be finished by the end of this ***year***.

The committee chair, Dr Chris Back, has notified the Department of ***Agriculture*** he is unable to continue in the role of chair, due to the shortened timeframe and competing time commitments.

Minister Littleproud thanks Mr Back for his contribution thus far.

A replacement chair will be announced in the near future.

This was the second review into the culture of the department and regulator, surrounding the live sheep export trade.

block-time updated-timeUpdated at 7.50am BST

block-time published-time 7.42am BST

Things are getting heated in the finance committee, where Penny Wong is questioning the Australian Electoral Commission over how the byelections date was chosen.

She was just made to withdraw the term "mate".

"Un-Australian," she says.

block-time updated-timeUpdated at 7.43am BST

block-time published-time 7.39am BST

A very quick list of elections, including byelections, which have been held in school holidays, has been put together:

* 2017 Bennelong byelection - NSW school holidays

1. 2016 federal election - school holidays in most states
2. 2001 Aston byelection - Victorian school holidays
3. 1998 federal election - school holidays (and a long weekend)

The Queensland 2015 state election was also held during the January school holidays. I know, because I was there and it was basically Hades.

block-time updated-timeUpdated at 7.42am BST

block-time published-time 7.32am BST

Barnaby Joyce was speaking to Sky just a moment ago, saying that the government has to stay the course with its company tax cut plan.

block-time published-time 7.31am BST

The ***agriculture*** department assistant secretary, Narelle Clegg, is being asked about the department's investigation into the death of 2,400 sheep from heatstroke during a voyage to Qatar in August 2017. Senators Malarndirri McCarthy and Barry O'Sullivan are asking how investigations are conducted, what information is sought and what questions are asked of exporters following the deaths of animals. Clegg says the department looks at any reports available from veterinarians aboard the ship, the original application for export, and evidence about whether the voyage was prepared for adequately. The August 2017 voyage saw 900 sheep die in a day, Clegg says, when there was a sudden increase in temperature on day 15. Hundreds more died in the subsequent days, she said. "The cause of death was heat stress," she said. She also said the vet on board euthanised as many critically unwell animals as possible, according to regulations. But she could not say how many of the dead sheep were euthanised and how many died from the heat stress. Sullivan, the committee chair, tells Clegg surely it would be relevant to know if a vet would have euthanised more animals humanely if they had more resources or time. McCarthy chimes in: "I think it shows the inadequacy of the department as an independent regulator." She's warned by the chair to avoid such commentary. Sullivan asks if the temperatures during the voyage were foreseeable.

Clegg says, yes, you could expect high temperatures in the region where the sheep had died at the time of ***year*** the ship had taken its voyage, in August. But the days in August when those high temperatures might occur were not foreseeable, she said.

"The heat stress risk assessment model is meant to evaluate that risk and set a stocking density for that risk," she said. "The model uses the average temperature of the month."

block-time updated-timeUpdated at 7.34am BST

block-time published-time 7.27am BST

At this stage I am being told that Labor is not considering postponing its national conference "indefinitely", but that it is "very early hours".

block-time updated-timeUpdated at 7.30am BST

block-time published-time 7.21am BST

Tony Burke, the full response

Respecting the fact that the decision is not only made by you in terms of the advice that you have received by the Australian electoral commission and [I] ask that my comments be seen very much in that context:

There are a number of byelections which have occurred since you took the chair. In North Sydney the writs were issued within three days; in Bennelong two days; New England the same day; Batman six days. It will now be for these byelections a delay of 14 days, and instead of the people going to vote 35/36/44 days later, they will go to vote 79 days later.

... I respect [there are a lot of interjections. Mark Dreyfus is kicked out of the chamber]

... And I also respect that the decision is now made, is now made. The letters that you have tabled, you said were on the 17th of May and the 23rd of May. Had the decision been made within the time that the other byelections had been made, it would had been made before those letters were even received from the Australian electoral commission.

The Australian Electoral Commission have claimed they want all candidates to know the new rules. I think anyone running for these byelections, if they don't know now what the high court has decided, there is nothing that will help them.

There is nothing which will help them... the AEC normally would not recommend a date as you have said. On this occasion they have recommended a date and they have used, they have used the fact they want this new regulation as the reason. Now, they appeared before the relevant inquiry months ago. They had their involvement with the relevant inquiry through a period last ***year***. The regulations and discussion with the opposition happened more than a week ago, and we have a situation now, where that 79-day delay, which has not applied anywhere else, is on the basis of the Australia Electoral Commission, which if the prime minister went down to Yarralumla and called an election today, they would be able to conduct it with 150 seats in 33 days' time. For 150 seats!

Instead they say it has to be delayed all this period and it just happens to be on the day of the Labor party national conference. It is a 'what a coincidence moment' from the Australian Electoral Commission.

What a coincidence from the Australian Electoral Commission that is.

Christopher Pyne raises a point of order that allowing Burke to speak on indulgence is a privilege, not a right, and Burke is turning it into a debate, as well as "reflecting on the chair".

Smith lets Burke finish:

I raise one final point, because of the way the Australian Electoral Commission have written to you and the arguments they have put and because of the initial delay waiting for their letters, it means the parliamentary representation in communities around Australia, who could have a representative on the 16th of June had the writs been issued immediately, instead will not be represented in this place.

And what was allowed to happen in the other byelections, including members on that side, now means there will be a delay in parliamentary representation, which could have been avoided and would not occur in the circumstances of a general election.

block-time updated-timeUpdated at 7.28am BST

block-time published-time 7.03am BST

As Tanya Plibersek flagged in her response a few posts ago, the most likely eventuality is that Labor will move its national conference.

It kind of has no choice - all those delegates will be needed on the ground in the five byelections, four of them that Labor very much wants, and needs, to win.

block-time updated-timeUpdated at 7.20am BST

block-time published-time 7.01am BST

Paul sent this post through a little earlier, and I missed it the first time (it was only a couple of minutes), but for context:

Penny Wong is in Senate estimates grilling the Australian Electoral Commission about its advice on possible byelection dates.

So far the special minister of state, Mathias Cormann, has been keen to dump Labor in it - he notes that [*the joint standing committee on electoral matters reported back on 17 May*](http://www.instagram.com.au/mikepbowers), and he reached out to Bill Shorten on that day seeking feedback on a proposed regulation for a candidate checklist by lunchtime on 18 May. Cormann says Labor did not give a formal reply until 22 May.

Wong is now asking about AEC's submissions to the committee and its contact with the government after the report came out.

block-time updated-timeUpdated at 7.20am BST

block-time published-time 7.01am BST

LiveCorp chairman Terry Enright is being questioned in estimates on the live export of animals on long-haul voyages. Enright explains to the committee that Livecorp is a research and development body that supports the farming industry. It does not advocate, lobby or export animals, he says. "I'd like to put on the record LiveCorp board senior management and staff are all as shocked as producers, as government, as everyone was, by the 60 Minutes footage we saw a few weeks ago," he says. "It represented the reverse of everything we work toward... to improve the welfare and support of animals through the whole supply chain. It also shocked us as we were not aware that something like that could actually happen on the transport side of the business."

But Senator Malarndirri McCarthy tells Enright that LiveCorp has a vested interest in continuing live export. "How can you provide impartial advice about conditions you cannot control but choose to describe as [happening in] exceptional circumstances?," she asks.

Enright says the first priority in LiveCorp's strategic plan is the welfare of animals. "We continue to place over 60% of our investment into that area of research," he says.

He says a lot of the recommendations of the McCarthy review need to be implemented by the live export industry. LiveCorp will assist, but cannot action the recommendations, he says.

block-time updated-timeUpdated at 7.19am BST

block-time published-time 7.00am BST

Tom Rogers : "Those seats are owned by the citizens - they're not owned by the parties. My advice to the Speaker was to give every candidate time to comply with the new requirements."

Penny Wong : "I agree they're owned by the citizens, but by allowing them to be vacant, the citizens are not represented in the parliament."

Wong said the 79-day period, much longer than for byelections in Batman, Bennelong and New England, "looks partisan". Rogers asked if Wong was "saying I am partisan" - but she went no further than "looks partisan".

Wong has now taken the AEC to the fact that the Bennelong byelection was on the first day of the NSW school holidays. Rogers replies the AEC was ready and willing to hold these byelections during school holidays, if the Speaker chose. Wong says the letter was "carefully written" and provides "cover" for the Speaker to announce the 28 July date.

block-time updated-timeUpdated at 7.16am BST

block-time published-time 6.59am BST

Australian Electoral Commissioner Tom Rogers has told Senate estimates he knew the government was working on a regulation to help address eligibility issues before 17 May when the committee report came out.

AEC legal officer Paul Pirani says it got a draft of the regulation from the department of finance in the week before the report. Rogers says the AEC provided feedback on it.

Penny Wong asks when the first time 28 July was suggested as a date.

Rogers said it was a "technical issue", that there were only so many available Saturdays.

"Every Saturday for the next several months is a possible date," he said.

Wong asks if for the Batman, Bennelong and New England elections, the AEC ever suggested a period as long as 79 days. "The Australian people might like to hear why you've provided such different advice."

Rogers says the AEC is being "fingered" for the consequences of the fact that five byelections have fallen due at the same time.

block-time updated-timeUpdated at 7.15am BST

block-time published-time 6.58am BST

Tony Smith :

This update follows further consultation with the Australian Electoral Commissioner and party leaders. Under the constitution, it is my responsibility alone to issue a writ for a byelection when a vacancy occurs and, generally, it has not been a practice to provide an explanation for the exercise of this responsibility. I have varied from the usual practice because of the quite unusual, quite uniques circumstances surrounding these byelctions. As the House of Representatives practice makes clear, there is no statutory period within which I must issue the writ.

As a matter of principle, Speakers have generally sought to issue writs as soon as electorally practical, to ensure that electors are not without a representative here in the house, for longer than necessary.

However, the timing of the calling of each byelection has varied considerably because of circumstance and this case, has been a unique set of circumstances.

While there has been much commentary around the five byelections occurring on the one day, the Australian Electoral Commission actually has to consider whether this is feasible and desirable. The advice I have received from the electoral commissioner is that, although this is the largest number of byelections to be conducted at the one time since federation, and the holding of them across four states adds complexity, the AEC believes conducting the byelections on the same day is the preferred option. I intend to follow this preferred option.

As noted in my statement on Monday, the electoral commissioner advised me the government was considering urgent changes, through regulation to the nomination process, to ensure that all candidates are aware of their obligations under section 44 of the constitution. The implementation of these changes prior to the byelections was supported by the electoral commissioner and by the joint standing committee on electoral matters, in a uniamous recommendation.

The latest advice I have from the electoral commissioner is the regulations have been signed by the special minister of state and will be submitted to the governor general soon for his consideration, expected to be 29 May.

Regardless of the date for submission to the federal executive council, the AEC has advised me it has commenced preparations to implement the regulations and will require approximately two weeks to do so.

The implementation will need to be complete prior to the issuing of the writs, prior to the writs being issued... [there are a lot of interjections].

... Because nominations open as soon as writs are issued. At which time candidates can start nominating. This is in part to accommodate the requirements of the electoral commission, but more importantly so all candidates in the forthcoming byelection, all candidates, have sufficient time to comply with the new requirements.

Turning now to the date of the byelections, the electoral commissioner has advised me that there is a complication of the school holiday period affecting all four states subject to byelections extending across a three-week period from 30 June to 21 July.

Although, as the commissioner advises, it is possible to hold byelections in the school holiday period, it does create additional difficulties for voters and risk disenfranchisement and low turnout.

Let me say, this is particularly, particularly the case in byelections. For whilst in a general election there are significant voting opportunities outside the electorate in which the voter resides, in byelections there are not.

If there is to be single date for all byelections, and the school holidays are to be avoided, this pushes the next possible date to 28 July.

The house explodes into yelling

Although the electoral commission... [more interjections]... although the electoral commission would not usually provide advice about a preferred date, I can advise members on this occasion the electoral commissioner has advised that 28 July is the optimal date. As the commissioner notes in his advice to me, this achieves three things.

It provides sufficient time for the AEC to implement the changes [the house once again dissolves into absolute chaos], it allows sufficient time for the AEC to implement the changes, enables prospective candidates to comply with the new requirements and ensures voters are not disenfranchised.

I consider it is prudent in the current circumstances that I follow this advice and allow time for the changes related to section 44 to be implemented and avoid the byelections taking place in the school holidays.

I therefore propose to accept the commissioner's recommendation for the optimal date for July 28. I will consult with the AEC about the date to issue the writ and the relevant date for the byelection and will advise the house when the dates have been settled.

One very important consideration for me has been that this will not impact on the elected members' ability to take up their seat in the house at the earliest opportunity because of the break in the sittings from 28 June until 13 August. The earliest date now that any elected members could take their seats, regardless of the date of the byelections, is the 13th of August.

He then tables his correspondence from the electoral commissioner.

block-time updated-timeUpdated at 7.06am BST

block-time published-time 6.35am BST

Yup. Labor is extremely pissed.

Tanya Plibersek issued this statement a few seconds ago:

This is a disgraceful delay and a sneaky tactic from Malcolm Turnbull. He is just trying to buy time so he can dump his toxic $80bn tax handout to big business before the byelections.

This deliberate delay is an insult to these communities who will be unrepresented for nearly three months. It shows Malcolm Turnbull doesn't care about them.

It would appear this has been deliberately designed to disadvantage the Labor party, given our national conference is scheduled for that weekend.

This will obviously have implications for our National Conference. Our activists will want to be out in the community campaigning for Labor, not sitting in a conference centre.

When Barnaby Joyce was forced to resign, a byelection was called the same day for the soonest possible date. When John Alexande r resigned, a byelection was called within days. Communities have been waiting weeks now to know when they will have the chance to choose their representatives.

Malcolm Turnbull owes the Australian people a serious explanation for this unacceptably long wait.

block-time updated-timeUpdated at 6.56am BST

block-time published-time 6.30am BST

The AEC is due to appear in the finance estimates hearing - and Penny Wong has just walked back in.

block-time updated-timeUpdated at 6.56am BST

block-time published-time 6.27am BST

It is pretty safe to say that Labor is PISSED at this decision.

Tony Burke :

The AEC would normally not recommend a date, as you have said, but on this occasion they have recommended a date and they have used the fact they want this new recommendation as the reason.

Now, they appeared before the relevant inquiry months ago... the regulations and discussions with the opposition happened more than a week ago, and we have a situation now where that 79-day delay, which is not applied anywhere else, is on the basis of the Australian Electoral Commission, which, if the prime minister went down to Yarralumla and called an election today, they would be able to conduct it with 150 seats in 33 days' time. For 150 seats! Instead they say it has to be delayed all this period and it just happens to be on the day of the Labor party national conference... what a coincidence on the part of the Australian Electoral Commission that is.

block-time updated-timeUpdated at 7.15am BST

block-time published-time 6.21am BST

This is pretty extraordinary. It means we now have a defacto election campaign for another two months.

It's also the same date as the Labor national conference.

FUN TIMES

block-time updated-timeUpdated at 6.22am BST

block-time published-time 6.19am BST

Byelections to be held on July 28

Perth, Fremantle, Longman, Braddon and Mayo are heading to the polls in late July because of the school holidays.

He says the Electoral Commissioner had nominated the date as the "optimal date" as it allows the AEC to allow prospective candidates to comply with the new requirements and ensure voters are not disenfranchised

block-time published-time 6.14am BST

Speaker addresses byelection date delay

Tony Smith takes a moment after question time to talk about the five upcoming byelections

block-time updated-timeUpdated at 6.34am BST

block-time published-time 6.12am BST

Bill Shorten to Malcolm Turnbull:

I miss the lead up, but the main question is: "Is the prime minister seriously abolishing the serious financial crime task force right in the middle of the Royal Commission into the banks?"

Kelly O'Dwyer takes this one:

"I'd like to point out that it is simply not correct what he has stated. The government is aware that the funding of the taskforce runs to the 30 June 2019 which is more than one ***year*** into the future. Responsible governments address funding ***programs*** in the context of budget preparations and anticipate that we would look at the funding in the next budget preparation. And can I point out, when it comes to the serious financial crimes task force, when it comes to the serious financial crimes task force, it didn't exist under the Labor government. It was established under the Coalition government. It was established and funded under our government. Let me tell you, it has achieved some very, very good outcomes. It was established to investigate and track down serious financial crime and prosecute those people who break the law and as of February 2018, since the establishment of this task force, we have seen 740 audits and reviews, it has raised tax liabilities of more than $500m and collected more than $200m in cash and has resulted in four people who have received custodial sentences. There are currently 29 criminal, civil and intelligence operations in progress under the serious financial crimes task force that we have established and I know that those opposite like to fabricate and they like to doctor the facts but they cannot doctor this. It is funded, it will continue to be funded in the normal course of budget arrangements."

We get another dixer about how important it is that Australia day stays on January 26 and then we are done.

block-time updated-timeUpdated at 6.48am BST

block-time published-time 6.07am BST

Everything is going really, really well for One Nation.

enltrJust in: One Nation Senator and Pauline Hanson loyalist Brian Burston has been dumped as the party's whip. Peter Georgiou was appointed as the whip today. [*@politicsabc*](http://www.instagram.com.au/mikepbowers)   [*#auspol*](http://www.instagram.com.au/mikepbowers)

- Caitlyn Gribbin (@CaitlynGribbin) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

It might be worth pointing out that Brian Burston is known as a Pauline Hanson loyalist. He says that it was his idea that she take back the One Nation name and stood behind her, even while she was in the wilderness.

block-time published-time 6.05am BST

Cathy O'Toole to Malcolm Turnbull :

"Can the prime minister confirm that last night every member of the government including the member for Capricornia voted against Labor's tax plan that would have given 60,000 people in Capricornia a tax cut of up to $928 a ***year***, almost double the tax cut they will get from the government. Why didn't this prime minister vote for lower taxes for 10 million Australians instead of giving an $80bn tax cut to big business?"

(Someone please help me. I am stuck in a QT time loop and I can't get out.)

Turnbull:

I'm sure the honourable member has advised all the businesses in her electorate, if she is part of a Labour government, will be putting up taxes on them in Townsville. There are plenty of businesses which need that incentive. She is going to come after their income as well? Oh, she has, it will be very interesting, very interesting. I'm sure the [Townsville] Bulletin will be investigating to see how many people she has door knocked and said 'hello, I am here with Bill Shorten. We are here to raid your savings. Come and have a cup of tea. We have been waiting to this joyful moment.'

"Mr Speaker, the Labor Party, the member for McMahon said they will have policies in that space, this approach to politics that their savings, their businesses, their jobs are threatened by the honourable member and their colleagues in the Labor party."

block-time updated-timeUpdated at 6.15am BST

block-time published-time 6.00am BST

Liberal senator James Paterson is asking finance minister Mathias Cormann about what will happen to Katy Gallagher and the MPs who resigned when the high court rejected their understanding of the "reasonable steps" defence to being dual citizens.

Paterson said there is a "qualitative difference" between those Labor MPs - who refused for months to resign after the Canavan decision in October - and the Coalition MPs who did not know they were ineligible (well, not until they discovered that citizenship by descent was a thing that exists).

Cormann responds that the issue of debt waivers will be treated in "an entirely consistent manner" - which suggests Labor MPs will get debt waivers.

Don Farrell starts interjecting because he objects to what he sees as a partisan attack from Paterson, but Cormann says he should "take some comfort" from that answer.

block-time updated-timeUpdated at 6.05am BST

block-time published-time 5.59am BST

Ged Kearney to Malcolm Turnbull : (Fun fact - this is her first question in the house)

"Can the prime minister confirm last night every member of this government, including the member for Corangamite, voted against Labor's personal income tax plan that would give 66,000 people in Corangamite a tax cut of up to $928 a ***year***, almost double the tax cut given from the government, why didn't the prime minister vote for lower taxes for 10 million Australians instead of giving an $80bn handout to big business?"

(That's Sarah Henderson, by the way)

Turnbull:

"... The honourable member referred to the member for Corangamite and her constituents. In Corangamite, Mr Speaker, there are thousands of businesses getting on and getting ahead because of the incentive the government has given them and the member for Corangamite knows very well that the future of her community depends on a stronger economy and a government that backs that enterprise, and she knows that, that is what is driving the record jobs growth in Australia. But the member for Batman, on the other hand, I don't think when she was recently campaigning went around and told some of the retirees in her seat how much of their savings they were going to raid.

"... Oh yes they will! All of those hard-working people in Batman who have worked hard and saved and invested, the Labor party is going to cut their income by 20%, 30%, a massive cut out of the income of Australians that are too old to go and get another job or start a business, going after the most vulnerable, and, for the same reason, they denied the ineligibility of their dual citizen members, for the same reason they doctored the transcript of the member for Barton because they thought they could get away with it.

"The leader of the opposition will try anything on, any duplicity, because he thinks he can get away with it and the Australian people are too smart for him and they are too smart for Labor."

Tony Smith asks if the PM made an unparliamentary remark, as the interjections rise, and then we move on. (If he did say something, I didn't hear it.)

block-time updated-timeUpdated at 6.03am BST

block-time published-time 5.50am BST

BREAKING: Christopher Pyne still hates unions. #deathtodixers

block-time published-time 5.48am BST

Chris Bowen to Malcolm Turnbull :

"They claim they support lower taxes but why did they all vote against Labor's plan for lower income taxes to 10 million Australians, a tax cut of up to $928 a ***year*** last night. That's what they did. How can the Australian people believe anything this prime minister says when last night, he voted against bigger tax cuts."

Turnbull:

"Mr Speaker, Mr Speaker, the only tax reform that was voted for last night was the government's reform for personal income tax.

"The Labor Party voted for it. The reality is that the Labor party is threatening Australians with over $200bn of new taxes and most shamefully of all, $5bn a ***year*** raised by raiding the savings of older Australians, raised by raiding the savings of grandparents, self-funded retirees, going after their tax refunds from franking credits, to which they are entitled.

"Both in law and injustice and what they're doing is yet again discriminating against hard-working Australians who have saved for their retirement and want to have the dignity of some independence in retirement.

"As much as they hate the enterprise of hard-working Australian businesses encouraged by our tax cuts, and are already in operation, and seeing record jobs growth across Australia. Labor is the party of higher taxes, less investment and fewer jobs."

Peter Dutton has some fun with the Linda Burney transcript issue. Burney continues reading her papers and then Chris Bowen wants to know whether Malcolm Turnbull remembered walking back into the chamber to vote against Labor's amendments on the income tax bill.

He punts it to Scott Morrison, and Tony Burke objects:

Unless the treasurer has the authority to say he was equally unaware, only the prime minister can answer that question. But the standing orders say the PM can get anyone he wants to answer the question and we are all gifted another few minutes of the best of Scott Morrison.

block-time updated-timeUpdated at 5.54am BST

block-time published-time 5.41am BST

Just a small break to remind you that Ian Macdonald is proving once again, why he is the greatest gift to the Senate estimates process, since the iPad timer:

enltrIan MacDonald was quizzing Justice SC Derrington about why she is a "Senior Counsel" instead of a "Queen's Counsel". Justice Derrington: "those are my initials" [*#auspol*](http://www.instagram.com.au/mikepbowers)   [*#estimates*](http://www.instagram.com.au/mikepbowers)

- Paul Karp (@Paul\_Karp) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

For the record, the justice's name is Sarah Catherine.

The culture wars, as Paul just joked, are now coming for your initials. NOTHING IS SAFE,

block-time updated-timeUpdated at 5.59am BST

block-time published-time 5.40am BST

Julie Bishop says Australia is working with Indonesia following the terror attacks recently, which saw children used as suicide bombers.

"The Australian government stands in absolute solidarity with the Indonesian government. We sent messages of support and condolence. The Indonesian government and the Indonesian people are our most important partners when it comes to combating terrorism in our region and we are working closely with Indonesia, noting as they have that Australia has also suffered attempted terrorist attacks and we are working together to locate foreign terrorist fighters returning from Iraq and Syria. We are seeking to track terrorists and their associates and equipment and resources," she said.

"... I am sure I am joined with all members of this house as I confirm that the Australian government will dedicate the resources and the energy and political will to keeping Australians as safe as possible at home and abroad."

Bill Shorten gives the government Labor's support:

"I just seek to associate the opposition with the foreign minister's remarks," he says.

"Surabaya is a marvellous city, Indonesia's second-largest, it's a remarkable cosmopolitan city, it does not deserve this evil and the government can count on the opposition standing with their remarks."

What we just saw was a dixer used for good - updating the house on an actual issue.

block-time updated-timeUpdated at 5.42am BST

block-time published-time 5.36am BST

I miss the beginning of Bill Shorten's next question to Malcolm Turnbull, but it is essentially asking why did the government vote against Labor's tax plan.

I think we already know the answer, but here it is anyway:

"The leader of the opposition has really lost the plot. Last night, the house debated and voted on the tax legislation. That's what's heading up to the Senate now. You know what, Mr Speaker? And we want to thank them, thank them from their support. They had the opportunity to vote against them. The personal income... tax reform now is going to encourage the investment. It is going to encourage aspiration of work. It's getting to make it fairer... simpler and as progressive as it is today in terms of those on the highest incomes paying the highest share.

"And we were pleased to see that the treasurer and my colleagues were able to persuade the Labor Party to vote with it but it seems their enthusiasm was short-lived. They went home, went to bed and turned up here today now they have regrets.

"It's too late, and I say to the leader of the opposition, it's been passed through the house. The reality is, you cannot rewrite the history of last night's debate. It's not like a transcript from the member for Barton. It isn't. You can't edit the votes and proceedings. It's not like the way the leader of the opposition's office edited, and when I say edited, doctored and falsified the transcript of the member for Barton's interview, 1800 words it was. 1800 words. And apparently, she said, an unintentional error resulted in 800 words vanishing. That is quite a slip. That really is quite a slip. Mr Speaker, it's no mistake that the falsification of the transcript was designed to do one thing and one thing only, cover up the fact that inside the Labor party, there is the deepest opposition to the government's border protection policies.

"And what is designed to obscure the fact that the honourable member and so many of those colleagues want to roll out the welcome mat to the people smugglers and make all of those mistakes that Kevin Rudd made ***years*** ago, make them all again, so there will be more drownings at sea, more unauthorised arrivals and more children in detention. That is what Labor will be seeking to do if they were ever to occupy the [government] bench."

block-time updated-timeUpdated at 5.46am BST

block-time published-time 5.29am BST

Anthony Albanese to Michael McCormack :

"Is the deputy prime minister considering abandoning his support for the government's $80bn handout to big business so that he can actually allocate funds for the construction of the Western Sydney rail project, which the government failed to fund in the budget?"

McCormack:

"One thing I'll say about the Nationals is when we say something we put our names to it and I get... We put our names to it. We're backing the tax plan of the government. The Liberal and National Party, the Turnbull-McCormack government is backing the tax plan of the government.

"I'll tell you why, Mr Speaker, I'll tell you why, because it's a blueprint for our economic future. It's a10-***year*** enterprise tax plan, just like we've got a 10-***year*** infrastructure investment pipeline. $75bn, $75bn investing in the infrastructure that this country needs, that Australians want, demand, expect and deserve.

"That's what we're doing. I'll just go back to his little point about the newspaper article today and I'll say again that at least when National Party members make a comment to the press, they put their name to it, because I tell you what... we often hear shadow ministers, Labor source, left source, making comments about the leadership of the man opposite, leadership of the member for Maribyrnong, and I tell you why, because he is on borrowed time.

"The member who asked the question knows it because he's going to be the biggest beneficiary when the member for Maribyrnong falls over, he's going to be... But I say again that the Nationals and the Liberals are in lockstep with the tax plan, are in lockstep with..."

He gives up, because lines are not his greatest strength, before giving it another go, but it's pretty much what we just heard.

He gets a second time to trip over his words when another Queensland backbencher's constituency is suddenly unable to go another second without knowing about the government's 10-***year*** infrastructure plan.

block-time updated-timeUpdated at 5.37am BST

block-time published-time 5.23am BST

Adam Bandt has the crossbench question for today:

On Tuesday morning, Salim, a Rohingya refugee on Manus Island died on your watch and by Tuesday afternoon the government leaked information to the press about this man and negative stories appeared.

"By late Wednesday afternoon you hadn't notified his wife about his death and when someone from the asylum seeker resource centre called to comfort her, it turned out she was unaware of it.

"Minister, is it government policy to leak to the media about the death of someone in your care and not notify next of kin? And does this fundamental lack of human decency show there's no line you will not cross?"

Peter Dutton :

"I'm not going to take a morals lecture from the Greens when it comes to border protection policy.

"We can only look to his track record when he was in coalition with the Labor Party. The fact is, Mr Speaker... Tragically, 1200 people drowned at sea when Labor and the Greens unwound John Howard's policies, and that was a tragedy, and, in the current debate going on with the civil war in the Labor party, it seems they want to tragically return to those days. Mr Speaker, there were 8000 children put into detention and we've got those children out of detention. Under the plan, Mr Speaker, proposed by Labor and the Greens, there was no plan...

"This government, not the government you were in coalition with, the Rudd and Gillard governments, this government has brokered a deal to get 1200 people off Manus and Nauru, Mr Speaker, so if you don't mind I'm not going to take a moral lesson from you.

"You are responsible for the deaths of more than you realise, that's the reality for the Greens, they can moralise all they want but I find it unacceptable, Mr Speaker."

Wayne Swan then says something, which the microphone for the broadcast does not pick up and Dutton asks for it to be withdrawn. He admits he said something unparliamentary and does.

Scott Morrison is back, because every coalition's backbencher constituency is just desperate to hear about the government's economic plan and whether there is any alternative plan.

block-time updated-timeUpdated at 5.26am BST

block-time published-time 5.18am BST

Jenny Macklin to Malcolm Turnbull :

"What is the point of this prime minister and his government, given his signature tax policy, to give $80bn to big business, appears doomed. Is the prime minister's big business tax cut as doomed as his colleagues are claiming?"

Turnbull punts the question to Scott Morrison, because there is no such thing as too much Scott Morrison:

"Our side of the house, the government believes lower, simpler, fairer and more competitive taxes are good for the economy and a reward for effort and grow the economy. As I said yesterday, when the member for Fenner, who gave us the benefit of his behavioural impacts on the tax treatment of mammals in his own references to these matters, Mr Speaker, I was mistaken to think the Labor Party supported low and further fairer taxes, but I found the reason for the apparent contradiction in their view is because it seems the member for Fenner is familiar with the work of Ross Gittens. This was brought to our attention in 2005 when a book was written, Happiness, lessons from new science, and drawing on studies of monkeys, Mr Speaker, he concludes we need to keep the tax rates high to discourage people from working to make them happier.

Eureka! The Member for Fenner must have said 'I've finally seen the light, higher taxes are good for people and they've decided to go down that path.'

"I've got some advice for the Member for Fenner, stop listening to monkeys when you set tax policies."

block-time updated-timeUpdated at 5.24am BST

block-time published-time 5.12am BST

Tony Burke to Malcolm Turnbull :

"A decade ago, the prime minister said he was not willing to lead a party that was not as committed to action on climate change as he was so now, is the prime minister willing to lead a government that is not as committed to big business tax cuts as he is?"

Turnbull (his glasses are off and in his hand, so you know he's serious):

"I thank the honourable member for Watson to his question. I just remind him that he, like the member for McMahon, who are studied imitators of the great Paul Keating, would know very well that their master, their great mentor, PJK, he was the one who stood here like the leader of the opposition did in government and said cutting company tax delivers more investment, more jobs and better paid jobs and underlined the need to be competitive so Mr Speaker, Mr Speaker, the only Labor leader that has abandoned that economic common sense in just another one of his numerous backflips to make Australians realise he cannot be trusted, is the leader of the opposition, the member for Maribyrnong, the unbelieva-Bill leader of the opposition."

Before Tony Burke can even open his mouth, Tony Smith pulls Turnbull up on the "unbelieva-Bill" line:

This started with the treasurer. I've had cause to read today the origin of it but it's not coming in here. I'm making it very clear. I'd like the prime minister just to withdraw."

The prime minister does, making Scott Morrison use his "I have now read my order out to you five times, OMG, how can you not get that I don't want onions" voice in a dixer.

block-time updated-timeUpdated at 5.16am BST

block-time published-time 5.07am BST

Another Queensland MP is given the first dixer. This week IS a time loop.

block-time published-time 5.06am BST

Question time begins

We open with company tax.

Bill Shorten to Malcolm Turnbull :

"Now it is reported The Nationals have lost faith in the prime minister's ability to deliver his economic plans. Will the prime minister tell the entire parliament including The Nationals that he won't give up on his core belief and signature tax policy, to give $80bn to big business?"

Turnbull:

"I assume the honourable member is referring to the government's enterprise tax plan which involves reducing company tax to 25%. That of course was described by the member for McMahon as a Labor thing and a great objective it was. It was described by the leader of the opposition's [predecessor that] cutting company tax, increasing investment and productivity, resulting in more jobs and better paid jobs and Labour leaders before him has supported reducing company tax because they know it delivers more jobs and greater investment and Mr Speaker, that is what we have been seeing.

"We have, in the last ***calendar*** ***year***, the largest jobs growth in our history, the largest jobs growth in our history and since the Coalition was elected under the leadership of the member for Warringah in 2013, 13,600 jobs created. So the Labor Party say that the government's economic plan is not delivering but it's delivering record jobs growth. I remember when Labor leaders going right back to Neville Wran, great leaders in the Labor arty, used to stand up and say it was all about jobs, jobs, jobs. Not any more.

"What a clown, Mr Speaker. Seriously. What an embarrassing clown. What an embarrassing clown. Here we are with record jobs growth, record jobs growth and all he wants to do is catcall, Mr Speaker. Mr Speaker, he has got as much chance of getting away with his jobs destroying, against business, against job creating policies as he does of doctoring transcripts.

block-time updated-timeUpdated at 5.11am BST

block-time published-time 4.54am BST

Bob Katter is campaigning with Rebekha Sharkie, his former crossbench colleague currently fighting for the seat of Mayo after being made to stand down because of section 44 issues.

He was asked about the Liberal candidate Georgina Downer - and said he found her too right wing.

Yes, you read that correctly - Bob Katter thinks Georgina Downer [*is too right wing.*](http://www.instagram.com.au/mikepbowers)

Let a thousand blossoms bloom.

block-time updated-timeUpdated at 4.56am BST

block-time published-time 4.32am BST

Oh - and just a reminder, it is Reconciliation Day on Monday, so there is no parliament sitting.

And no blog. But we will be back as normal, on Tuesday.

block-time updated-timeUpdated at 4.34am BST

block-time published-time 4.29am BST

We are sliding towards question time... hit us up with your predictions.

block-time updated-timeUpdated at 4.30am BST

block-time published-time 4.18am BST

'Give the economy a life-saving transplant and support company tax cuts - One Nation to Derryn Hinch

Derryn Hinch says he will support all three parts of the government's income tax plan, and if someone wants to negate the stage three later, they can.

"I think I am going to support the government, all three, send me a plan and we'll go for it," he told Sky.

"Put it through and if another government comes through next ***year***, and it will be next ***year***, Labor comes through next ***year***, they can negate it."

He also opened up about One Nation's lobbying of him two weekends ago, to get his support for the government's company tax cut.

Two weeks ago, One Nation was heavying me in extraordinary long texts to tell me that I must support the government 100% on the government tax cuts.

One of them even said, 'you had a transplant to extend your life and save your life, the government and Australia needs a transplant to save the economy. That's how hard they were going."

block-time updated-timeUpdated at 4.25am BST

block-time published-time 3.47am BST

Labor has been probing whether the Commonwealth Director of Public Prosecutions has enough funding to prosecute financial crimes.

The Commonwealth DPP, Sarah McNaughton, tells Senate estimates it has $3.7m for the 2018-19 financial ***year*** from the serious financial crimes taskforce funding, a commitment of $127.6m over four ***years*** that the Coalition made in the 2015 budget.

Asked by Labor's Murray Watt if it's due to expire, McNaughton confirms, "that's as I understand it". She says the DPP has had discussions amongst itself about asking for an extension of funding, but hasn't requested it from the Attorney General's Department or the attorney.

Watt asks whether the DPP will need extra funding to prosecute wrongdoing uncovered by the banking royal commission.

McNaughton: "It's so theoretical at this point, we don't have any need to have the discussion [of extra funding]. There's no request to make."

Michaelia Cash says the government will consider the need for extra funding when the royal commission hands down its report.

Labor leaps on this as evidence of a funding cliff:

enltrThe Commonwealth Public Prosecutor has just revealed that the government is cutting funding for the Serious Financial Crime Taskforce in June next ***year***. In the middle of the [*#BankingRC*](http://www.instagram.com.au/mikepbowers). Astonishing.   [*#Estimates*](http://www.instagram.com.au/mikepbowers)

- Mark Dreyfus (@markdreyfusQCMP) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

block-time updated-timeUpdated at 3.54am BST

block-time published-time 3.40am BST

The Australian Kitsch account, which is well worth a follow if you haven't already, has dug up this gem from the Sydney Morning Herald in 1972, of ABC bosses dealing with accusations of being "biased".

enltrABC bosses to journalists: it's not your job to interpret the news Pic: [*@smh*](http://www.instagram.com.au/mikepbowers) 1972   [*#auspol*](http://www.instagram.com.au/mikepbowers)   [*#estimates*](http://www.instagram.com.au/mikepbowers)   [*#thisdaytonight*](http://www.instagram.com.au/mikepbowers)   [*#tdt*](http://www.instagram.com.au/mikepbowers)   [*@MikeCarlton01*](http://www.instagram.com.au/mikepbowers)   [*pic.twitter.com/skLEnz9WtL*](http://www.instagram.com.au/mikepbowers)

- Australian Kitsch (@OzKitsch) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

block-time updated-timeUpdated at 3.48am BST

block-time published-time 3.35am BST

enltrI wasn't called to [*#Estimates*](http://www.instagram.com.au/mikepbowers) today but had I been there I would have reassured senators that you can have a Race Discrimination Commissioner AND Johnathan Thurston   [*https://t.co/lWj0AVmJ17*](http://www.instagram.com.au/mikepbowers)   [*pic.twitter.com/9vGMLuDXkh*](http://www.instagram.com.au/mikepbowers)

- Tim Soutphommasane (@timsout) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

block-time published-time 3.32am BST

The debate on the National Redress Scheme is seeing quite a few members break down.

Ann Sudmalis also got emotional, as she said she believed we were still failing children.

As police fear to follow up, charge the offenders and pursue their own action because they believe the court system will not record a charge or it may not be successful, I fear we are opening a Pandora's box of bad behaviour which is totally unacceptable.

Surely it is not too much trouble to set the dignity and safety of a child above the inconvenience of bringing the issue of the attention to the court. I know exactly of such an incident and I am greatly concerned of the consequences that could evolve from the lack of action, or action that is non-protective or action which pushes the decision making responsibility back onto the child.

How can this be? Rape of a 12-***year***-old child is rape. Whether inflicted by a physical instrument or biologically inflicted, it is wrong.

And inside I weep that in this day and age we still don't fully understand the term child sexual abuse.

An emotional Jenny Macklin is comforted by Bill Shorten after speaking on the bill dealing with the national redress scheme for institutional child sexual abuse. Photograph: Mike Bowers for the Guardian The member for Swan Steve Irons speaks on the bill. Photograph: Mike Bowers for the Guardian

block-time updated-timeUpdated at 4.08am BST

block-time published-time 2.55am BST

Mike Bowers has been out and about this morning. Here is some of what he saw:

Home Affairs minister Peter Dutton at a press conference in the mural hall of Parliament House, Canberra this morning. Photograph: Mike Bowers for the Guardian

Grandmothers against removal is a group working to stop what they say is the mass removal of children from their families by child protection agencies and the authorities - including police and detention centres.

Grandmothers bring a message to parliament: 'Bring our children home' - from left, Nana Doreen Nangala Carroll, Nana Christine Palmer, Helen Eason, Aunty Hazel Collins, Aunty Janette Miller and Nana Elaine Peckham. Photograph: Mike Bowers for the Guardian

Craig Kelly, who is facing a very strong preselection challenge for Hughes, seems to be enjoying himself this morning.

The member for Hughes, Craig Kelly, as the House of Representatives resumes sitting. Photograph: Mike Bowers for the Guardian

block-time updated-timeUpdated at 4.09am BST

block-time published-time 2.47am BST

Over in the Federation Chamber (where overflow speeches go, and where, you may note Andrew Hastie made his speech on Tuesday night) Andrew Leigh was talking about the need for Australia to do more to combat discrimination of the LGBTI community around the world.

From his speech:

During my lifetime we in Australia have decriminalised homosexual acts between consenting adults. We have removed many forms of institutionalised discrimination against LGBT+ Australians. And we have belatedly legislated same-sex marriage.

There is more to be done in Australia, but there is much more to be done around the world. According to the ILGA's 2017 report, as of May 2017, 72 states continue to criminalise same-sex consensual activity - that is, more than one-third of the world's nations. There are currently eight nations in which the death penalty is imposed as a punishment for same-sex consensual sexual acts.

Let me go to some examples. This month in Malaysia we saw the release of Anwar Ibrahim, but it is a reminder that Malaysia continues to make sodomy illegal under section 377 of the Penal Code, which prohibits 'carnal intercourse against the order of nature'. In Bangladesh in the capital Dhaka, Xulhaz Mannan, the founder of Bangladesh's first and only LGBT magazine, was brutally hacked to death as punishment for his activism on behalf of same-sex-attracted Bangladeshis. In Tunisia, Bouhdid Belhedi, a campaigner for LGBT rights, was assaulted by Islamic extremists and beaten by a mob outside his house in Tunis as a policeman watched.

In Ecuador, gay people are forced to undergo conversion therapy in secret clinics, where they are raped and beaten even though homosexuality is legal. Since the 2013 military intervention in Egypt, at least 250 LGBT+ people have been arrested. In Aceh, the Indonesian police recently arrested 12 transgender people. In Iran, gay men are sometimes hanged. In Russia, homophobic violence is on the rise. In Syria, there are media reports of LGBT individuals being thrown from tall buildings head first and then stoned by bystanders. And although homosexuality is legal in Turkey, it has one of the worst records of human rights violations against LGBT+ people in Europe.

Homosexuality is not a choice. Being transgender is not a lifestyle. Equality is indivisible. Human rights are universal. It doesn't matter whether you approach politics from the standpoint of freedom or from the standpoint of equality. As individuals, as civil society, as government, Australians must do more to stand up for LGBT+ rights around the globe.

block-time updated-timeUpdated at 3.15am BST

block-time published-time 2.44am BST

Can we ever trust transcripts again?

(To be clear, most of us in the press gallery take our own recordings and transcribe from there, or double check the transcript with our recording.)

Transcripts came up in the February estimates hearings, after Jenny McAllister wanted to know from Mathias Cormann why the official PMO transcript showed Malcolm Turnbull thanking Donald Trump during their meeting just once, while the White House official transcript included a much more generous four thank-yous. THE SCANDAL.

From that estimates' Hansard transcript ( [*page 134 of the February 26 hearing)*](http://www.instagram.com.au/mikepbowers) :

Senator McAllister: In the transcript issued by the prime minister, Mr Turnbull thanks President Trump twice, but in the version of the transcript issued by the White House Mr Turnbull's very effusive. He says, 'Thank you,' and, 'I just say thank you to you and Melania for your hospitality and your friendship,' and then he goes on to say thank you again. I think we get 'thank you', 'thank you so much', 'thank you' and 'thank you'. So he was very effusive.

Chair: Senator McAllister, you've uncovered thankyou-gate.

Senator Cormann: I'm really pleased that we are dealing with a major issue.

Senator McAllister: I'm just curious: how does it come about that it gets edited down, that the thank-yous are so much less prominent in the one issued by the prime minister?

I think he's just being a very thankful guest in the United States.

Chair: You might be too, Senator McAllister, if you were in the Oval Office.

Senator McAllister: But is the PMO's office in some way trying to downplay how effusive Mr Turnbull has been on this occasion?

Senator Cormann: Sorry, what are you suggesting?

Senator McAllister: I'm asking: is this deliberate or is this just an accident of transcription? Are they trying to downplay how effusive Mr Turnbull was?

Senator Cormann: I haven't had a conversation with the prime minister about the transcripts of his relevant remarks, but now that you've asked the question I will undertake an investigation as to how the transcript that you've referenced has been so edited. It's not unusual-in the context of Hansard transcription, for example - to remove any repetition of things that are said in the verbal communication that don't necessarily add anything when you read a written transcript. I think that that is precisely the way Hansard does it. You've got Hansard people at the back here, and I think you'll find that those of us in politics from time to time, for effect - particularly, a non-partisan statement, when you're in opposition; I may have done the same when I was in opposition - repeat a particular sentence. You'll find that Hansard will remove any such repetition and only provide what looks like a very eloquent, concise presentation of the point that you wanted to make.

block-time updated-timeUpdated at 3.13am BST

block-time published-time 2.36am BST

Jenny Macklin is speaking in the House on the commonwealth redress scheme for survivors of institutional child abuse.

She is crying as she reads the history of the scheme, and what led to this point, and urges the states and territories who haven't signed up to the commonwealth scheme (Tasmania and WA are yet to sign up).

As the royal commission said, many of the injuries were severe and long-lasting. Many people have been and continue to be impacted by injuries for the rest of their lives. It is the case that many, many survivors have still not had the opportunity to seek compensation for their injuries. The royal commission acknowledged that, and I quote: 'it can not be feasible for many of those who have experienced institutional child sexual abuse to seek commonwealth damages. There is a clear need to provide avenues for survivors to take effective redress for this past abuse'. The establishment of a national redress scheme will acknowledge the abuse which occurred.

Labor understands, and I think everyone understands, that no amount of money can make up for the pain and trauma experienced. However, redress is a vital step along the path to healing. A vital step that we all have an obligation to put in place.

Macklin says Labor will be supporting the bill, but wants guarantees that all survivors will be able to access the scheme and older survivors are not left out.

block-time updated-timeUpdated at 2.52am BST

block-time published-time 2.27am BST

When we get to question time, the Andrew Hastie matter is bound to come up again.

Here was some of what Mark Dreyfus had to say this morning to Radio National:

"It's been reported today that Mr Hastie did not seek any permission from US agencies or warned them, give them advance notice of the proposed use of information that he gained from US agencies. And that's a real concern. It's not something that I can recall ever having occurred from any previous chair of the Intelligence Committee. I've been on trips as a member of the Intelligence Committee and as attorney general and obtained information from briefings from the FBI, the CIA, the NSA in the United States or their like agencies in the United Kingdom. It's always in confidence, and speaking for myself I wouldn't have dreamed ever of using information that I'd obtained in that manner," he said.

"... The question that arises is one of trust. And I have to say that the prime minister is more in possession of information, obviously, than me as a member of the committee. But the committee have received highly classified information from Australian agencies, sometimes ... when it visits US agencies, and members of the committee go, as has just occurred - or sometimes to the UK - equally highly confidential information and sometimes classified information is given. And it assists us in our work. There's got to be a question of trust there about knowing that those confidences will be respected. But it is a matter for the prime minister."

Paul Karp has written more on [*that here*](http://www.instagram.com.au/mikepbowers)

block-time updated-timeUpdated at 2.43am BST

block-time published-time 2.02am BST

Linda Burney has issued ANOTHER statement (this one official, sent from Bill Shorten's office, while one was in response to questions and the second was a doorstop).

My comments on Sky News yesterday are public.

This was an error in my office and was unintentional - the staff member involved has been counselled about the mistake.

No other office had any role - it was solely my office's responsibility for transcribing the interview and checking its accuracy.

block-time updated-timeUpdated at 2.16am BST

block-time published-time 1.58am BST

There was also the time Michaelia Cash's department (not her office, and there is a BIG difference) cut out questions from Paul Karp from one of Cash's doorstops. The department at the time said it removed things which are not part of the minister's portfolio. Cash's office blamed an "overzealous" departmental staffer. From [*the story published earlier this* ***year***](http://www.instagram.com.au/mikepbowers) :

Media coverage of the embattled employment minister, Michaelia Cash, [*hasn't been as bad as last week*](http://www.instagram.com.au/mikepbowers), but all things are relative. Earlier this week her department released a transcript of a "doorstop" interview - a huddle with reporters.

The Q&A had been redacted to remove questions and answers - including several on the raid on the Australian Workers' Union - which the department said didn't relate to the senator's portfolio of jobs and innovation. Strange, because those questions are evidently official business. Leigh Sales, presenter of 7.30, said the questions had been "censored".

Cash's office quickly blamed an "overzealous staffer" in the department and not her office for tampering with the record.

block-time published-time 1.55am BST

Jane Hume, who said on the Bad Show (Q&A) on Monday [*that women and people of colour should just work harder to get into parliament*](http://www.instagram.com.au/mikepbowers), is on Sky saying preselection challenges are "not a gendered issue".

Jane Prentice's dumping as candidate for her seat of Ryan, despite being an assistant member, and being replaced with a man, has set off another round of debate about what the Liberal party is doing about getting women into the party.

Hume, who is under pressure to hold her number one Senate spot in Victoria after openly supporting marriage equality, has given another message direct to party preselectors in the wake of Malcolm Turnbull stepping in to save Ann Sudmalis from a preselection challenge:

"It's still a democratic process... [but what about the intervention]... sometimes it can be defied and that is the beaut thing about the Liberal party is that it is a democratic party no matter what.

"If the grassroots are cross at Malcolm Turnbull or Scott Morrison for doing that, then they can let him know. "

Labor's Clare O'Neil says it is "completely outrageous".

"Jane is saying it is grassroots decisions, well there is a hell of a lot of grassroots decisions being made here, where we are seeing women who are of high caliber in the Liberal party getting replaced by the same kind of people - they are young, they are male and they all seem to have worked for the Institute of Public Affairs at one stage or another."

O'Neil said she doesn't understand why Prentice wasn't saved but a "backbencher who no one has ever heard of" has been saved.

block-time updated-timeUpdated at 2.18am BST

block-time published-time 1.36am BST

Given it's Thursday, which is the day on social media for throwbacks (#TBT), let's head back to the last big "doctored document" conspiracy, when Barnaby Joyce was forced to admit his office [*changed the Hansard to correct the word "over" to "nearly"*](http://www.instagram.com.au/mikepbowers).

The ***agriculture*** minister, [*Barnaby Joyce*](http://www.instagram.com.au/mikepbowers), has admitted his staff changed Hansard records without his knowledge after Labor accused him of deliberately misleading parliament.

The Hansard record had been changed to correct an error Joyce made on Monday 20 October regarding the government's drought assistance package. In the speech, Joyce referred to "over" 4,000 people applying for drought assistance. His office changed that to read "nearly" 4,000. They also added a qualifier line that wasn't originally in the speech, saying that "recipient[s] of the Interim Farm Household Allowance" would also receive the assistance.

Joyce set the record straight in parliament after question time on Monday, saying the "minor edits were made to Hansard by my staff without my knowledge. My staff have been counselled. Consistent with standing orders, I have asked that the changes requested by my office be removed from Hansard before Hansard is finalised."

Ahhh, the more things change, the more they stay the same.

(And in the end, Paul Grimes, [*the head of the* ***agriculture*** *department, was sacked*](http://www.instagram.com.au/mikepbowers) )

block-time updated-timeUpdated at 1.44am BST

block-time published-time 1.31am BST

Asked about it directly, Linda Burney acknowledged it was her office that made the "mistake".

"It was a genuine mistake by a person in my office and I think we have been very clear about that," she said.

"My comments are on record and there was a mistake in my office and we made it very clear that there is a mistake.

block-time updated-timeUpdated at 1.42am BST

block-time published-time 1.26am BST

Labor maintains that this was a mistake made by one of Linda Burney's staffers, and that the leader's office only distributes the transcripts.

"We don't have time to watch or listen to every interview," one staffer says.

Peter Dutton sees more.

Come on. [A Labor] staffer has issued a fraudulent document. Linda Burney has presided over a fraudulent document going out, purporting to be something that it is not. Bill Shorten's office had knowledge of it and distributed the document. He needs to answer the question why his office was involved in the publication and distribution of this fraudulent document. How can Mr Shorten trust ... his frontbench - who has deliberately lied in relation to what she said? And this is not a clarification, not an improvement on grammar. It is a fabrication, pure and simple."

I think that sound you hear are opposition staffers looking for examples of when the PMO's transcripts differ from the interview.

block-time updated-timeUpdated at 1.44am BST

block-time published-time 1.23am BST

Peter Dutton on Andrew Hastie :

He has an outlook on national security that very few of us could bring to the table. He is a patriot of this country, he is a personal fine character, and in relation to the statements he has made, I won't have knowledge of the state nor documents. That was an issue to him ... and that is a very separate matter, I might say, to what we are dealing with in relation to Linda Burney.

Linda Burney has deliberately put out a statement with Bill Shorten's office knowledge, and with authorisation from a senior figures within the Labor party. It is not just a word or two that might have been brushed out or tidied up. It is a complete fabrication. And it needs to be answered by Mr Shorten today."

block-time updated-timeUpdated at 1.31am BST

block-time published-time 1.21am BST

And for anyone who wants to see Ian Macdonald's take on racism and how it doesn't exist, because an indigenous footballer is basically the ruler of Queensland, Paul Karp has cut that up for you:

enltrHere's LNP senator Ian MacDonald's thoughts on RACISM - IS IT EVEN A THING [*#auspol*](http://www.instagram.com.au/mikepbowers)   [*#estimates*](http://www.instagram.com.au/mikepbowers)   [*pic.twitter.com/qwzKKEjFpQ*](http://www.instagram.com.au/mikepbowers)

- Paul Karp (@Paul\_Karp) [*May 24, 2018*](http://www.instagram.com.au/mikepbowers)

block-time updated-timeUpdated at 1.36am BST

block-time published-time 1.20am BST

Peter Dutton has taken issue with the missing quote from the Linda Burney transcript:

This has gone through Bill Shorten's office, it has been cleared by senior people and authorised by senior people, which is written down the bottom of the transcript they have released by senior people within the Labor party. This is not some mistake by somebody transcribing and can't understand garbled words within a tape recording. This is a deliberate act of fabrication, and Mr Shorten needs to explain who in his office knew about it, who in his office authorised this document to be released, why was this transcript sent out by one of Mr Shorten's staffers. These are questions that Mr Shorten needs to answer today.

I'd want to fob you off, but the reality is this is a serious issue to the Labor party to contemplate. The Labor party has completely discredited itself in relation to border protection policy. Under Bill Shorten, caucus now is much worse than anything ... under Kevin Rudd or Julia Gillard. It is clear to us now that the Labor party vote policy has completely unravelled. It is essentially open warfare within the Labor party on ... boats. You will see some stitched together flashy statement out of conference that the Labor party has a policy that reflects the Operation Sovereign Borders policy, which has resulted in boat stopping. It is a complete and utter dodgy deal and nobody should believe it. The Labor party has lost any credibility when it comes to border protection. Mr Shorten needs to come out today quite beyond what their position is on border protection, and explain why somebody on his frontbench has fabricated a document."

block-time updated-timeUpdated at 1.30am BST

block-time published-time 1.17am BST

Kelly O'Dwyer has introduced legislation to introduce a "one-off, twelve month amnesty for historical underpayment of superannuation"

From the statement:

The Bill incentivises employers to come forward and do the right thing by their employees by paying any unpaid superannuation in full.

Employers will not be off the hook - to use the amnesty they must pay all that is owing to their employees, including the high rate of nominal interest. However, the amnesty will make it easier to secure outstanding employee entitlements, by setting aside the penalties for late ***payment*** that are normally paid to the government by employers.

Employers that do not take advantage of the one-off amnesty will face higher penalties when they are subsequently caught - in general, a minimum 50% on top of the SG charge they owe. In addition, throughout the amnesty period the ATO will still continue its usual enforcement activity against employers for those historical obligations they don't own up to voluntarily.

The ATO estimates that in 2014-15, around $2.85bn in SG ***payments*** went unpaid.

While this represents a 95% compliance rate, any level of non-compliance is unacceptable, which is why the Turnbull government is giving the ATO the tools it needs to enforce compliance going forward.

We are introducing this one-off amnesty to allow employers to wipe the slate clean and pay their workers what they're owed. All Australians workers should be paid the entitlements they are owed.

The amnesty will run for 12 months from today.

O'Dwyer said the move would build on reforms to protect workers' superannuation entitlements by :

* Giving the ATO the ability to seek court-ordered penalties in cases where employers defy directions to pay their superannuation guarantee liabilities, including up to 12 months jail in the most egregious cases of non-***payment***;

1. Requiring superannuation funds to report contributions received more frequently, at least monthly, to the ATO. This will enable the ATO to identify non-compliance and take prompt action;
2. Bringing payroll reporting into the 21st century through the rollout of Single Touch Payroll (STP). Employers with 20 or more employees will transition to STP from 1 July 2018 with smaller employers coming on board from 1 July 2019. This will reduce the regulatory burden on business and transform compliance by aligning payroll functions with regular reporting of taxation and superannuation obligations;
3. Improving the effectiveness of the ATO's recovery powers, including strengthening director penalty notices and use of security bonds for high-risk employers, to ensure that unpaid superannuation is better collected by the ATO and paid to employees' super accounts.

block-time updated-timeUpdated at 1.46am BST

block-time published-time 1.07am BST

We don't need a race discrimination commissioner - we have Jonathan Thurston

Senator Ian MacDonald is asking in Senate estimates whether racism is really a thing, and whether we even NEED a race discrimination commissioner.

MacDonald:

I might live in a bubble perhaps but I find it very difficult to find any but very rare cases of racism in Australia. In this building we have two ministers that don't - are clearly not white Australian male sort of thing. In my own society ... the greatest hero, in fact the king of Queensland, is Jonathan Thurston. If only I could get him to run for a political party he'd walk it in. I just don't know - there are obviously isolated aspects of racism in Australia but I would think across the board they're very isolated.

Standing in for the attorney general, Michaelia Cash confirms that the government's position is to hire a new race discrimination commissioner when Tim Soutphommasane 's term ends.

The Australian Human Rights Commissioner president, Rosalind Croucher, replies that the race discrimination commissioner used to be a commissioner for "community relations" and she might like to "shift the titles" back to that positive aspect.

She said the commissioner has a role beyond just dealing with discrimination complaints, to promoting racial harmony and tackling prejudice.

block-time updated-timeUpdated at 1.20am BST

block-time published-time 1.02am BST

Just a note - the government's $140bn over 10 ***years*** tax plan is now $144bn.

The back third of the plan (getting rid of the 37% tax bracket, which will see people on $41,000 to $200,000 pay the same rate of tax from 2024-25) will cost $40bn.

Labor had been after that figure since the budget was announced.

But we still have no idea where the extra $4bn came from overnight.

block-time updated-timeUpdated at 1.47am BST

block-time published-time 12.52am BST

US embassy responds to Hastie disclosure

The US Embassy has responded to the Andrew Hastie issue - it says relations are as "strong as ever" but ultimately it's up to the Australian government how it handles his use of parliamentary privilege.

The reason this is becoming an issue is because Hastie used information he had received as part of leading a delegation to the US in his role as head of the parliamentary intelligence committee, which is seen as a pretty big no-no.

Still, he did it under parliamentary privilege, so he's protected there. It's just a question of any wider ramifications, which Malcolm Turnbull was checking on, through his admission he had been in contact with our allies, and Labor is pursuing.

enltrThe US Embassy has released a statement on Liberal MP Andrew Hastie's speech about businessman and political donor Chau Chak Wing [*#auspol*](http://www.instagram.com.au/mikepbowers)   [*@politicsabc*](http://www.instagram.com.au/mikepbowers)   [*pic.twitter.com/1awrzIawNY*](http://www.instagram.com.au/mikepbowers)

- Jane Norman (@janeenorman) [*May 23, 2018*](http://www.instagram.com.au/mikepbowers)

block-time updated-timeUpdated at 1.02am BST

block-time published-time 12.40am BST

The Workplace Gender Equality Agency has put out a statement, after nine Australians were recognised in the Gender Equality Top 100:

Workplace Gender Equality Agency Director Libby Lyons is one of nine Australians recognised for their contribution to improving gender equality on a new list of top influencers from around the world.

Apolitical, a global network for governments and public sectors, has announced its inaugural Gender Equality Top 100 list of the most influential people in gender equality policy.

The nine Australians named in the list are:

· Libby Lyons, Director Workplace Gender Equality Agency

· Kelly O'Dwyer, Federal Minister for Women

· Julia Gillard, former Prime Minister and chair of the Global Institute for Women's Leadership

· Professor Marian Baird, Sydney University's distinguished researcher into women, work and care

· Susan Harris-Rimmer, an Australian Research Council Future Fellow in the Asia-Pacific College of Diplomacy at the Australian National University

· Rosie Batty, domestic violence campaigner and 2015 Australian of the ***Year***

· Tracey Spicer, journalist, advocate and founder of Now Australia

· Liz Broderick, former Sex Discrimination Commissioner and UN special rapporteur on the issue of discrimination against women in law and practice

· Natasha Stott-Despoja, chair of Our Watch and former ambassador for women and girls.

"The Agency is receiving unprecedented interest in Australia's gender reporting scheme as governments worldwide grapple with the economic challenge of removing barriers to women's workforce participation and career progression.

"That nine Australians made the top 100 list, with Professor Marion Baird and Julia Gillard in the top 20, demonstrates the leading role that the Australian government and Australian employers are taking in driving change towards gender equality," said Ms Lyons.

\*\*\*end statement\*\*\*

block-time published-time 12.29am BST

In regional estimates, the live sheep trade issue is scheduled to come up in the hearing just before 4pm.

block-time published-time 12.23am BST

And we have just got the official response from Linda Burney :

My comments on Sky News yesterday are public.

This was an error in my office and was unintentional."

block-time published-time 12.21am BST

After every on-air interview, or doorstop, Labor provides transcripts of the interviews as a matter of course (the prime minister's office also does this). It's a fairly longstanding convention, with each office responsible for transcribing its member's interview (which is then sent out by the leader's office).

But Labor this morning is being questioned over the transcript it provided for Linda Burney's interview on Sky News yesterday afternoon. She was asked about the party's asylum seeker policy, which is about to become a fairly major issue at the national conference in July, where Labor will lock down its official policy direction.

There is growing support within the Labor party for a shut down of Manus and Nauru and over how long asylum seekers should be held in detention.

Here is what Labor sent out:

SPEERS : Labor will be discussing asylum seekers at its conference in a couple of months. What's your own view?

BURNEY : It will be an issue at the national conference. Indefinite detention is what we're arguing against. Look at what has happened on Manus in the last 24 hours -

SPEERS : So they shouldn't be there indefinitely?

BURNEY : That's being worked on by the appropriate people in my party. It's not my portfolio -

SPEERS : Well how long does Labor think those people should be stuck there?

BURNEY : That will become clear over the course of the next -

SPEERS : But Labor will put a time frame on it?

BURNEY : I'm not responsible for the area, but I do believe that they shouldn't be held indefinitely, and logically that means there'd be a time line.

It's missing the quote

There needs to be a time frame and I'm sure there are people who are working towards that... I think there needs to be a time limit".

enltr. [*@Kieran\_Gilbert*](http://www.instagram.com.au/mikepbowers) :   [*@AustralianLabor*](http://www.instagram.com.au/mikepbowers) is facing accusations someone within its ranks has doctored a transcript of   [*@LindaBurneyMP*](http://www.instagram.com.au/mikepbowers) 's comments on asylum policy during her interview with   [*@David\_Speers*](http://www.instagram.com.au/mikepbowers). MORE:   [*https://t.co/9qTiXts1Bq*](http://www.instagram.com.au/mikepbowers)   [*#FirstEdition*](http://www.instagram.com.au/mikepbowers)   [*pic.twitter.com/dJDKBhgCNt*](http://www.instagram.com.au/mikepbowers)

- Sky News Australia (@SkyNewsAust) [*May 23, 2018*](http://www.instagram.com.au/mikepbowers)

We are being told it's more cock-up then conspiracy and that it is a "genuine fuckup". We've been in touch with Labor and Burney's office and will get you that response when it comes through.

block-time updated-timeUpdated at 12.26am BST

block-time published-time 12.06am BST

Good morning and welcome to day 26

While the blog was sleeping, the government's income tax package passed the lower house - with Labor's support.

Labor says that's because it supports income tax cuts for lower and middle-class earners and plans on working to separate the third tranche - the flat tax for $41,000 to $200,000 earners in the never-never of budget forwards - in the Senate.

It also dulls the government's attacks that Labor doesn't support income tax cuts. On the flip side, the government can argue that Labor has supported its whole package (Labor attempted to amend the legislation in the House to separate the bill and were defeated). So watch that space.

There is still no byelections date, but that is expected to come very soon. 30 June or 7 July are shaping up as the dates to watch but at this stage, everyone just wants to know if the campaign is actually on.

Meanwhile, Mark Dreyfus has picked up on Labor's three questions in QT yesterday about Andrew Hastie's actions, telling Radio National that the whole Labor frontbench believed there were questions to answer over whether or not Hastie's revelations have damaged Australia's relationship with its intelligence agencies.

Malcolm Turnbull admitted yesterday he had been in contact with the spooks about the matter.

Dreyfus had to say Labor frontbench, because Michael Danby and Anthony Byrne have both indicated support for Hastie's actions.

And estimates continues! ABC is up again this morning, with Michelle Guthrie due to appear, as well as the Human Rights Commission. Basically it's Eric Abetz's favourite day. And Pauline Hanson has been spotted walking around the halls, after somehow magically choosing the chair right in front of the cameras at the royal banking commission for a spell yesterday. Anyone would think she was attempting to reset her image and achieve some sort of relevance again, ahead of the Longman byelection and a general election.

Mike Bowers is wandering around here somewhere. Stay up to date with him at [*@mikepbowers*](http://www.instagram.com.au/mikepbowers) and of course, you can see him annoying me as part of the instagram story on   [*@pyjamapolitics*](http://www.instagram.com.au/mikepbowers).

Everyone ready? Let's get going.

block-time updated-timeUpdated at 12.23am BST

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North Devon Journal

September 6, 2018 Thursday

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**Section:** AGENCY:OTHER; Pg. 44-45

**Length:** 8240 words

**Body**

Shirley Punt, 01271 343716, [*shirleypunt16@gmail.com*](mailto:shirleypunt16@gmail.com)

Christ Church

Saturday: 8.30am Circuit Men's Breakfast, speaker Rob Emery.

Sunday: 10.30am Morning Service led by Mrs Sue Kendall; 4.30pm Cafe Church.

Tuesday: 9.30am-noon Coffee Morning.

Wednesday: Community Stay and Play, Toddler Praise and Parents and Toddlers resume on September 12.

Thursday: Two Bridges Cafe resumes on September 13.

Friday: 10-11.30am Hob Nob, tea, coffee and cakes.

Sticklepath Methodist Church

Harvest Supper with homegrown entertainment at 6.30pm on Saturday. Proceeds to Water Aid. Tickets (£5) from Sandy Peters (325602) and Sue Parsley (375939).

Landkey Village Hall

A new meeting for Christians of all denominations and those seeking. Join together for a time of prayer, fellowship and praise. Contact: Elaine Richardson 01271 831448.

Foodbank

Urgent appeal: Stocks are low, probably because of the impact of school holidays. Particularly urgently needed: rice pudding, custard, long-life fruit juice, squash and biscuits.

Barnstaple and District Horticultural Society

The 84th Autumn Show is at St John's Garden Centre on Saturday, 11am-5.30pm, and Sunday, 10.30-4pm.

Diabetes Uk

Meeting at Portmore Golf Park, Landkey, on September 17 at 10.30am. Speaker Dr Wilkinson, ophthalmic consultant, on Care of Your Eyes.

Barnstaple Carnival

On September 22, 6pm carnival, 8pm fireworks.

Motor Neurone Disease

A get-together for people living with or affected by motor neurone disease. Info: Kerry 0345 3751844 or Jo 0345 3751839.

Children's Hospice South West

Bubble Rush Barnstaple at Coxleigh Barton on Sunday. Run, jog or walk your way through 5km of colourful bubble stations where foam cannons will shower you in frothy bubbles - something for the children and big kids alike! The earlier you sign up, the more money you could save on your entry fee. Visit chsw.org.uk/bubble for more details or call 01271 325270.

North Devon Road Runners

Meet at the Tarka Tennis Centre every Tuesday and Thursday at 7pm. The 2018 Jewson Barnstaple Marathon and Half Marathon is on September 30.

Art for Leisure and Pleasure

Meeting each Thursday at St John's Community Centre, Barnstaple, 1.30-4pm. New members welcome. Info: David 07964 250436.

Quaker Meetings

Sundays at 10.30am at Pilton Bluecoat School, Abbey Road, EX31 1JU. Info: 01271 344203 or swquakers.org.uk.

Library

Open Mon, Tue, Thu, Fri 9am-6pm; Wed 10am-6pm; Sat 9am-5pm.

Saturday, September 29: Autumn Flowers, 2-4pm, Room 3B, £7.50.

Fun Palace on Saturday, October 6. Fun Palaces is a campaign promoting community at the heart of culture and culture at the heart of community, with an annual weekend of action created by, for and with local people.

Sciencedipity: 10am-noon Children's Library. Explore science and art in this session with Ruth from Sciencedipity, jam-packed with creative science and making artwork through chemistry. Suitable for all ages. Come and join in the art meets science fun!

The Voice Community Choir: 10.30-11.30am Foyer and ground floor. Come and join a group of enthusiastic people from all walks of life who love to sing - no need to read music and no experience necessary, everyone a music maker!

Kanzashi with Sue Rudall: 10am-12.30pm FabLab. Try something very different with Sue in the FabLab. Kanzashi-Ribbon burning crafting to make beautiful floral creations. This session involves a lit flame and is not suitable for under-16s. Maximum of seven people at a time, sessions last half an hour, so if there is not room you can pop back. Everyone a maker!

The ONO Dixie and Swing Band: 1.30-2.30pm Foyer. Join in the musical fun with this great local group. Help create beautiful noise. Percussion fun suitable for all ages as ONO band invite you to join in familiar songs old and new.

Art for Leisure and Pleasure group: noon-2pm 3B. Explore your artistic side as the local-based community art group join us on the top floor of the library. Watercolour and acrylic-based fun suitable for everyone. Everyone an artist!

Ley Holloway-Vintage Beadery: 1-3pm FabLab. Join Ley Holloway from Vintage Beadery in the FabLab making jewellery with copper and silver, fusing silver to copper to create unique unrepeatable pieces. Unfortunately not suitable for under-12s as this session involves blowtorches. Parental supervision essential.

Laughter Yoga: 3-4pm IT suite. Join Rosie Godfrey from The Laughter Well for a fun session full of gentle relaxing movement, explore the release that laughter can give. Laughter Yoga uniquely combines laughter exercises with ancient yoga breathing techniques in a way that is accessible and fun! Suitable for everyone.

Table Tennis: 10am-4pm between children's and adult fiction.

Wow

North Devon's scrap store, based on the third floor of Barnstaple Library. Great value art and craft materials starting at less than 50p. Open Tue 9.30am-12.30pm, Thu noon-4pm, Fri 9.30am-1.30pm.

Golden Coast Big Band

At Portmore Golf Park on Sunday, September 16, 8pm, entry £3.

Macular Support Group

Meet on the fourth Tuesday of each month at the Imperial Hotel, 10.15am.Info: Sue 07723 701578.

FIBROMYALGIA SUPPORT GROUP

We offer regular meet-ups at the clinic in Barnstaple for you to call in for a cuppa and meet others who share similar challenges living with fibromyalgia and chronic fatigue. Info: Jok Saunders 07968 511312.

Nicola Kennaugh, 01271 549248, [*nnkennaugh@yahoo.co.uk*](mailto:nnkennaugh@yahoo.co.uk)

HARVEST FESTIVAL

At Newport Methodist Church on Sunday, September 16, at 10.30am. The service will be led by Mrs Gwyneth Pengelly from Teignmouth.

SONGS OF PRAISE

At Newport Methodist Church on Sunday, September 16, at 3pm which will be led by the Rev Robert Hurley.

SOUL SPACE

A weekly offering at St John the Baptist Church. The church will be open early every Monday to anyone who wants to reflect and refresh for the week ahead. The church will provide a peaceful and welcoming space 7.30-9.30am.

SLIMMING WORLD

Classes at St John the Baptist Church Hall each Friday at 9.30am. Please note the 11.30am class is now finished. Contact Clare Mutch 07951 738890 or just come to class.

MINI MUSIC

For babies and toddlers every Monday 2-3pm (term time only) at St John the Baptist Church. Children and parents/carers are most welcome.

COFFEE MORNING/CAKE CLUB

Every Wednesday 10am-noon at St John the Baptist Church. Everyone is most welcome and this runs weekly throughout the ***year***.

KNIT and NATTER

At Newport Methodist Church every Wednesday 2-4pm. If you enjoy knitting and nattering do join us, plenty of both goes on!

HALL VACANCIES

At St John the Baptist Church Hall. We have two rooms to let, the main hall being suitable for larger events and the lower room for meetings. Info: Nicola Kennaugh 01271 549248.

1ST NORTH DEVON BARNSTAPLE SCOUT GROUP

Seeking new leaders and members. We meet at Trinity Church Hall. Beavers (6-8yrs) Mondays 5.30-6.30pm, Cubs (8-10yrs) Mondays 6.45-8.15pm, Scouts (10-14yrs) Wednesdays 7.15-9.15pm. Info: Mark Etheridge 07713 386588, barnstaplescouts.co.uk.

DEVON AIR AMBULANCE

Collection of milk bottle tops ongoing with a collection bowl in the entrance of Newport Church Hall. Tony Dyer wishes to thank those who have contributed so far and those who have dropped them off at the hall and encourage more to continue the same. He is also looking for stamps to donate. This is an ongoing request and the stamps are collected for church funds.

ROUNDSWELL COMMUNITY CENTRE

Adjacent to Sainsbury's, the centre is run as a charity (charity no. 1063837) and provides facilities for hire. These include a large main hall suitable for a larger event and a small room for meetings. It has a large modern kitchen available for use by hirers of either room. Ample car parking space is provided next to the centre. For further information call Helen, the booking secretary, on 07918 729201.

Roundswell Church

Sunday Service to be led by the Rev Dave Eadie at Roundswell Community Centre 10am. The preacher will be Mr Richard Hardy and everyone of any denomination is welcome to attend this friendly family service.

Baby and Children's Market

On Saturday, 10.30am-noon, at The Big Sheep, Abbotsham. Lots of stalls selling like-new baby and children's items from birth to eight ***years*** plus a small selection of unique businesses. Admission £1, children free. For information or to book a stall please contact Mollie [*mollie@babyandchildrensmarket.co.uk*](mailto:mollie@babyandchildrensmarket.co.uk) or call 07480 939697.

Norman and Gwen Rider, 01271 322109, [*gwen@riderfamily.co.uk*](mailto:gwen@riderfamily.co.uk)

CHURCH

Sunday: 11am Morning Prayer. September 16: 11am Holy Communion. September 23: 11am Harvest Festival and Baptism followed by bring-and-share lunch.

If you have any news or information for next month's Parish Bulletin please send to [*davelewis69@hotmail.com*](mailto:davelewis69@hotmail.com) or ring Dave 01271 312904.

BEETLE DRIVE

In the Village Hall on Friday, September 14. Doors open 7pm for 7.30pm start. Everyone welcome.

Raffles prizes always welcomed.

COFFEE MORNING

In the Village Hall on Saturday, September 22, 10am-noon in aid of North Devon Hospice.

HARVEST FESTIVAL CELEBRATIONS

On Saturday, September 22, the parish church will be open 10am-4pm for children to join in the Harvest Mouse Hunt with prizes and surprises all day long.

The celebrations continue for a chance to catch up with friends at 6pm in the Village Hall with a barbecue and bar. Tickets are £5, £2.50 for children, from Trish Pay, 2 Valley Cottages.

FAMILY HARVEST FESTIVAL SERVICE

On Sunday, September 23, at 11am. Bring your family and friends to join our congregation and local Scout group to celebrate and give thanks to all the dedicated farmers everywhere for a successful harvest and afterwards for refreshments and a chat.

CHURCH AND VILLAGE EVENTS

Every Monday: 10am Bishops Tawton Toddlers (term time only).

Saturday: 10.30am Coffee Morning.

SCOUTING

Our local Scout group resumes after the summer break for an adventurous new term in September with Beavers on Mondays 5.45-7pm, Cubs on Tuesdays 6-8.30pm and Scouts on Wednesdays 7.30-9pm. The Leaders look forward to welcoming the children and new members all refreshed for another term!

VILLAGE TIDY-UP

On Saturday, September 22, join the BT Tidy-Up team, volunteers that do wonderful work helping to clearing overgrown areas and cutting back hedges - a terrific way to keep fit and meet new people. Volunteers always welcomed.

PARISH COUNCIL

Meeting on Thursday, September 27, in the Village Hall at 7.30pm. Everyone welcome along and have their say!

Harvest-themed Country Flower Festival at St James' Church from Friday, September 14, at 2pm to the Harvest Service at 3pm on Sunday, September 16. In addition to the floral displays there will be refreshments and local produce.

On the Saturday evening, Mariners Away, a local folk band, will sing and play in the church. You will see the floral displays at their best and your entry ticket will cover a glass of wine and cheese and nibbles. Tickets are £8. Booking is essential. Please ring Jane Semorad 01837 82319 or Caroline Stokes on 01837 82240 to book.

There is free car parking and admission to the Flower Festival is free but donations would be most welcome. The event is in aid of Devon Historic Churches Trust.

Ring and Ride

Saturday: £6.50, English Heritage Open Day. Booking: 01409 259001.

Tuesday: £5, Boscastle and Tintagel. Booking: 01409 259001.

Live music

Saturday: The Other Band, Bradworthy Inn, 8.30pm.

Church service

Sunday: 10am Sung Eucharist.

Cafe

Monday: Forget Me Not Friends Cafe, 2pm, Holsworthy Memorial Hall, supporting rural independent living.

Coffee morning

Friday, September 14: Methodist Chapel, 10am.

MAcmillan Coffee afternoon

Friday, September 28, 2-4pm, Sunday Schoolroom, Methodist Chapel.

Neighbourhood Plan

Draft policy documents relating to Bradworthy Plan can be read at bradworthy.org.

Please read, leave feedback or contact the committee via email. The plan is now at the official writing stage so your input is even more relevant.

Bradworthy Inn Gallery Room

Features the work of Gil Everest during August and September. Visit the BIGR Facebook page to see past contributing artists. To exhibit your own work contact bradworthy [*arts@btinternet.com*](mailto:arts@btinternet.com)

Regular activities

Monday: Toddlers group, 10am-noon, Bradworthy Memorial Hall (BMH); Badminton, 7-8.30pm, BMH.

Tuesday: Citizens Advice open session, first Tuesday of month, 9.30am-noon, BMH; Knit and Natter, alternate Tuesdays, Collacott Room, 8-10pm; gymnastics, juniors 5.45-6.45pm, seniors 6.45-7.45pm, school hall.

Wednesday: Bradworthy History Society 10am-noon, Collacott Room; WI meet first of month, 7.30pm, Chapel Room; All Blacks netball, Holsworthy Community College outdoor court, 8-9.30pm; See Hear Centre, 10-11.30am, 2nd of month, The Square.

Thursday: Baby and Toddlers Group, 10am-noon, BMH; Badminton, 2-3pm, BMH; Running Group, 6.30-7.30pm, The Square; Baroque Choir, 7.30-9pm, Bradworthy Church.

Lesley McLean, 13 Church Close, Bratton Fleming, EX31 4TB, 01598 710115, [*lesmclean1@hotmail.co.uk*](mailto:lesmclean1@hotmail.co.uk)

PARISH CHURCH

Members of our congregation attended the Welcome Service for the Methodist Minister who has care of St Peter's and will be preaching on third Sundays when the Methodist service is held. Daphne Dallyn gave the welcome on behalf of St Peter's and Audrey Dever read one of the lessons.

Rev Mike Miller took our service of Holy Communion on Sunday. Next Sunday, the service will be led by the worship leaders at 9.30am. All welcome.

Thank you to the Baptist Church for their help and cooperation with our table of free squash and biscuits on the roadside for spectators at the Tour of Britain race on Monday.

They kindly offered full use of their facilities after it was known that our intended location clashed with the Village Shop.

MONTHLY LUNCH,

On Monday in the Wesley Suite from noon.

THE HUB

On Thursday, September 20, 4.45-6.30pm, in the Wesley Suite. Cooking and eating, skills workshops. Free and friendly.

MESSY CHURCH

On September 23, 3.45pm.

MACMILLAN COFFEE MORNING

Friday, September 28, in the Wesley Suite, 10am-noon.

BAPTIST CHURCH

Sunday: Peter Edwards morning and prayer and share evening. Monday: Bright Sparks children's group 6pm.

PRE-SCHOOL

Monday to Friday, 8am-5pm. Contact: 01598 710019.

BABY AND TODDLER GROUP

In the Village Hall, 9.30-11.30am, every Wednesday. Contact: 710019.

TESCO SHOPPING TOKENS

The Village Hall is one of the charities being voted for in the scheme during September and October. Please support the hall by putting their tokens in the appropriate box.

FUN QUIZ

For the aid for Cuba appeal on September 22 at the village hall, 7.30pm, £5 including supper (bring your own drink). Raffle. Teams of four to six. Booking: Jill 710101.

BRATTON STORES Curry night

Thursdays, every fortnight, from tonight. Car boot sales every Saturday at noon. OAP Tuesdays from September 11, £5 meal from noon.

CHARITY BINGO

Old Station Inn, Blackmoor Gate, tomorrow, in aid of the Seamoor Unit. All welcome. Info: 763520.

GARDENING CLUB

Autumn Show on Saturday in Village Hall, 2.30pm. Admission £1. Entries 8.30am and 11am. Presentation 3.30pm. Entry forms/fees Brian Williams 710452. More entry forms in shop.

Rural Alliance Housing and Business Survey

Contact Frank Benbow 710695 or Margaret Done [*margaretdone@hotmail.co.uk*](mailto:margaretdone@hotmail.co.uk)

CRICKET CLUB

Training for nine to 14-***year***-olds, 7.15-8.15pm. Cost £3 each per session. Info: Frank Benbow 710695, Darrin Drew 07864 913395.

SHORT MAT BOWLS

Tuesdays, 7-9pm, and Wednesdays, 2-4pm. All welcome.

CRAFT WORKSHOPS

In the shop, Thursdays, 10am, £6. Contact: Charmain Woolley 01271 850917.

FRIDAY KLUB

Tomorrow and September 21, 6-8pm, £1 admission, tuck shop, 7-15yrs.

HATTON BOXING FITNESS

New day and time, Thursdays (except second Thursday each month) at 7pm. Contact: Jonny 07702 738346.

KIDS FOOTBALL

For ages 5-13yrs, Sports Club, Mondays, 6-7pm.

LIFE DRAWING GROUP

Returns today, 7.30-9pm. Contact: Louise 07758 077089.

PILATES

Mondays at 7pm. Info: 01271 343944.

Royal British Legion

Branch monthly meeting at Wrafton Club on Tuesday, 8pm.

Library

Free one-to-one IT lessons are back, book in library. Library membership required.

Calling all young library members, have you finished your reading challenge? Still time to finish and get your goodie bag.

Saturday Craft Club: every Saturday 10.30am-noon.

Writers Group: second Wednesday every month, £2 per session, refreshments included.

Monday: Colouring and Coffee, 2.15-3.15pm, all materials supplied; Story Time, 10.15-10.45am. Tuesday: Lego Club, 3.30-4.30pm. Wednesday: Bounce and Rhyme, 11-11.30am. Thursday: Craft Knit and Natter, 10.30am-12.30pm. Friday: Wii Club, 3.30-4.30pm, term time only.

Free use of computers with library card and PIN number, free wifi.

We still need more volunteers, two hours a week could make a difference. For details of these and other events check out the Friends of Braunton Library Facebook page.

Fundraising Group for Cancer Research UK

Here is a little round-up of monies recently received by our group. Proceeds from birthday celebrations at the Venue £108 plus our own Tombola Stall £80. £196.30 was raised by the Crafty Ladies who had knitted Noah's Ark and squares were sold at Mark Adams Opticians in Braunton, plus various miscellaneous donations of £80. This totals £464.30, it is remarkable how quickly this all mounts up. On behalf of Cancer Research we would like to thank all concerned for their support and we hope this will continue.

On Saturday, September 15, we shall be holding our Coffee and Crafts Morning at the Parish Hall. Please come along with your friends, you can't get a cheaper cup of coffee at £1 which includes your admission! Doors open 10am.To book a craft stall ring 01271 815125, £3 for one table or £5 for two.

On Thursday, September 27, Quiz and Supper at the Braunton Venue. Tickets available now, call 01271 814475 for information. Supper from Squires, licensed bar and plenty of parking. This is always a good night and very popular, ticket numbers are limited so gather your team together and book early.

Museum

Disappointment again for our Teddy Bear Parachute Jump as the wind and rain made it impossible. We have now put this on hold until late spring next ***year*** so keep your teddies safe until then!

September is here and we hope it will be a lovely month to attract our visitors, we welcome all to North Devon and are happy to provide information about the area.

If you are a new resident why not come in and take a look round the museum or pick up a book or two about the village and what there is to see. We now hold copies of a very comprehensive book which details all the clubs and activities which are available. It has been compiled by Trish Parsons, one of our local councillors, and lists virtually every organisation and club with contact numbers. Your copy is available now.

As our schools reopen after the summer break we would like to remind them and any other young people's organisation that we welcome group visits, just ring us on 01271 816688 to arrange a visit.

Saturday is our Early Autumn Coffee Morning at the Parish Hall 10am-noon. Admission remains at £1 and includes refreshments. Raffle at the door plus a seasonal raffle of autumn fruits. We shall also draw the lucky winners of the Three Bears Raffle, you can still buy a square to win a bear - they are all looking for their new homes. Anyone who would like a craft table please phone the museum to make a booking.

Centenary of the Royal Air Force.

There will be a service to celebrate the Centenary of the Royal Air Force on Sunday 16th September at 9.45am at St Brannocks Church.

The service will have hymns and readings appropriate to the Air Force. During the service standards will be presented and wreaths laid. The service is open to everyone

Countryside Centre

The summer ***programme*** of talks continues on Wednesdays at 7.45pm. On September 12, the talk will be The Greater Horseshoe Bat in North Devon by Ruth Testa. Part of Braunton is a SSSI site protecting these wonderful creatures. Do come and learn more about them and how we can help them to protect them. Entry is £3 each, which includes refreshments

Madeleine Brownell, brownell19361949@ btinternet.com

Farmers and Village Market

On Saturday, 11am-1pm, at Brayford Village Hall. A real village market. Stallholders with traditional North Devon products, including Bentwitchen Honey; Bess Hill joints of local meats and savoury pies and veggies; homemade artistic cards; East and West Bakery fresh bread and pasties; Southwest Cheese Shop quiche and sausage rolls; lots of knitted and local woollen products and beeswax candles; Jacci's scrumptious baked goodies and exotic items; Ruth's quirky handmade spoons made from local wood; organic local lamb; lots of beautiful plants; interesting items from Africa; and tea and coffee and homemade biscuits and cakes. Don't miss it! Free parking, free entry. Adjacent to children's play area.

Quiz Night

On Friday, September 21 at 7pm in the Village Hall. Anthony Bawden's Quiz Night returns with a whole new set of questions to flummox us all! As always, answers will be loudly contested, prizes of all sorts will be awarded and fun will be enjoyed by everyone. Either put together a table of six friends or come and join a table. There is always room, and everyone is welcome! Bring your own picnic.

Heritage Open Day

On Saturday, September 15, in the Methodist Church to highlight the history and presence of the churches and chapels in Buckland Brewer parish, 10am-3pm.

There will be displays on the churches and chapel, current and closed, ex-Wesleyan and Bible Christian in the Torridge Circuit that's from Bideford - Black Torrington and Clovelly - Milton Dameral. The Parish Church will also be open with displays and refreshments available throughout in the Schoolroom.

The Parish Church has been a presence since Norman times and probably before then - it has had to be rebuilt on several occasions but faith and dedication enabled it to continue in its various forms, providing a place for the community to commemorate the events of life and death and the Christian Festivals which continue to bring the community together.

People's faith was maintained and was enabled to grow by this Christian presence during the upheavals of the centuries.

Since the early 1800s other denominations have established a presence in the parish - Baptists at Eckworthy (now closed) and the two strands of Methodism, Wesleyan in the village (previously the Post Office and Stores and the Village Store) and the Bible Christian movement which exploded from Shebbear and was shaped by William Reed and many members of his family who lived at Holwill in the south of the parish. Chapels were established at Thornhillhead (still open), Twitchen (also now closed) and the current Methodist Church in the village which is named for William Reed.

These denominations met a need around spiritual questions and spiritual growth in many people in the area, especially around farmers and farm workers and those who often lived in poverty and hardship. Many did not feel their needs met by the established church and the initial relationship between the Church of England and Methodists/Non-Conformists was not always positive. Many people were energised by these movements and decided to move overseas in search of a better life - many took their faith with them to Canada, USA and Australia.

What about now? The need for people to be able to explore spiritual questions is still there - people often wish to mark the times of life and death and to celebrate Christian Festivals and times of national life such as Remembrance.

The relationship between the two churches in the village has greatly moved on and we now worship together weekly in either building.

Come along and see how our churches have developed through the ages and where we are today.

4 O'CLOCK CLUB

Meets on Thursday, September 13, 4pm, at Buckland Brewer Hall. The Suffragette Story in North Devon - Breaking The Mould - will be given by Pamela Vass. Complimentary refreshments will be served, and there will be no charge for this event. A ploughman's tea will be available. Everyone welcome. Info or transport: Jim Lowe 01237 451193 or Elisa Hurley 01237 451112.

Car Treasure Hunt

Being held by the Young Farmers' Club on Sunday from Buckland Brewer Hall, 2-3pm, £5 per car. To be followed by barbecue.

GARDENERS' CLUB

On August 16, we had a garden visit to Hole Farm, Woolsery. For some of us it was hard to find as it was tucked away down a lane but once there it was well worth it. The evening was fine and warm and we soon all drifted off doing our own thing.

The garden was in very good shape considering the very hot weather we have been experiencing. It has been designed into different areas by hedges which led you via archways from one garden to the next, all differing size and planting. One theme running through were ponds of all shapes and sizes with waterfalls ingeniously designed. They were all fed by a small stream running down through the gently-sloping garden to the river.

There were quite a few specimen trees dotted here and there, with breaks in between to admire the fantastic view across the valley. As you move down through the garden you pass a very productive vegetable plot, growing among the vegetables were some beautiful dahlias with flower heads as big as a dessert plate - the yellow ones really stood out.

We climbed over a stile heading for the river and passed through an orchard with some lovely bramley apples. We had a short walk by the river but unfortunately time was getting on, so it was back to the house. We met Heather who is the daughter and does all the gardening, dad helps with the mowing and mum bakes and does the teas for visitors. She told us a few days ago she had seen an otter in the river she thought she might have disturbed it while strimming the grass - it was the first time she had seen one. We got back to the barn and mum had laid on sandwiches, scones, cakes, tea and coffee, with lovely comfortable settees and chairs we relaxed talking about the garden. It was unanimous we had all had a very enjoyable time.

Hole Farm is an NG garden and open at certain times of the ***year***. Well worth a visit, we will certainly go back.

Our next meeting will be on September 20 with a talk by Nigel Alford about Hartland Abbey garden. Please come and join us, you will be made most welcome.

Sioux, combemartinmuseum@ googlemail.com

MUSEUM MEAT RAFFLE

Every Sunday at the Dolphin, £1 per strip (or 5 tickets). First prize a joint of meat and veg; second prize rump or gammon steak, mushrooms and tomatoes; third prize breakfast consisting of half a dozen eggs, bacon, sausages, tomatoes and mushrooms.

MUSEUM

Open 10.30am-5pm, Monday to Friday, and 11am-3pm on Saturday and Sunday.

There will be a Coffee Morning on Tuesday, September 18, 11am-1pm. Entry to the museum is free from 10.30am while the event is on.

HERITAGE OPEN DAY

Tomorrow, 10.30am-5pm at the museum. Refreshments will be served 11am-3pm.

SEASHORE SAFARI

On Wednesday, 2pm, £2 per accompanied child or adult without children. Open to all and generally lasts about two hours. Children must be accompanied by a responsible adult and sensible footwear must be worn, suitable for paddling and scrambling over rocks.

Meet at the museum where you will be provided with all that you need. Families with child only pay for the children as the adults will have to supervise them.

Messy Church

Teddies from the Tower fundraiser at St Peter Ad Vincula Church on Saturday, 1-4pm. Bring along your favourite soft toy and watch it zipwire from our church tower! Plus lots of activities, stalls, and raffles.

Shamwick Gardening Club

AGM on Wednesday, September 12, 7pm, at the Church Hall, Rectory Road. The AGM kicks off the start of the new Gardening Club ***year***. This will be followed by a quiz, drinks and nibbles. If any club members would like to stand for election to the committee could they please contact Desmond or let chairperson Jenny know at the meeting.

The results of our potato-growing competition will be judged with a grand weigh-in at the September meeting.

Here is a sneak preview of our speakers for the next couple of months - October: Autumn and Winter Colours by Sarah Chesters; November: How Plants Grow by Stuart Holder, a nurseryman from Bideford.

SHAMMICK ART GROUP

Combe Martin Church Parish Hall, every Thursday, 2-5pm, art workshops by arrangement. Info: Judy Jones on 01271 883863 or Linda Thomas on 01271 883345.

Paul Donovan, Courtiford, Dolton, EX19 8RE, 01805 804425, [*pauldon876@btinternet.com*](mailto:pauldon876@btinternet.com)

CHURCHYARD TIDY-UP

One of the regular maintenance sessions in the churchyard at St Edmund's is this Saturday, 9.30am-12.30pm, organised by Frances Whistler. Weeding, trimming, bramble-cutting, nettle-pulling and ivy-removal (from trees and gravestones) are the main tasks. Bring your own tools and stay for as long or as short a time as you wish. Tea and coffee are provided. This is always a nice social occasion in one of the village's most beautiful spots, quite apart from the gardening aspects.

ART GROUP

Hettie Sargeant's art group has now resumed after a summer break and meets on Mondays in the hall, 2-4pm. Based on mutual encouragement rather than formal tuition, it is joined by knitters and other craftspeople who are also very welcome. Info: Hettie 01805 804643.

One special event this autumn is the two-day arts and crafts exhibition next month, raising money for Help for Heroes. Anyone who wants to exhibit their work should contact Hettie or Theresa Gobara 01805 804475.

JUMBLE SALE

People were queuing up an hour before the doors opened at Phoenix Ladies' jumble sale on Saturday. The car park was full to overflowing and the hall was heaving. This annual event has really helped put Dolton the map and information on how much it raised for Iddesleigh-based charity Farms for City Children will hopefully appear here soon.

Peter Bunch, Arlington Old School, EX31 4LW, 01271 850215, peter.bunch562@ btinternet.com

COFFEESHOP

Today, 10.30am-noon, with hostesses Liz Smyth and Jill Parker. Come and see the newly-refurbished, spacious Village Hall and don't miss the opportunity to catch up with friends and neighbours over a mug of real coffee or freshly-brewed tea and sample homemade cakes and savouries (donations always welcome). You can also sell, swap or give away surplus plants and change books. See you there.

HARVEST FESTIVAL

On Sunday, September 16, 3pm, at St James Church, Arlington. All welcome. Flowers and produce for decoration of the church on or before Saturday, September 15, would be much appreciated, also help to decorate the church on the Saturday. Bring and share tea to follow the Harvest Service.

FANTASTIC RESULT

Because of an unexpected surge in visitors in the last day and a half, the Arlington St James Church Flower Festival achieved a final total of more than £700 in donations. All involved in the festival itself and the Sunday morning Songs of Praise are to be congratulated on this excellent outcome which will greatly assist towards the cost of electrical rewiring and installation of heating starting this week.

Sue Squire, 2 Threeways, Bratton Fleming, 01598 710526, [*sue@suesquire.com*](mailto:sue@suesquire.com)

RURAL DEMENTIA CHALLENGES AND SOLUTIONS

A talk on this subject will be given by Ian Sherriff, academic partnership lead for dementia, University of Plymouth, ahead of the September parish council meeting in the Parish Hall on Tuesday, September 25, starting at 7pm. Everyone will be welcome to attend. As parking is limited it would be helpful to have an idea of numbers and if any readers plan to attend they are asked to let the parish clerk know by emailing [*sue@suesquire.com*](mailto:sue@suesquire.com) or calling 01598 710526.

Margaret Weeks, [*dmweeks@tiscali.co.uk*](mailto:dmweeks@tiscali.co.uk)

Fun and Bygones Day

On Saturday, from 11am, at Bridge Field, EX20 3SH. There will be a display of vintage farm vehicles and implements and displays of vintage household appliances. There is to be a barbecue, bar, tombola in aid of the primary school, a raffle for Devon Air Ambulance Trust, a cake stall for Cancer Research UK and cream teas. The day will finish with live Irish music from 7.30pm. Free entry and parking, the site will be signposted from Exbourne and Jacobstowe. Info: Chris Guy 01837 851366.

Jumble sale

At 2pm on Saturday in the village hall in aid of Sampford Courtenay Flower Club. Only good-quality bargains to be had!

PARISH COUNCIL

Georgeham Parish Council met on Thursday, August 30, in Georgeham Village Hall, chaired by Cllr John Symonds. Other councillors present were district councillor Mrs Barker, M Harrison, P Mackintosh, Mrs Meek, E Short, M Taffinder and R Tucker, along with 11 members of the public and Mrs S Squire, parish clerk. Apologies received from Cllr Mrs Luxton and county councillor Mrs Chugg.

Representations from the public were heard regarding the continued parking on yellow lines at Croyde by traders and in respect of a planning application.

Cllr Symonds declared a prejudicial interest under finance where a ***payment*** to his son was authorised.

District councillor Mrs Barker declared a personal interest in a planning application as the applicants were personally known to her, and also as a member of North Devon Council planning committee, should the applications go before them for consideration.

The minutes of the meeting held on July 26 were approved as a correct record and the part two confidential notes of were circulated and noted.

Reports. The Devon and Cornwall Police August 2018 Newsletter had been circulated to councillors and was on the parish council website. Reports were also received in respect of inspections at Croyde play area, the scooter and skateboard park and Georgeham play area.

Cllr Mrs Meek gave an update on the Neighbourhood Plan. There is a meeting this evening in Georgeham Village Hall at 7pm to discuss this, to which all are welcome.

Six planning applications were considered and North Devon Council decision notices noted.

There was a discussion regarding the valuation of land owned by the parish council which has been approached to sell a small corner in Croyde play area. This is to be followed up by obtaining a red book valuation.

Twenty-four items were discussed under matters arising.

Under finance, balances were given and ***payments*** agreed. Seven other items were also discussed, including the large grass-cutting tender the contract which expires on February 28, 2019. Councillors agreed the wording for the tender with a view to a decision being made at the October meeting in preparation for the budget meeting in November. The clerk has sent the Tender to various contractors but should anyone reading this be interested in giving a quotation, they are asked to contact the clerk by phoning 01598 710526 or emailing [*sue@suesquire.com*](mailto:sue@suesquire.com) and further details will be given.

Details of income received by way of various grants were noted.

Under correspondence, it was noted that North Devon Council would not be carrying out a general Community Governance Review ahead of the parish council elections in May. A wider review of the area was planned over the next few ***years*** which could address issues such as the number of councillors in each parish and other common issues.

Cllr Harrison asked that traffic issues were an agenda item for the next meeting, which would be on Thursday, September 27, in Georgeham Village Hall at 7pm.

Mary Tonkin, 01271 378910, [*goodleighnews@lundybay.net*](mailto:goodleighnews@lundybay.net)

Talk

Goodleigh Village Hall is hosting a talk by Paul Rendell on Exmoor, Land of Combes on Wednesday, September 19, at 7.30pm. Entry will be £5 to include tea, coffee and biscuits. All welcome.

Quiz

The New Inn monthly pub quiz on Sunday starts 8pm. Info: 01271 342488.

Horticultural society

Annual meeting and dinner at Portmore Golf Club on Wednesday, September 12, 7pm for 7.30pm. For information and to book a meal contact Dave Hopkins on 01271 345246. New members welcome.

Polka Dot Family Concerts

Mondays at 10am in Goodleigh Village Hall. October 29: Violin - Kathryn Colman. November 26: Guitar - Hannah Woolacott. £5 entry includes coffee and cake. Info: Caroline Clipsham cclipsham@ yahoo.co.uk.

WI

Goodleigh WI welcomes new members at any meeting and meets on the third Tuesday of each month at 7.30pm in Goodleigh Village Hall. The autumn ***programme*** continues on September 18 with a talk by Ian Roome, fundraiser for the Over and Above charity North Devon District Hospital. On October 16 there is a cake decorating workshop to practise for Christmas cake decoration. Info: Janet Bryant 01271 344583 or Mary Fardon 01271 344629.

United Church

Christians Together in Goodleigh invite you to their Sunday Service at 9.30am. On Sunday, Holy Trinity service at 10am on Saunton Sands. September 16, Informal Worship with Kevin and family. Info: Lynda Thorne 01271 346566 or Andrew Moore 01271 321502.

Christians Together are collecting used stamps for Devon Air Ambulance. Please leave donations in the porch.

Informal Music Concert

Raising funds for our community church building on Friday, October 5, in Goodleigh Village Hall, 6.30-9pm. Includes local music talent and a ploughman's supper and cocktail. £10 for adults and £3 for children. Info: Goodleigh Church Facebook page or 01271 346566.

Pilates

Pilates with Louise on Tuesdays, there is a "re-rehabilitation" session for those who need more time or have an injury at 4.15pm, followed by the regular class at 5.30pm in the village hall. Info: Louise 01271 343151. Resumes on Tuesday after the summer break.

Art classes

Continue with Avice Yeo, Mondays 10.30am-12.30pm, £10 per session. Info: Avice 01271 870849.

Music and movement

Ladies' Music and Movement Class in Goodleigh Village Hall on Tuesdays with Marie Johns, 10.30-11.30am.

Mobile library

Next visit is on Monday, September 17, 11.50am- 12.20pm.

Bratton Fleming Dance Club

Next Club Night is Tuesday, 7.30-10pm, and Charity Dance Saturday, September 22, 7.30-11.30pm, bring and share supper. Info: Lynn 01769 573239 or Mike 01271 373095.

Parkinson's UK

Meet on the first Saturday of each month in Goodleigh Village Hall, 10am- 1pm. The next meeting will be Saturday, October 6.

It is a friendly club for those with Parkinson's and neurological issues and their carers and partners.

We have a variety of speakers and visitors to entertain and we enjoy coffee, tea and sandwiches.

Summer Skittles

Raised £287.10 for Over and Above hospital charity, well done everyone.

Tricia Oakley, 01237 441690, [*barnpark@live.co.uk*](mailto:barnpark@live.co.uk)

News items

Please send items for this column to the above email address or phone by the weekend before publication - any later than the Saturday and it will not be possible to include them.

Church services

Sunday: Sung Eucharist at St Nectan's, Stoke, 11am; Morning Worship at the Methodist Church, 11am.

Enquiries

About church weddings and baptisms should be directed to the Parish Office, which is situated in the Church Rooms in the car park. The office is open on weekday mornings, 10am-noon; answerphone 01237 441142; email hartland [*coastparishes@gmail.com*](mailto:coastparishes@gmail.com)

Bible course

New to the Bible and want to go deeper? eight sessions of an interactive course are being held in the Church Rooms on the second and fourth Thursdays in the month at 2pm, starting on September 27. If you miss a session, or prefer evenings, the course is also being run in the Church Schoolroom at Buckland Brewer on the same days at 7.30pm. Info and booking: Rev Jane Hayes 01237 440161.

Shirley Jones, Sunnydale, 4 Avenue Road, Ilfracombe, EX34 9AT, 01271 863630, [*shirleyjns311@gmail.com*](mailto:shirleyjns311@gmail.com)

Carnival

Congratulations to everyone concerned with Ilfracombe Carnival on Sunday, August 26. The rain stopped just in time for us to enjoy it.

Pensioners Social Club

Now meeting back at the Lantern, next on Wednesday, September 19, 2-4pm when Musical Memories entertains.

Community minibus

Ilfracombe Going Out and About Group enjoyed a trip to Exemouth on Wednesday, August 29. Info: Shirley Jones 01271 863630.

Sea Ilfracombe Maritime Festival

Well done to all who contributed to the Sea Ilfracombe Maritime Festival at the weekend and also the supporters. So much going on!

Bike show

On Saturday, Ilfracombe Bike Show is on the seafront, organised by North Devon Motorcycle Action group.

Pearl Hackett, 01271 861458, pearlhackett1947h@ hotmail.co.uk

Church services

Sunday: 9.30am Holy Communion at St Peter's, Westleigh, and 11am at St John the Baptist, Instow; 4pm Holy Communion (BCP) at All Saints, Anstey Way, Instow.

Devon Historic Churches Day

On Saturday, 10am-5pm, in St John's and from 10am in St Peter's and All Saints. If you would like to support this event by walking or cycling between the participating churches there are sponsorship forms in the church.

At St John's there is a First World War exhibition in the south transept of the part played by men and women together with details of Commonwealth War Graves of the First World War. At 2.30pm there will be a church tour.

Donations can be placed in the wall box. Refreshments are in the porch for visitors and ride and sponsor forms may be taken away to local churches or to raise funds. Full details of churches open on the day in Devon are in the church and chapel.

All Saints will also have simple refreshments.

The history of the chapel is on the inner door. Donations can be placed in the wall box there.

Why not take a friend for an outing to churches you have not visited before?

Harvest Festival

For Westleigh Parish Church is at 7pm at the church, supper following in Westleigh Village Hall, on Friday, September 21. Tickets £6 each from Julie Grigg 01237 476260 or Viv Ansell 01237 472574.

Instow Twinning Association

Welcome 32 twinners from Arromanches from September 13-17. Anyone interested in joining the association should call 01271 861626.

Art Trek

From September 15-16 and 22-23, our own artist Ruth Coles will be available to answer questions and demonstrate her work at All Saints Community Chapel, Anstey Way, Instow. Light refreshments will be available.

CHARITY BINGO AND RAFFLE

At the Old Station Inn, Blackmoor Gate, tomorrow. Eyes down 8pm. In aid of ChemoHero on behalf of the Bratton Fleming Half Marathon Runners.

All ages welcome to join us for a fun night out to raise funds for a local charity.

superfast BROADBAND public meeting

On Thursday, September 6, at 6.30pm in Kentisbury and Trentishoe Village Hall, A BT Openreach representative will be present to update and answer questions about broadband connection. Everyone welcome. Please try to attend as it affects us all.

The public meeting will be followed by the September parish council meeting to which everyone is welcome to stay and observe the parish council at work.

Harvest festival

The Methodist Church Harvest Festival Services will be held on Sunday, September 16, 11am and 6pm. Both services led by Mr G Downes.

The Harvest Supper will be on Monday, September 17, in the Parish Hall at 7pm prompt. Short devotion led by Rev Innalls. Tickets £10 adults, £5 children. Info: 01769 581088/581397.

ST PAUL'S CHURCH

Saturday, 10am-4pm, Historic Churches Open Day. Guided tours of the church will be provided by Michael Gee 11am-3pm. Please come along and help to support Devon's churches!

Sunday: 10.30am, Service of Holy Communion for the 15th Sunday in Trinity.

Mervyn Mugford, Tranquillity, Parracombe, 01598 763261, [*mervyn@bodley.demon.co.uk*](mailto:mervyn@bodley.demon.co.uk)

Lynton cinema

Showing Mamma Mia: Here We Go Again Cert (PG) for the final time this afternoon at 2.30pm and Walt Disney's Christopher Robin (PG) for the final time this evening at 8pm. Starting tomorrow for seven days, The Happy Prince (15). Showing each evening at 8pm with matinee Monday at 2.30pm. Coming next, The Spy Who Dumped Me (15). Enquiries and booking: 01598 753397.

Jeremy Hardy

The Plough, Torrington, has announced that due to circumstances beyond their control the forthcoming appearance of Jeremy Hardy at Lynton Town Hall in November has been cancelled.

In his place will appear BBC New Comedy Awards winning comedian Angela Barnes who has already appeared on TV and radio in shows such as Live At The Apollo, Mock The Week and The News Quiz.

Anyone who has already booked to see Jeremy Hardy can use their tickets to the same night at the same price.

Those who do not wish to ***transfer*** to watch Angela Barnes can contact the box office 01805 624624 for a full refund.

Northam Choral Society

Thought to be one of if not the oldest in the county, the society will start rehearsals for its Christmas concert on Tuesday.

New members welcome. No audition required, just come along to Northam Methodist Church Hall, Cross Street, before 7.30pm on a Tuesday.

Rehearsals are held 7.30-9.15pm and there is a short break for a hot drink and a chat.

The annual subscription, which goes towards covering the cost of music and room hire, is £30.

Info: northamchoral.org.uk.

Ruth Govier, 01598 740661, [*ruth.govier@btinternet.com*](mailto:ruth.govier@btinternet.com)

Methodist church

The church's anniversary service will be held on Sunday at 11am and will be led by Andy Jerrard, rural pastoral worker and ***agricultural*** chaplain.

Parish council

Next meeting in the Victory Hall on Wednesday at 7.30pm. A copy of the agenda can be found on the noticeboard outside Bulled's shop and at Heasley Mill Village Hall.

Mervyn Mugford, Tranquillity, Parracombe, 01598 763261, [*mervyn@bodley.demon.co.uk*](mailto:mervyn@bodley.demon.co.uk)

St Martin's, Martinhoe

The Friends of St Martin's did not get any bookings for their film, wine, and cheese fundraising evening that was to have been held at Lynton Cinema and the event is therefore cancelled.

David Kelsey, Wooletts, Rectory Rise, EX20 3HQ, 01837 810796, davidindevon@ btinternet.com

GARDENING CLUB

Meeting in the Baxter Hall on Tuesday, 8pm, when the speaker will be Sara Rittershausan and her subject will be Orchids.

HERITAGE GROUP

Meeting in the Clinton Hall, Merton, on Friday, September 14, at 7.30pm when the speaker will be Simon Dell and his topic being the Conscientious Objectors who were imprisoned in Dartmoor Prison during the First World War.

MASQUERaDE BALL

The 40th anniversary of the Baxter Hall will be celebrated on Saturday, September 15, 7 for 7.30pm, with a two-course dinner followed by live music by Archive. Info: Julie 01837 810898.

MACMILLAN COFFEE MORNING

This ever-popular event will be taking place in the Baxter Hall on September 28, 10am-noon.

CRICKET

The last league game of the season will be held at home on Sunday v Sandford, starting at 1.30pm.

St Peter's Church

A coffee morning is being held in the church on Saturday, 10am-noon, in aid of the Historic Churches Trust.

There will be a bring-and-buy stall. All welcome.

The annual Carvery Lunch will be in the Village Hall on Sunday, September 16, 12.30-1pm start. Tickets £13.50 adults, £6 children. This includes a glass of wine, turkey or beef roast, pudding and tea or coffee. There will be a raffle. Booking: 01271 850396 or 01271 850447.

Debbie Quick, 01769 573103, debbie.quick65@ btinternet.com

Treasure Hunt

The South Molton committee are holding a Treasure Hunt on Sunday, starting at 2pm from South Molton Car Park for Cancer Research UK, £5 per head, children under 16 free. Info: 01769 573453. Join us for a fun afternoon.

Just Sing

The community choir meets on Wednesdays, 7-8.30pm, at South Molton Scout Hut (by Cattle Market). We welcome new choristers. Contact: John Parkhouse jparkhouse110@ gmail.com or 07971 963943.

South Molton Singers

Commence their autumn rehearsals today, 7.30-9.30pm, at South Molton Assembly Rooms. ***Programme*** Part One, Handel's Messiah, plus traditional Christmas music. New choristers welcome.

Carnival Queens Search

Elaine Symons is looking for past carnival queens, if you were one or knew anyone who was one, please get in contact.

We are looking for 2001 Sophie Broader, 1980 Christine Porcher now Burd, 1970 Susan Williams (this is her married name as she got marred two weeks before carnival), 1965 Virgina Jenkins, 1960 Marline Wright, 1950 Edna Parker, 1934 Gwen Hill maybe now Elworthy. The ***years*** we are unsure of are 2004, 2000, 1964, 1954, 1953, 1952, 1951, 1948 to 1935 and 1921 to 1933.

Please note that if the date is not listed she has found them and the names quoted may be maiden or married names.

Elaine will be revisiting the archives and doing more searching.

In the meantime, if you can help in any way, please contact Elaine 01769 579398/07483 243105 or email [*elaine.symons@hotmail.com*](mailto:elaine.symons@hotmail.com)

She is also posting within the South Molton Notice Board page on Facebook. Thanking everyone in advance for their help.

Carnival

South Molton Carnival is being held on Saturday, September 29.

Bank

NatWest's mobile bank will be in South Molton Pannier Market every Tuesday morning, but only for half an hour, from 10.45-11.15am.

Stephen Harrison, The Old Chapel, Yarnscombe, EX31 3LN, 01769 560400, [*oldchapel08@outlook.com*](mailto:oldchapel08@outlook.com)

BINGO

Tomorrow at the Victory Hall. Doors open 6.30pm, eyes down 7.30pm. Assorted prizes to be won.

MOBILE LIBRARY

Next visit at 11am on Monday, September 17, in the Victory Hall car park.

SUMMER SKITTLES

A big thank you to Mike Passmore and everyone who took part, raising money for North Devon Hospice.

ABBA CHIQUE

Well, what a fabulous night and a fabulous tribute act. The Victory Hall was packed with all ages strutting their stuff to all of ABBA's well-known hits. And some of the costumes were out of this world.

Congratulations to everyone who made this happen but especially to Mandy and Paula for their masses of hard work organising the whole event.

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ICIS Chemical Business

May 4, 2018

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**Section:** NEWS IN BRIEF

**Length:** 15899 words

**Byline:** Xx xx

**Body**

Americas

SABIC, ExxonMobil to start cracker in Q2

Saudi Arabia’s SABIC expects construction of its planned US joint venture cracker project with energy firm ExxonMobil to begin during Q2 2018. The cost of the project in San Patricio County, Texas, is estimated at about $7.3bn, with engineering, procurement and construction (EPC) contracts signed with Chiyoda Kiewit Joint Venture and CTCI McDermott. SABIC expects the project to be completed during Q4 2021 with start-up in H1 2022. The project will have ethylene capacity of 1.8m tonnes/***year*** and include a monoethylene glycol (MEG) unit and two polyethylene (PE) plants.

DowDupont posts Q1 profit gain

DowDuPont posted a 7% ***year***-on-***year*** gain in adjusted earnings per share in Q1 to $1.12, edging out consensus estimates of $1.10. Earnings before interest, tax, depreciation and amortisation (EBITDA) rose 6% to $4.9bn on 5% higher sales of $21.5bn. The Materials Science segment posted a 23% gain in EBITDA to $2.6bn on 17% higher sales of $12.0bn. The company expects strong results for the rest of 2018 on merger synergies as well as a tailwind from synchronous global growth.

Marathon Petroleum to acquire Andeavor

Refiner Marathon Petroleum is to acquire Andeavor for $23.3bn, the two companies announced. The transaction, expected to close in the second half of 2018, is subject to customary closing conditions. According to the companies, the resulting entity would list as the largest refining and midstream company in the US and the fifth largest in the world, with an estimated enterprise value of more than $90bn and throughout capacity of more than 3m bbl/day.

Celanese to debottleneck POM capacity

US-based Celanese plans to debottleneck its polyoxymethylene (POM), or polyacetal, production lines, the engineered materials producer said. Celanese did not specify which POM lines it will debottleneck or the magnitude of the capacity increases. It should complete the first phase of the project in 2020 and the second phase shortly afterwards.

Westlake Chemical appoints Kearns as EVP

Westlake Chemical has appointed Roger Kearns as executive vice president for its vinyls chemicals segment. Kearns will report to Westlake CEO Albert Chao, and will be responsible for Westlake’s chlor-alkali, derivatives and polyvinyl chloride (PVC) businesses in North America, Europe and Asia. Kearns previously worked at Solvay as an executive committee member since 2008.

Huntsman eyes more PU bolt-on acquisitions

Huntsman continues to search for bolt-on acquisitions for its polyurethanes business, part of a larger strategy of finding higher margin outlets for its isocyanates, its CEO Peter Huntsman said. Under this strategy, the company would rely on these acquired businesses to use its methyl di-p-phenylene isocyanate (MDI) to produce higher margin derivative products, said Huntsman during an earnings call. Huntsman cited the company’s recent acquisition of Demilec as an example of this strategy.

Huntsman Q1 income up nearly four-fold

Huntsman’s adjusted net income during Q1 rose to $274m, up from $76m a ***year*** earlier, on the back of higher selling prices and sales volumes. Sales during the period rose by 18.7% to $2.3bn. Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) rose to $405m, up from $260m a ***year*** earlier.

Venator’s Q1 net income at $78m, up from $16m loss

Venator’s Q1 net income stood at $78m, compared with a loss of $16m a ***year*** earlier, on the back of stronger selling prices, the titanium dioxide (TiO2) producer said. First quarter sales were up 15.8% at $622m. Adjusted EBITDA stood at $157m, up from $49m in the prior-***year*** period. CEO Simon Turner said the company continues to make progress on the construction phase of its Pori project, in Finland.

New Enterprise PDH unit achieves 84% run rate

The new Enterprise propane dehydrogenation (PDH) unit in the US Gulf achieved operating rates of 84% in April. The PDH unit reached an operating rate of about 60% in February and March, Enterprise Products Partners president Randall Fowler said during the company’s Q1 earnings call. The recently built unit at Mont Belvieu, Texas, faced several delays to its start-up, most recently due to Hurricane Harvey. The unit has propylene capacity of 750,000 tonnes/***year***.

BASF to lift force majeure on monomeric MDI

BASF is lifting a force majeure on monomeric MDI (MMDI) and MMDI containing blends from its Geismar, Louisiana, facility as of 1 May, according to a customer letter. BASF had declared force majeure from its 300,000 tonne/***year*** MDI plant in Geismar on 23 January, following extended periods of freezing temperatures and severe winter weather. Sales allocations will remain in place until further notice.

Enterprise Products to start up in Q2

Enterprise Products expects its ninth natural gas liquids (NGL) fractionator in Mont Belvieu, Texas, to start up by the end of June. The company operates eight fractionators at the NGL market hub, with total complex capacity at 670,000 bbl/day. The ninth will add 85,000 bbl/day of capacity to its system. Fractionators purify raw NGL into ethane, propane, butane and heavy liquids.

europe

Perstorp swings to Q1 net loss on expenses

Perstorp’s swung to a net loss for Q1 2018 on account of net financial expenses, including currency effects on net debt, which was double that of the corresponding period in 2017, the Swedish firm said on 30 April. Perstorp posted a net loss of Swedish kronor (Skr)191m ($22m). “Net financial expenses, including currency effects on net debt, amounted to SEK 612 m compared to SEK 304 m for the corresponding period in 2017,” the company said.

Israel Chemicals new CEO to start tenure on 14 May

Israel Chemicals (ICL) on Sunday announced Raviv Zoller will take over as CEO on 14 May as acting-CEO Asher Grinbaum steps down. Zoller, a former insurance company CEO and technological entrepreneur, takes over nearly 19 months after the resignation of former head Stefan Borgas. Zoller joins from Israel-based consumer insurance firm IDI Direct Insurance Company, following a period in charge of local technology services firm Ness Technologies.

EU chems welcome Reach provisions

The Reach committee of the EU’s Commission has agreed to adapt the Reach annexes to include more-precise provisions on nanomaterials. The aim of the changes, according to the EU’s executive body, is to address the knowledge gap surrounding substances registered under the 28-country block’s chemical regulation Reach that are placed on the market as nanomaterials. They will also address the lack of information surrounding the corresponding quantities, broken down in terms of the specific nanoforms.

EU Commission approves Bayer crop-science sale

The European Commission approved the acquisition of parts of Bayer’s crop-science business by fellow German chemical major BASF. Bayer had agreed on 26 April to sell further pieces of its crop-science business to the tune of 1.7bn, with BASF having already agreed to acquire a 5.9bn remedy package of crop science business in October last ***year***. “The Commission did not identify competition concerns with most parts of the transaction.”

BP petchems profit falls on turnaround activity

BP’s petrochemicals business posted a 35% fall in underlying replacement cost (RC) profit before interest and tax in Q1 as a high level of turnaround activity and the sale of its stake in the SECCO joint venture weighed heavily. Underlying RC profit before interest and tax at the downstream division amounted to $97m in Q1 2018 compared to $149m in the same period a ***year*** ago.

EU needs joint trade approach with US, China

The US has postponed for 30 days a decision on trade tariffs on the EU and other allies, but Germany’s chemical trade group VCI said the 28-country bloc should adopt a unified and speedy position on trade to face China and the US “at eye level”. US President Trump delayed a decision on tariffs on EU steel and aluminium, as well as for other allies like Canada and Mexico, for 30 days after the first round of tariffs.

Azelis to distribute green solvents

US-based Elevance Renewable Sciences has signed an agreement with Belgium-based Azelis for the latter to distribute its green solvents and cleaning ingredients product line to the household, industrial and institutional market. Azelis will distribute the product line to the HI&I market in 32 European and Asian countries. Azelis will be the exclusive distributor in France, Belgium, the Netherlands, Luxembourg and the Balkans.

Bosnia officials declare disaster after leak

A disaster has been declared in northeastern Bosnia and Herzegovina after chemicals from the Sisecam Soda Lukavac soda ash factory leaked via a cracked dyke and polluted a river, Lukavac town officials said on 1 May. Sisecam Soda Lukavac, a subsidiary of Turkey’s chemical maker Soda Sanayi, has been ordered to clear up the spill which killed fish in the river Spreca and damaged farmland, the officials added.

asia

Clariant, CB&I win China PDH project contract

Clariant and US engineering services firm CB&I are to design and supply catalysts for a Chinese propane dehydrogenation (PDH) unit to be built by Jinneng Science & Technology Company in Qingdao, Shandong province. The plant is projected to have the capacity to produce 900,000 tonnes/***year*** of propylene, Clariant said. “The [CB&I branded] Catofin process is a proven and highly reliable technology of producing olefins, such as propylene or isobutylene, from light paraffin feedstocks with high operational reliability and efficiency,” said the Swiss company.

Huntsman’s MDI China JV continues to ramp up

The methyl di-p-phenylene isocyanate (MDI) that Huntsman built with several other companies in Caojing, China, continues to start up, the CEO said. Huntsman’s Caojing 2 plant has 240,000 tonnes/***year*** of MDI capacity and is operated as a joint venture with BASF, Shanghai Hua Yi (Group) Co, Shanghai Chlor-Alkali Chemical and Sinopec Group Assets Management. Such plants typically take about nine months from start up to reach full capacity, said Peter Huntsman, CEO. The plant is five months into that process.

Celanese to expand UHMWPE capacity in China

Celanese plans to expand capacity of its GUR ultra-high-molecular-weight polyethylene (PE) production in Nanjing, China, the US-based engineered materials producer said. The expansion project will add 15,000/tonne ***year*** of UHMWPE capacity to the Nanjing plant by 2019, Celanese said. The company said demand is rising for UHMWPE in sheet, profile and filter markets as well as in lithium-ion battery separators for electric vehicles. It estimates that demand growth is 20-30%/***year***, with most processors being in China.

Oriental Energy plans PP project at Ningbo

China’s Oriental Energy is planning to invest yuan (CNY) 2.52bn ($396m) to construct an 800,000 tonne/***year*** polypropylene (PP) plant at Ningbo in Zhejiang province. The plant will consist of two lines, each with a capacity of 400,000 tonnes/***year***, and is estimated to take two ***years*** to complete construction. Oriental Energy currently operates a 660,000 tonne/***year*** propane dehydrogenation (PDH) plant at Ningbo. The company’s second 660,000 tonne/***year*** PDH plant at the site is expected to come on-stream in late 2019.

Reliance Q4 net profit grows 17.3% on margins

Reliance Industries Ltd’s (RIL) net profit rose by 17.3% ***year*** on ***year*** to Indian rupees (Rs) 94.4bn ($1.4bn) in the quarter ending 31 March on the back of higher petrochemical margins. Revenue rose by 39% ***year*** on ***year*** to Rs1.29tr, supported by the start-up of petrochemical projects. The company’s petrochemicals earnings before interest and taxes (EBIT) surged by 87% ***year*** on ***year*** to Rs64.4bn, boosted by strong volume growth and higher margins for its polypropylene (PP), downstream polyester products and fibre intermediate products.

ExxonMobil to acquire Federal Karyatama

ExxonMobil is acquiring Indonesian motorcycle lubricants producer Federal Karyatama for an undisclosed fee, the energy giant said. The acquisition includes the Federal Oil brand and a 700,000 bbl/***year*** blending plant in Cilegon, Indonesia, the company said in a statement. “Pending shareholder, government and regulatory approvals, ExxonMobil will acquire 100% interest in the company from PT Mitra Pinasthika Mustika Tbk and its affiliate,” the company said. ExxonMobil expects the transaction to close by the third quarter of this ***year***.

US styrene arrivals into Asia to increase in H2

Asia is likely to see an increase in styrene monomer (SM) deep-sea arrivals from June as US supply tightness eases, market sources said. The flow of SM cargoes from the US into Asia is expected to resume towards the second half of the ***year*** as US production returns to normal. “There are some cargo arrivals from the US in June,” said a trader based in northeast Asia, adding that the cargoes are likely to find homes in South Korea and Taiwan.

PCC Rokita ups stake in Thai IRPC Polyol JV to 50%

Poland-based PCC Rokita has acquired a further 25% of Thailand’s IRPC Polyol taking its ownership stake in the joint venture to 50%. PCC Rokita bought the stake from Thai JV partner IRPC Public Company under an option agreed three ***years*** ago when the Bangkok enterprise was founded. IRPC Public Company has retained 50% in IRPC Polyol. The Polish company said it had paid Thai baht (THB) 52m ($1.7m) for the 25% stake.

Huntsman

Huntsman seeks bolt-ons

JOURNAL : Farmers Weekly

The mega-merger between supermarket giants Asda and Sainsbury’s looks set to squeeze the supply chain’s margins even tighter, following a commitment from the new entity to deliver food that is 10% cheaper for consumers.

Farming unions and industry representatives have expressed concerns over what the deal will mean for producers and suppliers. The merger will create the biggest UK supermarket group in history, with about a 26% share of the groceries market.

Tighter squeeze on suppliers

National Sheep Association (NSA) chief executive Phil Stocker reacted angrily to the announcement, saying that the rhetoric of more product for less money meant the price squeeze on suppliers would only get tighter.

“This loss of competition in the marketplace and an increased imbalance in the supply chain cannot be in the long-term interests of food producers – nor, in my mind, of society at large,” said Mr Stocker.

See also: Supply chain concerns over Sainsbury’s and Asda mega-merger

The deal would diminish the public’s appreciation of the value of food, according to Mr Stocker. He also warned that continued pressure on the supply chain would have irreversible consequences down the line.

“If we end up putting pressure on the bulk of our sheep farming families and businesses, we will end up with a very different countryside and rural community – and the danger is that it won’t be noticed until it is lost,” he added.

No real benefits

Prices for suppliers would probably get even lower, according to James Brown of pricing specialists Simon-Kucher, who advises a number of supermarket suppliers.

“Sainsbury’s and Asda have huge buying power, which already provides them with rock-bottom supplier prices.

“Where do grocery manufacturers and farmers go from there, when the merger gives them a larger combined market share?” he said.

“The prospect of this merger will send a huge chill up and down the whole supermarket supply chain, while their current suppliers will be braced for demands for further price cuts that many will not be able to deliver.”

Mr Brown added that any preliminary savings for consumers would evaporate in the medium to long term as consumption would not be affected by the merger, providing no real volume benefits for suppliers.

Greens want deal blocked

The deal will now be subject to a potentially lengthy investigation by the UK government’s Competition and Markets Authority (CMA). However, Green MEP Molly Scott Cato is calling for the EU’s Competition Commissioner to block the takeover altogether.

“I hope the EU Competition Commission will check out this proposed merger and force Sainsbury’s and Asda to shelve their plans.”

With Tesco already holding a 30% stake in the marketplace, “It cannot be right for just two retailers to hold almost 60% of the market,” she said.

Ms Cato added that the larger and more powerful retailers become, the more ruthless they are in seeking to eliminate competition and pressurise producers, leaving them struggling to remain viable.

Worse deal for farmers and consumers

This sentiment was echoed by farm advocacy group Sustain, which urged the CMA to throw out the proposed merger.

“The Asda-Sainsbury’s merger will create more grief for farmers trying to get a fair deal from an ever-shrinking set of buyers – lower prices and few market options is the last thing they need with the uncertainties of Brexit ahead,” said a spokesperson.

“In the long run, it will mean reduced choice for consumers with farmers squeezed and fewer outlets as the mega corporation combines its stores and high streets go into further decline.”

Potential opportunities

However, the merger presented an opportunity for the new entity to adopt a system of responsible sourcing and to end the unfair trading practices that currently blight the sector, said NFU Scotland chief executive Scott Walker.

Mr Walker added that farmers would want to see the strongest commitment from the new retailer to sourcing more UK-produced food than the existing companies do at present – a sentiment back by NFU president Minette Batters.

Deal good for everyone, says Sainsbury’s

However, Sainsbury’s boss Mike Coupe insisted the deal would be good for all parties involved, while also delivering cheaper food for consumers – up to 10% on everyday household grocery items.

Mr Coupe, who will take the top job at the combined enterprise, said the new entity would take a joint approach to buying, harmonising the lowest prices the two retailers currently pay their suppliers.

This would free up £350m of savings in the two ***years*** following the deal’s completion which should happen in the second half of 2019.

Small and large suppliers would see benefits in three areas, according to Mr Coupe: the opportunity to grow their business, to become more efficient and to produce more differentiated product ranges.

“The growth of Lidl, Aldi and Amazon has narrowed opportunities for suppliers, so this will be a force for good,” said Mr Coupe.

“The best supply chains are those where both parties win. This will be a great deal for everyone.”

JOURNAL : Farmers Weekly

Top farmers are quitting beef and sheep production because they can’t see a future for the sector after the UK leaves the EU, the government has been warned.

The precarious future faced by British beef and sheep producers was highlighted by West Yorkshire farmer Rachel Hallos, of Beeston Hall Farm, Ripponden.

See also: Defra policy proposals – Key points and how to respond

Farmers at the “top of their game” were getting out of beef and lamb, Ms Hallos told Defra secretary Michael Gove during a Brexit workshop on Monday (30 April)

Co-hosted by Defra and the NFU, the workshop was held so farmers could give Defra policymakers their views on plans to radically reform UK ***agricultural*** policy post Brexit.

Farmers have until 8 May to make their views known on the proposals.

Defra plans to replace direct ***payments*** with a new system of support largely based on rewarding farmers who undertake environmental measures instead.

‘No way forward’

But Ms Hallos, said award-winning producers – some who had been successfully rearing livestock for generations – couldn’t see a way forward.

She told Mr Gove: “On our own farm, we have changed our entire business model to fulfil environmental requirements on our farm.

As well as producing beef, Ms Hallos said she worked in collaboration on environmental projects with Yorkshire Water, the RSPB and Natural England.

But she added: “It still doesn’t pay.”

Producers getting out of beef production include Richard Tudor, who won the 2016 Farmers Weekly Awards Beef Farmer of the ***Year***.

Mr Tudor, who farms at Llysun Farm, Llanerfyl, near Welshpool, is replacing his beef herd with 300 dairy cows in a bid to stay profitable after Brexit.

‘Unable to survive’

Other livestock farmers fear their businesses will be unable to survive without direct ***payments*** – which often account for more than half their annual income.

Yorkshire beef and sheep farmer Rosey Dunn asked how she would be able to replace her £24,000 annual basic ***payment*** once support is switched to environmental measures.

“That is a vital part of my income,” said Ms Dunn, who farms at North Carlton Farm, Stockton on the Forest, near York.

Without lowland farmers, upland beef and sheep producers would have no-one to sell their animals to for finishing, she added.

Livestock producers have voiced about the prospect of export tariffs on beef and lamb should the UK fail to negotiate trade agreements with other countries after it leaves the EU.

High tariffs

Last ***year***, UK Brexit secretary David Davis conceded that British dairy and livestock farmers could face tariffs of 30-40% if the UK leaves the EU without a trade deal.

Responding to Ms Hallos, Mr Gove said acknowledged livestock farmers had it “toughest at the moment” – whether they were upland or lowland producers.

Upland farmers were operating on the tightest of margins and were acutely reliant on current ***agricultural*** support in order to keep their businesses going.

One reason was changing consumption habits – including declining domestic demand for sheepmeat, said Mr Gove.

‘Best in the world’

“That is why it is critically important to ensure we have the right export markets for sheepmeat in order to provide a future and a lifeline.”

It was important too that British consumers realised the quality meat produced by British farmers was the best in the world.

Mr Gove said he also accepted some hill farmers would require continued support to prevent the depopulation of rural communities in areas dependent on ***agriculture***.

“I don’t think it would be right – whether it were in West Yorkshire, Northumberland, Cumbria or mid-Wales – if we were to see upland farmers lose out as they might without any support altogether.

“That would mean that the effect on those communities would be one I couldn’t defend.”

JOURNAL : Farmers Weekly

Michael Gove has defended livestock farmers under fire from vegans and vegetarians by insisting eating meat is crucial as part of a balanced diet.

Speaking at a conference on the Future of UK Farming, organised by the Sustainable Food Trust, Mr Gove outlined part of his Brexit vision for UK ***agriculture*** – and became the first Defra minister to accept the critical link between sustainable food systems and healthy diets.

Mr Gove told the audience that while he respects the rights of vegans and vegetarians to choose a meat-free diet, people should not be “shy or abashed” about promoting the benefits of eating meat in a balanced diet.

See also: How to respond to Defra’s ***agriculture*** policy consultation

He added: “A balanced diet, rich in fresh fruit and vegetables, beans, pulses and cereals fresh dairy produce and protein sources such as fresh fish, offal and properly sourced meat is crucial to human health and flourishing.”

Mr Gove was challenged over the effects of livestock farming on the climate and climate change. According to the DECC, ***agriculture*** is responsible for 7% of the UK’s carbon emissions, with livestock production responsible for an estimated 5% of total emissions.

But the minister told the Guardian it was not his job to “micromanage what goes into a shopping basket”.

The Sustainable Food Trust has long argued for recognition in the UK, where two-thirds of farmland is under grass for sound environmental reasons, that grazing animals and red meat are critically important to sustainable food production and healthy diets.

Gove comments ‘heartening’

Patrick Holden, chief executive of the Sustainable Food Trust, said it was “heartening” to hear Mr Gove recognise that livestock will play a central role in sustainable farming systems in the future.

He added: “The new thinking about the need to rebuild soil fertility and biodiversity through a mainstream switch to sustainable food systems suggests we are nearing a tipping point.”

Mr Holden said the industry was at a “tipping point” of a major-scale transition to mixed farming, reintegrating food production with nature conservation and rebuilding soil fertility and biodiversity through a mainstream switch to sustainable food systems.

Farmers and land managers representing many hundreds of thousands of acres gathered at Fir Farm, in Lower Swell, Gloucestershire on Friday (27 April) to learn more about the opportunity and challenges of switching to sustainable food production.

Defra’s consultation on the future of UK ***agricultural*** policy ends on 8 May.

JOURNAL : Farmers Weekly

UK dairy processor Muller has raised its standard litre milk price by 0.75p/litre from 1 June.

The increase takes the price paid to Muller Direct’s 700 producers to 26.75p/litre, reflecting strengthening returns from wholesale cream and butter markets.

See also: How to decide if autumn block calving is right for your farm

Average UK bulk cream wholesale values increased by 8% in April to 2,080/t, while butter rose by 10% to £4,660/t, according to AHDB Dairy.

Concerns over milk supply pushed dairy prices up in April, according to the levy board, as weather continued to blight an already wet spring.

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Muller also announced it was recruiting producers to its Direct group following investments to increase production capacity at its Telford, Severnside and Foston processing sites.

The processor said the recruitment would continue to facilitate its strategy of displacing imported products with British ones.

Muller statement

“We are pleased to see market returns improving after a challenging period, and to be able to reflect this in a higher milk price,” said Rob Hutchison, Muller’s milk supply director.

“Muller’s proposition for farmers is designed to be simple and clear, and it has been the subject of considerable innovation, underpinned by a desire to build a better future in the dairy industry supply chain."

Mr Hutchison added, “The recently launched  Muller Direct fixed-price contract, futures contract option and Next Generation initiative for younger farmers have been well received and are now driving real change in our industry. We intend to continue breaking the mould going forward.”

JOURNAL : Farmers Weekly

Sheep producers are being warned to be on their guard against nematodirus disease following the sudden spike in temperatures.

The Sustainable Control of Parasites in Sheep (Scops) nematodirus forecast map shows nearly the whole of the UK is now at moderate risk – which means eggs are within 10 days of hatching.

Meanwhile, parts of the South, South West, north Wales and the Midlands are now at high risk from the disease.

See also: Sheep farmers urged to look out for blowfly strike as temperatures rise

What is nematodirus?

Nematodirus is a parasitic roundworm that affects young lambs grazing pasture. It causes profuse watery diarrhoea that causes dehydration and loss of condition and can lead to death.

Lesley Stubbings of Scops said: “Scops is urging farmers to remain vigilant, as the level of risk for nematodirus is now very high in some areas of the country. While many producers are still getting over the effect of the cold and wet weather, the bouts of warmer conditions, however welcome, mean no one can afford to rest on their laurels.”

She said lambs at the highest risk are those that were born in February and March and are now grazing fields that carried lambs last spring.

About the map

To assess the challenge on their farms, farmers are being advised to use the Scops nematodirus forecast - a free and easy-to-use interactive map.

It is updated daily using data from 140 weather stations provided by the Met Office and DarkSky, and tracks changes in risk throughout the spring and early summer.

This map allows farmers and advisers to select their nearest or most representative weather station and then access advice on how to relate the predicted risk to a particular farm.

Treatment options and possible management actions are also provided, which sheep farmers should use in consultation with their vet or adviser to consider the local risk and when/if to treat lambs.

Carry out FECs

Ms Stubbings added: “The warm weather last week has also led to the other worm species ‘waking up’, with reports of relatively high counts in some lambs.”

She said this shows farmers should now start to do faecal eggs counts (FECs).

Select the right product

Appropriate product choice will also be essential to protect young lambs, she added.

“While white wormers remain the product of choice to kill nematodirus worms, farmers may need to swap away from these drenches if other worm types need addressing on their farm.

"This is because resistance to white wormers is widespread in many species of worm other than nematodirus.”

Ms Stubbings advised farmers to speak to their vet or adviser for advice on product choices.

“With such a challenging season to date, we are urging sheep farmers to check their nearest weather station on the website and assess the risk to their lambs.”

Risk factors

South-facing fields tend to have an earlier hatch.

As a guide, every 100m increase in altitude will delay hatching by about seven days.

So, for example, if the nearest weather station on the interactive map is at 200m above sea level and the farm is 100m above sea level, hatching could be about seven days earlier than our forecast.

As soon as a local weather station displays an amber warning, farmers should follow the instructions provided to decide what this means for their particular farm and prepare to take action.

Lambs are at risk from six to 12 weeks of age.This is made worse this ***year*** as ewes have struggled with weather conditions and lambs have been forced to eat more grass to supplement limited milk supplies.

JOURNAL : Farmers Weekly

Landowners affected by the government’s High Speed 2 (HS2) railway project in the Midlands will be offered interim ***payments*** for temporary possession of land, according to the NFU.

The union says the ***payments*** could be made every three, six or 12 months and they are part of a number of “crucial victories” for members it has secured with HS2 Ltd, the company set up by the government to oversee the construction.

The agreement applies to landowners located along phase 2a of the HS2 route, the 37-mile stretch from West Midlands to Crewe.

See also: HS2 forces closure of award-winning farm business

Overall, the NFU understands that 58 farms along this proposed route will face “significant adverse effects”, with some losing land on a temporary basis and others facing permanent losses.

On one stretch of the route – from Colwich to Yarlet – seven ***agricultural*** holdings are also facing the demolition of buildings and three may lose residential premises. Noise could also be a problem in some areas.

During an evidence session of the High Speed Rail Bill select committee on Monday (30 April), the NFU also argued for a standard notice of three months before temporary possession is taken.

In addition, interest must be added on late advance and final compensation ***payments***, and for HS2 to use resources from commercial quarries rather than create borrow pits on farmers’ land, the union said.

Further ‘key wins’

The NFU says talks with HS2 have also secured a number of other key wins for landowners. These include:

Notice of entry where HS2 will use reasonable endeavours and notify landowners of the expected quarter of the ***calendar*** ***year*** in which land is planned for occupation, and for a likely time duration contractors will be on the land

A farmer may make a written request to HS2 to exercise powers of permanent acquisition for land required for the railway line and mitigation habitat creation

HS2 will provide an alternative supply of water, if a private water supply is affected by construction

HS2 has agreed to carry out aftercare of soils for five ***years***, with the possibility of a further five, including covering the cost.

'Communicate with farmers'

NFU vice-president Stuart Roberts said: “In order for affected farms to continue their core business of producing food for the nation, productive, versatile ***agricultural*** land needs to be protected for its primary use.

“It is key that HS2 negotiates directly with farmers on the most appropriate locations for mitigation of habitat, balance ponds and flood areas.

“Communication with farmers and growers is vital during a project like this and regular consultations must take place to ensure farms have the appropriate means to continue running productive, profitable and competitive businesses, including access to severed land as a result of construction.”

JOURNAL : Farmers Weekly

Farmers in Northern Ireland are being urged to sign up for a voluntary on-farm environmental audit with the promise that it will reduce the chances of a cross-compliance inspection at a later date.

The Department of ***Agriculture***, Environment and Rural Affairs (Daera) has launched a pilot scheme that will see farmers in a number of targeted catchment areas urged to invite an inspector to their farm in order to help identify potential environmental risks.

The idea is that the audit will allow inspectors to offer advice on how to fix minor issues that have little or no effect on the environment without the farmer being penalised.

See also: Key cross-compliance and greening rules by region

However, if an inspector discovers a significant pollution risk or breach, this will be reported to the Water Management Unit (WMU), which will then undertake a full regulatory cross-compliance inspection.

This in turn could lead to a cross-compliance breach being notified and a penalty being applied, or in more serious cases, prosecution.

Avoid fines

Daera says the aim of the scheme is to protect and improve the environment and help farmers to avoid cross-compliance fines.

Farmers who sign up to the scheme will be considered a lower risk and so will be less likely to be chosen for a mandatory cross-compliance inspection.

The pilot scheme has been developed by the WMU, Countryside Management Unit and the Ulster Farmers’ Union.

'Positive move'

UFU president Barclay Bell described the introduction of such a scheme as a positive move.

“We believe on-farm environmental recommendations can really help farmers improve their environmental performance and comply with the rules and we are pleased to see this being delivered through the pilot scheme,” he said.

“We would encourage farmers to consider taking up the offer of this audit.”

David Small, Northern Ireland Environment Agency chief executive, said the pilot scheme did not mean it was softening its regulatory duty.

“There are many minor issues on farms that are considered to be of a very low severity and appear to have a minor effect on water quality or the wider environment, but collectively across thousands of farms that really adds up.

“Using the audits is a great way to increase awareness of possible problems and if farmers follow the recommendations, we can not only make major improvements to the quality of our water and environment, but can also reduce costs and deliver efficiencies for farmers.

“This advocacy-first approach will offer an early warning system to put right any potential environment issues and at the same time protect their ***payments***.”

Target catchments

The target catchment areas can be viewed online:

Once the map has loaded, open the "Layer List" icon in the top left hand corner of map (looks like a stack of tiles)

Turn on "River bodies failing for phosphorous only"

Turn off all other options

The map will then display the target catchment areas in pink. More specific detail is found by clicking on the individual target catchment areas.

JOURNAL : Farmers Weekly

While the bulbous SUV has been dominating the UK’s road network, its svelte, understated cousin – the all-wheel-drive estate – has quietly taken a back seat.

But after several ***years*** away from the limelight, these do-it-all family wagons are beginning to command some more attention.

With the market on the rise, we decided to test out the top-spec model from each for a showdown and lined up Volvo’s 2-litre V90 Cross Country, Audi’s A6 Allroad and Mercedes’ E350 All Terrain, both of which came with V6 powerplants.

See also: On test: Audi A4 Allroad is a cut above the rest

To decide which was best, we put them through a week of mixed driving, including some typical farm-based off-roading and a longer run into the Welsh hills

Here’s how the powerful Audi got on...

Engine

The 3-litre V6 engine is a longstanding favourite in the VAG garage – it is also used in VW’s Amarok pickup and Audi’s SQ5 – and is as smooth and refined as they come.

In Dynamic mode, with the air cushions emptied and the body hunkered down closer to the tarmac, it takes a lightening 5.5sec to get to 62mph.

That made it the fastest of our bunch and, as the rev needle swings past 3,500rpm, it provides a booming V6 soundtrack in the cabin.

In comparison, the Volvo’s four cylinder made it shoutier at top-end revs, while the Merc delivered a somehow less satisfying thrum.

The BiTDI engine uses two turbochargers in a series formation (connected in line with each other). The smaller one takes the A6 to 2,500rpm and the larger one provides the firepower for the rest of the rev range, so there is always plenty of poke on tap.

Fuel consumption isn’t as bad as you would expect from a twin turbo V6, either. The car’s readout said we managed just under 40mpg on a 200-mile mixed driving route, which is by no means embarrassing against the 43.5mpg Audi quotes.

Transmission

Our test model had Quattro permanent four-wheel-drive and an optional £1,100 sports differential.

Shifts are controlled by the central stick with manual paddles on the steering wheel that give keenos the chance to channel their inner Lewis Hamilton.

The dual-clutch system is punchy and quick to shift up and down the cogs, with changes barely noticeable even with the throttle pedal buried in the carpet.

There are plenty of toys, including hill descent control, lane assist and adaptive cruise as standard.

However, Audi insists on mounting the controls for cruise on a stick behind the steering wheel, which makes it a faff to set up.

The auto stop/start system also had a habit of kicking in a second or so too early and sometimes turned off too frequently in crawling traffic.

Interior

While the Mercedes feels like a space shuttle cockpit, Audi’s setup is simple to navigate. But, with an asking price of £70,000, the interior is getting a bit long in the tooth and isn’t radically different from the firm’s small hatchback offering.

There’s no big expanse of virtual dash or funky ways to change background lights – just a couple of old-school speed and engine rpm dials – and the optional virtual screens seen on larger models are yet to work their way down to the A6 models.

Because of this, the screen and controls are starting to show their age and the former cuts a lonely figure on the dash, rather than looking properly integrated. The satnav didn’t win any admirers, either.

However, Audi has recently announced a fresh-looking A6 Avant, with the pictures showing a glossy interior and tweaked exterior similar to the larger Audi SUV range.

Our fully loaded test model also came with a huge list of extras, which bumped the price up by £17,000.

The priciest of these is a technology pack at £3,265, a panoramic sunroof costing £1,300, a Bose sound system for £1,000 – and a full leather interior isn’t standard for the £56,415 base price, either.

Off road

In road mode, it would be tricky to tell the low stance of the Allroad apart from a standard A6.

However, the lack of colour coding on the wheel arches and bumpers is a definite give-away and is designed to make it look rugged and add paintwork protection.

The four-corner air suspension glides the car over farmyard terrain, with the Allroad setting raising the car by 60mm in just a few seconds.

The Volvo has the edge in the height department, but the A6 will comfortably keep its underbelly clear of the mud on a stubble field, with Audi’s Quattro system putting grip to the wheels that need it.

Likes and gripes

Likes

Silky smooth engine

Well laid-out and classy feeling interior

Tiptronic box delivers power quickly

Smart exterior

Gripes

Lack of touchscreen

Awkward cruise control lever position

Options list makes final price eye watering

Ground clearance some way behind Volvo

Quick verdict

The Allroad is everything you would expect from a new Audi – its beasty 3-litre engine is matched by a smooth Tiptronic gearbox, smart exterior looks and the cabin is well built, too.

However, it is due a freshen-up and came up short against the Volvo where off-roading was concerned. Despite that, we reckon it will take some beating on the 4x4 scene.

Price as tested: £73,140

Audi A6 Allroad specs

Engine 3-litre V6 BiTDI

Power 320hp@3,900-4,600rpm

Torque 650Nm@1,400-2,800rpm

Transmission 8-speed auto Tiptronic

0-62mph 5.5sec

Top speed 155mph (governed)

Combined consumption 43.5mpg

Kerb weight 1,955kg

Turning circle 11.9m

Towing capacity 2,500kg

Boot space 565-litres – 1,680-litres with seats down

Ground clearance 60mm raise over standard A6

Base price £56,415

JOURNAL : Farmers Weekly

While the bulbous SUV has been dominating the UK’s road network, its svelte, understated cousin – the all-wheel-drive estate – has quietly taken a back seat.

But after several ***years*** away from the limelight, these do-it-all family wagons are beginning to command some more attention.

With the market on the rise, we decided to test out the top-spec model from each for a showdown and lined up Volvo’s 2-litre V90 Cross Country, Audi’s A6 Allroad and Mercedes’ E350 All Terrain, both of which came with V6 powerplants.

See also: On test: Mercedes X-Class pickup

To decide which was best, we put them through a week of mixed driving, including some typical farm-based off-roading and a longer run into the Welsh hills.

Here’s how the Mercedes fared against the old-timers ...

Verdict

Mercedes has made a late dash to enter the booming 4x4 markets with a new Nissan-derived pickup and the E350d All Terrain estate.

The family wagon is based on the Germans’ executive saloon and comes with a loaded spec, high-tech interior and V6 engine, but the young gun came up a little short against the experience of Volvo and Audi.

Price as tested: £61,470

Engine

Mercedes has dipped a tentative toe into the 4x4 estate market by converting its executive saloon to a countryside spec All Terrain model that comes with just one engine and one trim level.

However, the block is big and the spec sheet is loaded, which means the starting price – at almost £60,000 – will look a bit scary to anyone armed with a sensible budget.

Of course, this is Merc’s All Terrain estate debut, so there’s every chance that the cheaper 2-litre diesel from the saloon-grade E-Class will appear at some point, along with petrol and hybrid alternatives.

Its 3-litre V6 is tuned to work some way short of the Audi’s high-performance stats, though 258hp still delivers breakneck acceleration and peak power is available lower down the rev range than the big-hitting A6.

The downside is that cab noise is a little more noticeable than the other two and can always be heard in the background of phone calls – both engine and tyres are culpable – particularly when compared with the yoga-class vibes inside the Zen-like Swede.

Transmission

The drivetrain rarely feels overextended and notches up and down the nine-speed dual-clutch gearbox in almost-choreographed fashion, making a far neater job of it than would be possible using the manual shifters.

Pre-set driving ***programmes*** alter the way the engine, gearbox, air suspension and steering behave, though there’s little reason to leave Comfort or Eco.

If you really want to thrash it then the Audi gets the nod – in Sport mode it carves the corners with more balance and is also half-a-second quicker out of the blocks (though the E-Class is no slouch).

Naturally, both have a quicker turn of speed than the smaller-engined Volvo above 50mph, too.

However, consumption is underwhelming. Official stats suggest 41.5mpg is realistic, but we operated south of 35mpg over a week of varied driving.

Interior

The E-Class interior won’t be for everyone. Its pair of rather grandiose iPad-style screens forms a wall of information and includes gimmicky features that allow drivers to fiddle with the layout of the digital instrument cluster and set different mood lighting colours.

Such novelties – along with the beige leather, aluminium-effect panels and silver-finished Burmester surround-sound speakers – were a little lost on us, but will no doubt impress those of a more ostentatious persuasion.

It must also be said that it’s undoubtedly more modern than the plain-but-pukka A6 and, while Audi charges buyers in the currency of arms and legs for every conceivable item, most of Merc’s are already included.

There’s keyless entry, a panoramic roof and a fancy sound system for starters. In fact, the driver aid package (evasive steering, lane change and active distance assistance) was the only chargeable extra on our high-spec car.

It sounds good, but leaves buyers with little chance to shave a shilling or two off the asking price.

Aside from the techy stuff, space is generally good. Rear legroom is pretty much on a par with the Volvo and the boot is big too, particularly with the rear seats folded down. Unfortunately, there’s no seven-seat option, though.

Off-road

The four-wheel drive model gets plastic wheel arch cladding and 29mm extra ground clearance over the standard E-Class estate.

However, it sits far lower than the Volvo, even in the All Terrain mode, where the chassis is jacked up by an extra 20mm at speeds of up to 20mph.

This provides a bit of extra breathing space on farm tracks, but we found the best course of action was to engage the speed limiter to prevent the cushions deflating and the underbelly grazing protruding lumps of hardcore.

A permanent four-wheel drive system is standard but, with our test vehicle running on 20in alloys and low-profile rubber, traction was never going to match the off-road-ready Volvo.

At 2.1t, towing capacity also came up short, though the nifty swivel-down ball hitch is neat and remains hidden from view when out of use.

Check out the Mercedes E350d Allterrain’s flashy tow bar unfolding into place - - - #countrycar #farmersweekly #cartest #carreview #mercedesbenz #mercedes #towbar #technology #e350d #mercedesallterrain #4x4 #cargram #mercedesclub

A post shared by Farmers Weekly (@farmersweekly) on Apr 13, 2018 at 3:36am PDT

Likes and gripes

Likes

Lots of boot space

Set up the dash layout to suit

Plenty of power and torque

Neat tow bar swivels out of view

Gripes

Too much standard kit

Below-par towing capacity

Unimpressive fuel consumption

Confusing infotainment system controls

Mercedes E350d 4Matic specs

Engine 3-litre V6 turbodiesel

Power 258hp@3,400rpm

Torque 620Nm@1,600-2,400rpm

Transmission 9-speed auto

0-62mph 6.2sec

Top speed 155mph

Combined consumption 41.5mpg

Kerb weight 2,010kg

Turning circle 11.9m

Towing capacity 2,100kg

Boot size 640 litres (1,820 litres with rear seats down)

Ground clearance 156mm

Base price £58,880

JOURNAL : Farmers Weekly

Excavation specialist Cat offers a range of five smartphones, all built by the Reading-based Bullitt Group that licenses the Cat name along with a stack of other popular brands, including Land Rover.

Comparing the firm's S41 to the ever-popular iPhone 7, it is almost twice as thick and dwarfs the Apple device when face to face, which means it’s a real stretch for any operator's thumb to reach the app located in the top corner.

At 218g, it’s also a good bit heavier than the iPhone, which tips the scales at a feather-like 138g.

Sturdy construction

Having said that, it does feel well made. Access to headphone and charging ports are covered by solid plugs to stop dirt getting in and the three buttons on the front are logically organised, although the omission of a touchscreen back button is slightly frustrating.

On our test phone, none of the raised buttons gained access to the phone – this is only achieved via the lock button on the side – which should avoid accidental phone calls when talking about the boss’ drilling.

Eyes are drawn to a bright, copper-coloured button on the left-hand side of the phone. A brief glance at the instructions revealed it can have two functions that are easily assigned and changed in the settings area of the phone.

We set a flashlight to come on after a two-second hold, which was ideal when crawling around in the darkness under a machine and much easier than swiping up for a torch as on the iPhone.

Cat S41

Operating system: Android 7

Display: 5-inch, 1280 x 1080

Memory: 32GB

Battery: 5,000mAh

SIM type: Dual nano

Processor: 2.3GHz

Weight: 218g

Waterproof: 2m

Drop proof: 1.8m

Price: £399

See also: 7 budget GPS guidance systems on test

Charging help

Thanks to the monster 5,000mAh battery – iPhone 7 has 1,960mAh and Samsung Galaxy 8 offers 3,000mAh – the S41 can sit on standby for an impressive 44 days, but that’s not the only ace up its XL-sized sleeve, we’re told.

If you’re miles away from any kind of charging point and a colleague is running dangerously low on battery, providing you’ve remembered the lead and the S41 is over 20% charged, you can very quickly give them some extra power.

There are slow and fast charging speeds, with the latter rendering the Cat phone useless while it ***transfers*** the juice.

We tried this out with a Samsung Galaxy A3, which started on 53% charge; after just 52 minutes the Galaxy had jumped up to 97% charged with the S41 still having 48% left.

Android 7 OS

As with other Cat phones, the option to insert two sims at the same time for increased phone coverage is still available and the phone runs a fairly bog-standard Android 7 operating system.

It’s drop-proof from 1.8m and waterproof for one hour up to 2m deep. There’s no fingerprint access, but there is still an audio jack port for plugging in headphones, which is refreshing for a phone aimed at the outdoor type.

Surprisingly, the phone also has a reasonable-sounding £399 price-tag, which includes free delivery and a two-***year*** warranty. It's also £200 cheaper than the S60 we tested a few ***years*** ago.

JOURNAL : Farmers Weekly

While the bulbous SUV has been dominating the UK’s road network, its svelte, understated cousin – the all-wheel-drive estate – has quietly taken a back seat.

But after several ***years*** away from the limelight, these do-it-all family wagons are beginning to command some more attention.

With the market on the rise, we decided to test out the top-spec model from each for a showdown and lined up Volvo’s 2-litre V90 Cross Country, Audi’s A6 Allroad and Mercedes’ E350 All Terrain, both of which came with V6 powerplants.

See also: High-hour Horsepower: Toyota Land Cruiser hits 484,000 miles

To decide which was best, we put them through a week of mixed driving, including some typical farm-based off-roading and a longer run into the Welsh hills.

Here’s how the smooth-operating Swede stacked-up...

Quick verdict

The V90 is a proper country car with decent ground clearance, chunky tyres and enough boot space for an assortment of large dogs.

It can’t match the Audi or Mercedes for performance and handling, but we thought its slick, quiet and well-thought-out interior was the best of the bunch. Its swollen door mirrors and poor visibility were its biggest downfalls.

Price as tested: £57,455

Engine

There’s no option of a thumping V6 in the Volvo, so our model came with the peppiest of the Swede’s four-cylinder diesels – the D5.

This is the same block as the less powerful D4, but it manages to generate an extra 45hp and 80Nm of torque.

It also comes with some technology called Powerpulse that uses a shot of compressed air to spool the twin turbos up faster, reducing lag at lower revs.

We were genuinely surprised at how quickly the V90 picked up speed off the mark and it can almost stay with the Mercedes and Audi up to about 50mph, after which their extra pairs of cylinders allowed them to romp away.

But let’s face it, Volvos have never been about out-and-out speed. Instead, this engine is smooth, quiet and offers better fuel economy than its German counterparts.

Volvo V90 Cross Country Pro D5

Likes

High ride height

Quiet cabin

Slick touchscreen and controls

Well thought out interior

Gripes

Large door mirrors

Poor visibility in general

Cream trim

Uninspiring performance and handling

As for the numbers, it develops 235hp and 480Nm of torque, which will get it to 62mph in 7.5s.

Volvo also quotes a combined fuel consumption figure of 50.4mpg, which in the real world is more like the mid- to late 30s (or maybe the early 40s if you really nurse it along).

Transmission

Volvo offers just one eight-speed automatic transmission in the V90.

In line with the rest of the car’s fuss-free approach, the driving dynamics are changed by pressing a simple button/scroll wheel on the centre console.

Adjusting these settings doesn’t alter the car’s ride height as it does on the other two, so this means it’s a little less stable through the corners.

As per Volvo’s suggestion, we found the Comfort setting the most suitable for everyday driving.

Our car also had the luxury of adaptive cruise control and the company’s semi-autonomous Pilot Assist system.

As well as keeping you at a set speed and distance from the car in front, this will also help hold you between the white lines.

Interior

Like the foyer of a fancy furniture showroom, the V90’s blend of leather, wood and buffed aluminium gives it an air of refinement.

This continues with the ultra-crisp Bowers and Wilkins stereo system (a £3,000 option) that does away with crass tuning options such as subwoofer and bass settings.

Instead, drivers get the choice of pre-***programmed*** profiles that mimic places of cultural interest, such as a theatre stage, music studio or, more specifically, the Gothenberg Concert Hall. That latter option is surprisingly effective.

But middle-class niceties aside, we felt that Volvo had come up with the slickest interior of the lot.

Almost all functions are slotted into a tablet-style touchscreen in the centre console, making them easy to find and leaving the rest of the cabin clutter-free.

In contrast, the Merc and Audi’s collections of buttons, dials and touchpads seem overly fussy.

It’s not perfect, though. Our biggest problem was visibility, particularly with the bucket-like wing mirrors that protrude like elephants ears even when folded.

These completely fill the corner of the front windows, obscuring the view of traffic when pulling out of junctions or on to roundabouts.

As for its practicality, boot space is plentiful and our car came with a flap that lifts up to divide the load space.

Rear passengers are treated to decent legroom and their own climate control settings, too.

Off-Road option

Unlike the Audi and Mercedes, the V90 has a permanently elevated driving position, which is probably no bad thing for a country car.

This gives it a reasonable ground clearance of 210mm (unladen) and its deeper profile tyres are more tolerant of the proliferation of potholes across the rural road network.

It has a permanent four-wheel-drive system, which is active in all driving modes.

However, selecting the Off-Road setting changes the driving characteristics to apparently make it easier to control in tough conditions.

The electronically controlled system balances the power for you and sends it to the wheels with the most grip. There’s also a hill descent control to help prevent you sliding down greasy banks.

Clearly its no extreme off-roader, but it’s in a similar league to most of the softer SUVs with a single-range transmission.

Volvo V90 D5 PowerPulse Cross Country Pro

Engine 2-litre 4-cylinder TDI

Power 235hp@4,000rpm

Torque 480Nm@1,750-2,250rpm

Transmission 8-speed auto

0-62mph 7.5sec

Top speed 140mph

Combined consumption 50.4mpg

Kerb weight 1,848kg

Turning circle 11.6m

Towing capacity 2,400kg

Boot space 723 litres, or 1,526 itres with seats down

Ground clearance 210mm

Base price £47,905

JOURNAL : Farmers Weekly

A dog and car have been seized from a man who drove from County Durham to North Yorkshire to take part in illegal hare coursing on farmland.

John Latcham, 28, was spotted allowing a lurcher dog to run loose and chase a hare on land at Well, near Bedale, on 28 January 2018.

North Yorkshire Police officers attended and issued him with a dispersal notice, requiring him to leave the area immediately.

See also: Hare coursing – what you need to know if your farm is targeted

The two-***year***-old male dog was found nearby with the carcass of a hare, and was taken by police to secure kennels to be looked after.

Mr Latcham, from Butterknowle, Durham, was charged with hunting a wild mammal with a dog. He was found guilty in his absence at Northallerton Magistrates Court on Tuesday 24 April.

He was fined £660, and ordered to pay £85 costs and a £66 victim surcharge. In addition, forfeiture orders were made for his Ford Mondeo, a slip dog lead, and the dog, which will now be rehomed.

Police message to illegal coursers

Speaking after the case, Insp Jon Grainge, of North Yorkshire Police’s rural task force, said: “Poaching is one of six national wildlife crime priorities, and has a significant impact on the rural communities of North Yorkshire, often leaving local residents in fear of further crimes.

“[Mr] Latcham travelled a considerable distance to commit this offence. The sentence imposed should send a clear message that North Yorkshire Police will not tolerate this offending in our communities, and deal with all reports robustly.”

NYP Rural Task Force - Great Hare Coursing result. Offender given £811 fines, car forfeited & lurcher dog to be re- homed. Big thanks to our great Bedale Mobile Watch volunteers team for spotting offender hare coursing . Don’t come to North Yorkshire hare coursing. #OpGalileo pic.twitter.com/bE7pnDT1G5

Stu Grainger (@RTF\_NYP512) April 27, 2018

If you have any information about suspected poaching or hare coursing, call police on 101, or 999 if a crime is in progress.

JOURNAL : Farmers Weekly

A row has broken out between farmers and animal welfare campaigners on social media over the cost of policing the badger cull in Cheshire.

A freedom of information (FoI) request sent to Cheshire Constabulary has revealed the amount charged to the Home Office for policing the Cheshire badger cull operation in 2017.

In total, £831,093 of taxpayers’ money was used to police the removal of 736 badgers. This works out at £1,129 per badger killed.

See also: Analysis – Is the badger cull in England working?

The Wirral & Cheshire Badger Group, which made the FoI request alongside Cheshire Against the Badger Cull, branded the costs “wasteful and shameful”. It said the money could have been used to fund 46 new nurses, 36 new teachers or 42 new police officers.

Rosie Woodroffe, a wildlife expert at the Zoological Society of London (ZSL), who is opposed to culling, wrote on Twitter (@RosieWoodroffe): “£831k to police the killing of 736 badgers? £1,129 per badger? Am I getting this right? Just for policing?”

Prof Woodroffe then questioned whether culling is more effective than badger vaccination. “The science isn’t there to tell either way,” she said.

Cheshire farmer Phil Latham responded on his Twitter account (@PhilLatham): “The policing costs aren’t for killing badgers. There are no police costs for culling foxes or rabbits either. The costs are attributable to the self-indulgent people who take a lead from those who think the cull is unnecessary.”

Government defends costs

Defra defended the costs of policing the culls, saying that its analysis shows this is far outweighed by the benefits of culling badgers to reduce bovine TB rates in herds within and around cull zones.

The department’s report, Badger control value for money analysis 2017, estimated that individual culling areas should expect to see an annual net benefit of £1m.

A Defra spokesperson said: “The average cost of policing each badger control area has declined significantly ***year***-on-***year*** since 2013, and we expect to see the same in Cheshire.

“Bovine TB is the greatest animal health threat to the UK and costs taxpayers more than £100m each ***year***. Our comprehensive strategy to eradicate it includes tighter cattle movement controls, more cattle testing and badger control in areas where the disease is rife.”

JOURNAL : Farmers Weekly

Livestock marts in the Republic of Ireland (ROI) have introduced safety procedures, which will see farmers banned from the lairage areas during set times.

The moves come at a time when the Livestock Auctioneers Association (LAA) in the UK is stepping up health and safety procedures following  livestock-related accidents, though executive secretary Chris Dodds says there are no plans to prevent farmers from viewing stock.

See also: How to handle livestock safely Academy

Livestock-related deaths

15% of fatal injuries on farm are cause by livestock

On average, four or five workers and members of the public are killed in accidents involving cattle each ***year***

Last ***year***, a cattle handler was killed after being crushed by a bull at Gisburn Auction Mart

Source. Health and Safety Executive

Ten marts in ROI brought in the new safety arrangements in mid-April, including four sites operated by Aurivo Co-op.

The move was triggered after a farmer was seriously injured by a bull at Aurivo’s Mohill Mart at the start of April.

The main restrictions include where farmers can walk when cattle are moving about in the lairage.

Many marts plan to allow safe viewing times when cattle are booked in and placed securely in pens, but before the sale commences.

At Roscommon market, staff have been positioned at the entrance gate to the lairage to prevent farmers from entering after the sale has started. Other marts have also ordered security gates which will only be opened by staff swipe cards.

Other changes include attention to the loading and unloading of cattle at lairage gates and regular training by staff to improve knowledge of health and safety and animal behaviour.

Training

According to Mr Dodds, the LAA is also in the process of rolling out a health and safety course for drovers.

He said: “Livestock are wild animals and we have got to respect them. We’ve got to be conscious of how they will react and their behavioural habits.

“Unfortunately, the livestock sector has been subject to some terrible livestock-related accidents. That’s why we are in the process of developing a drover handling course.”

Viewings

Mr Dodds said there was “no intention” to restricting farmers from viewing stock and said there was a balance to be had to meet farmers’ needs and health and safety.

“A lot of farmers want to make sure their stock looks its best before sale and for some farmers who don’t have adequate handling facilities at home, that means using the facilities at market to prepare stock for selling.

“We need to have sensible protocols in place and to mitigate the chances of an accident happening, due to animals getting unruly,” he said.

JOURNAL : Farmers Weekly

Severn Trent has launched a new "cash for catchments" scheme that is offering funding to landowners and farmers with "game-changing" ideas to improve the water environment.

The company is inviting landowners, farmers, community groups and non-governmental organisations to submit ideas that would bring environmental benefits across the Midlands and mid-Wales.

The scheme is unusual in that it is leaving it to land managers to come up with the ideas that they think would make the most difference.

See also: What Gove’s environmental ambitions mean for farmers

Unusually, Severn Trent has also sought funding for the initiative from other private businesses.

It has invited private companies to get involved as a "partner" to allow them to achieve their corporate responsibility goals.

Companies have been asked to commit a minimum donation of £10,000, which Severn Trent will add to, in order to ensure there is at least £100,00 available for all shortlisted projects.

The initiative could show Defra secretary Michael Gove’s plans for farmers to be paid for providing services that protect and enhance "natural capital" could work in practice.

Project range

The scheme is particularly focused on projects that would help to preserve the region’s biodiversity, control invasive non-native species, provide natural flood management, restore rivers and improve river water quality.

The first stage of the application process is for farmers to submit their project ideas, along with details of the expected benefits and an estimated project cost.

The best projects will be shortlisted and the successful applicants will be invited to present their project to a Dragons’ Den-style panel.

‘Positive effect’

Zara Turtle, who is leading the scheme for Severn Trent, explains: “We hope that the best of the ideas will be real game-changers that can have a massive positive effect on the water environment right across our region.

“We’re really excited that the window for ideas is now open and we’re looking forward to reviewing some really innovative projects that we can collaborate on in the future.”

The closing date for submissions is 5pm on 30 May.

JOURNAL : Farmers Weekly

Sales of Skimmed Milk Powder (SMP) from intervention stocks hit a record high volume at the latest tender on 20 April.

In total, tenders were received for 91,855 tonnes which exceeded available stocks, despite heavy stocks overhanging the market

See also: Uncertainty over UK intervention milk powder stocks

Bids for 29,678 tonnes met the minimum fixed price of 1,051/tonne (£922/t) set by the European Commission, although only 24,066t were eventually sold.

Regulations governing intervention sales require buyers to indicate the location of the stocks which they are tendering for.

In both the Netherlands and Poland, total volumes tendered for exceeded quantities available from stores in those locations, which meant some could not be fulfilled.

AHDB senior analyst Luke Crossman explained that the rise in demand was due to buyer concern over milk production levels.“We haven’t got the levels of milk that we expected at this stage.

“Buyers are now concerned that the continuing cold spring weather and poor grass growth in key dairy producing areas will hit future supply. That concern is pushing up the demand for intervention stocks.

The AHDB said the commission had responded to the increased demand by releasing additional stocks for sale in the next tender.

All the SMP which entered intervention before 1 May 2016 is now available, bringing the total volumes for the 15 May tender to 115,112t.

Mr Crossman welcomed the commission’s move to put more stocks out for tender as reducing the supply source would eventually help to firm milk prices.

However, he said that effect remained a long way off and would need two or three more tender rounds of a similar level before it started to come into play.

“In the meantime it is helpful that the commission is releasing stocks gradually on to market so it is not disrupted by a sudden influx of stock,” he added.

JOURNAL : Farmers Weekly

Farming industry representatives have reacted with concern to the news of the proposed merger between UK supermarket giants Sainsbury’s and Asda.

The move would tie up almost 30% of the country’s retail market and create the biggest supermarket in domestic history.

A statement from Sainsbury’s on Monday morning (30 April) promised to shave about 10% off prices for everyday items as well as streamlining supply chains, leading to concerns from suppliers over where these efficiencies will come from.

See also: Lamb watch: Which are the best retailers for backing British?

On completion of the deal, the new mega-retailer expects to make £500m of efficiency savings, £350m of which are expected to be generated from access to better harmonised buying terms.

But Jack Ward, CEO of the British Growers Association, which represents vegetable and salad growers, said any savings would likely be passed down an already squeezed supply chain.

This is not good news for suppliers Jack Ward, British Growers Association

Bad news

“This is not good news for suppliers,” said Mr Ward.

“We have two major concerns. Firstly, we are losing two major buyers and gaining a huge one so there is a big element of competition disappearing here.

“The second is the deal is promising reduced prices for consumers – but where is that going to come from with an increasingly unsustainable supply chain?”

Mr Ward added the greater buying power from the new mega-retailer would mean it would expect better deals and cheaper food from suppliers.

“Food cannot continue to keep getting cheaper in the UK the retail sector is already immensely competitive.”

The latest sales figures for the two supermarkets – 2016 for Asda and 2017 for Sainsbury’s, showed a combined revenue of £50.6bn, but pre-tax profits of only £1.2bn, highlighting the tightness of margins in the UK retail sector.

Benefits of the deal?

“One of the potential benefits would be if more British produce were to be sold as a result of the merger,” said Mr Ward.

However, in a recent Farmers Weekly lamb watch survey, both supermarkets were brought under the spotlight for their lamb stocking policies, with Asda being singled out for its lack of supply chain transparency.

The Walmart-owned retailer also came under criticism in July of last ***year***, being voted joint last alongside Iceland for fair dealing practices with suppliers in a study carried out by the Groceries Code Adjudicator (GCA).

In September 2017, the GCA ruled Asda treated hundreds of its suppliers unfairly, wrongfully charging them large sums to retain their contracts. The supermarket was made to pay a lump sum to those affected.

The merger will now be subject to a formal investigation by the Competition and Markets Authority to see if the deal will reduce competition and choice to consumers which could take a number of months.

JOURNAL : Farmers Weekly

The deadline to submit this ***year***’s Basic ***Payment*** Scheme (BPS) applications is in less than two weeks, and experts warn completing the application will take longer than in 2017.

More than 35,000 BPS applications have been submitted in England since the opening date on 13 March and the RPA has received more than 88% of applications online.

But the process has been especially challenging for some applicants due to the new hedges layer tool, which has been criticised for having major errors in the mapping data.

See also: Essential tips for BPS 2018 claims

Farm minister George Eustice said applying online makes it easier to check and update details, and view and ***transfer*** land.

He added: “I would encourage the remaining farmers who have yet to submit their application to do so early and online, so they can be certain the RPA will receive these ahead of the deadline.”

Farmers and land managers need to submit their applications before midnight on 15 May in order to claim their single farm ***payment***.

Advice and more information can be found on the Gov.uk website

Northern Ireland

In Northern Ireland, Daera has received 50% of applications and anticipates a total of 25,000, based on 2017’s figures. All of their applications are being submitted online as no paper forms were issued this ***year***.

Jason Foy, head of area-based schemes at Daera, has appealed to farmers not to risk unnecessary penalties by assuming their application will be straightforward.

He said: “I would urge farmers to begin completing your application now, as there may be additional actions you may need to take and this will only become clear once you begin the process.

“If you leave it until the last few days, it increases the risk of your application being late and a penalty being applied.”

Mr Foy said getting started right away is particularly important for farmers making applications for the young farmers’ ***payment*** or for entitlements, as documentary evidence will be needed.

For assistance, farmers can book a place on a free Daera workshop until 10 May, call the SAF Advisory Service on 0300 200 7848 or use the web-chat facility within the online application system.

'Avoid RLE1 forms if you can'

Another factor that could complicate applications is the RPA’s new system for claiming hedges, which aims to show the length and location of any hedges that are eligible to count towards the ecological focus area (EFA) obligation.

The introduction of the ban on plant protection products has resulted in a significant number of farmers looking to use hedges as EFAs this ***year***, but Chris Templar, associate at Bletsoes, said the system is hindering claimants because “more often than not, it is wrong”.

If wrong, the farmer or agent then has to submit an RLE1 form, which Mr Templar fears will lead to ***payment*** complications.

“Couple this with the fact that there are still unresolved 2016 and 2017 ***payment*** issues, and I would say this is by far the worst ***year*** under the current regime,” Mr Templar said.

“On average, most arable claims are taking me twice as long as last ***year***. My advice is to avoid submitting RLE1 forms, if you can. Instead, use what hedges they have correctly mapped together with margins, buffer strips and fallow.”

JOURNAL : Farmers Weekly

Scientists called for the urgent development of alternative pest control methods after the EU widened its partial ban on three key neonicotinoids to cover all outdoor crops.

The European Commission proposal to ban three key neonicotinoids used by farmers was endorsed by member states on Friday (27 April).

Active substances imidacloprid, clothianidin and thiamethoxam will now only be allowed in greenhouses where bees will not be exposed to them.

See also: How a neonic ban will affect beet and cereal growers

The ban was backed by Defra, which said it was committed to enhancing the environment and welcomed the vote in support of further restrictions on neonicotinoids. But growers who rely on the chemicals as seed treatments were dismayed at the decision.

Time to adjust

Existing restrictions, which cover flowering crops such as oilseed rape, will stay in place until the new measures comes into force following a phaseout period of about eight months.

Defra said this would give farmers time to adjust – but in reality much longer will be needed.

Sugar beet growers, who use neonicotinoid-treated seed to help establish crops, described the decision to extend the ban as a black day.

It was a bad for the environment, bad for bees and bad for growers, said the International Confederation of European Beet Growers.

Ian Toth, a senior scientist at the James Hutton Institute, said: “The use of pesticides has been such an important part of crop production for decades that loss or reduction in the use of such chemicals, including neonicotinoids, will almost certainly affect crop yields.”

Serious issue

This would ultimately affect food prices for consumers, said Professor Toth. He added: “Now more than ever it is so important that we find alternative methods of control through more resistant crops, biocontrol and other integrated pests management approaches.”

Bill Parker, research director at the AHDB, said the ban was a serious issue for the ***agricultural*** industry because it further restricted the crop protection toolbox available to farmers and growers.

Rather than reduce pesticide use, Dr Parker said the ban could increase spray applications. “Although alternatives do exist, the consequence of this decision is likely to be a greater use of insecticides applied as foliar sprays, particularly on crops such as wheat and sugar beet.”

The AHDB remains actively involved in developing integrated pest management ***programmes*** for all UK crops with the aim of reducing dependence on plant protection products, said Dr Parker.

Analysis: Green groups step up campaign for further restrictions

The EU decision to widen its neonicotinoid ban to cover all outdoor crops was widely expected – and widely cheered by environmental groups and scientists who have long warned that the chemicals are responsible for declining bee populations.

But it is not the end of the story. Buoyed by winning the argument on neonicotinoids – and successfully lobbying Defra to vote in favour of the ban, those same groups are now calling for the use of other pesticides to be curtailed too.

Friends of the Earth campaigner Emi Murphy called for government support to help farmers grow food without “bee-harming” agrochemicals. She added: “Ministers must urgently step up efforts to boost nature, protect wildlife-friendly habitats and tackle over-reliance on pesticides.”

Dave Goulson, professor of biology at Sussex University, said the ban was a welcome step but more action was needed. This included “truly sustainable farming methods” that minimised pesticides, encouraged natural predators and supported biodiversity and healthy soils.

Prof Goulson said: “If these neonicotinoids are simply replaced by other similar compounds such as sulfoxaflor, cyantraniliprole and flupyradifurone – all new systemic insecticides – then we will simply be going round in circles.”

Agrochemical giant Bayer says the ban further reduces farmers’ ability to tackle important pests. It continues to insist that the restrictions are not warranted, arguing that neonicotinoids are safe when used in accordance with instructions.

Restrictions already in place have resulted in considerable unintended consequences, says Bayer. These include more applications of alternative spays, leading to more carbon dioxide emissions, an increased risk of resistant pest insects and a return to older, less-effective chemicals.

JOURNAL : Farmers Weekly

The value of UK cheese exports grew by almost one-quarter in 2017, according to new figures from the AHDB and HMRC.

UK cheese shipments surpassed £615m last ***year***, an increase of 23% on 2016, with cheddar continuing to make up the lion’s share of exports.

See also: UK dairy has highest processing investment in EU

However, fresh cheeses – especially mozzarella – also saw strong growth to achieve total cheese shipments of 170,000t, 5% above their level a ***year*** earlier.

Europe continued to be the biggest customer of UK cheese, with Ireland, France and the Netherlands the largest recipients.

Despite shipments to Germany continuing to decline, there were large sales increases to the likes of Denmark and Poland – the latter seen as a key market to several major cheese exporters.

Beyond the EU

Shipments outside the EU also grew, with Asia seeing strong growth.

The Philippines alone saw a 27% increase in imports of British cheese compared with the previous 12 months.

Average price increases in these markets led to a 57% increase in the value of cheddar exports ***year***-on-***year***.

The latest figures were a testament to the ever-growing reputation of British dairy products, according to AHDB senior export manager Lucy Randolph.

“The 2017 data shows another strong ***year*** of growth for our cheese exports,” said Ms Randolph.

“While the EU is still our main market and is vital for UK dairy exports, it is encouraging to see both volumes and value increase outside of Europe."

Ms Randolph added tha the AHDB was continuing to work with cheese producers in the UK to grow exports in existing markets as well as developing new opportunities across the globe.

China slows down cheese imports

Despite total Chinese imports of dairy products continuing apace in the first quarter of 2018 – up 15.3% in tonnage and 24.2% in value compared with 2016 – volumes of cheese dropped by 5%, according to Italian dairy analyst Clal.it.

Total Chinese dairy imports amounted to 758,000t in the first three months of the ***year***, worth a total of $2.58bn (£1.87bn).

The analyst predicts there is still vast room for consumption growth in the country as dairy reaches more consumers each ***year***.

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JOURNAL : Farmers Weekly

UK soya growers now have pesticide options for managing both an important pest and a fungal disease, following the approval of two products.

Up to now, soya growers have had no approved insecticides for bean seed (or Delia) fly or fungicides against sclerotinia in soya beans, says David McNaughton, managing director of Soya UK.

However, Lambdastar (lambda-cyhalothrin) now has an extension of authorisation for minor use (EAMU) for controlling bean seed fly.

See also: Novel herbicide to cut the risk of growing oilseed rape

For sclerotinia, growers can now use the strobilurin Azoxystar (azoxystrobin).

Tristan Gibbs, an independent agronomist with Crop Management Partners and a member of the AICC based in Kent and East Sussex, sees the value of the two approvals for the UK soya crop.

“Bean seed fly is a significant issue for soya beans, and since the revocation of Dursban in 2016 there has not been any approved alternative.”

He says as much as a third of the crop can be lost to the pest in any given ***year***.

“However, it’s often not that obvious what has caused the damage – if you don’t find the fly larvae in seedlings it may just appear as a thin crop that has not germinated well.”

Bean seed fly

Female bean seed flies are attracted to soils where there is active microbial degradation of organic matter. The highest risk is following organic amendments, including incorporation of cover crops as well as recently cultivated soils.

Mr Gibbs believes that the best approach is to treat the crop as close to emergence as possible, just as the seedlings are breaking ground, as Lambdastar will repel the flies.

Timing is critical, as the treatment is effective for only 5-7 days – so if the crop does not emerge in that period, the flies will lay their eggs and the larvae will cause crop damage.

“If you are late by just two days with the application, the flies will have already laid their eggs,” says Mr Gibbs.

Sclerotinia

As far as diseases in soya beans go, we get off lightly in the UK – however, Sclerotinia can be an issue, he adds.

“Although it is not a serious threat every ***year***, there is no room for complacency. It is always lurking in the background and in some ***years*** could present a serious threat to yields.”

Growers who believe their sclerotinia risk to be high or who like to take a preventative approach can use 0.75 litres/ha of Azoxystar, applied alone or with a post-emergence herbicide, around mid-June, says Mr Gibbs.

JOURNAL : Farmers Weekly

A farmer from Wolverhampton has been ordered to pay more than £5,000 for burying illegal waste.

Ivor Powell, 65, pleaded guilty to one charge of breaching environmental regulations at Wolverhampton Crown Court on Thursday, 19 April.

The case was brought by the Environment Agency after officers visited Lower Aston Farm, Claverly, Wolverhampton for a routine inspection in November 2015 and saw a tractor that appeared to be levelling the ground.

See also: Ultimate guide to farm security kit

Officers also saw large heaps of shredded mixed waste and noticed the land had been landscaped to incorporate the waste material. Mr Powell confirmed it had been coming onto the site for four months.

During another visit in March 2016, the agency found buried compressed waste that had been imported onto the site.

£5,000 penalty

The court heard if Mr Powell had taken the waste to a landfill or similar site, he would have been charged approximately £533,500 for the 5,335t of waste.

Mr Powell was fined £1,000 and told to pay £4,000 in costs and £100 victim surcharge. He was also ordered to clear the site within three ***years***.

Speaking after the case, an Environment Agency spokesman said: “Waste crime is a serious offence with tough penalties as it can damage the environment, blight communities and undermine those operating legally.

“We will not hesitate to take action against anyone that fails to comply.”

JOURNAL : Farmers Weekly

Five newly recommended sugar beet varieties offer growers up to 7.6% extra yield, as well as a step up in yield for a specialist variety for fields infested with rhizomania.

In addition, some of the newcomers have very low bolting, which is an important requirement for many UK sugar beet growers, says Mike May, chairman of the Recommended List Board.

The highest-yielding newcomer, BTS 1140, is the second-highest on the list for adjusted yield at 107.6%, close behind top yielder Daphna at 107.9%.

See also: Grower shares his sugar beet establishment tips

Two of the new additions, Jura and Gauguin, are beet cyst nematode-tolerant varieties. Beet cyst nematodes can severely affect yields and choosing a tolerant variety can help farmers manage populations in a field.

Philina is for use specifically where the aggressive AYPR strain of rhizomania has been identified in a field. The disease is caused by beet necrotic yellow vein virus, which is spread by a soil-borne fungus.

[*https://infogram.com/sugar-beet-varieties-1hxj48r07qjq6vg*](https://infogram.com/sugar-beet-varieties-1hxj48r07qjq6vg)

The variety offers growers a superior yield of 104.9% compared with Sandra, the variety it replaced, yielding 98.3t/ha (adjusted) last ***year***.

“Before ordering beet cyst nematode or AYPR tolerant varieties, growers should discuss options with the BBRO and breeders who will have more information on their performance in the presence of the problem,” Mr May advises.

He also highlights that the bolting figures should be used as a guide.

“The numbers of early-sown bolters are from trials sown in late February and the first five days of March. Growers should use these latter figures for guidance if sowing early, or if very cold conditions are expected,” he says.

There were 10 varieties removed from the list: Thor, Stingray, Pasteur, Senada, Landon, Darnella, Alisha, BTS 470, Leesha and Sandra.

For the full Recommended List, go to the British Beet Research Organisation website at bbro.co.uk

Mike May’s pointers on the five new varieties

BTS 1140

This is the second-highest-yielding variety on the list. Whilst its normal-sown bolting levels are low, the early-sown bolting levels are high and the variety is not advised for sowing before 15 March.

Kortessa

Bred by KWS, Kortessa is one of the top three yielding varieties with good bolting characteristic; no bolters were recorded from normal sowings in the three ***years*** of Recommended List trials. It does have slightly lower establishment than some of the other varieties on the list.

Jura

Jura is a beet cyst nematode tolerant variety and produced consistent yields in the three ***years*** of Recommended List testing. Early indications are that it might have good tolerance of rust.

Gaugin

Another beet cyst nematode tolerant variety, Gaugin offers an option for early sowing as it has low early-sown bolters.

Philina

This variety is for use where the AYPR rhizomania virus is present. It provides a much higher yield potential for growers with the problem when compared with the variety it replaces.

However, it does have high bolting and should not be sown before 15 March.

JOURNAL : Farmers Weekly

Thousands of tonnes of cheap imported beef could flow from South American countries into the EU after trade negotiators reportedly agreed to lower tariffs in exchange for lower tariffs on EU goods.

The scale of the access which the EU is about to grant to Mercosur nations – Brazil, Argentina, Uruguay or Paraguay – is a reported 99,000t/***year*** in preferential beef quotas and will inevitably put extra pressure on the overall European beef market.

And UK beef producers will face increased competition from South American product in ***years*** to come – even if the UK leaves the EU before Brussels completes its imminent trade deal with the South American “Mercosur” trade bloc.

That’s because even if the UK is outside of the EU’s customs union by the time the deal comes into effect, additional beef imports from Mercosur members  could end up displacing some of the roughly 90,000t of beef the UK exports annually to the EU-27.

See also: How mob grazing can be used to improve soil health

According to AHDB figures, total beef imports into the EU are estimated at 314,000t for 2017, despite the EU producing an estimated 103% of the 7.8m tonnes estimated to have been consumed.

Last ***year*** the EU imported 155,000t of the total from Mercosur nations, but this will have been less competitive with EU produced product than under the proposed new deal as it will have come in at a higher tariff.

Intensive talks have been under way between the EU and Mercosur since 2016, and although the latest round of discussions in Brussels last week failed to seal the deal. A Mercosur source was quoted as saying that “ the beef volume has already been agreed... at levels that are acceptable to the EU.”

Terms for exporting European cars to Brazil are now understood to be the only substantive issue still to be resolved.

Chilled v frozen

A key issue on beef is how the overall tariff rate quota (TRQ) will be allocated between higher-value prime cuts on the one hand, and frozen manufacturing beef on the other.

The bulk of the UK’s beef exports to the EU-27 are fresh or chilled, so significantly improved market access for Mercosur in this segment could see Britain face more acute competition from Argentinian steak on prime Continental markets.

About half of Mercosur’s frozen beef exports, however, flow into Italy – not a big market for the UK – so the impact on UK cattle producers would be less if preferences were to be concentrated in the manufacturing beef sector.

Meanwhile, the EU also has agreed annual TRQs of 10,000t of beef and 10,000t of beef offal for imports from Mexico, under a separate deal signed off on April 21.

With both the Mercosur and Mexico deals, the UK may have to accept a proportion of the various ***agricultural*** TRQs if these agreements come into force before the end of the Brexit transition period in December 2020.

JOURNAL : Farmers Weekly

Welsh ***agricultural*** supplies group Wynnstay has acquired eight stores from the administrators of Countrywide Farmers to expand its presence into the south-west of England.

The move will cost the Llansantffraid-based company about £800,000 for the business and assets of the stores, and bring its total number of retail outlets to 60.

Four of the stores are located in Cornwall – at Helston, Wadebridge, Otterham and Dartington.

See also: Strong interest in Countrywide store portfolio

The remaining four are in Crewkerne, Somerset; Thame, Oxfordshire; Raglen, Monmouthshire; and Bridgnorth, Shropshire.

Former co-operative Wynnstay, which has a market valuation of £92m, is pursuing a strategy of expansion via acquisition, with two other stores already purchased this ***year***.

A fertiliser blending facility in Montrose was also purchased in November 2017, with a view to expanding the company’s fertiliser sales in Scotland.

Its most recent financial update, for the ***year*** ending 31 October 2017, saw profits in the ***agricultural*** division of £3.34m, from a revenue of £280.87m.

However, it incurred losses of £6.5m from placing pet shop chain Just for Pets into administration, which caused total pre-tax profits to fall from £7.2m to £1.1m.

Countrywide, which went into administration in March, has a total of 48 stores, many of which are still in operation while administrators at KPMG search for buyers.

JOURNAL : Farmers Weekly

The entrepreneurial daughter of an Aberdeenshire contractor is harnessing green energy produced on the family farm to power her fledgling tomato and chilli-producing business.

Ellie Sinclair, 23, cultivated a passion for food as she grew up on the family’s dairy farm, just west of Ellon, and spent eight ***years*** working in the hospitality industry.

After the decision to sell the dairy cows in 2007, her father Magnus built up a contracting and haulage business and set up a 500kW grass-fed AD plant.

See also: Video: Goat pilates bring smiles to farmer and fitness fans

That inspired Ellie’s idea of building an indoor greenhouse in an existing shed, just a stone’s throw from the AD plant, and using surplus energy to power a series of industrial heaters and 45 grow lights.

With ideal growing conditions she started producing a huge variety of vegetables, eventually deciding to focus on two key crops – tomatoes and chillies.

“We grow tomatoes in all shapes, colours, sizes and textures. With our chillies, our range is from sweet peppers to the hottest natural chilli in the world,” Ellie explains.

Experimental recipes

Thinking about what to do with all her produce, Ellie experimented with a sweet chilli jam recipe using both her tomatoes and chillies.

This zingy jam now sits alongside two cooking sauces – Mango Tango and Pineapple Sauce – both based on her home-grown chillies.

“I took a lot of time to research and trial different recipes and have added and tweaked them to get them just the way I liked," she says.

“With the branding, we started out with some home-printed stickers, which didn’t look great, but did the job and I stuck with them for about a ***year*** before outsourcing some help to make it eye-catching and professional.”

Her VegCø range of products are mostly sold online, but are also on shelves in a range of independent outlets such as farm shops, delis and cafés. There's also a retail range for restaurants and hotels.

Future growth

Ellie's business was a nominated finalist in the North-East Food and Drink Awards and the Scottish Rural Awards 2018, and she already has plans for future expansion, having outgrown the farmhouse kitchen where her products are currently cooked up.

She hopes to install a bespoke professional facility to increase production and enable further development of the range, offering customers some exciting new products to try out.

The makeshift greenhouse is also set to be transformed into a state-of-the-art growing facility with plants grown on waist-high trolleys for easy and clean cropping.

Ellie has even considered the possibility of using hydroponic pods, but set-up costs would be considerably higher, so this might be something for the future, if business growth continues apace.

“Our unique selling point is that almost everything is produced using renewable energy and we pride ourselves on knowing where our ingredients come from. If we aren’t growing it ourselves, we try and source it as locally as we can,” adds Ellie.

How to enjoy the VegCø range

Sweet chilli jam The versatile flagship product can be spread on a bacon butty or added to a Bolognese or lasagne for some extra zing. Customers are also enjoying it with cheese and biscuits, salmon or fresh prawns.

Mango Tango and Pineapple Sauce These two cooking sauces aid creativity in the kitchen and can be used in several ways. Ellie suggests adding cream or yogurt to a full jar of either sauce, then stir in some chilli for heat, before mixing in raw chicken and cooking for 45 minutes. Garnish with crushed almonds and serve with rice.

You can check out the range on the VegCø website.

**Load-Date:** May 4, 2018

**End of Document**



[***FEDERAL REGISTER: Policy Statement on the Scenario Design Framework for Stress Testing Pages 59533 - 59547 [FR DOC # 2017-26858]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R66-CY61-F0YC-N0X6-00000-00&context=1516831)

Impact News Service

December 15, 2017 Friday

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**Length:** 19610 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

FEDERAL RESERVE SYSTEM 12 CFR Part 252 [Regulation YY; Docket No. OP-1588] Policy Statement on the Scenario Design Framework for Stress Testing AGENCY: Board of Governors of the Federal Reserve System (Board). ACTION: Proposed rule; policy statement with request for public comment. ----------------------------------------------------------------------- SUMMARY: The Board is requesting public comment on amendments to its policy statement on the scenario design framework for stress testing. The proposed amendments to the policy statement would clarify when the Board may adopt a change in the unemployment rate in the severely adverse scenario of less than 4 percentage points; institute a counter- cyclical guide for the change in the house price index in the severely adverse scenario; and provide notice that the Board plans to incorporate wholesale funding costs for banking organizations in the scenarios. The Board would continue to use the policy [[Page 59534]] statement to develop the macroeconomic scenarios and additional scenario components that are used in the supervisory and company-run stress tests conducted under the Board's stress test rules and the Board's capital plan rule.

DATES: Comments must be received by January 22, 2018. ADDRESSES: You may submit comments, identified by Docket No. OP-1588 by any of the following methods:  Agency website: [*http://www.federalreserve.gov*](http://www.federalreserve.gov) Follow the instructions for submitting comments at   [*http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.aspx*](http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.aspx)      Federal eRulemaking Portal:   [*http://www.regulations.gov*](http://www.regulations.gov) Follow the instructions for submitting comments.      Email: [*regs.comments@federalreserve.gov*](mailto:regs.comments@federalreserve.gov) Include the docket number and RIN number in the subject line of the message.      Fax: (202) 452-2819 or (202) 452-3102.      Mail: Ann Misback, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW, Washington, DC 20551.     All public comments will be made available on the Board's website at   [*http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.aspx*](http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.aspx) as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room 3515, 1801 K St. NW (between 18th and 19th Streets NW), Washington, DC 20006 between 9:00 a.m and 5:00 p.m on weekdays. For security reasons, the Board requires that visitors make an appointment to inspect comments. You may do so by calling (202) 452- 3684. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

FOR FURTHER INFORMATION CONTACT: Lisa Ryu, Associate Director, (202) 263-4833, Joseph Cox, Supervisory Financial Analyst, (202) 452-3216, or Aurite Werman, Financial Analyst (202) 263-4802, Division of Supervision and Regulation; Benjamin W. McDonough, Assistant General Counsel, (202) 452-2036, or Julie Anthony, Counsel, (202) 475-6682, Legal Division; or William Bassett, Associate Director, (202) 736-5644, Luca Guerrieri, Deputy Associate Director, (202) 452-2550, or Bora Durdu, Chief, (202) 452-3755, Division of Financial Stability.

SUPPLEMENTARY INFORMATION:

I. Background

A. Supervisory Scenarios

    Pursuant to the Board's stress test rules, the Board conducts supervisory stress tests of bank holding companies and U.S intermediate holding companies subsidiaries of foreign banking organizations with total consolidated assets of $50 billion or more (covered companies) and requires covered companies to conduct semi- annual company-run stress tests.\1\ In addition, savings and loan holding companies, state member banks with greater than $10 billion in total consolidated assets, and bank holding companies with assets of more than $10 billion but less than $50 billion are required to conduct annual company-run stress tests.\2\ ---------------------------------------------------------------------------

    \1\ 12 CFR part 252, subparts E and F. In addition, the supervisory stress test rules would apply to any nonbank financial company supervised by the Board that becomes subject to these requirements pursuant to a rule or order of the Board. Currently, no nonbank financial companies supervised by the Board are subject to the capital planning or stress test requirements.     \2\ 12 CFR part 252, subpart B. ---------------------------------------------------------------------------

    To conduct the supervisory stress tests, the Board develops three scenarios--a baseline, adverse, and severely adverse scenario--and projects a firm's balance sheet, risk-weighted assets, net income, and resulting post-stress capital levels and regulatory capital ratios under each scenario. Similarly, a firm subject to company-run stress tests under the Board's rules uses the same adverse and severely adverse scenarios that apply in the supervisory stress test to conduct an annual company-run stress test. The scenarios also serve as an input into a covered company's capital plan under the Board's capital plan rule (12 CFR 225.8), and the Federal Reserve also uses these scenarios to evaluate each firm's capital plan in the supervisory post-stress capital assessment.\3\ ---------------------------------------------------------------------------

    \3\ Bank holding companies with $50 billion or more in total consolidated assets and U.S intermediate holding companies of foreign banking organizations additionally conduct mid-cycle company-run stress tests under scenarios that they develop. See 12 CFR 252.55 ---------------------------------------------------------------------------

    On November 29, 2013, the Board adopted a final policy statement on its scenario design framework for stress testing (policy statement).\4\ The policy statement outlined the characteristics of the supervisory stress test scenarios and explained the considerations and procedures that underlie the formulation of these scenarios. The considerations and procedures described in the policy statement apply to the Board's stress testing framework, including to the stress tests required under 12 CFR part 252, subparts B, E, and F, and the Board's capital plan rule. The policy statement describes in greater detail than the stress test rules the baseline, adverse, and severely adverse scenarios. The policy statement also describes the Board's approach for developing these three macroeconomic scenarios and additional components of the stress test scenarios, which apply to a subset of covered companies. ---------------------------------------------------------------------------

    \4\ See 12 CFR part 252, appendix A. ---------------------------------------------------------------------------

    As described in the policy statement, the severely adverse scenario is designed to reflect conditions that have characterized post-war U.S recessions (the ``recession approach''). Historically, recessions typically feature increases in the unemployment rate and contractions in aggregate incomes and economic activity. In light of the typical co- movement of measures of economic activity during economic downturns, such as the unemployment rate and gross domestic product, in developing the severely adverse scenario, the Board first specifies a path for the unemployment rate and then develops paths for other measures of activity broadly consistent with the course of the unemployment rate.     The Board's scenario design framework includes a counter-cyclical design element in the change in the unemployment rate in the severely adverse scenario. The policy statement provides that the Board anticipates the unemployment rate in the severely adverse scenario would increase by between 3 and 5 percentage points from its initial level. However, if a 3 to 5 percentage point increase in the unemployment rate does not raise the level of the unemployment rate to at least 10 percent, the path of the unemployment rate in most cases will be specified so as to raise the unemployment rate to at least 10 percent. The policy statement also notes that the typical increase in the unemployment rate in the severely adverse scenario will be about 4 percentage points. The policy statement provides that the Board intends to set the unemployment rate at the higher end of the 3 to 5 percentage point range if the Board believes that cyclical systemic risks are high (as they would be after a sustained long expansion), and to the lower end of the range if cyclical systemic risks are low (as they would be in the earlier stages of a recovery).     The policy statement provides that economic variables included in the scenarios may change over time, or that

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the Board may augment the recession approach to account for salient risks.\5\ The Board has not historically captured stress to funding markets in the supervisory stress test exercise. However, it is exploring the inclusion of such a stress in the scenarios, given the potential impact that funding shocks could have on firms subject to the supervisory stress test. ---------------------------------------------------------------------------

    \5\ For example, if scenario variables do not capture material risks to capital, or if historical relationships between macroeconomic variables change such that one variable is no longer an appropriate proxy for another, the Board may add variables to a supervisory scenario. The Board may also include additional scenario components or additional scenarios that are designed to capture the effects of different adverse events on revenue, losses, and capital. ---------------------------------------------------------------------------

B. Review of Stress Test Exercises

    The Federal Reserve routinely reviews its experience with each ***year***'s stress testing and capital planning ***programs*** as implemented through DFAST and CCAR. These reviews have included formal engagements with public interest groups, meetings with academics in the fields of economics and finance, and internal assessments.     In the course of its review of the stress test exercises, the Federal Reserve has received feedback on the Board's framework for designing stress scenarios. Some participants advocated developing a structured process for strengthening scenario design over time. Other participants were concerned that the Federal Reserve would be pressured to reduce the severity of the scenario over time. As part of its internal assessment of the stress test exercises, the Federal Reserve also considered ways to further enhance the countercyclical elements, transparency, and risk coverage of the scenario design framework.     After considering feedback received in these reviews and possible improvements to the methodology for specifying the macroeconomic scenarios used in the supervisory stress test and the annual company- run stress tests, the Board is proposing to modify the policy statement to enhance the countercyclicality and transparency of the Board's scenario design framework and improve the risk coverage of the scenarios.

II. Review of the Supervisory Scenarios

A. Unemployment and House Prices in the Severely Adverse Scenario

    The Board investigated possible improvements to the methodology for specifying the macroeconomic scenarios used in supervisory and company- run stress tests. A main area of inquiry was the severity of macroeconomic scenarios used in previous stress test exercises. As noted, the scenario design framework was formulated to increase the severity of the severely adverse scenario during economic expansions in order to limit the procyclicality of the financial system by increasing the resilience of the banking system to building risks. The review evaluated the path of key variables in the severely adverse scenarios since 2011, and determined that amendments to the scenario design framework could further limit procyclicality.\6\ ---------------------------------------------------------------------------

    \6\ For completeness, the tables present data from the 2017 severely adverse scenario, however, this data was not available at the time of the review conducted by the Board. The data from 2017 was generally consistent with the analysis of the earlier scenarios. ---------------------------------------------------------------------------

    The severity of a scenario can be gauged by considering both the maximum (or minimum) levels obtained by key variables and changes of the variables from their starting points. Table 1 shows the peak and change in the unemployment rate in the supervisory severely adverse scenarios since 2011.\7\ The peak unemployment rate in the severely adverse scenario has been falling since CCAR 2012 as the economy improved. Beginning in 2016, the countercyclical element of the Board's scenario design framework acted to increase scenario severity, so while the peak level of the unemployment rate remained about the same, the change in the unemployment rate increased. The countercyclical design of the scenarios is also reflected in the change in real GDP, which, in 2017, declined by the largest amount since 2012. ---------------------------------------------------------------------------

    \7\ The change in real gross domestic product (real GDP) is also presented as an additional gauge of severity because the path of real GDP is formulated based on the path of the unemployment.

                                        Table 1--Unemployment Rate and Real GDP in the Severely Adverse Scenario --------------------------------------------------------------------------------------------------------------------------------------------------------                                                                                Stress test exercise                                Great        Severe                                                   -----------------------------------------------------------------------------  recession    recessions                                                     2011 \a\   2012 \a\     2013       2014       2015       2016       2017        \b\          \c\ --------------------------------------------------------------------------------------------------------------------------------------------------------                                              Panel A: Developments as published in the supervisory scenarios -------------------------------------------------------------------------------------------------------------------------------------------------------- Unemployment Rate:     Peak Level (pct.)............................       11.1       12.6       12.1       11.3       10.1       10.0       10.0         10.0          9.3     Change Start-to-peak (pp.)...................        1.5        3.6        4.0        4.0        4.0        5.0        5.3          4.5          3.6 Real GDP:     Change Start-to-trough (pct.)................       -4.1       -6.9       -4.8       -4.7       -4.7       -6.2       -6.6         -4.7         -3.4 -------------------------------------------------------------------------------------------------------------------------------------------------------- Note: \a\ In 2011 and 2012 the scenario was referred to as the ``supervisory stress scenario.'' \b\ Great Recession is defined as that which occurred in Q4:2007-Q2:2009. \c\ Recessions classified as severe: 1957:Q3-1958:Q2, 1973:Q4-1975:Q1, 1981:Q3-1982:Q4, and 2007:Q4-2009:Q2.

    The Board also evaluated its approach to developing the path of house prices, which is a key scenario variable, to assess whether it could improve the transparency of the measure and to identify a guide that would formalize the Board's countercyclical objectives. To date, the Board has developed the path of house prices using a judgmental approach, and has not established a quantitative guide for the trajectory of house prices.     As demonstrated in Panel A of table 2, the existing approach to house prices has resulted in increasing severity over time. The declines in the nominal house price index (nominal HPI) from the start to the trough have increased from 21 percent (in 2012 and 2013) to about 25-26 percent (in 2014 through 2017). The increased severity in the decline in nominal HPI in supervisory scenarios beginning in 2014 offset the rise in observed house prices over that period, and hence limited procyclicality.     Assessing the procyclicality of house price paths over time is complicated by the fact that house prices--in contrast to the unemployment rate--naturally trend upward over time. The ratio of nominal house prices to nominal, per capita, disposable personal income (HPI-DPI ratio, henceforth), does not exhibit an upward trend and, as such, provides an alternative way to assess the

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procyclicality of the scenarios' house price paths. The severity of a scenario depends on both the change and the trough level of the HPI-DPI ratio. Panel A of table 2 indicates that the change in the HPI-DPI ratio increased in absolute terms in the ***years*** 2014 to 2017 compared to the ***years*** 2012 and 2013. However, the trough of the HPI-DPI ratio achieved in the severely adverse scenarios has generally moved up since 2012. Scenarios with higher HPI-DPI troughs may be less severe even if they feature the same decline in the ratio.

                                                 Table 2--House Prices in the Severely Adverse Scenario --------------------------------------------------------------------------------------------------------------------------------------------------------                                                                                Stress test exercise                                Great       Housing                                                   -----------------------------------------------------------------------------  recession    recessions                                                     2011 \a\   2012 \a\     2013       2014       2015       2016       2017        \b\          \c\ --------------------------------------------------------------------------------------------------------------------------------------------------------                                              Panel A: Developments as published in the supervisory scenarios Nominal HPI:     Change Start-to-trough (pct.)................        -11        -21        -21        -26        -26        -25        -25          -30          2.5     Trough Level \c\.............................        124        106        111        116        126        135        134          130  ........... HPI-DPI Ratio:     Change Start-to-trough (pct.)................        -11        -19        -18        -27        -25        -25        -24          -41          -25     Trough Level \c\.............................         89         76         78         75         79         82         81           87           95 --------------------------------------------------------------------------------------------------------------------------------------------------------                                                   Panel B: Developments as implied by the HPI-DPI Guide -------------------------------------------------------------------------------------------------------------------------------------------------------- Nominal HPI:     Change Start-to-trough (pct.)................        -25        -27        -27        -24        -25        -25        -26          -30          2.5     Trough Level \c\.............................        104         98        102        119        127        134        134          130  ........... HPI-DPI Ratio:     Change Start-to-trough (pct.)................        -25        -25        -25        -25        -25        -25        -25          -41          -25     Trough Level \d\.............................         75         70         72         76         80         82         79           87           95 -------------------------------------------------------------------------------------------------------------------------------------------------------- Note: \a\ In 2011 and 2012 the scenario was referred to as the ``supervisory stress scenario.'' \b\ Great Recession is defined as that which occurred in Q4:2007-Q2:2009. \c\ Housing recessions are defined as the following date ranges: 1980-1985, 1989-1996, and 2006-2011. The date-ranges of housing recessions are based on   the timing of house-price retrenchments. These dates were also associated with sustained declines in real residential investment, although, the   precise timings of housing recessions would likely be slightly different were they to be classified based on real residential investment in addition   to house prices. \d\ Both the nominal HPI and HPI-DPI ratios are indexed to 100 in 2000:Q1.

    Based on this analysis, the Board determined that its scenario design framework could be strengthened by (1) enhancing the counter- cyclicality of the scenarios when conditions at the start of the exercise already reflected stress; and (2) improving the transparency of the scenario design framework by developing an explicit guide for formulating the path of house prices in the severely adverse scenario.

B. Risk Coverage in Supervisory Scenarios

    The Board also has examined whether there were important dimensions of risk that had not featured in supervisory scenarios to date. The review suggested that a key risk dimension that had not been directly addressed in the supervisory stress test was banking organizations' reliance on certain types of runnable liabilities, which has been an important source of financial stress on banking organizations, as well a channel by which one firm's distress affects other firms. For example, shocks to the costs of short-term wholesale funding played a prominent role in the recent financial crisis, and had a notable effect on firms' ability to operate as financial intermediaries. Accordingly, the Board is exploring incorporating an increase in the cost of short- term wholesale funding in its scenarios and stress tests.

III. Proposed Amendments to the Policy Statement

    The proposal includes three modifications to the Board's scenario design framework. First, the proposal would modify the current guide in the policy statement for the peak unemployment rate in the severely adverse scenario to include a description of the circumstances in which an increase in the unemployment rate at the lower end of the 3 to 5 percentage point range suggested by the guide would be warranted. Second, the proposal would add to the policy statement an explicit guide for house prices in the severely adverse scenario based on the HPI-DPI ratio that features both a minimum level and a fixed change in the HPI-DPI ratio. Third, the proposal would provide notice that the Board is exploring the inclusion of an increase in the cost of funds for banking organizations as an explicit factor in the scenarios. Finally, the policy statement would be amended to update references and remove obsolete text.

A. Unemployment Rate in the Severely Adverse Scenario

    The proposal would include more specific guidance for the change in the unemployment rate when the stress test is conducted during a period in which the unemployment rate is already elevated. The Board currently calibrates the peak unemployment rate in the severely adverse scenario as the greater of a 3 to 5 percentage point increase from the unemployment rate at the beginning of the stress test planning horizon, or 10 percent. This approach introduces an element of counter- cyclicality to the scenario design process, as lower levels of the unemployment rate at the beginning of the stress planning horizons imply a larger increase in unemployment over the severely adverse scenario to a level that is at least consistent with past severe recessions.     Consistent with the current policy statement, the Board believes that the typical increase in the unemployment rate in the severely adverse scenario will be about 4 percentage points, and that a lower increase may be appropriate in certain circumstances. In determining the increase in the unemployment rate, the Board would consider the level of unemployment at the start of the scenarios, the strength of the labor market, and the strength of firms' balance sheets. The proposed framework would clarify that the Board may adopt an increase in the unemployment rate of less than 4 percentage points when the unemployment rate at the start of the scenarios is elevated but the labor market is judged to be strengthening and higher-than-usual credit losses stemming from previously elevated unemployment rates were either already realized--or are in the process of being

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realized--and thus removed from banks' balance sheets. Evidence of a strengthening labor market could include a declining unemployment rate, steadily expanding nonfarm payroll employment, or improving labor force participation. Evidence that credit losses are being realized could include elevated charge-offs on loans and leases, loan-loss provisions in excess of gross charge-offs, or losses being realized in securities portfolios that include securities that are subject to credit risk.     This proposed change would keep the unemployment rate in the macroeconomic scenario broadly similar to that in previous scenarios except during times when a smaller change would be appropriate based on the credit cycle. By adopting a smaller change in the unemployment rate when the economy was recovering and losses had already been broadly recognized by the industry, the proposal would complement the current counter-cyclical design elements.     Question number 1: In connection with this proposal, the Federal Reserve considered an alternative guide for the unemployment rate, in which the path of the unemployment rate would reach the lesser of a level 4 percentage points above its level at the beginning of the scenario or 11 percent. On average, this alternative would increase the severity of severely adverse scenarios but also would be more countercyclical than the current guide. What are the advantages or disadvantages to this alternative relative to the proposed guide?

B. House Prices in the Severely Adverse Scenario

    The policy statement would also be amended to include guidance for the path of the nominal house price index in the severely adverse scenario. The nominal house price index is a key scenario variable, and providing explicit guidance for its path over the planning horizon would enhance the transparency and countercyclical design of the scenario design framework.     The proposal would establish a quantitative guide for house prices. The guide for house prices would be informed by the ratio of the nominal house price index to nominal per capita disposable income (HPI- DPI ratio). Unlike the level of house prices, the HPI-DPI ratio does not exhibit a trend over time. Under most circumstances, the decline in the HPI-DPI ratio in the severely adverse scenario is expected to be 25 percent from its starting value or enough to bring the ratio down to its Great Recession trough, whichever is greater. A rule with both a minimum change in the ratio and a level of severity that the ratio must reach is consistent with the rule for the path of the unemployment rate and would further the Board's countercyclical goals in scenario design.     In its analysis, the Board identified the HPI-DPI trough reached during the Great Recession as the lowest trough attained in housing recessions since 1976, and considered this trough an appropriate basis for explicit guidance for the path of house prices. Setting a minimum decline in the HPI-DPI ratio would ensure that additional economic stress would be incorporated into the macroeconomic scenario, even if house prices were depressed at the outset of the scenario. The Board would typically set a minimum decline in the HPI-DPI ratio of 25 percent from its starting value. A decline of 25 percent is consistent with the average decline in housing recessions (see table 2 in the Policy Statement) and with the path of house prices in the supervisory severely adverse scenarios since 2015.     Procyclicality in house prices would be limited by setting a maximum level for the trough of the HPI-DPI ratio in the severely adverse scenario. This would increase the severity of the decline in house prices as house prices rise relative to disposable personal incomes, as is the case in times of economic expansion. When the HPI- DPI ratio rises above the level at which a 25 percent decline would bring the ratio to its Great Recession trough, at the start of the stress test, the change in the ratio would be greater than 25 percent in order to bring the ratio to its Great Recession trough.\8\ This proposal would offer a more systematic approach to specifying house price paths than does the current approach, and would limit procyclicality while broadly preserving the decline in the nominal HPI featured in recent stress testing cycles. ---------------------------------------------------------------------------

    \8\ The Great Recession trough depends on the reference date used for indexing. For example, with nominal HPI and HPI-DPI ratios indexed to 100 in 2000:Q1, a decline in the HPI-DPI index of more than 25 percent would be necessary to reach the Great Recession trough of 87 when the HPI-DPI ratio at the start of the supervisory scenario was 116 or greater. ---------------------------------------------------------------------------

    Question number 2: In connection with this proposal, the Federal Reserve considered alternative guides for projecting house prices, including guides based on the ratio of the nominal house price index to an index of nominal rent prices for residential housing. What are the advantages or disadvantages to such alternatives relative to the proposed guide?

C. Incorporating Short-Term Wholesale Funding Costs in the Adverse and Severely Adverse Scenarios

    To date, the Board's adverse and severely adverse scenarios have not incorporated stress to funding markets. The proposal states that the Board may include variables or an additional components in the scenario to capture the cost of funds, particularly wholesale funds, to banking organizations. Including stress to funding costs in the scenarios would account for the impact of increased costs of certain runnable liabilities on net income and capital of banking organizations reliant on short-term wholesale funding. The Board would not expect to incorporate wholesale funding costs in the scenarios before 2019, and would expect to include wholesale funding costs in the adverse scenario before the severely adverse scenario. Accordingly, the Board would not expect to include a stress to funding costs in the severely adverse scenario until 2020 at the earliest.     Question number 3: What variable or combinations of variables would best represent stress to funding costs or availability in the supervisory scenarios?     Question number 4: What, if any, other risks should the Federal Reserve consider capturing in the supervisory scenarios?

D. Impact Analysis

    Generally, the proposed amendments would not affect the severity of the scenarios in a manner that persists throughout the economic cycle. The one exception is the introduction of an increase in the cost of certain runnable liabilities. Generally, the inclusion of a stress to wholesale funding would be expected to increase the stringency of the stress test. The extent of the increased stringency would depend on the implementation of the stress, such as the type of liabilities stressed, and the duration and magnitude of the stress considered.     The proposed unemployment rate clarification would reduce the stringency of the scenario if the economy had already experienced stress and was recovering, and would not impact the stringency of the scenario in other points during the economic cycle. The house price guide would formalize an approach that was previously judgmental with little persistent impact on the severity of the stress to house prices in the severely adverse scenarios. However, the countercyclical element of the guide would increase the severity of the stress to house prices when the ratio

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of house prices to disposable personal income was particularly elevated at the start of the stress test.     Question number 5: The Federal Reserve is proposing changes to the Scenario Design Policy Statement to enhance the countercyclicality, risk coverage, and transparency of the scenario development process. Are there other modifications not included in this proposal that could further enhance the scenario development process?

IV. Administrative Law Matters

A. Use of Plain Language

    Section 722 of the Gramm-Leach-Bliley Act (Pub. L. 106-102, 113 Stat. 1338, 1471, 12 U.S.C 4809) requires the Federal banking agencies to use plain language in all proposed and final rules published after January 1, 2000. The Board has sought to present the proposed rule in a simple and straightforward manner, and invites comment on the use of plain language.

B. Paperwork Reduction Act

    In accordance with the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C 3506), the Board has reviewed the proposed policy statement to assess any information collections. There are no collections of information as defined by the Paperwork Reduction Act in the proposal.

C. Regulatory Flexibility Act Analysis

    In accordance with section 3(a) of the Regulatory Flexibility Act (RFA), the Board is publishing an initial regulatory flexibility analysis of the proposed policy statement. The RFA, 5 U.S.C 601 et seq., requires each federal agency to prepare an initial regulatory flexibility analysis in connection with the promulgation of a proposed rule, or certify that the proposed rule will not have a significant economic impact on a substantial number of small entities.\9\ The RFA requires an agency either to provide an initial regulatory flexibility analysis with a proposed rule for which a general notice of proposed rulemaking is required or to certify that the proposed rule will not have a significant economic impact on a substantial number of small entities. Based on its analysis and for the reasons stated below, the Board believes that the proposed policy statement would not have a significant economic impact on a substantial number of small entities. ---------------------------------------------------------------------------

    \9\ See 5 U.S.C 603, 604 and 605. ---------------------------------------------------------------------------

    Under regulations issued by the Small Business Administration (SBA), a ``small entity'' includes those firms within the ``Finance and Insurance'' sector with asset sizes that vary from $7 million or less in assets to $175 million or less in assets.\10\ The Board believes that the Finance and Insurance sector constitutes a reasonable universe of firms for these purposes because such firms generally engage in actives that are financial in nature. Consequently, bank holding companies, savings and loan holding companies, state member banks, or nonbank financial companies with assets sizes of $175 million or less are small entities for purposes of the RFA. ---------------------------------------------------------------------------

    \10\ 13 CFR 121.201 ---------------------------------------------------------------------------

    As discussed in the SUPPLEMENTARY INFORMATION, the proposed policy statement generally would affect the scenario design framework used in regulations that apply to covered companies, savings and loan holding companies, and state member banks with greater than $10 billion in total consolidated assets and bank holding companies with assets of more than $10 billion but less than $50 billion. Companies that are affected by the proposed policy statement therefore substantially exceed the $175 million asset threshold at which a banking entity is considered a ``small entity'' under SBA regulations.\11\ The proposed policy statement would affect a nonbank financial company designated by the Council under section 113 of the Dodd-Frank Act regardless of such a company's asset size. Although the asset size of nonbank financial companies may not be the determinative factor of whether such companies may pose systemic risks and would be designated by the Council for supervision by the Board, it is an important consideration.\12\ It is therefore unlikely that a financial firm that is at or below the $175 million asset threshold would be designated by the Council under section 113 of the Dodd-Frank Act because material financial distress at such firms, or the nature, scope, size, scale, concentration, interconnectedness, or mix of its activities, are not likely to pose a threat to the financial stability of the United States. ---------------------------------------------------------------------------

    \11\ The Dodd-Frank Act provides that the Board may, on the recommendation of the Council, increase the $50 billion asset threshold for the application of certain of the enhanced standards. See 12 U.S.C 5365(a)(2)(B). However, neither the Board nor the Council has the authority to lower such threshold.     \12\ See 76 FR 4555 (January 26, 2011). ---------------------------------------------------------------------------

    As noted above, because the proposed policy statement is not likely to apply to any company with assets of $175 million or less, if adopted in final form, it is not expected to affect any small entity for purposes of the RFA. The Board does not believe that the proposed policy statement duplicates, overlaps, or conflicts with any other Federal rules. In light of the foregoing, the Board does not believe that the proposed policy statement, if adopted in final form, would have a significant economic impact on a substantial number of small entities supervised. Nonetheless, the Board seeks comment on whether the proposed policy statement would impose undue burdens on, or have unintended consequences for, small organizations, and whether there are ways such potential burdens or consequences could be minimized in a manner consistent its purpose.

List of Subjects in 12 CFR Part 252

    Administrative practice and procedure, Banks, Banking, Federal Reserve System, Holding companies, Nonbank financial companies supervised by the Board, Reporting and recordkeeping requirements, Securities, Stress testing.

Authority and Issuance

    For the reasons stated in the SUPPLEMENTARY INFORMATION, the Board of Governors of the Federal Reserve System proposes to amend 12 CFR part 252 as follows:

PART 252--ENHANCED PRUDENTIAL STANDARDS (Regulation YY)

0 1. The authority citation for part 252 continues to read as follows:

    Authority:  12 U.S.C 321-338a, 1467a(g), 1818, 1831p-1, 1844(b), 1844(c), 5361, 5365, 5366.

0 2. Appendix A to part 252 is revised to read as follows:

Appendix A to Part 252--Policy Statement on the Scenario Design Framework for Stress Testing

1. Background

    a. The Board has imposed stress testing requirements through its regulations (stress test rules) implementing section 165(i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd- Frank Act or Act) and through its capital plan rule (12 CFR 225.8). Under the stress test rules issued under section 165(i)(1) of the Act, the Board conducts an annual stress test (supervisory stress tests), on a consolidated basis, of each bank holding company with total consolidated assets of $50 billion or more, intermediate holding company of a foreign banking organization, and nonbank financial company that the Financial Stability Oversight Council has designated for supervision by the Board (together, covered companies).\1\ In addition, under the stress test rules issued under section 165(i)(2) of the Act, covered companies must conduct stress tests semi-annually and other financial

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companies with total consolidated assets of more than $10 billion and for which the Board is the primary regulatory agency must conduct stress tests on an annual basis (together, company-run stress tests).\2\ The Board will provide for at least three different sets of conditions (each set, a scenario), including baseline, adverse, and severely adverse scenarios for both supervisory and company-run stress tests (macroeconomic scenarios).\3\ ---------------------------------------------------------------------------

    \1\ 12 U.S.C 5365(i)(1); 12 CFR part 252, subpart E.     \2\ 12 U.S.C 5365(i)(2); 12 CFR part 252, subparts B and F.     \3\ The stress test rules define scenarios, baseline scenario, adverse scenario, and severely adverse scenario. See 12 CFR 252.12(b), (f), (p), and (q); 12 CFR 252.42(b), (e), (n), and (o); 12 CFR 252.52(b), (e), (o), and (p). ---------------------------------------------------------------------------

    b. The stress test rules provide that the Board will notify covered companies by no later than February 15 of each ***year*** of the scenarios it will use to conduct its annual supervisory stress tests and provide, also by no later than February 15, covered companies and other financial companies subject to the final rules the set of scenarios they must use to conduct their annual company-run stress tests.\4\ Under the stress test rules, the Board may require certain companies to use additional components in the adverse or severely adverse scenario or additional scenarios. For example, the Board expects to require large banking organizations with significant trading activities to include a trading and counterparty component (market shock, described in the following sections) in their adverse and severely adverse scenarios. The Board will provide any additional components or scenario by no later than March 1 of each ***year***.\5\ The Board expects that the scenarios it will require the companies to use will be the same as those the Board will use to conduct its supervisory stress tests (together, stress test scenarios). ---------------------------------------------------------------------------

    \4\ Id.     \5\ Id. ---------------------------------------------------------------------------

    c. In addition, Sec.  225.8 of the Board's Regulation Y (capital plan rule) requires covered companies to submit annual capital plans, including stress test results, to the Board to allow the Board to assess whether they have robust, forward-looking capital planning processes and have sufficient capital to continue operations throughout times of economic and financial stress.\6\ ---------------------------------------------------------------------------

    \6\ See 12 CFR 225.8 ---------------------------------------------------------------------------

    d. Stress tests required under the stress test rules and under the capital plan rule require the Board and financial companies to calculate pro-forma capital levels--rather than ``current'' or actual levels--over a specified planning horizon under baseline and stressful scenarios. This approach integrates key lessons of the 2007-2009 financial crisis into the Board's supervisory framework. During the financial crisis, investor and counterparty confidence in the capitalization of financial companies eroded rapidly in the face of changes in the current and expected economic and financial conditions, and this loss in market confidence imperiled companies' ability to access funding, continue operations, serve as a credit intermediary, and meet obligations to creditors and counterparties. Importantly, such a loss in confidence occurred even when a financial institution's capital ratios were in excess of regulatory minimums. This is because the institution's capital ratios were perceived as lagging indicators of its financial condition, particularly when conditions were changing.     e. The stress tests required under the stress test rules and capital plan rule are a valuable supervisory tool that provide a forward-looking assessment of large financial companies' capital adequacy under hypothetical economic and financial market conditions. Currently, these stress tests primarily focus on credit risk and market risk--that is, risk of mark-to-market losses associated with companies' trading and counterparty positions--and not on other types of risk, such as liquidity risk. Pressures stemming from these sources are considered in separate supervisory exercises. No single supervisory tool, including the stress tests, can provide an assessment of a company's ability to withstand every potential source of risk.     f. Selecting appropriate scenarios is an especially significant consideration for stress tests required under the capital plan rule, which ties the review of a company's performance under stress scenarios to its ability to make capital distributions. More severe scenarios, all other things being equal, generally translate into larger projected declines in banks' capital. Thus, a company would need more capital today to meet its minimum capital requirements in more stressful scenarios and have the ability to continue making capital distributions, such as common dividend ***payments***. This translation is far from mechanical, however; it will depend on factors that are specific to a given company, such as underwriting standards and the company's business model, which would also greatly affect projected revenue, losses, and capital.

2. Overview and Scope

    a. This policy statement provides more detail on the characteristics of the stress test scenarios and explains the considerations and procedures that underlie the approach for formulating these scenarios. The considerations and procedures described in this policy statement apply to the Board's stress testing framework, including to the stress tests required under 12 CFR part 252, subparts B, E, and F, as well as the Board's capital plan rule (12 CFR 225.8).\7\ ---------------------------------------------------------------------------

    \7\ 12 CFR 252.14(a), 12 CFR 252.44(a), 12 CFR 252.54(a). ---------------------------------------------------------------------------

    b. Although the Board does not envision that the broad approach used to develop scenarios will change from ***year*** to ***year***, the stress test scenarios will reflect changes in the outlook for economic and financial conditions and changes to specific risks or vulnerabilities that the Board, in consultation with the other federal banking agencies, determines should be considered in the annual stress tests. The stress test scenarios should not be regarded as forecasts; rather, they are hypothetical paths of economic variables that will be used to assess the strength and resilience of the companies' capital in various economic and financial environments.     c. The remainder of this policy statement is organized as follows. Section 3 provides a broad description of the baseline, adverse, and severely adverse scenarios and describes the types of variables that the Board expects to include in the macroeconomic scenarios and the market shock component of the stress test scenarios applicable to companies with significant trading activity. Section 4 describes the Board's approach for developing the macroeconomic scenarios, and section 5 describes the approach for the market shocks. Section 6 describes the relationship between the macroeconomic scenario and the market shock components. Section 7 provides a timeline for the formulation and publication of the macroeconomic assumptions and market shocks.

3. Content of the Stress Test Scenarios

    a. The Board will publish a minimum of three different scenarios, including baseline, adverse, and severely adverse conditions, for use in stress tests required in the stress test rules.\8\ In general, the Board anticipates that it will not issue additional scenarios. Specific circumstances or vulnerabilities that in any given ***year*** the Board determines require particular vigilance to ensure the resilience of the banking sector will be captured in either the adverse or severely adverse scenarios. A greater number of scenarios could be needed in some ***years***--for example, because the Board identifies a large number of unrelated and uncorrelated but nonetheless significant risks. ---------------------------------------------------------------------------

    \8\ 12 CFR 252.14(b), 12 CFR 252.44(b), 12 CFR 252.54(b). ---------------------------------------------------------------------------

    b. While the Board generally expects to use the same scenarios for all companies subject to the final rule, it may require a subset of companies--depending on a company's financial condition, size, complexity, risk profile, scope of operations, or activities, or risks to the U.S economy--to include additional scenario components or additional scenarios that are designed to capture different effects of adverse events on revenue, losses, and capital. One example of such components is the market shock that applies only to companies with significant trading activity. Additional components or scenarios may also include other stress factors that may not necessarily be directly correlated to macroeconomic or financial assumptions but nevertheless can materially affect companies' risks, such as the unexpected default of a major counterparty.     c. Early in each stress testing cycle, the Board plans to publish the macroeconomic scenarios along with a brief narrative summary that provides a description of the economic situation underlying the scenario and explains how the scenarios have changed relative to the previous ***year***. In addition, to assist companies in projecting the paths of additional variables in a manner consistent with the scenario, the narrative will also provide descriptions of the general path of some additional variables. These descriptions will be general--that is, they will describe developments for broad classes of variables rather than for specific variables--and will specify the intensity and direction of variable

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changes but not numeric magnitudes. These descriptions should provide guidance that will be useful to companies in specifying the paths of the additional variables for their company-run stress tests. Note that in practice it will not be possible for the narrative to include descriptions on all of the additional variables that companies may need for their company-run stress tests. In cases where scenarios are designed to reflect particular risks and vulnerabilities, the narrative will also explain the underlying motivation for these features of the scenario. The Board also plans to release a broad description of the market shock components.

3.1 Macroeconomic Scenarios

    a. The macroeconomic scenarios will consist of the future paths of a set of economic and financial variables.\9\ The economic and financial variables included in the scenarios will likely comprise those included in the ``2014 Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Act Stress Testing Rules and the Capital Plan Rule'' (2013 supervisory scenarios). The domestic U.S variables provided for in the 2013 supervisory scenarios included: ---------------------------------------------------------------------------

    \9\ The future path of a variable refers to its specification over a given time period. For example, the path of unemployment can be described in percentage terms on a quarterly basis over the stress testing time horizon. ---------------------------------------------------------------------------

    i. Six measures of economic activity and prices: Real and nominal gross domestic product (GDP) growth, the unemployment rate of the civilian non-institutional population aged 16 and over, real and nominal disposable personal income growth, and the Consumer Price Index (CPI) inflation rate;     ii. Four measures of developments in equity and property markets: The Core Logic National House Price Index, the National Council for Real Estate Investment Fiduciaries Commercial Real Estate Price Index, the Dow Jones Total Stock Market Index, and the Chicago Board Options Exchange Market Volatility Index; and     iii. Six measures of interest rates: The rate on the three-month Treasury bill, the yield on the 5-***year*** Treasury bond, the yield on the 10-***year*** Treasury bond, the yield on a 10-***year*** BBB corporate security, the prime rate, and the interest rate associated with a conforming, conventional, fixed-rate, 30-***year*** mortgage.     b. The international variables provided for in the 2014 supervisory scenarios included, for the euro area, the United Kingdom, developing Asia, and Japan:     i. Percent change in real GDP;     ii. Percent change in the Consumer Price Index or local equivalent; and     iii. The U.S /foreign currency exchange rate.\10\ ---------------------------------------------------------------------------

    \10\ The Board may increase the range of countries or regions included in future scenarios, as appropriate. ---------------------------------------------------------------------------

    c. The economic variables included in the scenarios influence key items affecting financial companies' net income, including pre- provision net revenue and credit losses on loans and securities. Moreover, these variables exhibit fairly typical trends in adverse economic climates that can have unfavorable implications for companies' net income and, thus, capital positions.     d. The economic variables included in the scenario may change over time. For example, the Board may add variables to a scenario if the international footprint of companies that are subject to the stress testing rules changed notably over time such that the variables already included in the scenario no longer sufficiently capture the material risks of these companies. Alternatively, historical relationships between macroeconomic variables could change over time such that one variable (e.g , disposable personal income growth) that previously provided a good proxy for another (e.g , light vehicle sales) in modeling companies' pre-provision net revenue or credit losses ceases to do so, resulting in the need to create a separate path, or alternative proxy, for the other variable. However, recognizing the amount of work required for companies to incorporate the scenario variables into their stress testing models, the Board expects to eliminate variables from the scenarios only in rare instances.     e. The Board expects that the company may not use all of the variables provided in the scenario, if those variables are not appropriate to the company's line of business, or may add additional variables, as appropriate. The Board expects the companies will ensure that the paths of such additional variables are consistent with the scenarios the Board provided. For example, the companies may use, as part of their internal stress test models, local-level variables, such as state-level unemployment rates or city-level house prices. While the Board does not plan to include local-level macro variables in the stress test scenarios it provides, it expects the companies to evaluate the paths of local-level macro variables as needed for their internal models, and ensure internal consistency between these variables and their aggregate, macro-economic counterparts. The Board will provide the macroeconomic scenario component of the stress test scenarios for a period that spans a minimum of 13 quarters. The scenario horizon reflects the supervisory stress test approach that the Board plans to use. Under the stress test rules, the Board will assess the effect of different scenarios on the consolidated capital of each company over a forward-looking planning horizon of at least nine quarters.

3.2 Market Shock Component

    a. The market shock component of the adverse and severely adverse scenarios will only apply to companies with significant trading activity and their subsidiaries.\11\ The component consists of large moves in market prices and rates that would be expected to generate losses. Market shocks differ from macroeconomic scenarios in a number of ways, both in their design and application. For instance, market shocks that might typically be observed over an extended period (e.g , 6 months) are assumed to be an instantaneous event which immediately affects the market value of the companies' trading assets and liabilities. In addition, under the stress test rules, the as-of date for market shocks will differ from the quarter-end, and the Board will provide the as-of date for market shocks no later than February 1 of each ***year***. Finally, as described in section 4, the market shock includes a much larger set of risk factors than the set of economic and financial variables included in macroeconomic scenarios. Broadly, these risk factors include shocks to financial market variables that affect asset prices, such as a credit spread or the yield on a bond, and, in some cases, the value of the position itself (e.g , the market value of private equity positions). ---------------------------------------------------------------------------

    \11\ Currently, companies with significant trading activity include any bank holding company or intermediate holding company that (1) has aggregate trading assets and liabilities of $50 billion or more, or aggregate trading assets and liabilities equal to 10 percent or more of total consolidated assets, and (2) is not a large and noncomplex firm. The Board may also subject a state member bank subsidiary of any such bank holding company to the market shock component. The set of companies subject to the market shock component could change over time as the size, scope, and complexity of financial company's trading activities evolve. ---------------------------------------------------------------------------

    b. The Board envisions that the market shocks will include shocks to a broad range of risk factors that are similar in granularity to those risk factors trading companies use internally to produce profit and loss estimates, under stressful market scenarios, for all asset classes that are considered trading assets, including equities, credit, interest rates, foreign exchange rates, and commodities. Examples of risk factors include, but are not limited to:     i. Equity indices of all developed markets, and of developing and emerging market nations to which companies with significant trading activity may have exposure, along with term structures of implied volatilities;     ii. Cross-currency FX rates of all major and many minor currencies, along term structures of implied volatilities;     iii. Term structures of government rates (e.g , U.S Treasuries), interbank rates (e.g , swap rates) and other key rates (e.g , commercial paper) for all developed markets and for developing and emerging market nations to which companies may have exposure;     iv. Term structures of implied volatilities that are key inputs to the pricing of interest rate derivatives;     v. Term structures of futures prices for energy products including crude oil (differentiated by country of origin), natural gas, and power;     vi. Term structures of futures prices for metals and ***agricultural*** commodities;     vii. ``Value-drivers'' (credit spreads or instrument prices themselves) for credit-sensitive product segments including: Corporate bonds, credit default swaps, and collateralized debt obligations by risk; non-agency residential mortgage-backed securities and commercial mortgage-backed securities by risk and vintage; sovereign debt; and, municipal bonds; and     viii. Shocks to the values of private equity positions.

4. Approach for Formulating the Macroeconomic Assumptions for Scenarios

    a. This section describes the Board's approach for formulating macroeconomic

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assumptions for each scenario. The methodologies for formulating this part of each scenario differ by scenario, so these methodologies for the baseline, severely adverse, and the adverse scenarios are described separately in each of the following subsections.     b. In general, the baseline scenario will reflect the most recently available consensus views of the macroeconomic outlook expressed by professional forecasters, government agencies, and other public-sector organizations as of the beginning of the annual stress-test cycle. The severely adverse scenario will consist of a set of economic and financial conditions that reflect the conditions of post-war U.S recessions. The adverse scenario will consist of a set of economic and financial conditions that are more adverse than those associated with the baseline scenario but less severe than those associated with the severely adverse scenario.     c. Each of these scenarios is described further in sections below as follows: Baseline (subsection 4.1), severely adverse (subsection 4.2), and adverse (subsection 4.3).

4.1 Approach for Formulating Macroeconomic Assumptions in the Baseline Scenario

    a. The stress test rules define the baseline scenario as a set of conditions that affect the U.S economy or the financial condition of a banking organization, and that reflect the consensus views of the economic and financial outlook. Projections under a baseline scenario are used to evaluate how companies would perform in more likely economic and financial conditions. The baseline serves also as a point of comparison to the severely adverse and adverse scenarios, giving some sense of how much of the company's capital decline could be ascribed to the scenario as opposed to the company's capital adequacy under expected conditions.     b. The baseline scenario will be developed around a macroeconomic projection that captures the prevailing views of private-sector forecasters (e.g Blue Chip Consensus Forecasts and the Survey of Professional Forecasters), government agencies, and other public-sector organizations (e.g , the International Monetary Fund and the Organization for Economic Co-operation and Development) near the beginning of the annual stress-test cycle. The baseline scenario is designed to represent a consensus expectation of certain economic variables over the time period of the tests and it is not the Board's internal forecast for those economic variables. For example, the baseline path of short-term interest rates is constructed from consensus forecasts and may differ from that implied by the FOMC's Summary of Economic Projections.     c. For some scenario variables--such as U.S real GDP growth, the unemployment rate, and the consumer price index--there will be a large number of different forecasts available to project the paths of these variables in the baseline scenario. For others, a more limited number of forecasts will be available. If available forecasts diverge notably, the baseline scenario will reflect an assessment of the forecast that is deemed to be most plausible. In setting the paths of variables in the baseline scenario, particular care will be taken to ensure that, together, the paths present a coherent and plausible outlook for the U.S and global economy, given the economic climate in which they are formulated.

4.2 Approach for Formulating the Macroeconomic Assumptions in the Severely Adverse Scenario

    The stress test rules define a severely adverse scenario as a set of conditions that affect the U.S economy or the financial condition of a financial company and that overall are more severe than those associated with the adverse scenario. The financial company will be required to publicly disclose a summary of the results of its stress test under the severely adverse scenario, and the Board intends to publicly disclose the results of its analysis of the financial company under the adverse scenario and the severely adverse scenario.

4.2.1 General Approach: The Recession Approach

    a. The Board intends to use a recession approach to develop the severely adverse scenario. In the recession approach, the Board will specify the future paths of variables to reflect conditions that characterize post-war U.S recessions, generating either a typical or specific recreation of a post-war U.S recession. The Board chose this approach because it has observed that the conditions that typically occur in recessions--such as increasing unemployment, declining asset prices, and contracting loan demand--can put significant stress on companies' balance sheets. This stress can occur through a variety of channels, including higher loss provisions due to increased delinquencies and defaults; losses on trading positions through sharp moves in market prices; and lower bank income through reduced loan originations. For these reasons, the Board believes that the paths of economic and financial variables in the severely adverse scenario should, at a minimum, resemble the paths of those variables observed during a recession.     b. This approach requires consideration of the type of recession to feature. All post-war U.S recessions have not been identical: Some recessions have been associated with very elevated interest rates, some have been associated with sizable asset price declines, and some have been relatively more global. The most common features of recessions, however, are increases in the unemployment rate and contractions in aggregate incomes and economic activity. For this and the following reasons, the Board intends to use the unemployment rate as the primary basis for specifying the severely adverse scenario. First, the unemployment rate is likely the most representative single summary indicator of adverse economic conditions. Second, in comparison to GDP, labor market data have traditionally featured more prominently than GDP in the set of indicators that the National Bureau of Economic Research reviews to inform its recession dates.\12\ Third and finally, the growth rate of potential output can cause the size of the decline in GDP to vary between recessions. While changes in the unemployment rate can also vary over time due to demographic factors, this seems to have more limited implications over time relative to changes in potential output growth. The unemployment rate used in the severely adverse scenario will reflect an unemployment rate that has been observed in severe post-war U.S recessions, measuring severity by the absolute level of and relative increase in the unemployment rate.\13\ ---------------------------------------------------------------------------

    \12\ More recently, a monthly measure of GDP has been added to the list of indicators.     \13\ Even though all recessions feature increases in the unemployment rate and contractions in incomes and economic activity, the size of this change has varied over post-war U.S recessions. Table 1 of this appendix documents the variability in the depth of post-war U.S recessions. Some recessions--labeled mild in Table 1-- have been relatively modest with GDP edging down just slightly and the unemployment rate moving up about a percentage point. Other recessions--labeled severe in Table 1--have been much harsher with GDP dropping 3\3/4\ percent and the unemployment rate moving up a total of about 4 percentage points. ---------------------------------------------------------------------------

    c. The Board believes that the severely adverse scenario should also reflect a housing recession. The house prices path set in the severely adverse scenario will reflect developments that have been observed in post-war U.S housing recessions, measuring severity by the absolute level of and relative decrease in the house prices.     d. The Board will specify the paths of most other macroeconomic variables based on the paths of unemployment, income, house prices, and activity. Some of these other variables, however, have taken wildly divergent paths in previous recessions (e.g , foreign GDP), requiring the Board to use its informed judgment in selecting appropriate paths for these variables. In general, the path for these other variables will be based on their underlying structure at the time that the scenario is designed (e.g , economic or financial- system vulnerabilities in other countries).     e. The Board considered alternative methods for scenario design of the severely adverse scenario, including a probabilistic approach. The probabilistic approach constructs a baseline forecast from a large-scale macroeconomic model and identifies a scenario that would have a specific probabilistic likelihood given the baseline forecast. The Board believes that, at this time, the recession approach is better suited for developing the severely adverse scenario than a probabilistic approach because it guarantees a recession of some specified severity. In contrast, the probabilistic approach requires the choice of an extreme tail outcome--relative to baseline--to characterize the severely adverse scenario (e.g , a 5 percent or a 1 percent tail outcome). In practice, this choice is difficult as adverse economic outcomes are typically thought of in terms of how variables evolve in an absolute sense rather than how far away they lie in the probability space away from the baseline. In this sense, a scenario featuring a recession may be somewhat clearer and more straightforward to communicate. Finally, the

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probabilistic approach relies on estimates of uncertainty around the baseline scenario and such estimates are in practice model- dependent.

4.2.2 Setting the Unemployment Rate Under the Severely Adverse Scenario

    a. The Board anticipates that the severely adverse scenario will feature an unemployment rate that increases between 3 to 5 percentage points from its initial level over the course of 6 to 8 ***calendar*** quarters.\14\ The initial level will be set based on the conditions at the time that the scenario is designed. However, if a 3 to 5 percentage point increase in the unemployment rate does not raise the level of the unemployment rate to at least 10 percent--the average level to which it has increased in the most recent three severe recessions--the path of the unemployment rate in most cases will be specified so as to raise the unemployment rate to at least 10 percent. ---------------------------------------------------------------------------

    \14\ Six to eight quarters is the average number of quarters for which a severe recession lasts plus the average number of subsequent quarters over which the unemployment rate continues to rise. The variable length of the timeframe reflects the different paths to the peak unemployment rate depending on the severity of the scenario. ---------------------------------------------------------------------------

    b. This methodology is intended to generate scenarios that feature stressful outcomes but do not induce greater procyclicality in the financial system and macroeconomy. When the economy is in the early stages of a recovery, the unemployment rate in a baseline scenario generally trends downward, resulting in a larger difference between the path of the unemployment rate in the severely adverse scenario and the baseline scenario and a severely adverse scenario that is relatively more intense. Conversely, in a sustained strong expansion--when the unemployment rate may be below the level consistent with full employment--the unemployment in a baseline scenario generally trends upward, resulting in a smaller difference between the path of the unemployment rate in the severely adverse scenario and the baseline scenario and a severely adverse scenario that is relatively less intense. Historically, a 3 to 5 percentage point increase in unemployment rate is reflective of stressful conditions. As illustrated in Table 1 of this appendix, over the last half-century, the U.S economy has experienced four severe post-war recessions. In all four of these recessions the unemployment rate increased 3 to 5 percentage points and in the three most recent of these recessions the unemployment rate reached a level between 9 percent and 11 percent.     c. Under this method, if the initial unemployment rate were low--as it would be after a sustained long expansion--the unemployment rate in the scenario would increase to a level as high as what has been seen in past severe recessions. However, if the initial unemployment rate were already high--as would be the case in the early stages of a recovery--the unemployment rate would exhibit a change as large as what has been seen in past severe recessions.     d. The Board believes that the typical increase in the unemployment rate in the severely adverse scenario will be about 4 percentage points. However, the Board will calibrate the increase in unemployment based on its views of the status of cyclical systemic risk. The Board intends to set the unemployment rate at the higher end of the range if the Board believed that cyclical systemic risks were high (as it would be after a sustained long expansion), and to the lower end of the range if cyclical systemic risks were low (as it would be in the earlier stages of a recovery). This may result in a scenario that is slightly more intense than normal if the Board believed that cyclical systemic risks were increasing in a period of robust expansion.\15\ Conversely, it will allow the Board to specify a scenario that is slightly less intense than normal in an environment where systemic risks appeared subdued, such as in the early stages of an expansion. Indeed, the Board expects that, in general, it will adopt a change in the unemployment rate of less than 4 percentage points when the unemployment rate at the start of the scenarios is elevated but the labor market is judged to be strengthening and higher-than-usual credit losses stemming from previously elevated unemployment rates were either already realized--or are in the process of being realized--and thus removed from banks' balance sheets.\16\ However, even at the lower end of the range of unemployment-rate increases, the scenario will still feature an increase in the unemployment rate similar to what has been seen in about half of the severe recessions of the last 50 ***years***. ---------------------------------------------------------------------------

    \15\ Note, however, that the severity of the scenario would not exceed an implausible level: even at the upper end of the range of unemployment-rate increases, the path of the unemployment rate would still be consistent with severe post-war U.S recessions.     \16\ Evidence of a strengthening labor market could include a declining unemployment rate, steadily expanding nonfarm payroll employment, or improving labor force participation. Evidence that credit losses are being realized could include elevated charge-offs on loans and leases, loan-loss provisions in excess of gross charge- offs, or losses being realized in securities portfolios that include securities that are subject to credit risk. ---------------------------------------------------------------------------

    e. As indicated previously, if a 3 to 5 percentage point increase in the unemployment rate does not raise the level of the unemployment rate to 10 percent--the average level to which it has increased in the most recent three severe recessions--the path of the unemployment rate will be specified so as to raise the unemployment rate to 10 percent. Setting a floor for the unemployment rate at 10 percent recognizes the fact that not only do cyclical systemic risks build up at financial intermediaries during robust expansions but that these risks are also easily obscured by the buoyant environment.     f. In setting the increase in the unemployment rate, the Board will consider the extent to which analysis by economists, supervisors, and financial market experts finds cyclical systemic risks to be elevated (but difficult to be captured more precisely in one of the scenario's other variables). In addition, the Board--in light of impending shocks to the economy and financial system--will also take into consideration the extent to which a scenario of some increased severity might be necessary for the results of the stress test and the associated supervisory actions to sustain confidence in financial institutions.     g. While the approach to specifying the severely adverse scenario is designed to avoid adding sources of procyclicality to the financial system, it is not designed to explicitly offset any existing procyclical tendencies in the financial system. The purpose of the stress test scenarios is to make sure that the companies are properly capitalized to withstand severe economic and financial conditions, not to serve as an explicit countercyclical offset to the financial system.     h. In developing the approach to the unemployment rate, the Board also considered a method that would increase the unemployment rate to some fairly elevated fixed level over the course of 6 to 8 quarters. This will result in scenarios being more severe in robust expansions (when the unemployment rate is low) and less severe in the early stages of a recovery (when the unemployment rate is high) and so would not result in pro-cyclicality. Depending on the initial level of the unemployment rate, this approach could lead to only a very modest increase in the unemployment rate--or even a decline. As a result, this approach--while not procyclical--could result in scenarios not featuring stressful macroeconomic outcomes.

4.2.3 Setting the Other Variables in the Severely Adverse Scenario

    a. Generally, all other variables in the severely adverse scenario will be specified to be consistent with the increase in the unemployment rate. The approach for specifying the paths of these variables in the scenario will be a combination of (1) how economic models suggest that these variables should evolve given the path of the unemployment rate, (2) how these variables have typically evolved in past U.S recessions, and (3) and evaluation of these and other factors.     b. Economic models--such as medium-scale macroeconomic models-- should be able to generate plausible paths consistent with the unemployment rate for a number of scenario variables, such as real GDP growth, CPI inflation and short-term interest rates, which have relatively stable (direct or indirect) relationships with the unemployment rate (e.g , Okun's Law, the Phillips Curve, and interest rate feedback rules). For some other variables, specifying their paths will require a case-by-case consideration.     c. Declining house prices, which are an important source of stress to a company's balance sheet, are not a steadfast feature of recessions, and the historical relationship of house prices with the unemployment rate is not strong. Simply adopting their typical path in a severe recession would likely underestimate risks stemming from the housing sector. In specifying the path for nominal house prices, the Board will consider the ratio of the nominal house price index (HPI) to nominal, per capita, disposable income (DPI). The Board believes that the typical decline in the HPI-DPI ratio will be at a minimum 25 percent from its starting value, or enough to bring the ratio

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down to its Great Recession trough. As illustrated in Table 2 of this appendix, housing recessions have on average featured HPI-DPI ratio declines of about 25 percent and the HPI-DPI ratio fell to its Great Recession trough.\17\ ---------------------------------------------------------------------------

    \17\ The house-price retrenchments that occurred over the periods 1980-1985, 1989-1996, 2006-2011 (as detailed in Table 2 of this appendix) are referred to in this document as housing recessions. The date-ranges of housing recessions are based on the timing of house-price retrenchments. These dates were also associated with sustained declines in real residential investment, although, the precise timings of housing recessions would likely be slightly different were they to be classified based on real residential investment in addition to house prices. The ratios described in Table 2 are calculated based on nominal HPI and HPI-DPI ratios indexed to 100 in 2000:Q1. ---------------------------------------------------------------------------

    d. In addition, judgment is necessary in projecting the path of a scenario's international variables. Recessions that occur simultaneously across countries are an important source of stress to the balance sheets of companies with notable international exposures but are not an invariable feature of the international economy. As a result, simply adopting the typical path of international variables in a severe U.S recession would likely underestimate the risks stemming from the international economy. Consequently, an approach that uses both judgment and economic models informs the path of international variables.

4.2.4 Adding Salient Risks to the Severely Adverse Scenario

    a. The severely adverse scenario will be developed to reflect specific risks to the economic and financial outlook that are especially salient but will feature minimally in the scenario if the Board were only to use approaches that looked to past recessions or relied on historical relationships between variables.     b. There are some important instances when it will be appropriate to augment the recession approach with salient risks. For example, if an asset price were especially elevated and thus potentially vulnerable to an abrupt and potentially destabilizing decline, it would be appropriate to include such a decline in the scenario even if such a large drop were not typical in a severe recession. Likewise, if economic developments abroad were particularly unfavorable, assuming a weakening in international conditions larger than what typically occurs in severe U.S recessions would likely also be appropriate.     c. Clearly, while the recession component of the severely adverse scenario is within some predictable range, the salient risk aspect of the scenario is far less so, and therefore, needs an annual assessment. Each ***year***, the Board will identify the risks to the financial system and the domestic and international economic outlooks that appear more elevated than usual, using its internal analysis and supervisory information and in consultation with the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC). Using the same information, the Board will then calibrate the paths of the macroeconomic and financial variables in the scenario to reflect these risks.     d. Detecting risks that have the potential to weaken the banking sector is particularly difficult when economic conditions are buoyant, as a boom can obscure the weaknesses present in the system. In sustained robust expansions, therefore, the selection of salient risks to augment the scenario will err on the side of including risks of uncertain significance.     e. The Board will factor in particular risks to the domestic and international macroeconomic outlook identified by its economists, bank supervisors, and financial market experts and make appropriate adjustments to the paths of specific economic variables. These adjustments will not be reflected in the general severity of the recession and, thus, all macroeconomic variables; rather, the adjustments will apply to a subset of variables to reflect co- movements in these variables that are historically less typical. The Board plans to discuss the motivation for the adjustments that it makes to variables to highlight systemic risks in the narrative describing the scenarios.\18\ ---------------------------------------------------------------------------

    \18\ The means of effecting an adjustment to the severely adverse scenario to address salient systemic risks differs from the means used to adjust the unemployment rate. For example, in adjusting the scenario for an increased unemployment rate, the Board would modify all variables such that the future paths of the variables are similar to how these variables have moved historically. In contrast, to address salient risks, the Board may only modify a small number of variables in the scenario and, as such, their future paths in the scenario would be somewhat more atypical, albeit not implausible, given existing risks. ---------------------------------------------------------------------------

4.3 Approach for Formulating Macroeconomic Assumptions in the Adverse Scenario

    a. The adverse scenario can be developed in a number of different ways, and the selected approach will depend on a number of factors, including how the Board intends to use the results of the adverse scenario.\19\ Generally, the Board believes that the companies should consider multiple adverse scenarios for their internal capital planning purposes, and likewise, it is appropriate that the Board consider more than one adverse scenario to assess a company's ability to withstand stress. Accordingly, the Board does not identify a single approach for specifying the adverse scenario. Rather, the adverse scenario will be formulated according to one of the possibilities listed below. The Board may vary the approach it uses for the adverse scenario each ***year*** so that the results of the scenario provide the most value to supervisors, in light of current condition of the economy and the financial services industry. ---------------------------------------------------------------------------

    \19\ For example, in the context of CCAR, the Board currently uses the adverse scenario as one consideration in evaluating a firm's capital adequacy. ---------------------------------------------------------------------------

    b. The simplest method to specify the adverse scenario is to develop a less severe version of the severely adverse scenario. For example, the adverse scenario could be formulated such that the deviations of the paths of the variables relative to the baseline were simply one-half of or two-thirds of the deviations of the paths of the variables relative to the baseline in the severely adverse scenario. A priori, specifying the adverse scenario in this way may appear unlikely to provide the greatest possible informational value to supervisors--given that it is just a less severe version of the severely adverse scenario. However, to the extent that the effect of macroeconomic variables on company loss positions and incomes are nonlinear, there could be potential value from this approach.     c. Another method to specify the adverse scenario is to capture risks in the adverse scenario that the Board believes should be understood better or should be monitored, but does not believe should be included in the severely adverse scenario, perhaps because these risks would render the scenario implausibly severe. For instance, the adverse scenario could feature sizable increases in oil or natural gas prices or shifts in the yield curve that are atypical in a recession. The adverse scenario might also feature less acute, but still consequential, adverse outcomes, such as a disruptive slowdown in growth from emerging-market economies.     d. Under the Board's stress test rules, covered companies are required to develop their own scenarios for mid-cycle company-run stress tests.\20\ A particular combination of risks included in these scenarios may inform the design of the adverse scenario for annual stress tests. In this same vein, another possibility would be to use modified versions of the circumstances that companies describe in their living wills as being able to cause their failures. ---------------------------------------------------------------------------

    \20\ 12 CFR 252.55 ---------------------------------------------------------------------------

    e. It might also be informative to periodically use a stable adverse scenario, at least for a few consecutive ***years***. Even if the scenario used for the stress test does not change over the credit cycle, if companies tighten and relax lending standards over the cycle, their loss rates under the adverse scenario--and indirectly the projected changes to capital--would decrease and increase, respectively. A consistent scenario would allow the direct observation of how capital fluctuates to reflect growing cyclical risks.     f. The Board may consider specifying the adverse scenario using the probabilistic approach described in section 4.2.1 (that is, with a specified lower probability of occurring than the severely adverse scenario but a greater probability of occurring than the baseline scenario). The approach has some intuitive appeal despite its shortcomings. For example, using this approach for the adverse scenario could allow the Board to explore an alternative approach to develop stress testing scenarios and their effect on a company's net income and capital.     g. Finally, the Board could design the adverse scenario based on a menu of historical experiences--such as, a moderate recession (e.g , the 1990-1991 recession); a stagflation event (e.g , stagflation during 1974); an emerging markets crisis (e.g , the Asian currency crisis of 1997-1998); an oil price shock (e.g , the shock during the run up

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to the 1990-1991 recession); or high inflation shock (e.g , the inflation pressures of 1977-1979). The Board believes these are important stresses that should be understood; however, there may be notable benefits from formulating the adverse scenario following other approaches--specifically, those described previously in this section--and consequently the Board does not believe that the adverse scenario should be limited to historical episodes only.     h. With the exception of cases in which the probabilistic approach is used to generate the adverse scenario, the adverse scenario will at a minimum contain a mild to moderate recession. This is because most of the value from investigating the implications of the risks described above is likely to be obtained from considering them in the context of balance sheets of companies that are under some stress.

5. Approach for Formulating the Market Shock Component

    a. This section discusses the approach the Board proposes to adopt for developing the market shock component of the adverse and severely adverse scenarios appropriate for companies with significant trading activities. The design and specification of the market shock component differs from that of the macroeconomic scenarios because profits and losses from trading are measured in mark-to-market terms, while revenues and losses from traditional banking are generally measured using the accrual method. As noted above, another critical difference is the time-evolution of the market shock component. The market shock component consists of an instantaneous ``shock'' to a large number of risk factors that determine the mark-to-market value of trading positions, while the macroeconomic scenarios supply a projected path of economic variables that affect traditional banking activities over the entire planning period.     b. The development of the market shock component that are detailed in this section are as follows: baseline (subsection 5.1), severely adverse (subsection 5.2), and adverse (subsection 5.3).

5.1 Approach for Formulating the Market Shock Component Under the Baseline Scenario

    By definition, market shocks are large, previously unanticipated moves in asset prices and rates. Because asset prices should, broadly speaking, reflect consensus opinions about the future evolution of the economy, large price movements, as envisioned in the market shock, should not occur along the baseline path. As a result, the market shock will not be included in the baseline scenario.

5.2 Approach for Formulating the Market Shock Component Under the Severely Adverse Scenario

    This section addresses possible approaches to designing the market shock component in the severely adverse scenario, including important considerations for scenario design, possible approaches to designing scenarios, and a development strategy for implementing the preferred approach.

5.2.1 Design Considerations for Market Shocks

    a. The general market practice for stressing a trading portfolio is to specify market shocks either in terms of extreme moves in observable, broad market indicators and risk factors or directly as large changes to the mark-to-market values of financial instruments. These moves can be specified either in relative terms or absolute terms. Supplying values of risk factors after a ``shock'' is roughly equivalent to the macroeconomic scenarios, which supply values for a set of economic and financial variables; however, trading stress testing differs from macroeconomic stress testing in several critical ways.     b. In the past, the Board used one of two approaches to specify market shocks. During SCAP and CCAR in 2011, the Board used a very general approach to market shocks and required companies to stress their trading positions using changes in market prices and rates experienced during the second half of 2008, without specifying risk factor shocks. This broad guidance resulted in inconsistency across companies both in terms of the severity and the application of shocks. In certain areas companies were permitted to use their own experience during the second half of 2008 to define shocks. This resulted in significant variation in shock severity across companies.     c. To enhance the consistency and comparability in market shocks for the stress tests in 2012 and 2013, the Board provided to each trading company more than 35,000 specific risk factor shocks, primarily based on market moves in the second half of 2008. While the number of risk factors used in companies' pricing and stress- testing models still typically exceed that provided in the Board's scenarios, the greater specificity resulted in more consistency in the scenario across companies. The benefit of the comprehensiveness of risk factor shocks is at least partly offset by potential difficulty in creating shocks that are coherent and internally consistent, particularly as the framework for developing market shocks deviates from historical events.     d. Also importantly, the ultimate losses associated with a given market shock will depend on a company's trading positions, which can make it difficult to rank order, ex ante, the severity of the scenarios. In certain instances, market shocks that include large market moves may not be particularly stressful for a given company. Aligning the market shock with the macroeconomic scenario for consistency may result in certain companies actually benefiting from risk factor moves of larger magnitude in the market scenario if the companies are hedging against salient risks to other parts of their business. Thus, the severity of market shocks must be calibrated to take into account how a complex set of risks, such as directional risks and basis risks, interacts with each other, given the companies' trading positions at the time of stress. For instance, a large depreciation in a foreign currency would benefit companies with net short positions in the currency while hurting those with net long positions. In addition, longer maturity positions may move differently from shorter maturity positions, adding further complexity.     e. The instantaneous nature of market shocks and the immediate recognition of mark-to-market losses add another element to the design of market shocks, and to determining the appropriate severity of shocks. For instance, in previous stress tests, the Board assumed that market moves that occurred over the six-month period in late 2008 would occur instantaneously. The design of the market shocks must factor in appropriate assumptions around the period of time during which market events will unfold and any associated market responses.

5.2.2 Approaches to Market Shock Design

    a. As an additional component of the adverse and severely adverse scenarios, the Board plans to use a standardized set of market shocks that apply to all companies with significant trading activity. The market shocks could be based on a single historical episode, multiple historical periods, hypothetical (but plausible) events, or some combination of historical episodes and hypothetical events (hybrid approach). Depending on the type of hypothetical events, a scenario based on such events may result in changes in risk factors that were not previously observed. In the supervisory scenarios for 2012 and 2013, the shocks were largely based on relative moves in asset prices and rates during the second half of 2008, but also included some additional considerations to factor in the widening of spreads for European sovereigns and financial companies based on actual observation during the latter part of 2011.     b. For the market shock component in the severely adverse scenario, the Board plans to use the hybrid approach to develop shocks. The hybrid approach allows the Board to maintain certain core elements of consistency in market shocks each ***year*** while providing flexibility to add hypothetical elements based on market conditions at the time of the stress tests. In addition, this approach will help ensure internal consistency in the scenario because of its basis in historical episodes; however, combining the historical episode and hypothetical events may require small adjustments to ensure mutual consistency of the joint moves. In general, the hybrid approach provides considerable flexibility in developing scenarios that are relevant each ***year***, and by introducing variations in the scenario, the approach will also reduce the ability of companies with significant trading activity to modify or shift their portfolios to minimize expected losses in the severely adverse market shock.     c. The Board has considered a number of alternative approaches for the design of market shocks. For example, the Board explored an option of providing tailored market shocks for each trading company, using information on the companies' portfolio gathered through ongoing supervision, or other means. By specifically targeting known or potential vulnerabilities in a company's trading position, the tailored approach will be useful in assessing each company's capital adequacy as it relates to the company's idiosyncratic risk. However, the Board does not believe this approach to

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be well-suited for the stress tests required by regulation. Consistency and comparability are key features of annual supervisory stress tests and annual company-run stress tests required in the stress test rules. It would be difficult to use the information on the companies' portfolio to design a common set of shocks that are universally stressful for all covered companies. As a result, this approach will be better suited to more customized, tailored stress tests that are part of the company's internal capital planning process or to other supervisory efforts outside of the stress tests conducted under the capital rule and the stress test rules.

5.2.3 Development of the Market Shock

    a. Consistent with the approach described above, the market shock component for the severely adverse scenario will incorporate key elements of market developments during the second half of 2008, but also incorporate observations from other periods or price and rate movements in certain markets that the Board deems to be plausible though such movements may not have been observed historically. Over time the Board also expects to rely less on market events of the second half of 2008 and more on hypothetical events or other historical episodes to develop the market shock.     b. The developments in the credit markets during the second half of 2008 were unprecedented, providing a reasonable basis for market shocks in the severely adverse scenario. During this period, key risk factors in virtually all asset classes experienced extremely large shocks; the collective breadth and intensity of the moves have no parallels in modern financial history and, on that basis, it seems likely that this episode will continue to be the most relevant historical scenario, although experience during other historical episodes may also guide the severity of the market shock component of the severely adverse scenario. Moreover, the risk factor moves during this episode are directly consistent with the ``recession'' approach that underlies the macroeconomic assumptions. However, market shocks based only on historical events could become stale and less relevant over time as the company's positions change, particularly if more salient features are not added each ***year***.     c. While the market shocks based on the second half of 2008 are of unparalleled magnitude, the shocks may become less relevant over time as the companies' trading positions change. In addition, more recent events could highlight the companies' vulnerability to certain market events. For example, in 2011, Eurozone credit spreads in the sovereign and financial sectors surpassed those observed during the second half of 2008, necessitating the modification of the severely adverse market shock in 2012 and 2013 to reflect a salient source of stress to trading positions. As a result, it is important to incorporate both historical and hypothetical outcomes into market shocks for the severely adverse scenario. For the time being, the development of market shocks in the severely adverse scenario will begin with the risk factor movements in a particular historical period, such as the second half of 2008. The Board will then consider hypothetical but plausible outcomes, based on financial stability reports, supervisory information, and internal and external assessments of market risks and potential flash points. The hypothetical outcomes could originate from major geopolitical, economic, or financial market events with potentially significant impacts on market risk factors. The severity of these hypothetical moves will likely be guided by similar historical events, assumptions embedded in the companies' internal stress tests or market participants, and other available information.     d. Once broad market scenarios are agreed upon, specific risk factor groups will be targeted as the source of the trading stress. For example, a scenario involving the failure of a large, interconnected globally active financial institution could begin with a sharp increase in credit default swap spreads and a precipitous decline in asset prices across multiple markets, as investors become more risk averse and market liquidity evaporates. These broad market movements will be extrapolated to the granular level for all risk factors by examining transmission channels and the historical relationships between variables, though in some cases, the movement in particular risk factors may be amplified based on theoretical relationships, market observations, or the saliency to company trading books. If there is a disagreement between the risk factor movements in the historical event used in the scenario and the hypothetical event, the Board will reconcile the differences by assessing a priori expectation based on financial and economic theory and the importance of the risk factors to the trading positions of the covered companies.

5.3 Approach for Formulating the Market Shock Under the Adverse Scenario

    a. The market shock component included in the adverse scenario will feature risk factor movements that are generally less significant than the market shock component of the severely adverse scenario. However, the adverse market shock may also feature risk factor shocks that are substantively different from those included in the severely adverse scenario, in order to provide useful information to supervisors. As in the case of the macroeconomic scenario, the market shock component in the adverse scenario can be developed in a number of different ways.     b. The adverse scenario could be differentiated from the severely adverse scenario by the absolute size of the shock, the scenario design process (e.g , historical events versus hypothetical events), or some other criteria. The Board expects that as the market shock component of the adverse scenario may differ qualitatively from the market shock component of the severely adverse scenario, the results of adverse scenarios may be useful in identifying a particularly vulnerable area in a trading company's positions.     c. There are several possibilities for the adverse scenario and the Board may use a different approach each ***year*** to better explore the vulnerabilities of companies with significant trading activity. One approach is to use a scenario based on some combination of historical events. This approach is similar to the one used for the market shock in 2012, where the market shock component was largely based on the second half of 2008, but also included a number of risk factor shocks that reflected the significant widening of spreads for European sovereigns and financials in late 2011. This approach will provide some consistency each ***year*** and provide an internally consistent scenario with minimal implementation burden. Having a relatively consistent adverse scenario may be useful as it potentially serves as a benchmark against the results of the severely adverse scenario and can be compared to past stress tests.     d. Another approach is to have an adverse scenario that is identical to the severely adverse scenario, except that the shocks are smaller in magnitude (e.g , 100 basis points for adverse versus 200 basis points for severely adverse). This ``scaling approach'' generally fits well with an intuitive interpretation of ``adverse'' and ``severely adverse.'' Moreover, since the nature of the moves will be identical between the two classes of scenarios, there will be at least directional consistency in the risk factor inputs between scenarios. While under this approach the adverse scenario will be superficially identical to the severely adverse, the logic underlying the severely adverse scenario may not be applicable. For example, if the severely adverse scenario was based on a historical scenario, the same could not be said of the adverse scenario. It is also remains possible, although unlikely, that a scaled adverse scenario actually will result in greater losses, for some companies, than the severely adverse scenario with similar moves of greater magnitude. For example, if some companies are hedging against tail outcomes then the more extreme trading book dollar losses may not correspond to the most extreme market moves. The market shock component of the adverse scenario in 2013 was largely based on the scaling approach where a majority of risk factor shocks were smaller in magnitude than the severely adverse scenario, but it also featured long-term interest rate shocks that were not part of the severely adverse market shock.     e. Alternatively, the market shock component of an adverse scenario could differ substantially from the severely adverse scenario with respect to the sizes and nature of the shocks. Under this approach, the market shock component could be constructed using some combination of historical and hypothetical events, similar to the severely adverse scenario. As a result, the market shock component of the adverse scenario could be viewed as an alternative to the severely adverse scenario and, therefore, it is possible that the adverse scenario could have larger losses for some companies than the severely adverse scenario.     f. Finally, the design of the adverse scenario for annual stress tests could be informed by the companies' own trading scenarios used for their BHC-designed scenarios in CCAR and in their mid-cycle company-run stress tests.\21\ ---------------------------------------------------------------------------

    \21\ 12 CFR 252.55

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6. Consistency Between the Macroeconomic Scenarios and the Market Shock

    a. As discussed earlier, the market shock comprises a set of movements in a very large number of risk factors that are realized instantaneously. Among the risk factors specified in the market shock are several variables also specified in the macroeconomic scenarios, such as short- and long-maturity interest rates on Treasury and corporate debt, the level and volatility of U.S stock prices, and exchange rates.     b. The market shock component is an add-on to the macroeconomic scenarios that is applied to a subset of companies, with no assumed effect on other aspects of the stress tests such as balances, revenues, or other losses. As a result, the market shock component may not be always directionally consistent with the macroeconomic scenario. Because the market shock is designed, in part, to mimic the effects of a sudden market dislocation, while the macroeconomic scenarios are designed to provide a description of the evolution of the real economy over two or more ***years***, assumed economic conditions can move in significantly different ways. In effect, the market shock can simulate a market panic, during which financial asset prices move rapidly in unexpected directions, and the macroeconomic assumptions can simulate the severe recession that follows. Indeed, the pattern of a financial crisis, characterized by a short period of wild swings in asset prices followed by a prolonged period of moribund activity, and a subsequent severe recession is familiar and plausible.     c. As discussed in section 4.2.4, the Board may feature a particularly salient risk in the macroeconomic assumptions for the severely adverse scenario, such as a fall in an elevated asset price. In such instances, the Board may also seek to reflect the same risk in one of the market shocks. For example, if the macroeconomic scenario were to feature a substantial decline in house prices, it may seem plausible for the market shock to also feature a significant decline in market values of any securities that are closely tied to the housing sector or residential mortgages.     d. In addition, as discussed in section 4.3, the Board may specify the macroeconomic assumptions in the adverse scenario in such a way as to explore risks qualitatively different from those in the severely adverse scenario. Depending on the nature and type of such risks, the Board may also seek to reflect these risks in one of the market shocks as appropriate.

7. Timeline for Scenario Publication

    a. The Board will provide a description of the macroeconomic scenarios by no later than February 15. During the period immediately preceding the publication of the scenarios, the Board will collect and consider information from academics, professional forecasters, international organizations, domestic and foreign supervisors, and other private-sector analysts that regularly conduct stress tests based on U.S and global economic and financial scenarios, including analysts at the covered companies. In addition, the Board will consult with the FDIC and the OCC on the salient risks to be considered in the scenarios. The Board expects to conduct this process in October and November of each ***year*** and to update the scenarios based on incoming macroeconomic data releases and other information through the end of January.     b. The Board expects to provide a broad overview of the market shock component along with the macroeconomic scenarios. The Board will publish the market shock templates by no later than March 1 of each ***year***, and intends to publish the market shock earlier in the stress test and capital plan cycles to allow companies more time to conduct their stress tests.

                                          Table 1 to Appendix A of Part 252--Classification of U.S Recessions --------------------------------------------------------------------------------------------------------------------------------------------------------                                                                                                                                            Total change                                                                                                                            Change in the      in the                                                                                                             Decline in     unemployment    unemployment               Peak                        Trough                 Severity          Duration  (quarters)      real GDP       rate during     rate (incl.                                                                                                                            the recession     after the                                                                                                                                             recession) -------------------------------------------------------------------------------------------------------------------------------------------------------- 1957Q3..........................  1958Q2................  Severe................  4 (Medium)............            -3.6             3.2             3.2 1960Q2..........................  1961Q1................  Moderate..............  4 (Medium)............            -1.0             1.6             1.8 1969Q4..........................  1970Q4................  Moderate..............  5 (Medium)............            -0.2             2.2             2.4 1973Q4..........................  1975Q1................  Severe................  6 (Long)..............            -3.1             3.4             4.1 1980Q1..........................  1980Q3................  Moderate..............  3 (Short).............            -2.2             1.4             1.4 1981Q3..........................  1982Q4................  Severe................  6 (Long)..............            -2.8             3.3             3.3 1990Q3..........................  1991Q1................  Mild..................  3 (Short).............            -1.3             0.9             1.9 2001Q1..........................  2001Q4................  Mild..................  4 (Medium)............             0.2             1.3             2.0 2007Q4..........................  2009Q2................  Severe................  7 (Long)..............            -4.3             4.5             5.1 Average.........................  ......................  Severe................  6.....................            -3.5             3.7             3.9 Average.........................  ......................  Moderate..............  4.....................            -1.1             1.8             1.8 Average.........................  ......................  Mild..................  3.....................            -0.6             1.1             1.9 -------------------------------------------------------------------------------------------------------------------------------------------------------- Source: Bureau of Economic Analysis, National Income and Product Accounts, Comprehensive Revision on July 31, 2013.

                                          Table 2 to Appendix A of Part 252--House Prices in Housing Recessions --------------------------------------------------------------------------------------------------------------------------------------------------------                                                                                                                                           HPI-DPI Trough                                                                                                           Percent change  Percent change       Level               Peak                        Trough                 Severity           Duration (quarters)       in NHPI       in HPI-DPI      (2000:Q1 =                                                                                                                                                100) -------------------------------------------------------------------------------------------------------------------------------------------------------- 1980Q2..........................  1985Q2................  Moderate..............  20 (long).............            26.6           -15.9           102.1 1989Q4..........................  1997Q1................  Moderate..............  29 (long).............            10.5           -17.0            94.9 2005Q4..........................  2012Q1................  Severe................  25 (long).............           -29.6           -41.3            86.9 Average.........................  ......................  ......................  24.7 .................             2.5           -24.7            94.6 -------------------------------------------------------------------------------------------------------------------------------------------------------- Source: CoreLogic, BEA. Note: The date-ranges of housing recessions listed in this table are based on the timing of house-price retrenchments.

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    By order of the Board of Governors of the Federal Reserve System, December 7, 2017. Ann E. Misback, Secretary of the Board.

[FR Doc. 2017-26858 Filed 12-14-17; 8:45 am]  BILLING CODE 6210-01-P

**Load-Date:** December 16, 2017

**End of Document**



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ICIS Chemical Business

August 10, 2018

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**Section:** NEWS IN BRIEF

**Length:** 15290 words

**Byline:** Sarah Creswell

**Body**

Americas

INVISTA to build world-scale ADN plant in China

INVISTA has begun work to expand its adiponitrile (ADN) capacity in China amid the country’s growing demand for the product in the nylon 6,6 production chain, the US-based producer said. The company plans to build a minimum 300,000 tonne/***year*** plant using an investment of more than $1bn. Construction is targeted for 2020, with production planned to begin in 2023.

INEOS has upset at US olefins unit

INEOS had an upset of its Olefins 1 unit at its Chocolate Bayou complex in Alvin, Texas, due to an acetylene reactor trip, the company said in a filing with the Texas Commission on Environmental Quality (TCEQ). Operating rates were reduced to minimise flaring, and the acetylene reactor was restarted, the filing said. The company did not specify timing of the event, but emissions were expected 4-5 August. The plant capacity is 1.07m tonnes/***year*** for ethylene and 235,000 tonnes/***year*** for propylene.

Indorama Louisiana cracker to start up in Q4

An Indorama project to revamp and restart a previously idled cracker in Lake Charles, Louisiana, is expected to start up in the fourth quarter, the company said. The unit, which is currently in commissioning, should have a full ***year*** of production in 2019, the company said in a quarterly earnings release. Indorama had acquired the non-operational cracker in late 2015 from Occidental Chemical (OxyChem). The cracker, which could process ethane and propane feedstocks to produce 370,000 tonnes/***year*** of ethylene and 30,000 tonnes/***year*** of propylene, had been idled in 2001.

KBR awarded contract for China PC plants

China Pingmei Shenma Group (PMSM) has awarded a license/engineering contract and proprietary equipment supply contract to KBR for two new polycarbonate (PC) plants in China’s Henan Province, the US engineering group said. The two 100,000 tonnes/***year*** plants will use KBR’s proprietary phosgene-based interfacial polycarbonate technology, PCMAX. PMSM also intends to expand its total production capacity to 800,000 tonnes/***year***.

Hexion narrows Q2 net loss, EBITDA rises

Hexion’s Q2 net loss of $22m narrowed ***year*** on ***year*** as segment earnings before interest, tax, depreciation and amortisation (EBIDTA) jumped on “strong results” in the company’s base epoxy resins and forest products businesses. Results also reflected improved performance in specialty epoxy resins, primarily due to ongoing growth in waterborne coatings, as well as structural cost reduction initiatives, said CEO Craig Rogerson.

Albemarle Q2 earnings triples on catalysts sale

Catalyst and lithium producer Albemarle’s Q2 net income of $302.5m nearly tripled ***year*** on ***year***, mostly on the sale of its polyolefin catalysts and components business, as well as growth in its reportable segments. Albemarle closed on the sale of its polyolefin catalysts and components portion of the Performance Catalyst Solutions (PCS) business to WR Grace for net cash proceeds of approximately $417m. Q2 net sales increased ***year*** on ***year***, driven by higher volumes, pricing and currency exchange impacts.

Kuraray names new CEO for Americas

Hitoshi Toyoura has been appointed president and CEO of Kuraray America, the Japanese producer of polymers, chemicals, fibres and textiles said. Toyoura, who succeeds retiring George Avdey, joins Houston-based Kuraray America from Kuraray’s head office in Osaka, Japan. During his 35 ***years*** with Kuraray, Toyoura worked for the fibre sector and has held numerous leadership positions throughout the company.

DCP completes US NGL pipeline expansion

DCP Midstream increased capacity at its joint venture Sands Hills natural gas liquids (NGL) pipeline to 425,000 bbl/day in the second quarter, the US-based midstream company said. The NGL pipeline expansion to 485,000 bbl/day is scheduled to be in service by the end of 2018, it said in its Q2 earnings release. DCP announced the project in May 2017. The pipeline runs from the Permian Basin in west Texas and southeast New Mexico, as well as the Eagle Ford Shale in south Texas, into markets along the US Gulf Coast.

ARKEMA CEO, MANAGER, INDICTED FOR FIRE

A grand jury in Texas issued an indictment against Arkema, its North America CEO Rich Rowe and plant manager Leslie Comardelle for a fire that occurred at its site in Crosby, Texas, US during Hurricane Harvey in 2017, the French specialty chemicals producer said in a news release. Arkema noted several findings by the Chemical Safety Board, including that Arkema’s plant met all requirements related to flood planning and notified emergency responders well in advance. Legal representatives for Arkema said holding a company criminally liable for impact from a historic flood would set an “ominous” precedent.

europe

Rhine water levels stifle shipping, BASF production

Chronic low water levels along key European chemicals shipping artery the River Rhine are having a significant impact on the amount of product that can be transported, according to sources on 6 August. BASF said it had been forced to reduce production at its Ludwigshafen, Germany, site. Limited rainfall and heatwave temperatures have caused water levels to fall below 100cm along long stretches of the thoroughfare, with market sources reporting that barges are loading at 50% capacity or below.

Cracker margins rise, naphtha, LPG declines

European contract and spot cracker margins rose week on week following a drop in both naphtha and liquefied petroleum gas (LPG) costs, ICIS margin analysis showed on 6 August. In the week to 3 August, euro-denominated naphtha and LPG costs fell by 2% and 4% respectively. Naphtha-based contract cracker margins rose by 10%. Co-product credits were flat week on week.

SIBUR Q2 falls on currency effects

SIBUR’s second-quarter net profit fell sharply ***year*** on ***year*** to Russian roubles (Rb) 19.03bn ($299.83m) despite increases in earnings and sales, as a result of the depreciation of local currency against the US dollar and profit from the disposal of a subsidiary during the same period in 2017. Net profit fell by 35% ***year*** on ***year*** to Rb19.03bn despite the Rb22bn sale of LPG and MTBE subsidiary Uralorgsintez. Sales rose 31% to Rb137.6bn, while EBITDA was Rb49.9bn, a 35% jump.

Brenntag Q2 sales and profit up

Germany-based chemical distributor Brenntag’s Q2 sales and operating gross profit rose on the back of strong performance across the regions. Sales were up 7.3% to 3.22bn versus Q2 2017, with operating profit recording a slight increase of 3.1% to 677m. The company’s growth in operating gross profit was mostly “organic”, with its business in all the regions delivering positive earnings in the quarter. Earnings/share stood at 0.76, a 10% rise.

Trade war impact on distribution limited

The impact of a potential trade war between the US and China, and protectionist tensions in other parts of the world, are likely to have a limited impact on chemicals distribution because of the way the sector is structured, according to the CFO of German distribution major Brenntag. The bulk of chemicals distribution occurs locally, limiting the impact of trade tensions between the US and China and Europe, according to Georg Muller.

Lenzing H1 net profit falls 39%

Austria-based Lenzing’s net profit in the first half of this ***year*** fell with sales impacted by currency effects amid lower average prices of fibres. Revenue in the first half of the ***year*** declined on the back of unfavourable currency effects, falling 6.4% to 1.08bn. Net profit, meanwhile, slumped by 39.3% from 150.3m to 91.3m. In Q2 alone, net profit fell by 45.3%, while revenue was down 6.7%.

Topsoe to cut 200 jobs, cites Iran sanctions

Haldor Topsoe plans to reduce its staff by around 200, partly as a consequence of the planned US sanctions on Iran, the Denmark-based petrochemical technologies company said. Furthermore, Topsoe cited the need to “secure efficiency gains” related to the divestment of its automotive and stationary DeNOx business areas as a reason for the cuts. “The reinstatement of US sanctions on Iran has made it extremely difficult for Topsoe’s customers in Iran to finance new projects”, it said.

Zotefoams H1 jumps on performance products

Zotefoams first half sales and profits jumped on the strength of its high performance products division, which already represents a quarter of its total revenue, the UK polyolefins foams producer said. Sales climbed 12% from £33.9m to £37.9m compared to the first half of 2017, while operating profit was up 62% to £5.0m.

SGL H1 jumps on composites, acquisitions

SGL’s H1 operating profit rocketed ***year*** on ***year*** on the back of improved earnings for its composite division, corporate restructuring and the complete acquisition of former joint ventures. Sales in the first half of the ***year*** rose by 21.6% to 529.3m compared to the first six months of 2017, with EBITDA up 59.2% to 75m. Operating profit, meanwhile, increased more than four-fold to 71m.

asia

Wilmar to develop China oleochemicals plant

Singapore-based agribusiness major Wilmar International plans to develop a new oleochemicals plant at its site in Taizhou in China’s Jiangsu province, US technologies company Inventure Renewables said. The plant will convert waste from soybean processing into high-value oleochemicals, using Inventure’s “soap carbonate technology”. Belgian oleochemicals plant engineer Desmet Ballestra, which works with Inventure on the commercialisation of the technology, will provide engineering services for the construction and start-up of the new plant.

Indorama profit doubles on higher volumes

Thai producer Indorama Ventures Ltd’s (IVL) Q2 core net profit more than doubled ***year*** on ***year*** to $234m, supported by higher volumes and margins across its business segments and geographies. Its revenue rose by 25% ***year*** on ***year*** in Q2 to $2.62bn while core earnings before interest, tax, depreciation and amortisation (EBITDA) surged by 63% from the prior-***year*** quarter to $388m.

IVL Q2 doubles on higher volumes, margins

Thai producer Indorama Ventures’s second-quarter core net profit more than doubled ***year*** on ***year*** to $234m, supported by higher volumes and margins across its business segments and geographies. Its revenue rose by 25% ***year*** on ***year*** in the second quarter to $2.62bn while core earnings before interest, tax, depreciation and amortisation (EBITDA) surged by 63% from the prior-***year*** quarter to $388m.

IndianOil to double refining capacity by 2030

IndianOil Corp (IOC) is planning to almost double its installed group refining capacity to about 150m tonnes/***year*** by 2030, up from 80.7m tonnes/***year*** currently, its chairman Sanjiv Singh said in the company’s latest annual report. The company has projects worth about Indian rupee (Rs) 320bn in the pipeline currently, and “plans are underway for more projects costing about Rs1,430bn in the next five ***years***”, Singh said.

Satellite Petrochemical to start up cracker

China’s Satellite Petrochemical is scheduled to start up a 1.25m tonne/***year*** ethane cracker at Lianyungang in Jiangsu Province in Q3 2020. The project is now under construction with land leveling already completed and construction on storage tanks started recently, according to a company source. Satellite also plans to build a second 1.25m tonne/***year*** ethane cracker at the same site after operation of the first one.

Thai PTT to complete LNG construction

Thailand-based producer PTT will complete the construction of its 7.5m tonne/***year*** liquefied natural gas (LNG) terminal at Nong Fab in Thailand “within 2022”. A contract for the engineering, procurement, construction and commissioning (EPCC) of the terminal was signed by PTTLNG and the SPCC joint venture between Saipem and CTCI corporation, PTT said in a statement. “The LNG terminal will possess an import capacity of 7.5m tonnes/***year***, expecting to be finished within 2022,” it added.

SCG to start building $5.4bn Long Son complex

Thailand-based producer Siam Cement Group (SCG) will start building Vietnam’s first fully integrated petrochemical complex at Long Son this quarter, with commercial operations of the $5.4bn complex expected to begin in the first half of 2023. The company has signed loan agreements worth over $3.2bn with six financial institutions to advance its “flagship investment”, SCG said.

Xuzhou Haitian to start up PDH project in mid-2020

China’s Xuzhou Haitian Petrochemical is expected to bring on stream a 600,000 tonne/***year*** propane dehydrogenation (PDH) project at Xuzhou in Jiangsu province in mid-2020. Construction is estimated to start later this ***year***. The project is an upstream facility to provide feedstock for the company’s own 200,000 tonne/***year*** polypropylene (PP) plant at the same site. Xuzhou Haitian also plans to build a 260,000 tonne/***year*** acrylonitrile (ACN) plant to use extra propylene from the PDH facility, but has not set up a timeline.

IOC gets environmental nod for expansion

Indian Oil Corporation’s (IOC) Panipat Refinery has received environmental clearance to expand production capacities of its naphtha cracker and other allied downstream units. This expansion at IOC’s complex in northern Haryana state is part of the state-owned company’s plans to increase capacity by 2030. The project is estimated to cost Indian rupees (Rs) 15bn ($218.5m) and will see ethylene capacity at the cracker increase to 947,000 tonnes/***year*** from the current 800,000 tonnes/***year***.

India agrees to buy Iranian urea

India’s state-run fertilizer importer MMTC Limited has issued Letters of Intent to buy a total of 712,000 tonnes of Iranian urea under its 1 August tender, according to market sources on 7 August. An estimated 420,000 tonnes is to be shipped to the Indian west coast, and 292,000 tonnes to the east coast. The material, expected to be granular material, are being shipped from Iran with a 50,000 tonne cargo expected to be re-export material from China.

Creativ Studio Heinemann/imageBROKER/REX/Shutterstock

Rhine is too low for barges

JOURNAL : Farmers Weekly

Dairy farmers have until the end of August to apply to attend a series of dairy business management masterclasses being held across the UK.

The Entrepreneurs in Dairying training ***programme*** is organised jointly by RABDF, AHDB Dairy, consultancy firm Andersons and the NFU and is now in its fifth ***year***.

The courses consist of eight sessions spread over a number of weeks covering topics such as staff management and communication, finance and forecasting, business plans, contracts and price management.

See also: 4 young farmers on setting up successful joint dairy ventures

Applicants will have the opportunity to study at the nearest of four colleges – Bridgwater in Somerset, Gelli Aur in Carmarthen, Reaseheath in Cheshire and SRUC Royal Crichton Farm in Dumfries – for the first seven sessions, before joining together for a final day at Stoneleigh Park in Warwickshire.

The ***programme*** has been credited in the past with providing an opportunity for like-minded farmers to establish connections which have later provided them with business opportunities such as joint ventures and tenancies.

Sessions run over a number of weeks between the third week of September and the middle of December, with particular attention being paid to finance, which will be a two-day course in October run by Andersons' senior farm business consultant Tony Evans.

The course costs £375 plus VAT for each person but financial assistance may be available from the host college. For further information go to the RABDF website.

JOURNAL : Farmers Weekly

UK self-sufficiency in food has stagnated, suggest new figures which show that the country would go hungry for the rest of the ***year*** if the nation relied purely on British farmers.

Today (7 August) marks the notional date in the ***calendar*** when the UK larder would run bare if the nation consumed only British food from 1 January.

See also: UK food self-sufficiency drops to 60%

Defra figures showing that Britain produced only 60% of its own food in 2017 prompted the NFU to call on the government to put food security at the top of the political agenda.

NFU president Minette Batters says food self-sufficiency statistics had always been an important measure of the nation’s ability to feed itself. But with Brexit just eight months away, she said the 60% figure – which is in long term decline – shone a new light on the supply of British food.

‘Test for government’

“British food production has been pulled into sharp focus in recent weeks with farmers across the country wrangling with the impact of unprecedented dry and hot weather,” she said.

“This has been a real test for government to show the farmers and the many concerned members of the public that they think that our ability to produce food in this country is truly important.”

Every British citizen should be entitled to a safe, traceable and high quality supply of British food produced to some of the world's highest animal welfare and environmental standards.

“Home-grown food production must have the unwavering support of government if we are to achieve this post-Brexit,” said Ms Batters.

Wider benefits

Although the statistics showed a concerning long-term decline in the UK’s self-sufficiency in food, there was a lot of potential for this to be reversed, she added.

Maximising the amount of food that could be produced well in the UK would deliver a host of economic, social and environmental benefits to the country, said Ms Batters.

And with ***agricultural*** goods subject to potentially high tariffs, the UK farming industry could be one of the most impacted sectors from a bad Brexit.

“A free and frictionless free trade deal with the EU and access to a reliable and competent workforce for farm businesses is critical to the future of the sector,” said Ms Batters.

As the UK moves out of the EU, it will be important to keep a sharp focus on what productive, progressive and profitable farm businesses need from a domestic ***agricultural*** policy, she added.

[*https://infogram.com/uk-food-self-sufficiency-1h984wnyldyd4p3?live*](https://infogram.com/uk-food-self-sufficiency-1h984wnyldyd4p3?live)

JOURNAL : Farmers Weekly

The area of England classified as a nitrate vulnerable zone (NVZ) has dropped from 58% to 55% following a series of successful appeals against a designation by farmers.

Defra has published a set of revised NVZ maps that reflect the final outcome of an appeals process than has been running since the start of 2017.

Grace Righton, NFU environment adviser, said more than 100 appeals had been made by farmers, or groups of farmers, with many successfully arguing that their land drained into water that should not be identified as polluted, or that if it was polluted, ***agriculture*** was not the main cause.

See also: What farmers need to know about appealing an NVZ designation

Out of a total of 135 appeals put forward to the Environment Agency by farmers last ***year***, 94 were successful.

Ms Righton said the union had been involved in many of the appeals, using a specialist consultancy firm called Hafren Water to help decide the likelihood of a successful challenge.

Farmers who are in an NVZ have to comply with strict rules on the use of nitrogen fertilisers and the storage of organic manure, which can prove costly, she said.

“It is not fair that farmers should have to apply extra measures and costs associated with a NVZ designation if it can be shown that farming is not the source of the pollution.”

Success story

Hugh Broom, a mixed farmer near Dorking, Surrey, successfully appealed an NVZ designation around part of the River Mole with the help of the NFU and Hafren Water.

The designation had been in place since the early 2000s and affected 30-40 other farm businesses.

“It was a victory for common sense as we were all being penalised when only about 10% of the N load was attributable to ***agriculture*** and the rest was down to the sewage works,” he told Farmers Weekly.

“When the next opportunity comes around to appeal, I would encourage others to look into it. It gives us greater flexibility in terms of when we can spread [fertilisers and manures]."

Check final map

The Environment Agency urged all farmers to check the final map so they are sure about their status and whether they are fully complying with the regulations.

It also pointed out that whether in or out of an NVZ, all farmers and land managers need to follow the new Farming Rules for Water, which were introduced in April 2018.

The appeals process

Farmers only get the chance to appeal against an NVZ designation when the boundaries are reviewed – which happens on a four-***year*** cycle.

In December 2016, Defra and the Environment Agency published its proposed NVZ designations for the 2017-2020 period, which sought to slightly increase the percentage of England affected from 57% to 58%.

Farmers whose land fell within an NVZ were allowed 28 days from designation to appeal the decision.

These appeals were heard over the course of last ***year*** and the final results have now been reflected in the revised map published by the Environment Agency.

JOURNAL : Farmers Weekly

Diesel might be the current fuel of choice for farm buggies, but there’s a new wave of petrol-powered machines looking to reverse that trend. To find out which colour of fuel is best, we put a few key players to the test.

First up was Can-Am's Traxter HD8 DPS. It was at ease with almost everything we asked of it and has the sort of versatility you'd expect from a buggy.

See also: 4 new technologies on the way for livestock farmers

Can-Am Traxter HD8 DPS

Quick verdict

The powerful petrol engine has all the day-to-day grunt you would need and delivers it to the ground far more smoothly than the Polaris. Build quality and cab layout were good too, but it lost marks for being a bit skittish on the downhill route with a trailer in tow. Still, it's the one we would buy.

Price as tested: £12,119

Best for: Performance and comfort

Worst for: Downhill engine braking

Running gear

The HD8 is the mid-ranking buggy in the Can-Am UTV range, but provides more-than-ample power. It carries a Rotax 779cc engine generating 50hp and has the full off-road spec list, including a low-range box and a locking rear differential. For those who want a bit more, Can-Am also offers the 72hp HD10.

The engine is pretty peachy by farm buggy standards, though a slight downside is the in-cab noise at full chat. That said, it's nowhere near as deafening as the Honda.

The notchy gear selector stalk is clear and well designed – unlike the Polaris – and, once engaged, delivers power to the CVT transmission in typically smeary but brisk fashion.

Likes

Strong build quality

Comfortable and well-laid-out cab

Good load bed height

Excellent petrol engine

Gripes

Engine braking almost non-existent

Lights easily damaged

No diesel options

Noisy acceleration

In our timed hill climb routes, the Can-Am came out top dog on grass, but was pipped to the post by the more powerful Polaris on the tarmac.

In reality, the difference in times is irrelevant and all the drivers preferred the safer-feeling ride of the Traxter to the slightly out-of-control Ranger.

Towing up the hill with a trailer on and two chaps in the front added a barely noticeable three seconds to the unladen time, which isn't far shy of pickup standards.

Cab

Access to the spacious and well-laid-out cab is good.

The wide openings allow even the biggest work boots to gain entry without stumbling, though the flappy net guards on our test model were pointless and caused a trip hazard.

We would favour solid doors, or nothing at all.

Sat in the driver’s seat gives a good view to all four corners of the vehicle and there’s enough space to rest a left foot on long journeys, unlike the compact Gator.

By buggy standards it's surprisingly comfortable and the two passengers also have lots of legroom and a solid bar to hang onto around the bends.

An abundance of useful cubby holes to store farming paraphernalia wins it more brownie points, while a handy removable glovebox could house some go-to tools or medicines that need to stay dry.

The build quality was another feather in the Traxter’s cap. It's solid, all the switches worked as they should and the flat floor can be pressure washed out without worrying about ruining the electrics.

One of the biggest perks was the two passenger seats that can be flipped up to offer an unobstructed floor-to-ceiling space capable of swallowing an assortment of dogs or multiple buckets of feed.

Working life

Going slowly down hills wasn’t part of the Traxter’s A-game. The engine did an average job of slowing the buggy on some steep descents without a load on the back, but it had a tendency to run away before reaching the bottom.

However, with a bale-filled trailer hooked on the tow ball its performance was far worse – particularly when compared with the ice-cool Gator. It simply couldn't keep the engine speed under control for a sustained spell and could turn out to be quite dangerous if it has to negotiate lots of hills.

Elsewhere, the good-sized load bed offered a handy 840mm load height. With the Honda's bed sitting a whole 100mm higher, lifting 20-litre chemical cans is relatively easy, but it was still bettered by the John Deere. Handily there are no bars to obscure connecting a trailer, though.

Access to the engine for servicing was as good with the load bed tipped. On the down side, the rear lights are woefully exposed on the Traxter and would only need a slight bump before new clusters are needed.

Can-Am Traxter HD8 DPS full specs

Engine Rotax 779cc V-twin

Power 50hp

Fuel Petrol

Transmission Two-speed CVT

Four-wheel drive Selectable two- and four-wheel drive

Diff lock Lockable rear and auto locking front

Suspension Dual A-arm, 254mm travel

Brakes  Four-wheel hydraulic discs

Rear bed dimensions  97.8 x 143 x 29.5cm\*

Rear bed capacity 454kg

Rear load height 840mm

Towing capacity 907.2kg

Ground clearance 280mm

Dry weight 646.4kg

Turning circle 7.72m

Noise, tickover 65.5dBa

Noise, acceleration 90.5dBa

Downhill loaded grass (60m, 17.5deg slope) 22.9s

Uphill loaded grass (60m, 25deg slope) 10.9s

Uphill loaded road (1-mile, 7.4deg slope) 1m 38s

Tyres Maxxis Bighorn

Starting price £12,119

JOURNAL : Farmers Weekly

Diesel might be the current fuel of choice for farm buggies, but there’s a new wave of petrol-powered machines looking to reverse that trend. To find out which colour of fuel is best, we put a few key players to the test.

The Honda Pioneer SXS was the cheapest buggy we tested, see how it fared on performance and comfort.

Honda Pioneer SXS

Quick verdict

It was clear to see why this was the cheapest buggy on test – the lack of a low-range box and power steering, along with some non-existent engine braking, were huge negatives compared with its rivals.

The cab was exceptionally noisy too, but we did like its nimble size, simple mechanical controls and pokey petrol engine. In reality, it seems better suited to leisure than work.

Price: £11,500

Best for: Compact and nimble

Worst for: Cabin noise

Running gear

The Pioneer had a surprising turn of pace from its 675cc Honda engine, which put the Gator and the Mule to shame and managed to climb our test hill unladen in less than 10secs – not far off the far more powerful Polaris.

However, engine noise in the cab comes as a bit of a shock. It's so loud that drivers should probably kit up with ear defenders, though if you ordered one without a cab – which simply works to amplify the racket from the engine – then things would undoubtedly improve a bit.

Likes

Small and compact frame

Brisk petrol engine

Simple to operate

Four-seat option

Gripes

No low-range box

Engine noise is unrelenting

Lack of power steering

Cab visibility is poor

The Pioneer differs from the rest in the transmission department by opting for a three-belt automatic.

Under load, the switch between the ranges is very noticeable, so the drive is far less smooth than most other buggies on the market.

But the biggest stumbling block is the lack of a low-range box, particularly given that UTVs spend most of their time off-road and in fairly gnarly conditions.

The fact that it's very light works in its favour, but doesn't make up for the shortage of gearbox ranges.

On the road, the Pioneer was quick, but there is no getting away from the engine noise.

The cheap tyres and slightly vacant unpowered steering mean drivers can rarely feel comfortable driving it fast, either.

Cab

The aftermarket cab – adding just under £3,500 to the price – is a strange add-on that looks a few sizes too big for the body.

It also limits ventilation as there is no opening front window and only horizontally sliding openers on the side that slam shut under hard braking. Monster pillars completely wreck views outwards, too.

However, without the cab it's an entirely different proposition. The seats are pretty comfortable, the dash is uncluttered and the controls are mechanical and unbeatably simple – particularly when sat alongside the car-like Polaris.

The flat floor and bench seat also offer maximum flexibility, though shoulder room with three people on board is limited.

If it's likely to do a lot of transport duties then Honda offers a four-seat option, too. It's ideal for ferrying guns around on shoot days and is an extra not available on all of the others, but does eat into the rear load bed space.

Despite the perks, the Pioneer falls a fair way short of the standards we'd typically expect from Honda's off-road range.

Working life

There are plenty of handy credentials for work life – notably its compact size and surprising balance – but, unfortunately, the turning circle isn't one of them.

The load bed is small, and the tailgate comes with naff latches and doesn't lie flat, which means it sits 940mm from the ground and makes loading it with feed bags a bit more of a chore.

However, suspension travel is reasonable across each corner and the Honda did an OK job of soaking up rutted tracks. Of course, having a bench seat means the occupants tend to get thrown about a bit.

Towing is also a problem, largely because of the single range transmission. Though it has the power, the lack of a low range means that the gearing is too high for serious towing work on hilly ground and non-existent engine braking doesn't help on the downhill sections either.

The payload is also a good bit lower than the others, which reflects harms its suitability as a genuine working tool.

Honda Pioneer SXS full specs

Engine Honda single-cylinder 678cc

Power 36hp

Fuel Petrol

Transmission Three-speed CVT

Four-wheel drive Selectable two- and four-wheel drive

Diff lock No diff lock

Front suspension Double wishbone – 200mm

Rear suspension Independent dual arm – 231mm

Brakes Dual hydraulic 200mm discs (front)

Rear bed dimensions 93.3 x 115.2 x 29.2cm\*

Rear bed capacity 386kg

Load bed height 940mm

Towing capacity 680kg

Ground clearance 265mm

Dry weight 710kg

Turning circle 8.94m

Noise, tickover 71dBa

Noise, acceleration 92dBa

Tyres Black stone

Downhill loaded grass (60m, 17.5deg slope) 10.23s

Uphill loaded grass  (60m, 25deg slope) 15.23s

Uphill loaded road  (1-mile, 7.4deg slope) 2m 14s

Starting price  £11,500 ex VAT

JOURNAL : Farmers Weekly

Diesel might be the current fuel of choice for farm buggies, but there’s a new wave of petrol-powered machines looking to reverse that trend. To find out which colour of fuel is best, we put a few key players to the test.

Enter the John Deere Gator XUV 855M. The Gator's golfing roots make it ultra-manoeuvrable and deliver a pretty languid driving style.

John Deere Gator XUV 855M

Quick verdict

Despite its flexible steering it has limited legroom which makes long hours in the seat uncomfortable.

That said, the diesel engine was far peppier than the laboured Mule – though still miles from petrol equivalents – and it handled our downhill route far better than the rest. It’s expensive, though.

Price as tested: £17,160

Best for: Going downhill

Worst for: Cab comfort

Driveline

Diesel-powered UTVs have a reputation for fairly lacklustre performance, but the Gator was livelier than expected.

At 854cc, its three-bore Yanmar engine is slightly smaller than that of the Kawasaki but, ironically, leaves the sluggish Mule looking like a bit of a donkey.

The Gator beat its old adversary by three seconds in the uphill sprint (nothing special here – they were both tortuously slow) but by almost a minute in the two-mile uphill slog. If we’d had the Kubota RTV on test then it would have been left for dead, too.

Like most of its rivals, JD fits a two-speed CVT transmission that provides a moderate turn of pace restricted to a top speed of 45kph.

Though it might sound fairly pedestrian, it’s more than adequate for most journeys and also prevents pushing the vehicle beyond its rudimentary limits.

Likes

Very manoeuvrable

Best engine braking

Nippy for a diesel

Good visibility

Gripes

Cab fills with dust when travelling at speed

Poor cab ergonomics

Lack of ground clearance

Rear bar restricts access to tow ball

The slow-and-steady Gator also took first prize in our engine braking test.

The system is engaged by gently throttling on downhill sections, where it demonstrates remarkable discipline to rarely drift past 2kph.

Cab

While the driveline might have performed better than expected, the Gator’s cab is less suited to owners clocking high hours on slug pelleting jobs and the like.

The main problem is the driver’s proximity to the front wheel arch, which leaves very little space for the left leg and means it can feel very cramped after a short time.

Passengers will also find themselves bereft of knee room and, even without a cab, the footwells get unpleasantly toasty – dissipating engine heat is the main culprit.

Whether or not to spec a sealed cab is a long-running moot point among owners. On the plus side, it minimises the dust problem, which is a big deal as the Gator tends to suck debris stirred up by the front wheels into the cockpit.

On the other hand, the shape of the frame means the top of the doors eat into shoulder room and the engine thrum tends to echo loudly, as Honda Pioneer owners will have no doubt found out.

It’s not all bad news though – despite the low driving position the visibility is surprisingly good and makes it really easy to manoeuvre, even through pretty dense woodland.

The controls are easy to find and use too, but there’s only space for two occupants – most of the others offer the flexibility of a bench seat.

Working life

On paper, the Gator looks the least ***agricultural*** of the group. For starters, ground clearance is poor and the suspension is short of travel, which makes rides over rough, rutted ground pretty uncomfortable.

However, it can handle itself over less extreme surfaces and matches reasonable power and speed with very good balance, a low centre of gravity and the best turning circle among its rivals.

The thick, plastic load bed is solidly made and sits low, making it easy to lob in bales and bags. Steel side bars provide decent lash-down points too, but the bed can only be tipped from one side via a slightly sticky pin arrangement.

Our model also came with a rear protective bar that sits below the tailgate, which made hooking on a trailer a rear hassle. On the plus side, rear lights are cage protected and there’s a pickup-style latch on the tailgate.

John Deere Gator XUV 855M full specs

Engine Three-cylinder, 854cc

Power 22hp

Fuel Diesel

Transmission Two-speed CVT

Four-wheel drive Selectable two-/four-wheel drive

Diff lock Auto locking front, mechanically actuated rear

Suspension Dual A-arm, 20.3 travel front, 22.9 travel rear

Brakes Four wheel hydraulic discs

Tyres Maxxis Big Horn 27x11 rear, 27x9 front

Rear bed dimensions 114.3 x 132.0 x 30.5cm

Rear bed capacity 454kg

Bed load height 83.8

Towing capacity 680kg

Ground clearance 22.3cm

Dry weight 788kg (inc fluids)

Turning circle  7.93m

Noise, tickover 69dBa

Noise, acceleration 85.6dBa

Downhill loaded grass (60m, 17.5deg slope) 57.22s

Uphill loaded grass  (60m, 25deg slope)  29.29s

Uphill loaded road (1-mile, 7.4deg slope) 3m 26s

Starting price: £16,737

JOURNAL : Farmers Weekly

Diesel might be the current fuel of choice for farm buggies, but there’s a new wave of petrol-powered machines looking to reverse that trend. To find out which colour of fuel is best, we put a few key players to the test.

The Kawasaki Mule Pro-DX might be the grandfather of the buggy world, but like most ageing pensioners it moves with little grace and doesn’t go anywhere in a hurry.

Kawasaki Mule Pro-DX

Quick verdict

What the Mule lacks in performance and handling it does make up for in terms of build quality and practicality, with the largest load bed on test and a spacious cabin with roomy bench seat. It’s also a lot cheaper than a Gator.

Price as tested: £14,912

Best for: Carrying bulky loads

Worst for: Getting somewhere in a hurry

Driveline

Like most diesel-burning ATVs, the Mule is fitted with a three-cylinder Yanmar engine that develops a widow-making 24hp.

It’s a similar unit to the one slotted in John Deere’s Gator, but it has a slightly higher capacity of 993cc and a smidge more horsepower. Sadly, that extra oomph doesn’t translate into extra performance and the Mule was the more sluggish of the two by some margin.

That could be something to do with the fact that it is 54kg heavier, but we suspect the transmission is a little more power-hungry too – even though it’s the same belt-type CVT with high and low range.

When cruising around on flattish ground the lack of go wasn’t a problem, but when we started adding weight and poking its nose uphill, things started to go awry.

Likes

Large load bed

Spacious cabin

Tough construction

Good ventilation

Gripes

Sluggish performance

Large turning circle

Poorer-than-expected engine braking

Crude cab enclosure

During our mile-log uphill slog with a trailer in tow the Mule came in a resounding last place, with a depressingly slow time of 4m 12s. And it was back of the pack for the steep uphill climb off-road, too.

However, even though it was on its knees, it kept plugging away and we didn’t have any refusals.

As for the engine-braking test, it didn’t sparkle there either. Like the Gator you have to apply a little throttle to engage the drive, but it still gathered pace pretty rapidly unless we dabbed the brakes with our left foot.

Cab

Things looked up for the Mule when we turned our attention to its large, utilitarian cabin.

There is a sizable bench seat that can comfortably accommodate three adult passengers and a flat floor that makes it easy to slide in and out. Technically, only two passengers are permitted to use it in the UK, but there are mounting points for a third seatbelt should you choose to fit one.

Unlike the unpleasantly cramped Gator, drivers get a decent amount of legroom, an adjustable steering wheel and a waft of fresh air from the built-in air vents. Speccing the full cab also means you get a heater, which is a pricey add-on for some other makers.

Storage wasn’t the best in the test group, but there are several useful stowage areas and the option of adding a large box under the seat. However, at about £100, this is an overly pricey extra.

Kawasaki doesn’t offer its own cab enclosure, so our machine came with a retrofit unit built by DFK. It’s a tad crude when compared with some of the competitors’ purpose-built offerings, with an unpleasant rattle (particularly at tick-over) and poor rear visibility. It’s unfair to compare the noise to Gator though as this didn’t come with an enclosed cab.

Working life

For those who want to lug bulky materials around, the Mule’s massive tipping bed is in a league of its own. It will comfortably accommodate a 4ft round bale and is ideal for carting around fencing materials.

However, buyers need to be wary of the fact that this additional space doesn’t mean you can add additional weight.

In fact, the 453kg maximum payload is actually slightly lower than some of the other machines on test, and although Kawasaki offers a heavy-duty spring option, this doesn’t increase the on-paper payload.

As good as the load bed might be, it can’t disguise some of the buggy’s other shortcomings. These include a huge turning circle that makes it cumbersome in tight spaces, fairly poor engine braking and that all-important lack of power.

Kawasaki Mule Pro-DX full specs

Engine Yanmar three-cylinder 993cc

Power 24hp

Fuel Diesel

Transmission Two-speed CVT

Four-wheel drive Selectable four-wheel drive

Diff lock Rear diff lock

Suspension Double wishbone, 22cm travel

Brakes Four-wheel hydraulic discs

Rear bed dimensions 141.1 x 139.4 x 27.9cm

Rear bed capacity 453kg

Towing capacity 907kg

Ground clearance 26.2cm

Dry weight 842kg (including fluids)

Turning circle 10.02m

Noise, tickover 75dBa

Noise, acceleration 86dBa

Downhill loaded grass (60m, 17.5deg slope)  14.5s

Uphill loaded grass (60m, 25deg slope) 30.7s

Uphill loaded road (1-mile, 7.4deg slope) 4m12s

Starting price £12,079

JOURNAL : Farmers Weekly

Diesel might be the current fuel of choice for farm buggies, but there’s a new wave of petrol-powered machines looking to reverse that trend. To find out which colour of fuel is best, we put a few key players to the test.

Up next was the Polaris Ranger XP1000. This high-powered machine is a complete animal, which makes it good fun to drive, but pretty dangerous in the wrong hands.

See also: How to upgrade your fleet to autosteer guidance for £20k

Polaris Ranger XP1000

Quick verdict

The high-powered XP1000 brings top-drawer ground clearance, long-travel suspension and car-like spec levels in the cab, but the build quality is a little disappointing and it has a worrying habit of sliding out of control on downhill slopes. We'd opt for the tamer version.

Best for: Racing

Worst for: Going downhill safely

\* Price to come soon - please check back

Driveline

The XP1000 packs a mighty 82hp and 83Nm of torque from its 999cc twin-cylinder engine and has the sort of pants-soiling power to rival older pickups and small cars.

One look at the dash dials tells you all you need to know about its performance – the speedo has readings up to 140kph and the rev gauge tops out at 10,000rpm. It has the testosterone of a rodeo bull, which is good fun if you like driving like a nutter, but gets a little tiresome during work.

Likes

Loads of power

Pulls a trailer with ease

Best ground clearance

Car-like interior

Gripes

Dangerously fast

Glitchy cab electronics

Struggles for downhill traction

Lurchy drive at low revs

It often feels on the edge of being out of control at high speeds and, with very little to protect the driver in a crash, needs to be driven safely and well below its limits to avoid accidents.

In reality, the steady-as-you-like nature of the Gator is far less stressful for sheep-feeding duties.

The perk of the power is that it doesn’t flinch when hooked up to a trailer and it clocked a similar time to the equally fast (but more stable) Can-Am and the farm’s Toyota Hilux pickup on our mile-long uphill road route.

It came out marginally slower on the steep grass bank climb, but it was a question of traction – rather than power – that limited its

Cab

Top-spec Rangers come with a car-like cab that brings previously unseen UTV luxuries such as electric windows, a radio (that tends to get drowned out by engine noise), a proper indicator stalk, air vents all round and various charging ports.

At first glance, it promises a lot and all the fancy extras naturally make it more appealing than the likes of the crudely mechanical Honda. However, there’s far more to go wrong, too.

The build quality lags a long way behind the Can-Am, and the cab plastics feel fairly cheap and tacky. We also had reliability problems, including glitchy electronics that caused the dash screen to flicker on and off, and intermittent power steering.

The cab is shallower than some of its rivals too, but there’s plenty of room for three, access is good and the passenger bench folds up to reveal extra storage space. There are lots of cubbies dotted around the dash, but most are small and not particularly useful.

Working life

Many of the XP1000’s racing-grade characteristics are useful in work.

For a start, the nutty power means it’ll pull a trailer with ease – it’s rated to 907kg, which is seriously impressive by UTV standards.

Suspension travel totalling 28cm allows it to bounce and bumble its way across pretty much any terrain and it has the best ground clearance, so deep ruts are no problem either.

However, that height and bounce make it fairly wallowy around corners and also means the load bed sits much higher than the likes of the Gator and Traxter.

The bed is tough and can be tipped from both sides, but the rear light clusters look vulnerable and the lash-down points are poor.

Polaris Ranger XP1000 full specs

Engine Two-cylinder 999cc

Power 82hp

Fuel Petrol

Transmission Two-speed CVT

Four-wheel drive Selectable one-, two- and four-wheel drive

Diff lock No diff lock

Suspension Dual A-arm, 27.9cm travel

Brakes Four-wheel hydraulic discs

Tyres   Maxxis MU52 27x11 rear, MU51 27x9 front

Rear bed dimensions  94.3 x 139.3 x 31.7cm

Rear bed capacity 454kg

Bed load height  87.7cm

Towing capacity 907kg

Ground clearance 30cm

Dry weight 710kg

Turning circle 8.25m

Noise, tickover  61.2dBa

Noise, acceleration 87.1dBa

Downhill loaded grass (60m, 17.5deg slope) 41s

Uphill loaded grass (60m, 25deg slope) 11s

Uphill loaded road (1-mile, 7.4deg slope) 1m 35s

Starting price  £13,399

JOURNAL : Farmers Weekly

Oxfordshire shearer Stuart Connor has overcome a ***year*** of personal tragedy and won the chance to take part in the World Shearing and Woolhandling Championships.

This amazing achievement comes after he and his wife Kira lost their three-***year***-old daughter Grace to mitochondrial disease.

Mr Connor, who has been shearing sheep since 2003, qualified through the English Open Shearing circuit as a member of the England team for the World Shearing and Woolhandling Championships to be held in France next ***year***.

See also: Video – Step-by-step guide to best shearing technique

He only started competitive shearing in 2017 after attending a number of competitive shearing courses run by British Wool, most recently an Advanced Open Class Shears Course run in Wiltshire with brothers Matt and Roland Smith earlier this ***year***.

This is the first time he has qualified for the world championships, which he said would have delighted Grace.

“She loved everything sheep-related. She would go to shearing shows with enthusiasm, and love every second, so I wanted to do this for her,” said Mr Connor, from Banbury.

“Despite her not being here now to enjoy these moments, I pushed on with attending the shows for her.”

Hard work paid off

All the hard work, dedication, determination and training has paid off, with Mr Connor winning the 2018 Open Shearing English Shearing Circuit and one of two places for English shearers in the world championships.

A Just Giving page set up in Grace’s memory has already raised £12,000 for the Lily Foundation charity, which funds research into mitochondrial disease and offers advice and help for families affected by this very serious genetic condition.

Gareth Jones, British Wool producer communications manager, said: “We want to express huge congratulations to Stuart, in qualifying to represent his country under extremely difficult personal circumstances, and wish him every success."

Find more information on the Lily Foundation online or to offer support, visit their Just Giving page.

JOURNAL : Farmers Weekly

Potato plantings are the latest victims of this summer’s extreme weather, the total planted area in Great Britain expected to be down by 3% on last ***year***, according to AHDB.

The fall means just 119,000ha have been planted with potatoes in 2018, the third lowest area on record.

See also: Drought-hit farmers in Europe call for aid

The news will be all the more disconcerting for growers as the dry weather is likely to affect yields, the levy board says.

The Environment Agency and SEPA in Scotland have both introduced support measures to assist drought-hit growers and improve access to water needed for irrigation.

The industry is resilient enough to maintain the supply of the British-grown crop, according to Rob Clayton, AHDB’s sector strategy director for potatoes.

Dr Clayton said: “This has been a tough and stressful season for growers. We do not underestimate that. However, we welcome news that supply chains are working closer than ever before, and that continual improvements are leading to reduced food waste at all points from the grower to the consumer.”

He added that current weather conditions had been compounded by a start to the season that saw sub-zero temperatures brought by the "Beast from the East", followed by a wet spring that delayed planting.

Yields down

“Since then, we’ve seen one of the driest combined June and July periods on record, so most growers are reporting that yields will be down," he said.

Based on five-***year*** average yields, this planted area would equate to a total potato harvest of 5.7m tonnes.

[*https://infogram.com/potato-scenarios-1h984wnmmygd4p3?live*](https://infogram.com/potato-scenarios-1h984wnmmygd4p3?live)

“Farmers have been working round the clock to minimise [the impact of the drought], with teams working overnight so that any water used does not evaporate in the hot sun.

“There is still some growing season to go, so it is impossible to accurately predict how far down they will be."

Mitigation

Variables such as improved weather conditions and the availability of irrigation could go some way to mitigating earlier conditions, Dr Clayton said.

“Growers will be making contact with local EA agents to understand the additional flexibility on abstraction announced yesterday," he said.

“Equally important will be the regular contact between growers and customers as they work to make the most from this ***year***’s crop.”

JOURNAL : Farmers Weekly

Tony Bambridge is increasing his potato yields and improving his light Norfolk soils by the use of green waste compost, which is especially important in this summer's dry weather.

Potato yields are about 6-7% ahead since he started applying the compost six ***years*** ago, while his soils are more resilient, water retentive and workable.

The compost has helped build the indices of key nutrients, such as phosphate and potash, and increase organic matter levels in his sandy soils by 0.5%, which were typically 1.5-2.5% before compost was applied.

“We are feeding the crop the natural way, creating a sponge to absorb water, adding organic matter to improve soil biology, helping the workability of soils and making them more resilient,” he says.

See also: Video: Cultivating potato tramlines cuts water and soil losses

Mr Bambridge grows 140ha of ware potatoes and 170ha of seed crop at Wood Farm about 10 miles north of Norwich and just south of Aylsham, where he also grows a range of crops including winter and spring barley, winter wheat, maize, oilseed rape and grassland.

He calculates the cost of the compost and its application at £250/ha, but his saving of bagged fertiliser is just £123/ha, so the advantages of better yields and better soils need to make up for that financial gap.

Soils project

He is now part of a GreatSoils project led by the AHDB, which started in autumn 2016 and involves others advisers and scientists such as crop consultants Niab and Rothamsted Research.

Marc Allison, senior researcher at Niab, says a trial last ***year*** on Mr Bambridge’s farm showed potatoes using compost gave a tuber yield of 77.7t/ha and without compost a significantly lower figure of 72t/ha.

This tied in with seven other trials he has conducted, which showed that using 30t/ha of compost boosted potato yields to 61t/ha, again well ahead of the 55t/ha yield achieved without using compost.

“What we are seeing is that the compost is changing the physical properties of the soil, improving rooting and water uptake and also nutrient availability,” Dr Allison says.

Valuable elements

The compost is adding carbon to the soil as well as valuable elements such as nitrogen, phosphate, potash and magnesium, and will have subsequent positive yield advantages on following crops, he adds.

Mr Bambridge is lucky that he has a neighbouring compost plant in his village of Marsham, which takes timber and garden waste from the gardens of Norwich to make into heat-treated compost, which should be free of weed seed and disease.

He is applying the compost at 30t/ha about three ***years*** in five ahead of crops such as potatoes, sugar beet and oilseed rape on the 1,200ha of land he farms as B&C Farming.

He looks to apply the compost in the winter ahead of his potato crop as it is a relatively stable product that is unlikely to cause leaching problems.

The compost is worked in with shallow discs, and then he uses deep tines for his primary cultivation in the spring rather than ploughing.

Some of the major nutrients can be locked up, such as nitrogen, so he calculates the amount of nitrogen, phosphate, potash and magnesium that is available to the growing crop.

Compost at 1t/ha provides:

8.4kg of nitrogen

4.2kg of phosphate

6.5kg of potash

2.3kg of magnesium

It is not fully clear exactly how much of these nutrients are available in the first ***year***, but he uses 2.5% of the nitrogen, 15% of the phosphate and 80% of the potash.

Compost at 30t/ha will therefore provide in the first ***year***:

6kg of nitrogen

19kg of phosphate

156kg of potash

17kg of magnesium

Locked-up nutrients

Clearly a lot of these major nutrients and magnesium are being locked up in the soil and so preventing immediate use by a growing crop, but Mr Bambridge sees positives from the compost, giving the soils sulphur, calcium and manganese.

The dilemma with all organic amendments, not just compost, is when do the other percentages of nutrients become available, if ever, he says.

As well as the increased yield he also points out that his light sandy loam soils show greater water holding capacity, better water infiltration and improved workability after the compost is applied.

“We are seeing that yields have improved 6-7% over the six ***years***,” he says.

The effect of the compost has reduced slightly the dry matter of the potatoes, such as the variety Maris Piper, which he grows on the farm, but this is currently within the range that his processor will allow.

Another factor is how much of the soil nutrients, especially nitrogen, the compost leaves for a subsequent crop, such as the specialist winter malting barley variety Maris Otter where low-grain nitrogen is required by the maltsters.

Mr Bambridge was speaking to Farmers Weekly at a GreatSoils field walk at his farm in late July, as he is running one of the field trials on compost amendments for the AHDB Rotations Research Partnership.

JOURNAL : Farmers Weekly

In a bid to prevent torrents of water hurtling down compacted tramlines after heavy rainfall, Charles Creyke has designed a toolbar that ruffles up concrete-like tractor wheelings and creates clever channels for the water to escape into the soil.

See also: Research gives farmers tips on reducing soil erosion in maize stubbles

The Wheel Track Roller has angled tines that run to the side of the tractor’s compaction and create minimal surface disturbance but provide channels where the water can escape.

Following the tines are evenly spaced plastic rollers, which form angled elongated reservoirs in the soil in a heap and hollow fashion to break the flow of water, while fissuring the surrounding areas for liquid to percolate through.

Not only will this prevent soil erosion, but it will also allow valuable nutrients and water to stay in the soil where they are needed to help crops thrive, we’re told.

See also: Why soil health is top priority for Sussex estate

The machine can work in cereals and ridge bed crops such as potatoes and vegetables. A trial has been taking place on sandy soil in North Norfolk, while the Water Sensitive Farming Partnership has bought a Wheel Track Roller to raise awareness with East Anglia growers about how the machine can reduce soil erosion.

JOURNAL : Farmers Weekly

Firefighters have praised quick-thinking farmers who helped stop a field blaze from spreading in Oxfordshire.

Three crews supported by a specialist water carrier unit were called to the field fire near Ardley next to the main Chiltern rail line and B430 just before 2pm on Monday (6 August).

Oxfordshire Fire and Rescue Service said the farmers, who were harvesting, and another neighbouring farmer played a vital role in quickly ploughing a firebreak.

See also: Video: Farmer shares lessons learnt fighting huge crop fire

They also used a slurry bowser to dampen the edges of the fire – and worked with the emergency services to prevent it spreading further.

The incident – which was contained within an area of less than 1ha – is among some 200 wildfires and crop fires in Oxfordshire this summer alone.

Fire crews and farmers join forces to tackle field fire near Ardley [*https://t.co/3bnqvBeTru*](https://t.co/3bnqvBeTru) pic.twitter.com/pIPoL3CtfG

Banbury Guardian (@banburynews) August 7, 2018

Oxford Fire and Rescue Service area manager Jason Crapper said: “We are bound to have more wildfires and crop fires as the heatwave drags on.

“And for firefighters, getting to incidents quickly makes a huge difference in terms of the time and resources needed to get them under control.”

Oxfordshire County Council has released a video giving advice to reduce fire risk.

If you saw a field fire would you know what to do? The county's fields are so dry that #fieldfires are a real risk and @OxonFireRescue firefighters have already tackled several recently [*https://t.co/PHBUDCfVV1*](https://t.co/PHBUDCfVV1) pic.twitter.com/lRBBoBogP1

Oxfordshire County (@OxfordshireCC) August 7, 2018

The fire service says it can't stress enough how important it is to catch field fires early and tackle them before they get out of control.

Mr Crapper said the fire service was asking the general public to keep their eyes peeled until substantial rainfall arrives.

But he cautioned against the public trying to tackle fires in the countryside themselves.

“A bucket of water is not going to do the job. Instead dial 999 and ask for us.

“And crucially we’ll need an accurate fix on the location, information about nearby road junctions and local landmarks help us out a lot in pinpointing incidents”

JOURNAL : Farmers Weekly

Taiwan will open up to British pork exports for the first time in the next few months.

Imports to this market are growing rapidly, rising by 26% last ***year*** to £138m.

The deal means UK exporters can further tap in to overseas demand for parts of the pig carcass that are not commonly in demand in the UK, such as offal, potentially raising whole carcass values.

“We estimate the value to the UK to be in excess of £50m based on current UK export capacity, but if this were to rise to match the strong demand for pork imports in Taiwan, the opportunity could be worth more than £100m over the next five ***years***,” said the ***Agriculture*** and Horticulture Development Board’s (AHDB) international market development director, Dr Phil Hadley.

See also: Tips for improving piglet survival

Exporters will be able to begin trade from Defra-approved establishments once eligible organisations are listed by the Taiwanese and export health certification has been finalised and released.

Individual establishments do not need to be inspected by the Taiwanese authorities - the UK government can put forward eligible firms.

UK pork exports were worth £290m last ***year***, reaching more than 80 markets.

The UK government worked with the AHDB and UK Export Certification Partnership (Ukecp) on the deal, which follows after China lifted its two-decades ban on UK beef exports, instated after the BSE outbreak.

This agreement will allow official market access negotiations to begin, with beef exports to China estimated to be worth more than £250m in the first five ***years*** alone.

The value of UK food and drink exports reached a record £22bn in 2017.

Taiwan pork potential

Pork consumption in Taiwan, at 35-40kg a head a ***year***, is one of the five highest rates.

The country’s domestic production expansion rate is constrained by increasingly stringent pollution controls.

Production was hit hard by a huge foot-and-mouth outbreak in 1997, closing export markets and resulting in the slaughter of 30% of the country’s pigs (c3.8 million head).

The number of pig farms fell by almost half from 25,300 in 1997 to 12,000 in 2004, with smaller farms failing.

A 2014 outbreak of porcine epidemic diarrhoea (PED) further reduced herd numbers to 8,137 by the end of that ***year***.

JOURNAL : Farmers Weekly

Grazing concerns and a drop in ewe condition were the main drought-related factors that restrained prices at Thame last week (2-3 August) as 25,821 sheep went under the hammer.

Averages were back for all female categories, particularly for sheep that had lambed. Dry sheep, on the whole, showed well, and were visibly less affected by the drought conditions.

Beltex-crosses were down £11.19 to £151.80

Texel-crosses were down £8.34 to £133.10

Suffolk-crosses were down £6.96 to £124.95

North of England Mules were down £12.22 to £117.68

Cheviot mules were down £20.82 to £117.18

Lleyns were down £15.97 to average £104.98

Simon Draper, senior auctioneer at Thame Farmers Mart, said vendors had understandably found it difficult to improve sheep this ***year***.

Even decent, well-fleshed sheep were back slightly in general, but saw the best trade.

“The second-quality sheep got hit again,” Mr Draper said. “Beltex-crosses had a hit last ***year*** but they enjoyed some of the best trade last week, while the Texel-crosses had a better sale last ***year***.

Clearance rates dropped from 97.5% last ***year*** to 91.45% for 3% fewer yarded.

“A lot of people bought Cheviot gimmer lambs instead of North Country Mules and a lot of the Cheviots weren’t good enough so they had a real knock.”

He added that difficult lamb finishing conditions could mean lower demand for breeding sheep this autumn as more people had held on to lambs, in addition to the lack of grass in the southern counties.

“There is a little worry in the north among the auctioneers there regarding demand at the big upcoming sheep sales," Mr Draper said. "Around the rings some concern was Brexit-related and generally things were cautious.”

Trade topped at £195 with Beltex-crosses from SK Hutchings, Hailsham, and the Davies, Carmarthen, who also saw a bid of £192. Gore Farm saw bids of £190, £188 and £180.

Texel-crosses hit £185, achieved by the judge’s best pen of 25 from John Brown, Long Crendon, selling to Evans and Son, Marston Moretaine. The Harrison Brothers, Milton Keynes, saw a run of Texel-cross Mules to £180, with several pens at £165.

Texel-cross Scotch half-breds from Garfield Stephens, Kirkby Bellows, hit £179 and £177, with Scotch half-breds at £180 and two shears at £150. Mr Stephens also saw bids of £182 and £160 for two-shear Cheviots.

Ewe lambs highlights included Texel-cross Mules from Chris Dawson, Durham, at £100, £89, £84 and £82.

Day two saw Suffolk-crosses remarkably firm early on, with John and Michael Hanson in the money at £160 and Eddy Bullman selling to £145 for a run of dry sheep as 4,700 went through the ring.

Mules topped at £162, with J and H Tustain taking the NEMSA cup of best run of 60 or more. Bids of £155 followed, with David Morris also at £155 and Alan Collett at £150 as 6,420 mules went under the hammer.

JOURNAL : Farmers Weekly

With only three weeks until the Countryside Stewardship Mid-Tier 2018 application deadline, Alice De Soer from the Central Association of ***Agricultural*** Valuers (CAAV) gives some key pointers for applicants.

The application submission deadline has been extended for 2018 from 31 July to 31 August. However, if you did not request an application pack by 31 May you cannot apply this ***year***.

Completed paper applications (and online Arable Wildlife Offer applications), together with all required supporting evidence, must be submitted to the relevant Natural England (NE) office for your county by 31 August. If successful, agreements will start from 1 January 2019.

Where to find guidance on applying

All the guidance is available online at [*www.gov.uk*](http://www.gov.uk) (search "Mid-Tier: Countryside Stewardship"). This includes the Mid-Tier and Wildlife Offers manual; Mid-Tier options, supplements and capital items; and a guide to completing the application form.

See also: Key cross-compliance and greening dates by region

There’s also a CS grant finder which explains the rules for each of the options, supplements and capital items and gives advice on how to carry them out.

Check digital maps online

All the land parcels included in a Mid-Tier application must be registered with the RPA, including non-***agricultural*** areas, such as farmyards. Check that your land is shown correctly on your digital maps (sign-in at [*www.gov.uk/rural-****payments***](http://www.gov.uk/rural-payments), from "Business overview", click "Land" and "View land").

Check that your land is linked to your Single Business Identifier (SBI) and that the land cover (permanent grassland, arable, permanent crops or non-***agricultural*** area) and boundaries are mapped correctly.

Also, check the hedges information on your digital maps if you’re using BE3 (management of hedgerows), BN5 (hedgerow laying) or BN6 (hedgerow coppicing) – only these three options are checked by NE against the mapped hedges information.

If anything needs to be updated on your maps, submit a form RLE1 to the RPA immediately (available at [*www.gov.uk*](http://www.gov.uk) – search "RLE1").

On the RLE1 front page, put a cross in the Rural Development ***Programme*** scheme box and write "RLE1 required to support 2018 Countryside Stewardship application". Don’t wait to submit your Mid-Tier application until the RPA updates your digital maps – just ensure an RLE1 form is submitted immediately.

Choosing options

To help identify the priority options best suited to your farm and location, sign in to the Rural ***Payments*** service ([*www.gov.uk/rural-****payments***](http://www.gov.uk/rural-payments)) and use the Countryside Stewardship Options Finder Tool (from "Business overview", click on "Countryside Stewardship"). Applications are scored, so choosing high priority options for your location will improve your score.

There are 18 Mid-Tier options that can no longer overlap with Ecological Focus Areas (EFAs) declared on your BPS 2019 application. These options can be located in the same land parcel as an EFA, but cannot overlap. More information on the 18 options affected can be found at [*www.gov.uk*](http://www.gov.uk) – search "Mid-Tier: Countryside Stewardship". BE3 (management of hedgerows) is not one of the options affected.

Complete the application maps

A completed Farm Environment Record (FER) map and Options map must be submitted with the Mid-Tier application. Include all hedgerow trees on the FER map and use the correct colour codes for hedges (as shown on the map legend). All non-rotational options and capital items should be included on the Options map.

Submit required evidence

Check the "keeping records" section of the options descriptions. If required evidence is not submitted with your application by 31 August 2018, Natural England could remove the option or reject the application.

If permanent grassland options GS2, GS5 or GS6 are being used, a completed "Assessment of eligibility for permanent grassland options" form must be sent with your application (on [*www.gov.uk*](http://www.gov.uk), search "permanent grassland").

Check and sign the application

Carefully check the application to ensure you’ve included your SBI and answered all the questions.

Paper application forms must be signed by someone with Countryside Stewardship (Applications) "submit" permission on the Rural ***Payments*** service (sign-in at [*www.gov.uk/rural-****payments***](http://www.gov.uk/rural-payments), from "Business overview" click "Give access to this business"). This also applies for the Online Arable Wildlife Offer. Submit the application by 31 August 2018.

In summary

Use the Options Finder Tool on the Rural ***Payments*** service

Check evidence requirements

Check land is correct on the digital maps – where necessary, submit an RLE1 form

Submit the application and supporting evidence by 31 August 2018

JOURNAL : Farmers Weekly

The UK is under pressure to implement a Brussels decision allowing EU member states to make early direct ***payments*** to farmers battling drought conditions.

The European Commission, which announced the move on Thursday (2 August), said it was “standing by Europe's farmers” as they grapple with the difficulties of extreme drought.

See also: Drought-hit European farmers call for aid

Farmers would be able to receive ***payments*** in advance and would be granted more flexibility to bring extra land into production to feed livestock, it said.

The drought situation was having a significant effect on the production of arable crops as well as animal feed in several EU countries, said the commission.

This could have implications for animal welfare, as well as increasing livestock production costs if there was a shortage of fodder later in the ***year***.

'Very concerned'

European farm commissioner Phil Hogan said: “I am very concerned about these prolonged climatic developments.”

He added: “I have been in contact with a number of ministers from affected countries to discuss the situation and get up-to-date assessments of its impact.”

Mr Hogan said member states should “look into all possible actions and measures” as he announced two specific decisions taken to help farmers:

Higher advanced ***payments*** - Farmers will be able to receive up to 70% of their direct ***payment*** and 85% of rural development ***payments*** as of mid-October 2018 rather than having to wait until December.

Partial relaxation of greening rules - Namely crop diversification and ecological focus area rules on land lying fallow, to allow such land to be used for the production of animal feed.

The NFU says it is under increasing pressure from its members to ask the government to ease cashflow pressures by making early BPS ***payments*** this autumn.

Speaking after this week's drought summit with farm leaders in London, Defra secretary Michael Gove pledged to do “whatever it takes” to help farmers.

But early part-***payments*** have yet to be announced.

Flexible approach

NFU president Minette Batters has warned Defra that any forward ***payments*** must not “derail the system” and disadvantage all farmers at the expense of helping others.

NFU Scotland vice-president Martin Kennedy said a flexible approach to greening rules would help farmers mitigate against the worst effects of the dry weather.

But the union needed to examine whether the measures announced would be of practical use to Scottish farmers and was seeking further detail. NFU Scotland is making a formal request to the Scottish government to pay at least 90% of BPS money in October, as happened last ***year***.

It also wants the Scottish government to bring forward the ***payment*** of all pillar 2 ***payments*** – including the Less Favoured Area Support Scheme.

The Welsh government said it was continuing to explore the possibility of early ***payments*** and ways of ensuring that any approach didn't disadvantage some farmers relative to their neighbours.

JOURNAL : Farmers Weekly

The Environment Agency says it will fast-track applications from drought-hit growers who want to trade water with other farmers in a bid to save crops.

Agency team leader Jonathan Thompson said licences could be issued to farmers more quickly to help ease the pressure on growers.

See also: Gove pledges ‘whatever it takes’ to help farmers survive drought

“If the farmer can provide us with the right information, we can try to turn these around in a matter of days,” he said.

“We are trying to make our normal licensing process much quicker.”

This would allow farmers with spare water to trade it with farmers who needed it – as long as it was within the permitted maximum amount.

Mr Thompson was speaking during a farm visit organised by the NFU in East Anglia following a drought summit between farm leaders and government representatives.

Flexible approach

Defra said the drought arrangements would be allowed only if the agency was “reasonably satisfied” there would be no adverse impact on the environment or other water users.

Suffolk vegetable grower James Foskett, who farms at Bromeswell, near Woodbridge, praised the agency's farmer-friendly approach. Watch the video and read the rest of the report below.

His farm has seen no significant rain this summer.

“If I go back 20 or 30 ***years***, when we had this issue before, they were like policemen – and actually they are not now,” Mr Foskett said.

“We talk to them, sit around the table in a sensible manner and we try to work things out together, so they are being great.”

Mr Foskett said 35mm of rain that fell last week had eased some of the pressure, but his daily water usage had been “huge” – something he hadn't experienced before.

Vegetable crops grown by the farm include potatoes, onions and carrots.

Long-term measures

Mr Foskett said some of the crops would be 20-25% down on yield, and quality was variable because it was so dependent on water.

NFU water specialist Paul Hammett said longer-term measures were also needed to help farmers secure access to adequate water.

The union had been lobbying to help farmers get the emergency support needed while calling for policies that would make it easier for growers to capture and store water in future.

“Farmers are really vulnerable when it comes to access to water,” Mr Hammett said.

“We need a system in place whereby local decisions can be taken by Environment Agency officers to give rapid help to farmers where they are able to do so.”

JOURNAL : Farmers Weekly

Sheepdogs are an integral part of a farming team and there seems to be no end to a well-trained working dog’s talents.

From rounding up a flock on difficult terrain in the ranging uplands and collecting stragglers caught in hedges, to drawing out a lame sheep or driving the lot into a pen, a farmer will always look to their dog for assistance first.

Training a working dog is a topic many farmers have strong views on, whether it be what puppy to choose, warning signs to look out for or the best way to quash bad habits.

See also: The farmers who turn to motorsport to deal with stress

We’ve spoken to three sheepdog enthusiasts with varying levels of experience to find out more about this fascinating world.

The first-time trainer: Holly Chandler

Holly’s most-used commands Come by, away, wait, sit down, look back, in/out, leave it, hold

Kent sheep farmer Holly Chandler decided to buy her first working dog four ***years*** ago to help with the day-to-day jobs running her flock of 450 Suffolk and Texel cross mules.

A friend picked a puppy out of a litter in Wales and as soon as the border collie arrived at Holly’s Ashford home, she became part of the family.

“It never entered my head to send her away for training, I just always thought I would do it myself,” Holly explains.

“I called her ‘Missy’ because I’ve just always liked the name, but I use ‘Miss’ if I need to shout at her across a field, so I revert back to a one-syllable name.”

Ahead of training Missy, Holly did research on the internet and spoke to people in the know when it comes to sheepdogs, but she soon realised everyone had different techniques.

“Nobody works their dog the same way and you need them to work for you,” she says.

“I made sure to expose her to lots of new situations and build up her confidence. I taught her ‘away’ and ‘come by’ by throwing something for her in that direction and saying the word. She picks up new things very quickly.”

Watch the video below of Holly and Missy working as a team to bring lambs into a pen.

Now, Missy is an integral member of the team, able to round up sheep, look back to find any missed, collect lambs stuck between the hedge and fence and keep the flock away from Holly while she’s filling up creep feeders or opening gates.

For ease on windy days or when in big fields, Holly had planned to train Missy with a whistle, but ended up just whistling for Missy to return to her and using voice commands for everything else.

Missy is keen and wants to work but can sometimes get too excited, and Holly has to keep calm – too much shouting or stress means Missy runs off and hides.

“If she does something wrong, I make sure I come back to it later when we’re not in a rush to make sure she understands,” Holly said.

“It’s important to have confidence in your dog that they will do the right thing, and make it a positive experience so that they enjoy it.”

Other breeds that make good sheepdogs

Huntaway A strong, powerful breed that can move big numbers of sheep and cover the ground quickly but may struggle with more intricate shepherding tasks.

Kelpie An Australian breed with black-and-tan markings, kelpies are natural stock workers and their forte is “backing sheep” – running along the back of sheep in a race or pen and dropping to the ground on command.

Bearded collie Less popular among working shepherds than they used to be, these dogs have a shaggy coat and are similar in size to a border collie, but require fewer commands.

The sheep farmer: David Oliver

David’s favourite saying about choosing a puppy “If it’s not in the bitch, it’s not in the pup.”

Sheepdog enthusiast David Oliver farms about 40ha on the Cooley Peninsula in County Louth, Ireland, with 150 Lleyn ewes and a small herd of Salers cattle.

He owns four-***year***-old Malta Poppy and 12-month-old Cooley Bracken, daughter of Malta Poppy and sheepdog trialler Frankie McCullough’s Jake.

“I always bought dogs from locals, but when I purchased Poppy, my first registered pup, I really got the buzz for it,” he said.

“Having a really good dog raises your interest and training her turned into an addiction. All the stuff I’d previously read in books and watched in videos clicked and suddenly made sense.”

David always buys a puppy rather than an older dog, and aims to pick the most confident dog from the litter. He also looks for a pup with a strong, large head and a well-set tail.

See also: 7 fantastic farm dogs to follow on Instagram

He keeps them as pets for the first six months, socialising them, letting them play with his children and focusing on building up a bond, before training begins.

During the training period, the dog is kept in its pen to think about what David is trying to teach it, then once they have matured and are fully trained, the dog is allowed loose around the house again.

He believes everyone needs to find a dog they are going to enjoy working with and one that can carry out the daily tasks on farm.

“For me, that’s a strong dog that works on the strong side of the sheep with plenty of push,” said David.

“There’s nothing more frustrating than a dog that constantly wants to work the weak side and won’t push sheep into pens or holding areas. I’d rather be holding a dog back than asking it up.”

He added: “I’m still very much learning as I go but I think with dogs success always starts with failure and with each new dog you train you learn more from them than they learn from you.”

The sheepdog trainer: Andy Nickless

Skills Andy thinks all dogs should learn Gathering sheep, driving sheep away, pushing sheep through handling systems, holding a sheep so the shepherd can attend to it.

Andy Nickless became interested in sheepdogs when he met his partner Gill, who was involved in trialling, and he has since built up a business in Worcester training working dogs.

He posts video tutorials and advice pieces on his website The Working Sheepdog, covering everything from “the essentials of sheepdog puppy training” to “is it wise to buy more than one puppy?” and how to stop dogs from “gripping” the sheep.

Andy recommends buying a puppy if you have the patience, time and facilities to train it properly and give it a proper puppyhood.

Auctions are popular places to buy a dog and it’s best to buy from a farmer or trainer who will be prepared to give advice or offer a fixed trial period, especially for new handlers, he advises.

“If you’re buying a puppy, you should always be offered to see at least one parent working livestock, to assess their instinct for the job and judge if the parent has any traits like aggression or shyness, which the puppy may inherit,” says Andy.

“Then pick a healthy looking pup that seems confident and alert. Don’t be taken in by the puppy that chooses you. That puppy is likely to be the boldest and given the opportunity will choose every visitor.”

Alternatively, if buying an older, trained dog, it may appear badly behaved or to have forgotten its training when taken to a new home. Andy advises patience, because the older the dog, the longer it will take to settle into a new home.

If you saw the dog working well previously then, with time, it will work like that again.

See also: TV star's top tips on training a sheepdog

Andy initially trains his dogs on voice commands alone, so the dog can differentiate between a gentle voice for praise and a harsher voice for corrections.

Once the dog is working at distance and in environments where it may not hear voice commands, Andy moves on to a shepherd’s whistle.

“A young dog may only need 20 minutes of training once or twice a week, but this can increase as the dog matures,” said Andy.

“Any dog will benefit from time to unwind. Allowing the dog to play football or retrieve has no detrimental effect on the dog’s work, and also helps to establish a bond.”

Dogs use an ancient hunting instinct when working livestock and thus feel vulnerable to attack or retaliation by the prey, according to Andy.

Seeing the situation through the eyes of a hunting animal could be the first step towards solving problems that occur during training.

[*https://infogram.com/sheepdog-myth-buster-1h17497mnp3q6zj?live*](https://infogram.com/sheepdog-myth-buster-1h17497mnp3q6zj?live)

Quick fire questions

Which sheepdog breed is your favourite?

Andy Nickless (AN) Border collies. They are the supreme sheepdog for versatility, tenacity and trainability. A good collie is like having another skilled worker on the farm, and a great companion too.

David Oliver (DO) I’d only buy a border collie, I’ve had other breeds in the past but prefer working with a collie. Here in Ireland we’re lucky to have plenty of great breeders, so you should be able to get one.

Holly Chandler I always thought ‘I’ll have a border collie’, they’re so well-known as sheepdogs. They’re really loyal, intelligent and quick.

Dog or bitch?

AN Farmers tend to prefer females, possibly because there’s always the option to breed from a bitch, but work-wise there’s absolutely no difference, in my experience. The behaviour of some bitches may change [when in season] but there’s no definite rule about it.

DO I probably would prefer to have dogs but when I bought Poppy she was the last pup of the litter. When she worked out and I bred her I decided to keep another bitch as insurance to continue the good breeding line. Keeping her locked away while in heat can be a hassle but she’s worth it.

HC I wanted a bitch so we could go on to breed from her.

See also: The farmer’s best friend: Which sheepdog breed to choose

What colour dog should you go for?

AN Red dogs and merles seem to be a little more strong-willed, but are just as good as black and white or tri-colour once trained.

What about rough/smooth-coated dogs?

AN There's not much difference between coat lengths. Slightly different personalities maybe, and of course in very hot weather, rough-coated dogs get pretty hot. If the dog’s going to live in the house then a shorter coat can be preferable.

How much should you spend?

AN Prices vary widely. Puppies will generally cost £400-£700, with started dogs costing up to £2,000, depending on their level of training. Prices for highly skilled dogs can reach £5,000, with five -figure prices for top trialling dogs.

DO I’ve never paid more than 250 (£220) for a pup but I’ve known people who have paid 500 (£450). It all depends on what you’re after, but if I really liked the bitch and wanted a pup from her, I think the extra money would be worth the investment. A good dog is priceless in modern farming where time is everyone’s shortest commodity.

JOURNAL : Farmers Weekly

So which UTVs are best - petrol or diesel?

If we put the issue of fuel cost and convenience to one side for a minute, it becomes an easy decision to pick petrol power over diesel.

The engines are smoother, cleaner burning and offer so much power that you’ll rarely need to flog them hard.

They will also keep up with traffic on the road, so you have the option of running to the pumps rather than carting cans around.

The lower purchase price means you have a fair bit of extra cash to put towards that pricier fuel, too.

Check out our reviews of each buggy below:

John Deere Gator XUV 855m

Kawasaki Mule Pro-DX

Honda Pioneer

Can-Am Traxter HD8

Polaris Ranger XP1000

But there’s an unexpected downside to this power that is easy to overlook until you get in the seat, and that’s safety.

You can put anyone on the Gator or Mule and the lack of performance means they’ll have to work pretty hard to get into trouble.

However, all of our petrol machines (the Polaris in particular) had enough power to get a lairy driver out of shape very quickly.

The fact they will reach car-like speeds on the road with none of the crash protection is another thing to be wary of.

See our video of the five buggies on some challenging Shropshire countryside:

As for the diesels, the fuel cost and convenience is still a massive draw and if we didn’t have a lot of heavy towing to do, or steep banks to fire up, we would still be sorely tempted.

Clearly there is one glaring omission in the diesel camp and although invited, sadly Kubota chose not to provide us with one of its hydrostatic RTV X900s after it saw the list of competing machines.

But if we had to single out one machine from the test, we would opt for Can-Am’s Traxter. It has plenty of power, a well-thought-out cabin, smooth operation and comes in at a decent price.

You can also get keys to restrict the power for less experienced operators. That’s enough to put up with running to the pumps every now and again.

JOURNAL : Farmers Weekly

Delayed drilling due to the wet spring and an early harvest have combined to take their toll on both the yield and quality of one Essex grower’s 480ha of spring crops this season.

Yields of Tom Bradshaw’s spring malting barley and spring oats are down a third on the farm's average, with spring barley yielding 4.5-4.6t/ha, compared with the average of 6.5t/ha.

With the barley at 14.5% moisture it has only just become fit for combining at Fletchers Farm, near Colchester, Essex.

Early indications on the variety Planet show a specific weight of 65kg/hl and grain nitrogen of 1.85%-1.95%.

See also: Harvest 2018: Spring barley yields predicted to be down by 40%

“We have done 91ha of spring barley so far, but moved into beans as the barley is only just about there. The quality is what I am most concerned about; it looks to be borderline but it should make the grade,” said Mr Bradshaw.

Watch the video below for the full report.

Mr Bradshaw’s barley is destined for a local brewer, with the crop being grown in fields neighbouring the maltster that is due to take the grain.

His spring oats won't be travelling far either, having been grown for a horse feed factory opposite one of the farms.

Yields of both Canyon and Elyann varieties are down 35% on the average, at 4.65t/ha, but have met Mr Bradshaw’s somewhat lowered expectations.

Borderline quality

"All the factory does is roll the oats so it buys on appearance. We have a nice bright sample, so hopefully the quality will be OK,” he said.

“Harvest has been incredibly easy, but with the spring crops only having 90 of their usual 120-day growing season the question is what will the quality be, and what end market will they go to?”

Mr Bradshaw is confident that there will be a market for the crops even if it is not the one they were originally intended for.

As NFU combinable crops chairman, he is also conscious of the pressure on arable farmers to bale as much straw as possible this season to meet the needs of livestock farmers, and believes a large proportion are doing so.

All of the straw on his farm has been baled and sold for £25/t, with lorryloads being taken as far away as Northern Ireland.

“It was a price that was worthwhile to do it. I think there is definitely a feeling of responsibility towards livestock farmers, but where there are problems with blackgrass it’s not always possible to bale,” he said.

If the weather holds, Mr Bradshaw expects to be completed by Monday (6 August), well ahead of his usual mid-August finish.

JOURNAL : Farmers Weekly

A new service has been launched by the NFU to match farmers and growers who urgently need water with neighbouring farm businesses which have a surplus.

The Water Bank is a response to an appeal to the Environment Agency for more flexibility in the water abstraction licensing system. The agency has agreed to approve – where possible – fast-track, short-term local trades of water to help farmers cope with ongoing hot, dry weather.

See also: Video – Drought-hit farmers trade water in battle to save crops

Water trading will be localised, with donors and recipients needing to operate within the same hydrological unit, meaning the same river or groundwater aquifer.

With farmers suffering challenges around irrigation and water shortage, NFU vice-president Stuart Roberts said the new service would help unlock much-needed supplies to help produce the nation’s food.

He said: “We emphasised to the Environment Agency that there is a narrow window of opportunity for local and rapid decision-making for the remainder of the irrigation season. We’re pleased that the agency has taken our concerns on board."

Mr Roberts said the launch of the NFU Water Bank as a web-based noticeboard could be of considerable help to fruit and vegetable production as they used up their annual abstraction volumes. Livestock producers who relied on drinking water from abstracted sources could also benefit.

“We will keep looking for solutions that help alleviate the pressures that are building on the farming industry caused by this ***agricultural*** drought," he said. "It really is a timely reminder that we shouldn’t take food production for granted in this country.”

For details, visit [*www.nfuonline.com/water-bank*](http://www.nfuonline.com/water-bank).

JOURNAL : Farmers Weekly

The Welsh government says it is continuing to explore the possibility of making early support ***payments*** to farmers hit by the summer heatwave.

But it said it was conscious that an advance could only be paid to farmers where all checks had been completed on their basic ***payment*** scheme claim.

See also: Advice for managing forage supplies in a drought

This meant ***payments*** may not be targeted at those worst affected by extreme weather conditions, it added.

The move follows calls by Welsh farm leaders for early ***payments*** to help farmers battling one of the hottest and driest summers in living memory.

The Welsh government said it would continue to explore ways of ensuring any approach didn't disadvantage some farmers relative to their neighbours.

It made the statement as it set out the latest measures and options to help Welsh farmers manage their businesses during ongoing dry weather.

The government said it would consider derogations on Glastir options with specific stocking rates on a case-by-case basis.

Government officials will also consider requests on a case-by-case basis for derogations relating to Glastir rules on winter fodder, winter bedding and access to water.

Derogation requests must be made in writing or via the Rural ***Payments*** Wales (RPW) Online website.

Requests should include full details, including field numbers and the options for which a derogation is required.

With only 19mm of rain in Wales during June, the availability of water and grazing for livestock and the subsequent effect on crop growth has been unprecedented.

NFU Cymru president John Davies made the plea for early ***payments*** during a meeting with Welsh rural affairs cabinet secretary Lesley Griffiths on Wednesday (25 July).

He said: “One of our key asks was for the Basic ***Payment*** Scheme ***payment*** to be brought forward to October for all farmers in Wales – or at the at the very least that every farmer should receive a part ***payment***.”

The union also made the case for a fodder aid scheme – permitted under EU rules – to subsidise the high cost of transporting large amounts of fodder into Wales.

As a means of further help, the government was asked to consider drawing down EU ***agricultural*** crisis reserve funds, which are obtained through the annual top slicing of CAP direct ***payments***.

**Load-Date:** August 10, 2018

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ICIS Chemical Business

June 29, 2018

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**Section:** NEWS IN BRIEF

**Length:** 18870 words

**Byline:** X x

**Body**

Americas

3 charged for Sherwin-Williams insider trading

The US Securities and Exchange Commission (SEC) accused three traders of profiting from insider information they had about Sherwin-Williams’s acquisition of Valspar. None of the three people worked for Sherwin-Williams or Valspar, and the SEC made no allegations against the companies. The SEC alleges that Sebastian Pinto-Thomaz worked at a major credit rating agency, and he learned about Sherwin-Williams’s pending acquisition of Valspar when the paint producer consulted the agency about the deal.

May new home sales rise by 6.7% month on month

US sales of new single-family homes in May were at a seasonally adjusted annual rate of 689,000, up by 6.7% from April and up by 14% from May 2017, the US Census Bureau said. The median sales price of new homes in May was $313,000, while the average sales price was $368,500. The seasonally adjusted estimate of new houses for sale at the end of May was 299,000, which represents a supply of 5.2 months at the current sales rate.

Nabaltec to build US refined hydroxide plant

Germany-based Nabaltec is planning a 30,000 tonne/***year*** refined hydroxide project in Chattanooga, Tennessee. The investment will help “significantly” extend the company’s production portfolio for halogen-free flame retardants in the US, it said. In a first phase, Nabaltec expects to invest about $12m in the plant which is expected to be built next ***year***. Nabaltec, which is based near Nuremberg, has another site at Corpus Christi, Texas.

Kinder plans $2bn Permian natgas pipeline

Kinder Morgan and two partners are planning a 2.0bn cubic feet per day (Bcf/d) natural gas pipeline from the Permian Basin to markets on the Texas Gulf Coast, the US energy infrastructure major said. Kinder said that under a letter of intent with EagleClaw Midstream and Apache, the Permian Highway Pipeline Project (PHP) would cost about $2bn and involve 430 miles of 42-inch pipeline from the Waha, Texas, area to the US Gulf coast and Mexico markets. The project could be in service in late 2020.

US chemical activity rises in June – ACC

The American Chemistry Council’s (ACC) Chemical Activity Barometer (CAB) in June inched up, the ACC said. On a three-month moving average (3MMA) basis, the June CAB rose from May and was up by 4.1% compared with a ***year*** earlier. The ACC noted that all four of the CAB’s primary components gained for June – production, equity prices, product prices and inventories. Trends in construction-related pigments and related performance chemistry pointed towards further gains in housing activity, the ACC said.

Biodiesel hopeful after proposed volumes

US biodiesel market players were hopeful after the US Environmental Protection Agency (EPA) proposed an increase in the biomass-based diesel and advanced biofuel categories under the Renewable Fuel Standard (RFS). While the proposed increase sends a very positive signal to the industry, EPA’s granting of dozens of retroactive small refinery hardship exemptions undercut prior ***year*** volumes and could still have a negative impact on future ***year*** standards. The National Biodiesel Board said exemptions have effectively reduced current obligations for biodiesel by 100m gallons in 2016 and 275m gallons in 2017.

Rayonier, Borregaard open Florida lignin plant

Rayonier Advanced Materials and Borregaard have officially started operations at their LignoTech lignin plant in Fernandina Beach, Florida. The $110m plant has a capacity of 100,000 dry tonnes/***year*** of lignin, with possible expansion to 150,000 tonnes/***year*** in a second phase. Lignin is a co-product of Rayonier’s sulphite cellulose manufacturing operations in Fernandina Beach. Rayonier holds 45% in the LignoTech plant and Borregaard 55%. Rayonier, of Jacksonville, Florida is a producer of high-purity, cellulose specialties, lumber, paper pulp, paper and paperboard product with manufacturing in the US, Canada and France.

Enlink to build Permian crude gathering system

EnLink Midstream will build a new crude oil gathering system in the Northern Delaware Basin, which is part of the Permian oil and gas basin in western Texas and New Mexico. The Avenger Crude Oil Gathering System is anchored by a 10-***year*** contract with Devon Energy which plans to direct a significant portion of its capital budget into Delaware Basin development. Initial operations of Avenger are expected to begin during Q3 2018, with full service to begin in early 2019.

Styrene duties on US to rise on China final ADD

The US styrene market will face higher duties after China’s final antidumping duty (ADD) decision, which lowered tariffs on styrene sourced from South Korea and Taiwan but raised duties on material of US origin. The levy to be imposed on cargoes from South Korea has decreased to 6.2-7.5%, while cargoes from Taiwan now have a duty of 3.8-4.2%. But cargoes originating from the US – with which it is engaged in an ever escalating trade spat – have a higher ADD of 13.7-55.7%.

Lenzing eyes $1bn wood pulp plant in Brazil

Lenzing Group has agreed a joint venture to build a $1bn wood pulp plant in Brazil, the Austria-based specialty cellulosic fibres firm said. Lenzing’s partner is Duratex, a Brazilian producer of industrialised wood panels. The plant at Minas Gerais, close to Sao Paulo, would be “the largest single line dissolving wood pulp plant in the world”, with a capacity of 450,000 tonnes/***year***. For Lenzing, the project would support backward integration and its growth in specialty fibres, it said.

europe

COIM acquires 50% of PA producer Atmosa

Italy’s polyesters and polyols, polyurethanes and specialty resins producer COIM has acquired a 50% holding in phthalic anhydride (PA) producer Atmosa. COIM has sought to join forces with a player to give security in the supply of feedstock volumes for its production of the polyesters, polyols, polyurethanes and speciality resins. Atmosa’s PA production in Schwechat, Austria, is 50,000 tonnes/***year***. “It will not impact our business with customers in 2018,” the source said.

Evonik, Linde sign membrane agreement

Evonik and fellow German firm Linde have signed a cooperation agreement on the use of membranes for natural gas processing. The two companies will promote membrane technology, with Evonik doing so on the membrane and polymer side, while Linde’s engineering division will use it as the system integrator for the complete membrane package units. The joint product, which will use Evonik’s membrane technology as the basis, will be marketed by Linde as the “Hiselect powered by Evonik” high-performance membrane package unit.

German index falls but outlook more optimistic

Germany’s business climate cooled in June to its lowest level of the ***year*** so far, especially in the trade sector, according to the country’s research institute Ifo. Ifo’s business climate index for Europe’s largest economy fell to 101.8 points, the fourth occasion in the last five months that it has declined, having stood at 102.3 in May, 102.2 in April, 103.4 in March, 104.2 in February and 104.8 in January.

EC to investigate BASF buyout of Solvay nylon

The European Commission opened an “in-depth” investigation into the proposed acquisition of Solvay’s global nylon business by BASF under the EU merger regulation. The EU’s executive body said it was “concerned that the merger may reduce competition in the supply of key inputs” in the European nylon production chain. It added that it was particularly concerned the transaction could lead to higher prices due to the increased market power of the merged entity.

ECHA adds 10 new substances to SVHC list

The European Chemicals Agency (ECHA) has identified 10 further substances of very high concern (SVHCs), bringing the total to 191. Eight SVHCs were added to the candidate list following the SVHC identification process with the involvement of the member state committee. Two further substances, trimellitic anhydride (TMA) and dicyclohexyl phthalate (DCHP), were also added to the list having been identified as SVHCs due to their respiratory sensitising properties and toxic for reproduction and endocrine-disrupting properties respectively.

Rhine’s water levels dip, freight rates increasing

European oil products traders are closely monitoring water levels on the River Rhine after recent dry weather has led to slightly lower levels, meaning fully loaded freight vessels are not able to sail on some parts of the river, sources said. “Rhine levels have dropped significantly since mid-month and as such barges are not loading full capacity, and barge freights are increasing,” one source said.

Evonik announces 1,000 job cuts to tackle costs

Germany-based specialty chemicals producer Evonik will cut up to 1,000 jobs worldwide as part of its streamlining process where it aims to permanently reduce its cost base by 200m by the end of 2020. The jobs to be cut will be in the company’s administration and sales departments. Evonik also said it had extended the agreement that rules out business-related dismissals for employees in Germany until mid-2023.

asia

ADNOC, Aramco to own 50% of $44bn complex

UAE’s Abu Dhabi National Oil Company (Adnoc) and Saudi Aramco will jointly own 50% of the proposed $44bn Ratnagiri refinery and petrochemical complex in India. The two state-owned oil companies have signed a framework agreement on the strategic partnership on the Ratnagiri project in India’s west coast, Adnoc and Saudi Aramco said in separate statements issued on 25 June. They also signed a memorandum of understanding with a consortium of Indian companies, which will hold the remaining 50% in the joint venture project.

Advanced Petrochemical to build JV PP plant

Saudi Arabia’s Advanced Petrochemical Co has signed a deal to build a new joint venture (JV) 400,000 tonne/***year*** polypropylene (PP) plant in South Korea. The deal was signed with South Korea’s SK Advanced Co and PolyMirae Co, Advanced Petrochemical said in a filing on the Saudi bourse, Tadawul, on 24 June. Advanced Petrochemical owns a 30% stake in SK Advanced.

Eversun to start Fujian capro plant in July

China’s Eversun Holdings is planning to start up its 200,000 tonne/***year*** caprolactam (capro) plant at Putian in Fujian province as early as July. The plant is the first phase of the company’s 1.2m tonne/***year*** capro project at the site. The remaining capacities, to be constructed in two phases, are expected to come on stream in 2020. Total investment for the whole project is estimated at CNY30bn ($4.6bn).

Shandong Haili Chemical to start new ACN plant

China’s Shandong Haili Chemical Industry Co Ltd plans to start up its new acrylonitrile (ACN) plant in early July in Shandong province. The plant, which has a capacity of 130,000 tonnes/***year***, was originally scheduled to be launched in October-November 2017. For a number of reasons including permissions from the government, the start-up has been delayed to early July. The company also owns a new 200,000 tonne/***year*** downstream acrylonitrile butadiene styrene (ABS) plant, which is located at the same site.

CSPC plans to start new MEG plant in end June

CNOOC and Shell Petrochemicals Company (CSPC) plans to start up its new 400,000 tonne/***year*** monoethylene glycol (MEG) plant in China at the end of June. The plant’s upstream 1.2m tonne/***year*** cracker started up on 24 April. The company’s existing 400,000 tonne/***year*** MEG plant has been running at full tilt. CSPC is a 50/50 joint venture between Shell and CNOOC Petrochemicals Investment Ltd.

East China benzene inventories rise

Benzene inventories at shore tanks along eastern China increased to 244,200 tonnes in the week ended 22 June, according to ICIS data. Benzene inventories at Jiangsu ports were up by 4.54% from 233,600 tonnes in the previous week, ICIS data showed. Market players are cautious due to the high inventory level, but consumption is expected to increase in the near future with the restarting of several downstream factories.

East China toluene port inventory surges

Eastern China toluene port inventories surged the week ended 22 June on weaker downstream demand and fresh cargo arrivals, according to ICIS data. The inventory rose by 41.2% week on week to 36,000 tonnes on 21 June, ICIS data showed. About 17,600 tonnes of cargoes arrived at the ports the week ended 22 June while downstream consumption fell to about 7,100 tonnes. Demand from downstream remains weak as companies adhere to strict environmental standards.

middle east & africa

Sika to open concrete admixture plant

Sika is opening a new concrete admixture production plant in Saudi Arabia, the Swiss specialty chemicals producer said. The new production facility, located in Dammam, will “increase [the company’s] production capacity” in addition to its existing plant in Rabigh, which has been the sole supplier of concrete admixtures to its customers in Dammam and the Saudi capital Riyadh. Concrete admixtures are liquids or powders, which are added to concrete during mixing in small quantities.

OMV to pull out of Iran under sanctions

OMV will conclude a seismic study project in Iran and then pull out of the country, the Austrian energy and petrochemicals major said on 21 June. Foreign companies are under pressure to end their commercial relations with the Islamic Republic as the US is set to impose sanctions following US President Donald Trump’s announcement on 8 May that he would unilaterally withdraw the US from the multilateral Iran nuclear deal.

JOURNAL : Farmers Weekly

A tracked version of JCB’s novel Teleskid skid-steer with telescopic boom is now available in the UK.

Like its wheeled sibling, power is provided by a 4.4-litre JCB Ecomax engine developing 74hp together with a 90 litres/min hydraulic system as standard.

Hydrostatic drive offers a modest forward speed that is limited to 13kph and it runs on 450mm-wide rubber tracks.

JCB says the 3TS-8T handles in a similar fashion to a regular skid-steer, with the obvious perk of being able to use the extending boom to load muck trailers or stack bales.

See also: On test: JCB Teleskid v Norcar a7545 mini pivot-steer

The tracked model is actually able to lift more than the wheeled version because it weighs around 1.3t more. Rated lifting capacity is 732kg when the boom is at full extension, maximum height is 3.8m and forward reach at ground level is 2.25m.

Boom suspension is standard, as is a self-levelling headstock and a seven-way joystick in the cab.

The asking price is £59,543.

JOURNAL : Farmers Weekly

There’s a new face in the Kawasaki Mule line-up – the mid-range Pro-MX, which sits between the firm’s short and skinny Mule SX and the top-spec Pro-FX.

The new model is set to go on sale next ***year*** and is powered by a 700cc single-cylinder engine running through a CVT transmission.

The most interesting part of the design, says Kawasaki, is the elasticity of the main frame that offers far more flex than usual to deliver better handling and help extend its life when working over rough terrain.

See also: Buyers guide to ATVs and UTVs

Payload capacity is 317kg and it’ll tow 680kg, which is about par among popular farm UTVs.

Power-steering is standard on all but the entry-level model, while the turning circle is 8.4m and it comes with disc brakes and independent suspension front and rear, a bench seat and tilt-adjustable steering wheel.

Excitingly, doors are standard too. There’s no word on price yet, though.

JOURNAL : Farmers Weekly

Look beyond the glossy displays of the big manufacturers and there were plenty of innovations to catch the livestock farmer's eye at the 2018 Royal Highland Show.

Exhibitors included Ritchie with its high-tech cattle weighing station, an automated sheep crush that won the show’s Innovation Award, new ATVs from Yamaha and Suzuki, and Landini’s 7-series tractors.

See also: Sheep crushes go head-to-head in on-farm test

Ritchie Beef Monitor

Precision farming principles come to beef production with the automated recording of daily liveweight gain provided by Ritchie’s high-tech drinking and weighing station.

The Beef Monitor has a false floor and weigh cells to record individual weights each time an animal drinks – maybe six to 12 times a day – and uploads the data to a server, where the information can be accessed and analysed online or via a smartphone.

The device uses an electronic ear tag reader to identify individuals and record their weight alongside the date and time; it also analyses an animal’s earlier records to reject false readings.

In future, says Andrew Edwards of Ritchie, the labour-free weighing system could provide alerts if a significant change in weight gain or drinking frequency becomes apparent, and animals could be grouped according to weight gain performance and fed accordingly.

He adds that more accurate selection for slaughter should result from basing decisions on several stress-free weighings rather than a single snapshot weighing, with fewer individuals failing to meet the required specification.

The Ritchie Beef Monitor is priced at £4,200, with a subscription for data ***transfer*** and Cloud storage likely to be £15-£20/month when finalised.

James Leggat crush

James Leggat won a Royal Highland & ***Agricultural*** Society Innovation Award for his highly automated Scotsqueeze sheep-handling system.

A "magic eye" sensor closes the crush when it detects a sheep, adjusting automatically to the animal’s size so that its head, feet and backside are easily accessible for treatment while barely bending over.

The crush is opened by a pedal or switch on the control panel. The drafting gates and the chassis incorporates hydraulics to remove the transport running gear and set the assembly level on uneven ground, too.

Scotsqueeze also demonstrated a weighing system with automatic powered entry, exit and drafting gates for better selection of sheep for slaughter.

Designed for a throughput of up to 600 fat lambs an hour, the system costs about £14,000 complete with electronic ear tag identification.

IAE water trough

Redesigned water troughs for cubicle houses hold a bit less, but are simpler and easier to empty with a view to ensuring cattle always have a clean, fresh supply of drinking water, says IAE’s Paul Scragg.

The tipping version has a simpler handle and unlatching mechanism to rotate it, while the rigid version comes with a slide valve at one end.

Both are available as free-standing or wall-mounted units in four lengths, with prices starting at £460 for the tipper or £380 for the valve version.

GlenFarrow boiler

Large boilers burning "clean" waste wood and straw in big bales to heat farmhouses, workshops and offices have been fundamental to the GlenFarrow business.

But a smaller model – resulting primarily from requests from Ireland for burning peat – is attracting interest as a log-burning boiler.

The GF90 incorporates a 1,200-litre water tank to provide a morning supply of hot water before the boiler is fired up for the day, during which its fuel supply needs replenishing two or three times, says Paul Kitchen of the Lincs-based firm.

The boiler needs single-phase 3amp electricity and mains water connections and costs about £8,000 plus installation versus £18,000 all-in for the next-biggest model.

Mr Kitchen says annual Renewable Heat Incentive ***payment*** receipts of £4,000-£5,000 are feasible.

Suzuki KingQuad 750

Suzuki unveiled a new KingQuad 750 ATV. It is an evolution of the current model, with the same power, but engine refinements generating more torque lower down.

This, together with a revamped frame and hitch and more effective engine braking and service brakes, has prompted a towing capacity increase from 450kg to 600kg.

National sales manager Harvey Day reckons the new styling give the quad more visual appeal, while installing a headlight on the handlebars improves visibility at night, especially through turns.

Raised handlebars aim to improve the riding position, while revamped suspension using upgraded pre-loaded shock absorbers are said to improve the rider’s comfort.

The KingQuad 750 with power steering is priced at £8,849, while the similar 500 is £8,049 and £7,400 with and without steering assistance.

Yamaha Kodiak

Yamaha brought its latest Kodiak quads to the Highlands for a 2019 range preview.

The Kodiak 700 EPS SE is powered by a slightly smaller-volume (686cc) engine that has updated electronic fuel injection with a remapped control unit said to result in more torque, smoother response and improved fuel economy.

Towing capacity of 600kg makes this a practical machine for farmwork, reckons Yamaha, which will offer the new model in low gloss black or "Back-country Blue" paintwork, offset by a grey seat, front panel and load racks, plus satin black cast-aluminium wheels.

Prices will be revealed when the quad becomes available in September.

Stewart single-axle tipper

We are used to seeing big-capacity high-spec trailers from Stewart ***Agricultural***, but the small Edge trailers originally designed to fill containers carrying shipments to far-flung export markets such as Australia are now available here.

The Edge 4 runs on a single axle, has a built-in body prop as standard and its tailgate can hinge from top and bottom, and from one side, swinging right round to latch into place.

Hardox steel and twin-pack paint reflect the approach used for the bigger trailers, there are rope rails rather than hooks and a hose storage clip.

The Edge 4 is priced from £5,125 and there are tandem-axle Edge 8 and 12 models that come with LED lights as standard.

Stewart dump trailer

Stewart also presented a new dump trailer with a body built using Hardox steel and the same construction method as on the Pro-series grain and silage trailers.

That means there are no box section uprights (apart from one at the centre), nor any floor bearers as used on the GX-series trailers built from mild steel. The floor and sides are built using thinner but stronger and more resilient material.

These result in some weight saving and a "cleaner" design, says Stewart.

There are 15t and 20t versions; the Construction Pro CP20H on show is equipped with air suspension in place of leaf springs and runs on Nokian CT 560/60R22.5 tyres in tandem formation.

Nugent road trailers

A number of new and improved features aim to refine Nugent’s range of road trailers, including retractable floor lashing points and mesh sides that are now hinged rather than rigid, with a tailgate section that can swing upwards when tipping.

Spring-loaded flip latches are said to hold the sides in place more firmly to minimise annoying rattles and squeaks, and LED lights, previously optional, are now standard.

The trailers retain Nugent’s "Dual Drive" parabolic leaf suspension, which positions the end of the leaf between rubber balls and slipper plates for a more progressive and less "crashy" response to bumps and hollows.

This 10ft mesh-sided T3118H-MT is priced at £4,100.

Landini 7-series

The Royal Highland marked the launch of a new 7-series six-cylinder tractor line from Landini, featuring a 30x15-speed (or 54x27 with creep) transmission with six powershift steps – two up on the previous version and more ratios in total.

Intelligent shifting that adjusts to driver demands is claimed for the auto transmission control mode and the tractors can be brought to a halt and moved off again using only the brake pedals if required.

Dual Power boost for pto and transport work is on all models and, unusually, the top three have it for static as well as mobile pto applications.

The 7-160 shown in Active "mechanical" specification has 151hp for draft work and up to 165hp for pto/transport, while the new addition range-topping 7-230 Robo-Six has 205/225hp from its 6.7-litre FPTR engine.

Dynamic spec brings electronic spools and other eControl features, plus the option of a data screen, Isobus implement control, guidance and so on.

Zetor Hortus

It says Zetor on the hood, but the Hortus 65 is actually a TYM in different colours.

A modern 2.9-litre Deutz engine developing 67hp is matched to a 24x24 speed transmission, with mechanical or powershuttle reverser.

A dual-element gear pump serves up oil at a rate of 39 litres/min for implement functions and the 1.93t capacity three-point linkage, and there is a separate steering pump.

Three-speed pto is also part of the package.

Target Set weeding machine

Fancy this job? Charlie Baker of potato fertiliser injector company Target Set gamely demonstrated the prone working position of this electrically driven self-propelled weeding machine, which deploys up to six prone hand-weeding workers, albeit with the benefit of cushions and head rests.

The device, built by Dutch manufacturer De Jongh, can be powered by a portable generator or batteries topped up with solar energy, and self-steers using a guide running along wheelings between beds of salad or vegetable crops.

Cross boom spreader

A boom spreader for herbicide granules from Cross ***Agricultural*** Engineering is intended for front linkage use while the tractor tows a set of rolls or a light cultivator.

The booms, which incorporate a slotted rail for easy positioning of the splash-plate spreading units, form storage stands when folded upright and a calibration tray is neatly stored in the frame.

It’s priced at £1,500 before any Stocks air spreader is installed.

JOURNAL : Farmers Weekly

Security camera and sensor specialist Luda has developed a monitoring system that can alert farmers to an electric fence break.

The kit uses two clamps – one to the fence and a second to a ground pin – to monitor the circuit and sends notifications via an app if the voltage drops below a preset level.

It also displays a graph to indicate whether the voltage drop is due to livestock tampering with the fence, or if it’s the result of shrubbery or rain.

The voltage level of the fence is sent through a built-in SIM card, so the fence status can be checked on any mobile phone without having to physically visit the field.

See also: How to put up an effective electric fence for livestock

It can be connected at any point in the existing fence and can be powered for two months with the rechargeable battery, or constantly supplied with 220V or 12V.

If the unit doesn’t report for 48 hours, or if the battery levels drops too low, then it will automatically send the user a notification.

The basic kit costs £175 and sends updates every 48 hours, while the £53/***year*** upgrade checks the fence voltage every minute if it has a constant power supply, or every 10 minutes if it’s running on battery power.

JOURNAL : Farmers Weekly

When tractors first arrived in the early 1890s they were used mainly for stationary work, with a belt drive powering equipment such as threshing machines, and the next step was using the drawbar to pull ploughs and other machinery.

Load-carrying tractors followed in the early 1900s, with much of the development work coming from British manufacturers.

Pioneers included the Bedfordshire-based Saunderson company with a farm transport vehicle announced in 1898.

An improved version followed in 1906, designed with the driver at the front, a mid-mounted 30hp air-cooled engine and a manually tipped detachable load platform at the rear.

The versatility of the new Saunderson featured in a demonstration organised in a wheat field in 1906, starting with the tractor harvesting some of the crop with a binder.

When the binder was unhitched the tractor’s load platform was attached and used to carry sheaves to a threshing machine.

The sheaves were threshed using the tractor’s belt pulley to power the thresher, and the belt then operated a grinder turning the grain into flour.

While bread was being baked from the newly harvested wheat, the Universal ploughed part of the field, prepared a seedbed and sowed next ***year***’s wheat crop.

The ***programme*** ended with a picnic tea using freshly baked bread from the newly harvested crop. The Saunderson won a Royal Show Silver Medal in 1906, but it attracted few customers.

See also: Machinery Milestones: Four-wheel drive tractors

Removable platforms

The idea of a removable load platform had already appeared in 1900 on Scotland’s first production tractor.

Designed by Professor John Scott, it was powered by a 20hp engine and the load capacity was said to be three tons. The Scott tractor achieved few UK sales, but a small number were exported.

Another competitor in the load carrier market was the Intrepid tractor built in Somerset by Petter.

Announced in 1903, it featured a single-cylinder horizontal engine producing 12hp, and the two-speed gearbox provided 2.5mph for field work and up to 5mph in the transport gear. It was not a sales success.

The best known of the UK load-carrying tractor pioneers was the Coventry based Daimler company, a leading manufacturer of luxury cars which later became the royal family’s preferred motoring choice.

Farm tractors arrived in the prestigious product range in 1911, powered by a 30hp engine developed for the company’s cars and featuring the patented sleeve valve design that provided the smooth, quiet performance Daimler customers expected.

The specification also included a belt pulley plus a load container at the rear, but there were few customers.

The only major American company with an interest in the load-carrying tractor idea was Avery, a leading manufacturer of steam traction engines.

With tractors providing increased competition for steam power, Avery announced its new Tractor Truck in 1909 with two front seats and a rear load container with 3 tons capacity.

A 36hp four-cylinder engine provided the power to plough with three 14-inch furrows, and a front-mounted belt pulley operated stationary equipment. Production ended in 1914.

Unimog launch

Interest in load carrying tractors waned during the 1920s and 1930s, and the revival in the late 1940s started in Germany with the Mercedes-Benz Unimog.

When the Second World War ended Germany’s aircraft industry had ceased to exist and a senior aircraft design engineer who had lost his job decided to design a farm tractor instead, and the result, in 1947, was a prototype version of the Unimog.

The production model available from 1948 used a 25hp Mercedes engine, four-wheel drive, suspension front and rear, pto drives front and rear, two seats at the front and a one-tonne capacity load container at the rear.

The Unimog attracted enormous interest when it was launched at the 1948 DLG show, and orders flooded in as Europe’s farmers re-equipped after the war.

Now, 80 ***years*** later and with numerous design updates, the Unimog is a continuing success story with the production total recently passing 350,000, although most of the demand now is for construction work and military use.

The next German load carrying tractor success arrived in 1951 when Lanz announced their Alldog model based on a rectangular frame with the driver and engine side-by-side at the rear.

This left space for front, mid and rear-mounted equipment, providing the versatility to operate more than 50 officially approved attachments.

Many of them were specially designed for the Alldog including a range of haymaking machines, a single-row sugar beet harvester, a mid-mounted plough, implements for rowcrops, and even a portable milking machine for small dairy herds.

A tipping load-carrying container was probably the most popular attachment.

The Alldog was a big success on the continent, and some were imported into the UK.

Production started with a 12hp petrol/paraffin power unit and the final version, with an 18hp diesel engine, arrived in 1956 when the Lanz factory was sold to provide John Deere’s European production base, which is why the last few Alldogs were finished in John Deere colours.

British makers

Britain’s load-carrier success of the 1940s was the Opperman Motocart introduced in 1946 to replace the horse and cart, which was still doing much of the transport work on UK farms.

The Opperman family farmed and ran an engineering business in Hertfordshire, and their first Motocart was built for their own farm where it was so successful that they began commercial production.

The design was simple, with a tricycle layout and an 8hp air-cooled engine attached to the powered front wheel.

With 1.5 tons load capacity and an 11.2mph top speed, the Motocart easily outperformed a horse-drawn cart, and the sales total reached more than 10,000 when production ended in 1955.

Since then there has been little interest in load-carrying tractors. Alternatives for moving small loads have arrived, including link box attachments for mounting on the back of the tractor.

Lightweight all-terrain utility vehicles are also a popular choice, and we have adopted America's enthusiasm for pick-up trucks.

There is also a demand for tractors with a load space for equipment such as demountable sprayers or spreaders, but these are not designed as transport tractors for general load carrying.

Experimental tractors

A major setback for ***agricultural*** load-carrier enthusiasts came in the 1980s after the Silsoe Research Institute (SRI) decided to organise a major transport tractor investigation.

This involved building a special 120hp tractor for carrying demountable load units.

For research purposes the tractor was fitted with both a 10-speed mechanical gearbox and a hydrostatic drive providing a 65kph maximum speed.

Rear wheel and pivot steering were both fitted as well as front and rear brakes and suspension.

Special load units carried behind the front cab were mounted or removed using a hydraulically operated hook lift, and they included a container for grain or root crop harvesting, a rear delivery manure spreader body and, for silage making, a rear-mounted load container for grass from a front-mounted forage harvester.

The experimental tractor was used in an extensive field test ***programme*** during the early 1980s, and the verdict was a thumbs down for the load carrier.

A standard 126hp tractor working with ordinary trailed equipment would have a much lower capital cost than the special transport tractor and its demount units, the official report said, and work rates with the standard tractor would be much higher because it pulled bigger loads than the transport tractor could carry.

JOURNAL : Farmers Weekly

A Cambridgeshire man who was killed in a crash while fixing a tractor at the roadside has been named by police.

Alvis Smith, 48, of Tower Road, Wisbech, died at the scene following the collision in Main Drove, near Little Downham, Ely, at about 2.15pm on Tuesday (19 June).

Mr Smith and a second man, also in his 40s, were repairing a tractor at the side of the road when the collision involving an Iveco Ford HGV happened.

See also: Certification and staff training – all you need to know

The other man suffered serious but not life-threatening injuries and he was taken to hospital for treatment. The driver of the lorry, a man aged in his 50s, was unhurt.

Officers from Cambridgeshire Constabulary have launched an investigation and they are trying to establish what happened in the lead-up to the collision.

A force spokesman said: “Officers are investigating the circumstances of the collision. No arrests have been made."

Anyone with any information is urged to contact Cambridgeshire police on 101.

JOURNAL : Farmers Weekly

Having been the butt of jokes for ***years***, unfashionable Dacia is now developing something of a cult following for its bog-basic, no-frills car.

See also: Pickup test: 6 farm trucks compared

A recent get-together of a UK Dacia fan club clocked up an impressive 800 attendees and the Romanian manufacturer claims to be shifting more than 8,000 units a ***year*** in Britain.

Such has been the appeal of the company's biggest 4x4 – the Duster – that it has been taking Mercedes, BMWs and even a mid-1970s Bentley as trade-ins.

And Renault-owned Dacia has now unveiled a new model that it hopes will build on the progress of its predecessor, which notched up more than 1.1 million sales since 2010.

First impressions are that the Comfort-spec model has a fresh skin, thanks to new external panels, and new headlights that sweep into the front wings make it seem wider, too.

Vital statistics

Dacia Duster 4x2 Comfort

Engine SCe 4-cyl 1.6-litre

Transmission 5-speed manual

Power 115@5,500rpm

Torque 156Nm@4,000rpm

Top speed 107mph

0-62mph 11.9secs

Average consumption 43.5mpg\*

Warranty  3-***year***/60,000 miles

Price as tested  £13,390

Base model price £9,995

\*Manufacturer’s figures

Engine

Our Desert Orange test car had the 1.6-litre SCe engine which we're told kicks out 115hp. A light kerb weight of 1,179kg means it should have ample power, but we found it was a little lackadaisical in providing any serious propulsion with two burly chaps in the front seats.

Although the Duster isn’t known for mind-blowing speed, we had expected the 1.6-litre block to have a slightly better turn of pace – but it'll most definitely be residing in the “loser lane” on motorways.

The engine gets pretty loud as the car winds up to a cruising speed of 70mph. There are undoubtedly more comfortable vehicles for long commutes, but it's perfectly good for short jaunts on country roads.

The wing mirrors create a bit of unwanted wind noise at speed, although sound deadening has been improved across the whole car and a 0.35mm thicker windscreen means old-shape Duster owners should notice a marked improvement.

We’d probably go for the turbocharged (yes, turbocharged) diesel 1.4-litre four-pot, which had a bit more character than the slightly wimpy petrol offering. And with 260Nm of torque, it will certainly be more capable on towing duties.

Transmission

The five-speed manual box is basic but works fine, although a hefty left-arm shove is needed to get the clunky stick through each gate.

We found the engine slow to drop when changing gears, which left the four-cylinder engine wildly revving away as we selected the next cog and contributed to a rather stressful experience.

As far as manuals go, we’d opt for the six-speed box if you plan to be on a motorway for any amount of time, but Dacia also offers an automatic option that might be a bit more chilled.

Interior

The Duster is a mishmash of many cars on the inside. The piano-button layout in the centre is similar to Audi’s smaller cars (no shame there, then), the air-con dials have a whiff of Nissan about them and the steering wheel volume controls are almost unmistakably from a 1990s Renault Clio.

The 7in touchscreen is surprisingly competent at its tasks – Bluetooth streaming and a rear camera are standard features in the Comfort option – although it also offers up a slightly annoying “bing” every time the car enters a speed limit change.

The front seats have been redesigned but taller drivers might find the seating position a bit uncomfortable for extended journeys. There is no place to rest your left foot when it’s not hoisted on to the rather loftily-positioned clutch pedal, either.

Likes

Cheap to buy and run

Good basic level of spec

New modern-ish styling

Hill hold assist

Gripes

Uncomfortable driving position

Irritating speed sign bleep

Asthmatic 1.6-litre engine

No foot rest for left foot

The top-spec Prestige gets keyless entry, multi-view cameras and a soft elbow rest on the door handle, which is a big improvement from the original Duster. In all, there are four spec levels – the other three are Essential, Comfort and Access – with varying trim levels, and only about 10 optional extras.

Off-road

With Nissan X-trail running gear, the Duster has some decent off-road pedigree and its “hill hold” system is a particular highlight.

Modest approach and departure angles, along with a ground clearance of 210mm on the 4x4 version, limit any serious off-roading – as does the omission of a low-range ***transfer*** box. That said, the Duster is more than capable bombing up a farm track or across stubble fields and is far more comfortable than a UTV.

Hill descent control is useful, but it pauses for slightly too long before taking hold on slopes.

Verdict

Although the Duster now has a lot more standard kit, it still remains a very cheap and cheerful vehicle that is perfectly suited to life as a low-mileage runabout.

With some of the most respectable depreciation figures on the market, it will still be viewed as very budget motor and it'll take some beating in its price bracket.

However, we’d wait for either the diesel-powered 115hp 4x4 later this ***year***, or the 130hp petrol engine due next ***year***.

JOURNAL : Farmers Weekly

One large Norfolk arable farm is seeing the benefits of a switch to using liquid nitrogen in terms of accuracy and flexibility, although it is too early to link the change to a rise in yields.

Problems with using solid fertiliser on windy days and the precision achieved using liquid were factors behind the move in 2014, which has resulted in more even crops.

Based just outside North Elmham, north-west of Norwich, Foxburrow Farm gradually introduced liquid fertiliser over its 1,800ha of land, and applies it using two Horsch sprayers.

See also: Solid v liquid fertiliser: Which is best?

So what were the key factors involved in the switch on the farm, which grows oilseed rape, winter wheat and sugar beet on a range of soils varying from clay loams to sands over chalk?

Decision-making

Farm director Will Goff explains that there were a number of key reasons behind the change from granular to liquid fertiliser as he was keen to utilise the technology available through modern sprayers.

“A normal fertiliser spreader is never going to vary the rate, provide section control, or apply the functions that liquid can do, through a sprayer,” he says.

“You’ve got individual nozzle control, flow rate control, everything under the sun is there, and we felt that if we wanted that level of detail, we needed to convert to liquid,” he adds.

John Alston, Foxburrow’s farm manager, says that on windy days they had to pick and choose when they could spread solid fertiliser, which was reducing productivity.

He also explains that there were a number of aspects of solids that didn’t agree with their farm strategy, such as the use of vital machinery.

“For me, the forklift is the most valuable piece of kit for farmers throughout the whole ***year***. Having that tied up transporting bags of fertiliser to fields isn’t practical,” he says.

Mr Alston highlights other frustrations with solid nitrogen including the wait for rain to break down and soak in granules, the amount of shed storage taken up by bagged fertiliser, and the need to dispose of bags after use.

Results since changing

Mr Goff says five ***years***’ worth of data would be needed to say conclusively that yields have improved as a result of the switch to liquid. However, one visible difference since the change is that crops look far more even across the field.

“With solid fertiliser, there’s usually a big difference in appearance between hills and hollows, and you can see the headlands tail off. With a liquid system, you’ve got uniform green right to the edge,” he says.

Mr Goff notes that it is hard to say whether or not this is thanks to liquid, as they have brought in other changes such as variable rate seeding, but his gut feeling is that they are seeing better crops.

Some yield improvements have been seen in oilseed rape crops, as liquid nitrogen can be applied later than solid fertiliser due to the superior height of sprayers.

Scorch and corrosion

One key drawback of liquid fertiliser can be the risk of scorch, which occurs when applied in hot, dry weather. Scorch from liquid nitrogen can cause spotting and tipping, both of which reduce green leaf area with the potential to affect yields.

Pros

Provides even consistency across fields

Sprayer technology allows application to be far more accurate

An effective way of moving into precision farming

Cons

Risk of scorch on crops

Unable to spray in hot, dry conditions in the warmest parts of the day, so applications are often limited to early morning and evenings.

Potential for corrosion damage to sprayer

Mr Alston, who does all the spraying, highlights that the timing of liquid nitrogen on wheat at the flag leaf stage is critical to avoiding scorch.

“I monitor the weather constantly, working early mornings and late nights, when there’s a little bit of dew on the ground, providing ideal conditions,” he says.

Another possible disadvantage of liquid is the corrosion it can cause to sprayers, leading to increasing wear on parts such as booms, pumps and electrical connections.

Mr Alston says growers need to do preparation work on their sprayer, to minimise the chances of corrosive damage, adding that the relevant parts of Foxburrow's two sprayers are mostly stainless steel.

Mr Goff adds that if sprayers are given a quick blast with a pressure washer after use, there is a good chance of winning the battle against corrosion.

“If sprayers are not looked after, then liquid has the ability to chew through anything,” he says.

Labour/safety

The switch to liquid nitrogen on the farm does not create a reduction in labour, as a second operator is still required for the large 16,000-litre stainless steel bowser, which provides fertiliser and sprayer support.

“While it hasn’t necessarily reduced manpower and the need for a tractor, it keeps the forklift on the farm, which was a priority,” says Mr Alston.

Top tips for switching to liquid

Preparation and maintenance of kit is key. Liquid is going to be physically damaging if you don’t look after your sprayer.

Work out suitable locations for your tanks, taking into account security risks

Be flexible and have a plan in place with your agronomist

Safety is extremely important and Mr Goff highlights that with solid products, there is always a risk of accidents such as bags slipping off forklift pallet forks and half-tonne bags dangling in the air.

Mr Alston says a major failure of a liquid tank would only happen if somebody drove into it, and explains that they have a concrete barrier in place to mitigate that risk.

The positioning of liquid tanks is key, and he suggests that they are sited as close as possible to the farmyard and away from busy roads, to reduce the risk of tampering or vandalism.

Cost of switching to liquid

Mr Goff believes liquid tends to be slightly cheaper than the granular alternative, explaining that storage tanks are rented from the fertiliser supplier, Frontier.

“Liquid, without a shadow of a doubt, helps us make savings in the amount of fertiliser we use. You don’t have the overlaps, especially with sprayer functions such as GPS and auto shut-offs,” he says.

“If you’re wanting the accuracy and efficiency of liquid application, then it’s likely you’re going to invest in a high-end sprayer, which we’ve done,” he adds.

Andrew Melton, agronomist at Frontier, says many of its customers enjoy the flexibility of using liquid fertiliser.

“With granular, you’re buying it in bulk at the start of the season and filling a shed. However, with liquid, you’re only bringing more in, if and when you need it,” he says.

JOURNAL : Farmers Weekly

Farmers looking to apply for a licence to cull ravens on their land must first take steps to deter the birds by using non-lethal methods – such as gas cannons and scarecrows – and then prove that the problems persist.

Last week (18 June), Natural England confirmed it had issued licences to cull ravens on a small number of farms in five English counties – Derbyshire, Lancashire, Berkshire, Wiltshire and Dorset.

Even though the bird is a protected species, numbers have recovered to such an extent in some areas that they are posing a real menace to livestock. Newborn lambs are especially vulnerable, sometimes having their eyes and tongues pecked out by the birds.

See also: Sheep farmers issued licences to cull ravens in England

Following media attention surrounding the story, the National Sheep Association (NSA) said it had received numerous enquiries and produced a factsheet for members on how to apply for a licence.

“The position is that, in all UK nations, farmers must first encourage ravens away from livestock using non-lethal tactics,” said NSA chief executive Phil Stocker.

“Where this is not deemed sufficient to protect animals, a licence can be applied for to kill a limited number of birds to aid scaring and encourage other ravens away from the area.”

Deterrents

The NSA factsheet provides a list of non-lethal techniques that can be used to deter ravens (see "Non-lethal techniques to dissuade ravens").

Non-lethal techniques to dissuade ravens

Gas cannons

Pyrotechnic cartridges

Dogs

Scarecrows

Replica or real corpses of the target bird

Flags, rags and streamers

Anti-perching devices

For farmers in England, it explains that Natural England also requires anyone wanting a licence to first keep a log to prove that non-lethal techniques have failed.

“If granted, a licence will only permit a very limited amount of birds to be killed and only as an aid to scaring. The licence will not permit an open cull of the birds,” says the NSA advice.

The factsheet also provides links to both a suitable monitoring form (PDF) and the application form (PDF).

Similarly in Scotland, Scottish Natural Heritage (SNH) requires “compelling evidence” that serious damage to livestock is occurring. Application forms are available on the SNH website and the applicant must specify the number of birds that are believed to be causing the issue.

Raven culling is seemingly more widespread in Scotland, where figures recently quoted by the Scottish government confirmed more than 400 licences had been issued in the past three ***years***, permitting the culling of 3,334 birds.

High losses

Mr Stocker said he was pleased to see both Natural England and Scottish Natural Heritage moving to help tackle the problem.

“NSA members who suffer high losses from ravens, particularly at lambing time, share troubling stories of the damage these birds can cause.

“It is important for farmers, who have respected the protection order on these birds, to be able to apply for licences where the situation cannot be controlled in any other way.”

But the NSA also warned that illegal culling could result in up to six months’ imprisonment and a £5,000 fine per offence.

NSA members can access further information on the association’s website.

RSPB response

The RSPB estimates there are now about 7,400 pairs or ravens in the UK and accepts that, in certain circumstances, it may be necessary for farmers to kill a limited number for livestock protection.

“Ravens are great opportunists with a hugely catholic diet and will indeed, on occasion, kill lambs,” says conservation director Martin Harper on the society’s website. “The RSPB acknowledges this can be a distressing situation.”

However, it questions the lack of transparency in the licence application process.

“How would we, either the RSPB or a member of the public, know what non-lethal measures had been carried out by a farmer and why they failed?” it asks.

“How would we know how many licences for how many birds have been issued? How many ravens will NE allow to be culled in England, now and into the future? None of this information is in the public domain.”

JOURNAL : Farmers Weekly

Both the number of ***agricultural*** co-operatives and their memberships fell for the fifth consecutive ***year*** in 2018, according to an industry report.

The UK has lost farming 25 co-ops since 2014, leaving the total at 420, accounting for a total domestic ***agriculture*** market share of just 6%, according to the 2018 UK Co-operative Economy report, launched today (26 June).

This figure pales in comparison to the UK’s European neighbours, with co-ops in Spain, France and the Netherlands holding a 45%, 55% and 68% slice of total market share in their respective countries.

Across the same five-***year*** period (2014-2018), the number of farmer-owners has also dropped by 2.6% to 142,999 in 2018, accounting for 61% of all co-op members in the UK.

See also: Dairy producer organisations – the principles explained

Despite the injection of £10m by Defra at the start of this ***year***, the report stated that more support was needed to address the trend of declining co-op and member numbers.

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“Defra has recognised that the UK is significantly out of step with its international competitors in the use of the co-operative business model to support producers and have indicated its support for more collaboration in the sector,” said ***agricultural*** manager of Co-operatives UK, Richard Self.

He added: “They also need to make sure the funds they announce can be accessed easily and support the right initiatives, to help change perceptions and encourage co-operation."

Co-op turnovers have seen a resurgence this ***year***, increasing 5% to £7.7bn, but remained 4% behind the highs of 2015.

***Agriculture***, which accounts for more than 20% of total UK co-op turnover, exceeded national co-op revenue growth, which increased by 2.3% to £36.1bn.

Brexit issues

The report highlighted the uncertain operating environment that was being overshadowed by the UK’s withdrawal from the EU, according to Omsco managing director Richard Hampton.

“The figures from this ***year***’s economy report are reflective of the current market conditions and the challenges that lie ahead,” he said.

“Collaboration within the ***agricultural*** supply chain and across co-operative memberships will be key in ensuring sector success post Brexit.”

For the financial ***year*** ending March 2017, exports accounted for 21% of Omsco’s turnover.

Mr Hampton explained that there were hurdles to overcome as Brexit draws closer, bringing with it potential barriers to trade.

 “Although Omsco’s core business is in the UK, added-value initiatives not only help us to balance fluctuations in UK organic milk supply and demand, but also to build resilience as a business,” added Mr Hampton.

JOURNAL : Farmers Weekly

Oilseed rape prices have risen over the past week, helped by rising crude oil prices and reports of oilseed rape crops coming off the field in western France at 2.5-3t/ha.

The same fields yielded 3.3t/ha last ***year***, according to grower co-op United Oilseeds.

The Ukraine harvest has also started early, with yields about 5% down, but across a far larger area than last ***year***, so heading for a larger crop overall.

See also: Health and safety – safety campaign checks 1,000 trailers

Ex-farm spot prices collected by Farmers Weekly on Wednesday (27 June) averaged £285.4/t compared with £281.3/t a week earlier, although there is a large regional spread. New crop prices for harvest ranged from £280/t to £296/t ex-farm.

While prices remain below the £300/t that would trigger more farmer selling, there is little market activity by growers.

“We’d like to think that there is potential for oilseed rape prices to go up, but if soya beans remain relatively cheap, the EU will import US soya beans,” said United Oilseeds’ trading manager Owen Cligg.

The likelihood of a much earlier harvest than originally thought has prompted a flurry of pre-harvest activity to clear stores and prepare for the new crop, he said.

On the trade front, limited export business has been done.

Escalating trade tensions between the US and China have made oilseeds markets extremely volatile – US futures slumped days ago with China threatening to impose a 25% duty on US soya beans in retaliation for president Donald Trump’s trade measures against the Chinese.

JOURNAL : Farmers Weekly

A peer-to-peer lending company says it can help farmers who want to apply for grant support to help them diversify or get more efficient, but who don't have the cash to pay for the project upfront.

Cornwall-based Folk2Folk says it is aware that some farmers are not applying for Leader grant support (see box below) because they do not have the initial finance to get their project going.

Ian Bell, head of farm and rural engagement at Folk2Folk, said Leader funding was a great opportunity for farmers, but the fact the money could only be claimed in arrears was a huge barrier to potential grant recipients.

See also: 5 successful Leader grant projects to inspire farmers

“Applicants must be able to pay for their project initially, as grant ***payments*** will only be made once the work being claimed for has been completed and paid for,” he said.

“This leaves a gap where potential recipients with fantastic projects are unable to apply for the grant because they can’t pay for the project upfront, and this is where Folk2Folk may be able to assist.”

Loan details

The business, which was formed in 2013, seeks to match local businesses with investors who will benefit from the 6.5% annual interest rate payable on any money they loan.

Businesses can apply for a business loan of a minimum of £50,000 for a maximum period of five ***years***.

The loan must be secured against land or property.

To date, more than £190m has been invested, with rural, local and farming businesses using it as a platform to secure finance for growth, development and diversification.

The company has developed so it now has a local presence in Cheshire, Cornwall, Cumbria, Devon, Dorset, East Anglia, Somerset, Thames Valley, Three Counties, Worcestershire and Yorkshire.

Leader funding

Leader funding is part of the Rural Development ***Programme*** and aims to create jobs and deliver growth in the rural economy.

Grants are available to farmers to increase farm productivity, assist with farm diversification and to boost rural tourism.

The maximum grant rate is typically capped at 40% of the eligible project costs, with the maximum grant on offer tending to range between £35,000 and £50,000.

The scheme is competitive, so whether an application is successful will depend on a range of criteria, including whether it offers the public good value for money.

Applicants need to apply to their Local Action Group (LAG) and each LAG decides at a regional level how best to spend the money they have on offer.

JOURNAL : Farmers Weekly

Dismissing heifers with suboptimal pelvic size before breeding has helped more than halve assisted calvings from 20% of the total to 9% and cut calf losses from 8.6% to 3% at Launceston Farm, Tarrant Launceston.

The farm team’s decision to adopt the practice of assessing heifer pelvic size before service – which is common in the US and New Zealand – was taken in 2016 when calving figures came under the spotlight as part of Damory Vet’s Beef Discussion Group.

Their data showed that most of the calf losses in their 270-cow organic suckler herd occurred in heifers, with many as a result of a protracted or difficult calving.

See also: Pelvic measuring puts spotlight on calving ease EBV

As a result, heifer pelvic measurements and weights are now taken in advance of breeding and used as selection criteria when choosing replacements.

The impact has been marked in this ***year***’s spring calving heifers, with fewer needing assistance or losing calves.

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Vet Matthew Burge of Damory Vets believes calf losses as a result of heifers experiencing a difficult or protracted calving are to blame for sub-optimal performance on many beef farms.

This could be one of the reasons that QMS data shows the average farm is achieving about 87% of calves finished per 100 cows and heifers put to the bull, versus a target of 94%.

Mr Burge explains: “When you look at the data from most of our farms, when you add up the number of stillborn calves, calves that die within 24 hours of birth, and the number of animals needing calving assistance or caesarean, the majority of these are heifers.

“And the vast majority of the time, most are from heifers that were underweight at service or with bad pelvises.”

As a result, Mr Burge urges farmers to record and identify when calving problems are occurring. If most of the issues are in heifers, actions can then be taken.

Pelvic measurements are a reliable way to identify animals that have small pelvises that could lead to calving difficulties (see panel "Pelvic measurements – how they are carried out").

Did you know?

One in 20 animals have small pelvises which can cause calving problems

From his experiences of pelvic measuring, Mr Burge says about one in 20 animals can be expected to have small pelvises, which are likely to cause calving problems.

These animals should be culled. Two or three in 20 will have marginal pelvises.

These should ideally not be bred or bred to an easy calving bull.

Weighing also forms a vital component of pre-breeding assessment, because sub-optimal heifer size will negatively affect conception rates.

Breeding at Launceston Farm

At Launceston Farm, farmer Jimi Collis has always weighed heifers as a means of assessing whether animals are ready for service at 15 months to calve at 24 months.

However, due to herd expansion over the past four ***years***, some animals under the optimum 65% of adult weight at service may have been put to the bull.

This was leading to higher barren rates, which were also affected by delayed leptospirosis vaccination in 2016.

Having now reached optimum herd size, Mr Collis and herd manager Pete Barrett are being more selective with the heifers they put to the bull, based on pelvic measurements and weights.

Farm Facts

270 suckler cows

180 spring block calving, 90 autumn block calving

Aberdeen Angus base crossed to Limousin and some Simmental. Now introducing Stabiliser genetics to improve maternal traits

Always select bulls within the top 5% for calving ease

Heifers must now be over 360-380kg at service, depending on breed, and with a good pelvis.

When a group of 33 spring-born heifers were assessed at the end of May, about half were under the optimum service weight, two were freemartins and three were advised to be culled due to marginal pelvises.

A higher number of heifers than needed will always be initially inspected, with the aim of breeding enough to meet a 10% replacement rate.

The high proportion of small heifers this ***year*** is a result of a poor out-wintering turnip crop, coupled with the Beast from the East.

The heifers that fell out of spec will now be fattened and sold.

Retaining all heifers for breeding

On farms that need to retain all heifers for breeding, Mr Burge advises planning in advance to ensure animals meet growth targets.

This could include splitting heifers off soon after weaning so they can be preferentially fed to achieve bulling weight.

Overall, Mr Barrett is in favour of being more selective in breeding decisions as he believes it helps labour, welfare and costs.

He adds: “Every farmer needs to be seen to be doing everything properly. It’s another tool to show Joe Public we’re doing everything to the best of our ability.”

Benefits of pelvic scoring and weighing

The benefits are clear to see in the herd’s figures.

Since pelvic scoring and weighing, the number of assisted heifer calvings in the spring block has reduced from 21% in 2017 to 9%.

The remaining 9% were due to factors unrelated to heifer size, such as the calf being breached or twins.

Only serving heifers at the correct weight and adhering to vaccine timings has also led to 9% fewer barren heifers.

Mr Collis adds: “We want to be efficient and if we can do that by measuring things not seen to the naked eye, then all the better. It’s so noticeable how much easier they calved. Not just how they calved, but how quickly they calved."

Pelvic measurements – how they are carried out

Pelvic measurements should form part of pre-breeding checks, carried out by a vet ideally a few weeks prior to service.

Weight and heifer age in months are needed for accurate results

A sliding caliper device is inserted into the rectum

The width and height of the pelvis are measured and multiplied together to give the pelvic cross-sectional area

Pelvic area alone is not enough to determine if calving problems will occur. The measurement is divided by a conversion factor, which is determined by the weight and age of the heifer (See table)

Heifers must have reached puberty for the reading to be accurate

Conversion factor for calculating expected calving difficulties

Heifer weight (kg)

Age at measurement (months)

8-9

10-11

12-13

14-15

16-17

18-19

230

3.7

4.1

4.4

270

4.0

4.3

4.6

4.9

320

4.2

4.5

4.8

5.1

5.4

5.7

360

4.7

5.0

5.3

5.6

5.9

410

5.3

5.6

5.9

6.2

450

5.5

5.8

6.1

6.4

Developed by Damory Vets, based on work by the University of Nebraska

Example calculations using conversion factors

Ideally heifers should be able to birth a 35kg calf without assistance.

10-month-old heifer weighing 320kg

Pelvic cross-sectional area = 12 x 15cm = 180cm2

180/4.5 = can be expected to birth a 40kg calf without difficulties

12-month-old heifer weighing 360kg

Pelvic cross-sectional area = 11 x 13cm = 143cm2

143/5.0 = can be expected to birth only a 28.6kg calf without difficulty – consider culling or at least breeding to an easy calving bull.

JOURNAL : Farmers Weekly

Dwindling stocks of carbon dioxide, a vital component of the slaughtering process used in many abattoirs, could have an impact on pig and poultry supply chains as early as next week.

About half of pigs and up to 70% of poultry in the UK is slaughtered using carbon dioxide gas, but Farmers Weekly understands that some abattoirs have supplies to last them only a few days.

See also: How a pig farmer has lowered production costs by 3.8p/kg

A drop in the pace of slaughtering could have a knock-on effect down the supply chain as finished animals would be unable to leave farms, and farmers would be unable to restock with new batches of animals.

The carbon dioxide shortage means some abattoirs have already had to scale back production as they switch to alternate forms of slaughter, such as electric systems, which are still the primary method in some abattoirs.

What is the problem?

Carbon dioxide is a by-product of fertiliser production. However, a combination of plants closing for essential maintenance works and other plants shutting down because of unexpected technical failures has led to a huge shortfall in stocks of the gas across the continent.

Farmers Weekly understands that several gas companies have said they have been unable to fulfil contracts, but the situation is mixed, with some abattoirs saying they still have three to four weeks supply.

How could pig production be affected?

About half of the pigs in the UK are slaughtered using carbon dioxide. However, the vast majority of abattoirs have contingency plans enabling them to switch to secondary methods of slaughter.

The situation is disruptive but not disastrous, according to pig industry consultant Peter Crichton.

“Most abattoirs using this method are still able to kill, but the kill rate is slower in places,” he said.

“The majority [of abattoirs] have safeguards in place and have a plan B, having retained older systems as a back-up.”

Mr Crichton recommended that pig producers should not sit on animals and should sell now if possible.

Industry has been working closely with the government to manage CO2 stocks, and veterinary adviser Dr Craig Kirby, of the Association of Independent Meat Suppliers, stressed that this was not a situation that would imminently lead to empty shelves.

“The best advice for producers is to keep in touch with factories and make sure that everything is scheduled and operating normally,” he said.

The cross-industry group, including the British Poultry Council (BPC), National Pig Association (NPA), British Retail Consortium (BRC) and Defra, would be holding a conference call on Monday to assess the situation.

How could poultry be affected?

As with pigs, carbon dioxide is widely used in the slaughter of chickens and also in the packaging of the meat, with between 60% and 70% of chickens that enter the food chain slaughtered using the gas.

Richard Griffith, chief executive of the British Poultry Council, said production levels on slaughter lines had not been affected yet, but abattoirs were “living hand to mouth” on desperately short supplies.

He said there could be no guarantee that slaughter levels could be maintained at full output beyond the weekend.

The BPC was still hopeful that a crisis could be averted.

Mr Griffith's advice for all poultry farmers is to keep closely in touch with their supply chain for updates on the situation and to proceed as normal for the time being.

JOURNAL : Farmers Weekly

Discount retailer Aldi has retained its title as the best UK supermarket for its treatment of suppliers, according to a survey by the groceries code adjudicator (GCA).

Iceland remained on the bottom of the pile of the 10 retailers surveyed, with 14% of direct suppliers to the retailer saying it rarely complied with the GCA code of practice.

The Groceries Supply Code of Practice (GSCP) outlines the principles of fair dealing between UK supermarkets and direct suppliers, including regulations around fair ***payment*** times, supply agreements and rules around deductions.

Of the 911 direct suppliers surveyed, 43% stated they had experienced issues with supermarket buyers in the past 12 months.

See also: Selling farm products online – what you need to know

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The three most common complaints from suppliers were delays in ***payments***, reported by 19% of suppliers, no compensation for forecasting errors or not preparing forecasts with due care, experienced by 17% of those surveyed and not meeting duties in relation to delisting, affecting 13% of suppliers asked.

Asda came last of the UK’s four largest supermarkets – Tesco, Sainsbury’s, Asda and Morrisons – in terms of producer relations.

Of those direct suppliers surveyed, 12% disagreed with the statement that Asda conducted trading relationships in good faith and without duress, with a further 5% adding they strongly disagreed with the statement.

Tesco took the most improved title of all 10 retailers, with 36% of suppliers indicating the UK’s largest retailer had improved its practices over the past 12 months.

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The performance of the Co-op was indicative of the current GCA investigation into the UK’s sixth-largest supermarket, finishing one place above bottom with 11% of suppliers stating the retailer had rarely complied with the code in the past ***year***.

The GCA announced in March it would be investigating the Co-op for breaching the GSCP in areas including delisting suppliers without adequate or any notice periods and the introduction of charges without reasonable notice between early 2016 to at least summer 2017.

Overall, nine out of the 10 retailers improved on their GSCP compliance compared with 2017, with the exception of the Co-op.

JOURNAL : Farmers Weekly

This ***year***’s Royal Highland Show welcomed 190,000 visitors over the four days, including Defra secretary Michael Gove, secretary of state for Scotland David Mundell and Fergus Ewing, the Scottish government’s cabinet secretary for rural economy and connectivity.

The sun shone on the Ingliston showground for the celebration of farming, food and rural life, and, as always, the livestock competitions were fiercely contested.

In the beef and sheep rings, continental ladies led the way, while a husband and wife team triumphed in the dairy interbreed championship.

See also: More from the Royal Highland Show

Dairy

The dairy interbreed results gave the Laird family from Peebleshire cause for celebration, with husband and wife Colin and Izzy Laird accepting the red and blue rosettes for their Jersey and Holstein cows, respectively.

It was the Jersey, Fourcrosses Anthony Carozza, who was tapped out as champion and awarded the Queen’s Cup, with judge Mr Willie Whiteford of Carlisle calling her “an extreme quality Jersey”.

He praised the champion for “all the qualities a Jersey should have – angularity, milkability and wearability”.

Sired by Fourcrosses Anthony, she is currently giving 39 litres a day and gave 10,200 litres in her last lactation.

This success follows the September 2013-born third calver’s breed championship win at UK Dairy Expo in March.

Having calved at Christmas time, this will be her last show of the ***year***, but the Lairds plan to bring her back to the Highland next ***year***.

Anthony Carozza is one of four Jersey cows in the Laird’s 550-head milking herd. The other 546 cows are Holstein and it was one of those that took the reserve spot – Blythbridge Jessy D2 Cou, shown by Mr Colin Laird.

The second calver was born in October 2014 and sired by Maple-Downs-IGW Atwood. She is currently giving 52 litres a day having calved in January and she produced 11,100 litres in her last lactation.

She won the breed championship at the Royal Highland Show last ***year*** too, but her next show appearance is yet to be decided.

Beef

The overall beef champion title went to a Limousin heifer, Grahams Niaomi from Robert and Jean Graham.

The January 2017-born homebred heifer is out of Grahams Coffee and by Claragh Franco. She is full sister to the 40,000gns Grahams Lorenzo and 26,000gns Grahams Nikita.

Shown by Jennifer Hyslop on the day, Niaomi is one of 50 pedigree cows at Graham’s Family Dairy, where they milk 283 pedigree Jerseys.

This is her second red rosette having won breed champion at Stirling earlier this ***year*** and she will now go on to compete at the Great Yorkshire and Royal Welsh shows.

Judge Mr Tom Arnott of Kelso tapped out Niaomi ahead of the 2014-born Charolais bull Harestone Jaquard from R and N Barclay, Insch.

Jaquard, led in the ring by Robert Marshall, was imported from France about a ***year*** ago, purchased for an undisclosed figure in a private sale.

This is the first time he has been shown in the UK and will now head back to the farm to work as a stock bull.

Sheep

Of the 24 breed champions in the sheep ring, it was the Beltex gimmer Woodies Citygirl whose class and commercial attributes caught the eye of judge Mr Jimmy Sinclair of Heriot.

Sired by Carrigans Bob Lee Swagger, a grandson of the great Leapfrog, and out of an imported ewe, she was bred by Stuart Wood of Woolhillock, Skene, Aberdeenshire.

Mr Wood who has 32 Beltex and 10 Dutch ewes said it was a “dream come true” to win the breed and interbreed.

A one-hit wonder, this is Citygirl’s first time out and she will now be retired before being flushed.

In reserve was the Bleu du Maine gimmer from William Baillie, Thankerton, who runs 30 pedigree Bleu du Maine ewes alongside a 200-head Holstein dairy herd.

She is out of a homebred ewe and sired by Maximum Obama, who was supreme champion at the annual Bleu du Maine Society show at Carlisle in 2016. Obama was purchased by Mr Baillie from Sally Shone for 2,000gns.

JOURNAL : Farmers Weekly

The Rural ***Payments*** Agency says it is prioritising efforts to settle all remaining basic ***payment*** scheme claims as soon as possible after claiming it has beaten the EU ***payment*** target.

The RPA says it has paid more than 98% of customers more than £1.45bn.

See also: Essential tips for basic ***payment*** claims

This is equivalent to almost 97% of the total amount owed to farmers and surpasses the EU target for the agency to pay 95% of all monies by the end of June.

An RPA spokesperson said the agency was now writing to all remaining unpaid customers to explain why they had not been paid yet – and to provide them with a named contact who would keep in touch until their claim was completed. It said: “Typically claims with a greater degree of processing complexity – such as inspection, complex mapping, and larger claims – do to take longer to process and pay.”

Checks required

The spokesperson added: “We are required by the EU to carry out certain checks before we can make ***payments***.”

But the NFU said it would be pressing the RPA to improve the pace of ***payments***.

The agency had improved its communications but there had been little if any improvement between 2016 and 2017 in the speed of ***payment*** delivery, it warned.

NFU vice-president Stuart Roberts said: “It is disappointing that a number of people have still not seen their ***payments*** by now and this will be having real impacts on farms today in terms of cash flow and business planning.

Frustrating wait

“Separately, it is frustrating to know the RPA still has work to do on previous ***years*** ***payments*** when we really should be looking for them to target their full efforts and resources towards delivering a better performance for the 2018 scheme.”

In Scotland, more than 95.24% of direct ***payments*** have now been made.

This represents more than £387m of Pillar 1 ***payments*** for the 2017 scheme ***year*** being paid to some 17,150 eligible farmers and crofters ahead of the 30 June deadline.

JOURNAL : Farmers Weekly

Doors will close at Scotland’s only pig processing plant at midday (26 June), after stocks of carbon dioxide gas necessary for the stunning process run out.

The Brechin abattoir in Angus, Scotland, will become the latest victim of the continent-wide carbon dioxide shortage that has hit the food and drink sector over the past week.

See also: Pig and poultry producers face slaughtering delays

Brechin, run by Quality Pork Limited in collaboration with processing giant Tulip, processes about 6,000 animals a week. It is seeking a temporary derogation from Quality Meat Scotland (QMS) to allow pigs to be slaughtered in Northern England, but still be labelled as Scottish pork.

The derogation was used by the plant last August after it was closed for four months following a major fire at the facility.

Meat processors and the wider industry were suffering from a lack of information, according to Tulip head of corporate communications Nick Purnell.

“We’re getting the same information as everyone else. An ammonia plant that was closed is expected to come back online by 2 July, but it will be some time before the supply chain is fully replenished.”

Mr Purnell said Tulip’s procurement team were working round the clock to secure what little stocks of carbon dioxide were available to the UK and that animal welfare remained the highest priority for the company.

“We’re urging producers to maintain open lines of communication with us and to continue to work to ensure high standards.”

Creaking at the seams

Abattoirs around the UK were "creaking at the seams" as carbon dioxide supplies continued to dwindle, according to British Meat Packers chief executive Nick Allen, who added that several had just days of supply remaining.

“It’s getting trickier for our members to source carbon dioxide and we’re likely to be in the same situation for the rest of the week,” he said.

Mr Allen added that while some plants could fall back to secondary, electronic stunning systems, many had no plan B and would have to reduce throughputs if the situation did not improve soon.

“If carbon dioxide supplies don’t start coming through soon, we will start to see quite a substantial slowdown in production,” he said.

There are also concerns over animal welfare as the supply chain gets backed up and more and more stock is left on farm.

Warm weather forecast for the next two weeks has compounded the issue, with demand for barbecues and beer expected to peak and with animals requiring extra space to remain cool.

Defra response

Defra has stated it is working towards finding a resolution to the crisis and is consulting with the industry to see if further action needed to be taken.

“The government is aware that there are reports of a carbon dioxide shortage affecting the food and drink sector, and that industry is working to find a solution," said a Defra spokesperson.

"While this is an issue for industry, the government is in contact with the relevant companies and trade associations, including those within the food and drink sector and main carbon dioxide suppliers.”

JOURNAL : Farmers Weekly

Industry leaders in Scotland are piling the pressure on politicians to provide answers about future arrangements for ***agriculture*** after the UK leaves the European Union.

With just nine months to Brexit, questions remain about future funding for farming, trading arrangements with the EU and ongoing access to overseas labour.

See also: Scotland plans cap on direct ***payments*** post-Brexit

Speaking at the Royal Highland Show, NFU Scotland president Andrew McCornick warned: “Crucial decisions that will affect the well-being of the nation’s farmers, crofters and food and drink sector remain in limbo.

“Our primary producers are having to take business decisions now that will not come into fruition until well after the UK has left the EU and there is growing frustration and anger that they are making those decisions in a void.”

Financial package

Many themes in the Scottish government's Stability and Simplicity consultation, which proposes a five-***year*** transition for farming, chimed with the union's views, said Mr McCornick.

But Scotland’s ability to deliver a policy that worked for farmers would depend on the financial package allocated by Westminster, he warned.

Mr McCornick said: “Budgets based on existing CAP spend are guaranteed to the end of this parliament. We need reassurances on budgets beyond that period and confirmation that Scottish ***agriculture***’s share will be ring-fenced."

Scotland's farming industry has an excellent relationship with other parts of the UK – but free and frictionless trade with the EU remains crucial to food producers.

Trade arrangements

The importance of securing preferential and beneficial trade arrangements with the EU – a major trading partner – continued to go unaddressed, said Mr McCornick.

On labour, almost every soft fruit, flower and vegetable producer in Scotland was experiencing difficulties recruiting employees, with ongoing reports of permanent and seasonal staff shortages.

With post-Brexit immigration arrangements unknown, alongside the lack of a seasonal workers scheme, Scottish growers were finding it harder to recruit much-needed permanent and seasonal staff.

JOURNAL : Farmers Weekly

This ***year***, we’re ramping up our regional coverage of the farming and countryside shows taking place across the nation.

These events are so valuable, allowing the ***agricultural*** industry to communicate more about British food and farming to the general public, and bringing the rural community together for a much-needed day off.

From 21 to 24 June, 190,000 visitors descended on the Royal Highland Centre in Ingliston on the outskirts of Edinburgh for the annual Royal Highland Show.

See also: Why young farmers should consider getting into poultry

Show-goers had to get the suncream on as the four-day event was drenched with Scottish sunshine.

As always, the show was a great showcase for the best of British livestock with hundreds of outstanding entries exhibited in the dairy, beef, sheep and equine rings.

The grandstand quickly filled with spectators for the impressive Grand Parade in the main ring.

See also: The winners in the RHS beef, sheep and dairy interbreed competitions

With a forge, a forestry area and a countryside area, there was no shortage of places for people to learn about rural crafts and skills.

But if it was retail therapy and a good lunch out visitors were after, they would not have been disappointed, with hundreds of food stands and shopping galore.

If you have an ***agricultural*** show taking place in your area and think it should be covered by Farmers Weekly, let community editor Oli Hill know by emailing [*oli.hill@reedbusiness.com*](mailto:oli.hill@reedbusiness.com)

JOURNAL : Farmers Weekly

Adults living in the countryside are more likely to be financially vulnerable than their urban counterparts, a survey has revealed.

The research, carried out by the Financial Conduct Authority (FCA), showed that 54% of adults in rural areas lived in potential vulnerability compared with the UK average of 50%.

The FCA explained that vulnerability was not simply the level of indebtedness but a range of components, such as low earnings, lack of online access and health problems.

Online access

One major difference uncovered was access to online financial services in rural areas. Of UK adults who never use the internet, 70%, or 3.7 million people, live on farms or in villages.

It means the take-up of mobile banking by adults with a day-to-day account in rural areas, at 23%, is just half that of adults in urban areas (45%).

See also: 6 tips for improving short-term farm finances

The lack of online access means there is a greater dependency on bank visits, with 68% of country people using a branch in the past 12 months against 61% in towns.

Work and incomes

Rural dwellers are less likely to be working, with under half (46%) employed, compared with 62% in towns and cities.

As a result, household income was 10% lower for rural people, at an average of £41,000, compared to £46,000 in urban areas.

The survey also revealed more retired country people depend on a State Pension (51%) as their main income compared to 44% of urban dwellers.

Education

Additionally, educational achievement levels were much poorer in the countryside, with only one in three holding higher qualifications compared with 41% in built-up areas.

The difference was even starker for those with no qualifications at all at 23% in rural situations – almost double the 12% level for people who live in urban locations.

Debt

However, responses to the survey revealed that the level of debt in rural areas was lower, with fewer people (37%) borrowing through credit cards, overdrafts and high-cost loans compared to the UK average of 46%.

More adults in urban (27%) than rural (20%) places have been overdrawn in the past 12 months and more urban adults (20%) than rural adults (14%) possess a credit card that they do not pay off the monthly balance on. It means adults in rural areas owe far less on average (£2,510) than their urban counterparts (£9,150).

Mortgage debt reflected a similar situation, with more adults in the country owning their home outright (42%) compared to less than a third (30%) in Britain’s towns and cities.

But average mortgage debts in the countryside, at £123,000, were similar to the UK average of £126,000.

Health

The survey also looked at health issues. It found one in three (32%) adults in the countryside had one or more long-term physical or mental health problems, well above the UK average at less than a quarter (24%)

The survey

The FCA canvassed 13,000 people aged 18 and over. Interviews were carried out online and face-to-face to ensure non-internet users were included. The survey data can be interpreted in many different ways. This report shows the results across different geographic areas of the UK.

Reacting to the survey, the Country Land and Business Association focused on the disadvantages arising from poor online access.

The organisation's senior rural business adviser Charles Trotman said: “As more and more services come online it is vital for rural areas to have the same digital connectivity available in towns and cities. However, homes and businesses across the countryside are still being disadvantaged by poor broadband and mobile coverage.

“Farmers struggle to fill in important BPS or tax documents, while barriers are created for rural tourism businesses who can’t offer digital services to guests or even operate online booking systems.”

JOURNAL : Farmers Weekly

More than 4,000 people have signed a petition calling for tougher sanctions and a change in the law to combat livestock worrying in Scotland.

It comes amid an ongoing NFU Scotland campaign, which is pursuing several legislative changes to tackle the problem of dog attacks against livestock.

This spring saw repeated incidents where irresponsible dog owners allowed livestock to be killed or maimed by dogs, said the union.

See also: Investigation – Police fail to crack down on sheep worrying

Rural insurer NFU Mutual recently revealed the cost of claims related to livestock worrying has reached a record level of £1.6m across the UK.

Insurance claims related to dog attacks reported to NFU Mutual in Scotland had quadrupled in the past two ***years*** to total more than £50,000, it said.

Last month, NFU Scotland wrote to the Scottish government with five key proposals designed to tackle ongoing problems related to livestock worrying.

Blight on farming

Martin Kennedy, vice-president of NFU Scotland, added: “Despite a vast amount of awareness raising, livestock worrying remains a blight on Scottish livestock farming.

“Dogs themselves are not to blame, it's their irresponsible owners who need to wake up and understand the devastation this is causing.”

The five areas NFU Scotland wants included in any new legislative framework are:

Livestock worrying becomes a recordable crime

Dogs to be kept on a lead around sheep

Police powers to issue dog control notices

Police powers to obtain evidence, seize dogs and have dogs destroyed

Fines levied on offenders and full compensation to farmers

Mr Kennedy said: “This is a real opportunity to clamp down on the issue once and for all – hopefully saving our members immeasurable heartache and considerable financial losses."

South Scotland SNP MSP Emma Harper recently announced that she will bring forward a proposal for a Private Members Bill to ramp up the law.

Trauma and devastation

The petition was presented to Ms Harper at the Royal Highland Show on Thursday (21 June).

Speaking ahead of the event, she said: “The trauma and devastating effects for all who are involved or witness livestock worrying needs to be addressed.”

In addition to the petition, 120 people completed a questionnaire related to livestock worrying.

Survey finding suggest only 47% of livestock worrying incidents are reported to the police – with 53% of respondents stating they suffered unclaimed financial losses.

Mr Kennedy said NFU Scotland would continue to engage strongly with the legislative process to ensure robust enforcement of the law.

He added: “As always, we urge our members to continue to report all incidents of livestock worrying to Police Scotland.”

JOURNAL : Farmers Weekly

The loss of neonicotinoid seed treatments means that cereal growers will be up against it when it comes to barley yellow dwarf virus (BYDV) control in the future, according to one expert.

The EU has moved to ban three key neonic insecticides for use as seed treatments for all crops outside glasshouses by the end of this ***year***.

These three insecticide actives – imidacloprid, clothianidin and thiamethoxam – have already been banned for use in flowering crops such as oilseed rape since 2013, but now the ban is being extended to key crops like winter cereals and sugar beet.

See also: Farm’s self-imposed insecticide ban leads to healthier crops

For wheat growers, there is one last season as the actives will be available until 19 December.

However, the concern is that BYDV could proliferate after the use-up period has expired, according to Dr Steve Foster, entomologist at Rothamsted Research.

“Seed treatments have done a good job at protecting crops against insects,” he says.

“They have given up to six weeks protection at a time when the crop was most vulnerable, helping to limit the spread of the disease and allowing growers to manage their autumn workloads.”

Virus levels

There are three aphid species that are responsible for the transmission of the virus in both wheat and barley in the autumn, he says.

“We can screen them for virus levels, so we know that around 10% are currently carrying the virus, which is low.

“However, it’s not clear what will happen to those levels in the future. Using the oilseed rape example, we do know that the amount of turnip yellows virus has gone up to 80% in the peach potato aphid population.”

Without alternatives, there is every reason to believe that virus levels in aphids will rise over the next five ***years***, just as they have in aphids of brassica crops, he warns.

The grain, bird cherry-oat and rose-grain aphid species can all transmit BYDV – so there’s a need to control all three, especially where aphids are still flying into cereal crops in mild autumn and winter conditions.

“After the winter of 2018, growers will only have pyrethroids to fall back on,” says Dr Foster.

“There is already target-site resistance to pyrethroids in the grain aphid, so it’s really important to keep rates up. We are right on the edge of resistance becoming a major issue.”

Monitoring is crucial for two reasons, he continues. “We need to know about pest numbers, so that we only spray when thresholds are breached, and we need to keep a track of the spread of resistance.”

The other consideration for growers is that pyrethroids aren’t great news for beneficial insects, so their use should be considered carefully.

“There are some new insecticides on the way, but they won’t be here soon. For now, we are very limited in our choices.”

Late drilling

Drilling later is one option, as it avoids the crop being exposed when most of the aphids are flying, stresses agronomist Jock Willmott of Strutt and Parker.

“It’s fine to do that with winter wheat, but there will still be a problem in winter barley,” he reports. “Barley crops need to be in the ground by the end of September.”

Temperature will also have a bearing, as aphids will continue to move into crops if it is mild, even into December.

“They can’t survive at very low temperatures below freezing, but the crop does give them some insulation and protection from the cold.”

Five ways to protect against BYDV

Consider later drilling

Delayed drilling will minimise BYDV infection in most ***years***. Success will come down to seasonal conditions, as aphid flight, population development and movement within the crop is dependent on temperature.

Monitor crops

Use alert services to understand the number of aphids flying in the autumn and keep a record of temperatures.

Spray insecticides where necessary

The only option where aphids are at or above threshold, pyrethroid insecticides are already affected by resistance in some aphid species. Use the full recommended rate and only spray where necessary.

Cultivations

Green plant material left between crops can act as a ‘green bridge’ and help aphids colonise new crops. Cultivations can be used to bury these materials and create a clean start, although they may also have an effect on populations of beneficial insects.

Alternatives

In the future, there are likely to be BYDV-tolerant varieties of barley, with plant breeders working hard to bring them to the market.

The effects of BYDV

The grain aphid and bird cherry–oat aphid are the main vectors of BYDV, which is most damaging when young plants are infected in autumn.

Infections cause leaf yellowing and stunting, initially confined to single plants scattered randomly in a field but later developing into distinct circular patches, sometimes merging into extensive infection as secondary spread occurs.

JOURNAL : Farmers Weekly

The holy grail of crimping is for cover crops to slowly die into a weed-supressing mat, covering the soil without the use of chemical sprays or the plough.

For an organic grower, this would allow wheat crops to be direct-drilled after nitrogen-producing cover crops, improving soil health while minimising diesel bills.

It could have wider benefits for conventional no-till farmers, especially if glyphosate were to be banned.

See also: Direct drilling is within reach for one organic grower

While many UK growers remain sceptical of the practice, one organic grower from Oxfordshire is determined to get the kit to work this season.

Watch the video and read the report below:

James Alexander is trialling a crimper roller on the cover crops growing on his 323ha organic farm near Chipping Norton, with the hope that he will be direct-drilling cereals on the farm within three ***years***.

Chevron design

But he faces several difficulties in achieving that aim. The first challenge is finding the right design for the crimper roller.

As the owner of cross-slot direct-drill manufacturer Primewest, he has chosen to design his own crimper based on plans available from the Rodale Institute in Pennsylvania, USA, rather than rely on the offerings already on the market in the UK.

The institute’s plans, which are not patented, use bars fitted in a chevron pattern across the roller to crush the crop.

Attaching curved blades in this pattern means there is always a point of contact and consistent pressure being applied to the ground, unlike designs based on straight bars, as these encourage bounce.

Mr Alexander says poorly thought-out design, rather than the process itself, is the reason for crimping’s bad reputation in the industry, leading many growers to doubt that it is actually capable of working.

But crimping is a regular practice in the US.

“The ones used in the US are often this shape; it just took a bit of engineering and thinking about,” Mr Alexander says.

Each blade bolts on to the chassis individually to allow for easy replacement – handy on stony Cotswold soils.

Mix of species

Unlike in the US, the UK is not blessed with a guaranteed summer.

If temperatures were consistently hot, then crimped plants would almost certainly die. But in the UK there is always the risk that unseasonably mild weather and rain will encourage regrowth.

Instead, to successfully crimp a cover crop on UK soils, Mr Alexander thinks timing is everything.

Ideally the crop should be flowering before being crimped, but finding this stage is complicated because UK growers typically opt for a mix of species in their cover crop.

In the US growers predominantly opt for single crops of rye, with one flowering time.

But the UK has followed France’s example of favouring a mix of species to protect against complete crop failures.

In the past Mr Alexander has grown vetch and oats as his nitrogen capturing cover crop within his rotation, but found that oats can be crimped, mowed and disced and still grow back.

So instead this season he is trying a mixture of rye and vetch for the first time, in the hope that rye will prove to be as easy to crimp in the UK as it has in the US.

“If you are trying to use a crimper I would only recommend using one, maybe two species. One idea could be to use a mixture with a few species which would be taken out by frost to leave just two for crimping,” he says.

Vetch

Vetch usually starts flowering on Mr Alexander’s farm around the time of the Cereals event in mid-June.

Normally as soon as most of the crop is in flower he would go in and cut the top off with a mower to prevent it from setting seed and contaminating the following wheat crop.

While some farmers struggle to grow a decent crop of vetch, Mr Alexander has no such problems, growing a “stonking” crop which is so big and bushy that it out-competes any weeds.

It is normally so big that it is impossible to cut with a mower in just one pass without stalling the tractor. Instead he sets the mower as high as possible to take half out before returning 10 days later to mow the rest.

It is then disced to ensure it is completely killed, then left over the summer and ploughed at the end of August or beginning of September ready for wheat.

Switching to crimping would, therefore, reduce Mr Alexander’s considerable fuel bill, while also improving the soil.

This season, while the cover crops established well, they were not looking good in the wet and cold conditions of February, lacking both bulk and height.

Since then the crop has gained ground, and stood at more than 5ft at the start of June.

Early failure

His first experimental attempt at crimping at the beginning of May failed, proving to be just too early as the crop has since grown back.

“It was far too early. We left it 10 days and if had even sort of died we would have carried on crimping, but it didn’t,” he says.

When he next had an attempt, at the start of June, the vetch was starting to flower, but rye grains were still running clear when crushed rather than being milky, which is the ideal stage for crimping.

If the crop is crimped at the ideal time the roller will crush the stem rather than cut it, limiting the amount of water left in the crushed sections and effectively making the plant kill itself, as it carries on growing and runs out of water.

Mr Alexander thinks it should take a week to 10 days for the crop to die, depending on the weather, but after 10 days the results were mixed.

Despite expectations, the rye completely died off while some of the vetch has started to grow back, indicating that for successful crimping vetch must be in full flower, which this season was around mid-June.

A second cover crop

If the sweet spot can be found for crimping then next ***year*** Mr Alexander plans to direct drill a second cover crop through the weed-suppressing mat formed by the crimping.

“If we can get the mix right, and get it laid right, then we will put another cover crop in which will do even more good by keeping any nitrogen produced by the vetch from leaching out of the soil over the summer,” he says.

This would probably be spring beans, buckwheat or mustard, direct drilled three to four days after crimping.

Winter wheat would then be direct drilled into these non-frost hardy varieties, leaving the weather to do the job of removing the cover crop.

Mr Alexander already has plans for how to improve the design of the roller, which he hopes to have ready for next season.

He plans to move the roller from being front-mounted to trailed, as this would allow the crimper to be made wider and heavier for better crimping.

It would also distribute the weight across the crimper better, as currently there is some spring-back at the edge of the roller.

JOURNAL : Farmers Weekly

Vandals are causing huge losses on livestock farms and jeopardising precious forage supplies in a new wave of rural crime sweeping the countryside – the destruction of silage and hay bales.

The damage has been widespread, affecting farms in Cheshire, Lincolnshire and Somerset, as well as in Ireland. Typically, bales have been slashed open, but some have been set alight while still in the field.

The risks associated with arson are particularly high given the prolonged spell of hot, dry weather.

See also: 7 tips to foil farm arsonists

On top of this, low grass growth has left some farmers concerned about forage availability. Having bales vandalised and destroyed is adding further pressure to livestock farmers already facing shortages.

On Monday (25 June), Matthew Senior, an organic dairy farmer in Crewkerne, Somerset, discovered his bales set alight at milking time. He is now unlikely to have enough forage to last through the winter.

“We had 80 bales waiting to be stacked. All were slashed open and those on the front of the stack had been set alight,” he said. “It will add another £300 to the cost of the bales, because they’ll have to be rewrapped and six are completely unusable. My heart just sank – why have they done that?”

Further north, Jeanette Mcguinness had 26 bales slashed open at her livery yard near Manchester. “We have all the equipment to rewrap them, it’s just a waste of time and effort,” she said. “It was lucky it hadn’t rained.”

She will now have to sell the bales at a reduced price to livestock farms.

A similar incident has been reported in Lincolnshire, where Nigel Wright had 16 bales slashed open. “We had to remove the net, roll them out and then rebale them - a waste of time and money,” he said.

David George, regional communications adviser at NFU Mutual, said: “Unfortunately, farms are vulnerable to this sort of casual vandalism and it is clearly impractical to keep silage bales under lock and key 24 hours a day.

“Always report incidents of vandalism and criminal damage to the police, keep an eye out for any suspicious vehicles or people, and sign up to your local Farm Watch or Crime Watch scheme.”

JOURNAL : Farmers Weekly

Next ***year***’s sugar beet crop will be at greater risk from virus yellows, due to the loss of seed treatment control measures.

This follows confirmation that the sale and supply of three neonicotinoid seed treatment active ingredients will cease by mid-September, with the use of seed treated with the three actives ending on 19 December.

See also: How to manage disease in sugar beet crops

For sugar beet growers, this means that current choices thiamethoxam and clothianidin can no longer be used in seed treatments for the 2019 crop, after the EU extended the ban from using them on flowering crops to include all outdoor crops.

Imidacloprid, another neonicotinoid active ingredient that had previously been used in sugar beet, is also affected by the decision.

Peach potato aphid

In their absence, beet growers are left without any control measures for the most important vector of virus yellows, the peach potato aphid (Myzus persicae), which has developed resistance to several important insecticide groups, including pyrethroids.

Before the ban extension was announced, the British Beet Research Organisation (BBRO) was already working on alternative strategies for controlling virus-transmitting aphids, as well as other pests controlled by the widely used seed treatments – with that work now taking on greater urgency.

“The UK sugar beet sector was severely challenged in 1987 by rhizomania,” says Dr Mark Stevens, head of science at BBRO.

“At the time, there was plenty of doom and gloom, with some predicting the demise of the crop. That didn’t happen.

“Now we are facing another challenge and we are up for it – there are potential solutions out there and we need to get them fast-tracked.”

The neonicotinoid seed treatments have been an effective one-stop shop, he acknowledges. “Up until now, growers have been able to control 15 pests with their use and they’ve all got used to that convenience. No wonder 97% of the UK crop was treated.”

For some pests, their loss won’t be a problem, as there are actives such as tefluthrin which can still be used in seed treatments, he stresses.

“That’s the case with soil pests, such as millipedes, symphylids and springtails. Tefluthrin, which is found in Force, will give good control.”

Leaf miner

Another pest, leaf miner, is less of a problem due to its sporadic nature, although it does seem to be on the increase, Dr Stevens warns.

“Having said that, 2017 wasn’t a bad ***year*** for it, so there was no need for an emergency authorisation for a foliar application of thiacloprid.”

Without foliar thiacloprid, control options for the pest are limited once the neonicotinoid seed treatments have worn off.

“Hallmark can be used but it relies primarily on contact action, so once the larvae have penetrated the leaf, it is difficult to control them. It is a pyrethroid, so it’s not great for beneficials.”

Virus yellows

Virus yellows is the biggest challenge and will require the use of integrated approaches, especially as tolerant varieties are not likely to be available for at least another five ***years***, Dr Stevens says.

“The good news is that there is plenty of plant breeding work being done on developing tolerance, so we are hopeful that resistant varieties will be introduced in due course.”

However, there’s no single major source of resistance, so that work involves identifying lots of minor genes for the three different viruses, he explains.

“It’s complex, which is why these varieties will take a few ***years*** to produce. In the meantime, we will have to monitor crops closely and improve surveillance.”

New technology will help with this, he believes, as will greater attention to farm hygiene.

Teppeki clearance

Other insecticides are also of interest, with Dr Stevens highlighting the aphicide known as Teppeki (flonicamid), which is already approved for use in potatoes and cereals.

“It’s a foliar spray and, if it is cleared for use in sugar beet, we will only be allowed to make one application. So timing will be very important,” he says.

“It can give useful activity. A label extension to include sugar beet would be helpful.”

Manufacturer Belchim confirms that it expects Teppeki’s approval for use in sugar beet imminently, with delays looking unlikely.

What is virus yellows?

Virus yellows is caused by a complex of viral agents, including beet mild yellowing virus, beet yellows virus and beet chlorosis virus.

Between 1980 and 1995, losses to virus yellows were estimated at £5.5m a ***year*** when older (pre-neonicotinoid) treatments were applied, rising to more than £10m in the absence of control measures.

Unchecked, yield losses from virus yellows are estimated to be in the region of 20-25%, with the UK’s maritime climate proving to be ideal for the aphids, which transmit the virus by feeding on the plants. Losses are greatest in ***years*** when aphids colonise beet plants early in the spring and multiply rapidly.

Until now, widespread use of neonicotinoid seed treatments has provided excellent control of aphids during the early stages of crop growth, protecting the crop against virus yellows and its associated yield loss.

In 2017, BBRO aphid monitoring saw the first peach potato aphids being caught in May, while the first virus yellows infected plants were found at its demonstration site at Rougham, Suffolk on 16 June.

JOURNAL : Farmers Weekly

A familiar menace has returned to the farm. The lesser-spotted fly-tipper. Over the past couple of months we haven’t had too many incidents, but a few weeks ago I had to deal with a massive pile of rubbish.

Someone had apparently decided that our wood would look much more picturesque with a pile of old carpets, paving slabs, children’s toys and bits of wood full of nails.

I know it’s something that most farmers have to deal with, but I still find it hard to understand why anyone would decide to do this.

See also: More Will’s Way farming columns

How can someone drive into a beautiful area of woodland and decide that this is the place where they should dump their rubbish?

In theory, fly-tippers who are convicted at a magistrates’ court can be handed a 12-month prison sentence or be fined up to £50,000, but this rarely happens.

The most likely outcome is that they get away with it scot-free or have to pay a small fine to the council.

This simply isn’t good enough, and I hope Mr Gove at Defra decides to crack down on these selfish individuals very soon.

Data-driven doses

Of course, we don’t spend all of our time clearing up other people’s unwanted belongings. We recently tested out the Isaria crop sensor I wrote about in one of my previous columns, and it was a promising start.

It appeared to do exactly what it was supposed to. In the poorer areas of the field, it told the spreader to deliver more nitrogen and in the better areas it directed it to spread less.

The principle behind it is pretty simple but the technology that makes it work is very clever. It’s too early to judge its effectiveness yet, but I’m hoping to see its benefits by the time next ***year***’s harvest arrives.

At the moment we’re still working out what to do with all of the data it produces, but I’m fairly confident that we’ll have got our heads around it by the spring, when we plan to start using it again.

Countdown to harvest 2018

It doesn’t feel like very long ago that I was writing about the long, wet winter in Norfolk, but now it’s gone the other way.

We’ve had dry and hot conditions here for several weeks now and the crops are definitely starting to show it.

If you walk down the tramlines of many of the fields, you’ll see cracks everywhere and the crops certainly seem to be shorter than they were at this time last ***year***.

Luckily for us, most of our cereals were established in the autumn, but if we had decided to do more drilling in the spring I’d be a bit more concerned right now.

I still think we’ll have okay yields, but I don’t reckon we’ll be chalking up any records.

It’s hard to predict when harvest will begin, but I’m hoping that by the time I write my next column at the end of July, we’ll be well under way.

JOURNAL : Farmers Weekly

Zedlock has launched a new ***agricultural*** gate lock that is designed to be much tougher to break through than traditional chains and padlocks.

The Sussex firm's latest version comes with a more durable key system than was used on the original model launched in 2011.

See also: Security kit to protect your quad bike from thieves

The lock is designed to be fitted permanently to most metal field gates and is pretty much a standard five-lever deadlock hidden inside a tough zinc-plated steel box.

A 20mm-diameter stainless steel bolt replaces the regular spring bolt and is free to slide in and out until it is locked by turning the key.

Fitting a Zedlock is a DIY task that takes about 15 minutes. The kit comes with a template and large hole cutter. Other than that, only basic tools, a power drill and 3mm and 13mm drill bits are required.

Extra accessories include a double gate claw and prices start at £58.34.

**Load-Date:** June 29, 2018

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ICIS Chemical Business

June 1, 2018

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**Section:** NEWS IN BRIEF

**Length:** 12713 words

**Byline:** Joseph Chang

**Body**

Americas

Union strike looms over Canadian Pacific Railway

The unions representing the workers at Canadian Pacific Railway are set to go on strike after overwhelmingly rejecting the latest contract offerings, the Canadian railroad confirmed. The railroad as of 26 May had received its second 72-hour strike notice from the Teamsters Canada Rail Conference – Train & Engine (TCRC) and the International Brotherhood of Electrical Workers (IBEW) and although CP said it continues to strive to reach an agreement, it has commenced its work stoppage contingency plan.

US to start 25% tariff against Chinese goods

The US government plans to implement its proposed 25% tariff on $50bn worth of Chinese imports, according to a White House announcement. The announcement comes a little more than a week after the US Treasury department said trade issues between the two countries was on hold. The final list of Chinese imports will be announced by 15 June, and the tariff will be imposed shortly after, the government said. In addition to the tariff, the US will also “implement specific investment restrictions” by 30 June for Chinese persons and entities related to acquiring industrial technology.

Idled biodiesel facility in Illinois to be auctioned

A 12m gal/***year*** (45.4m litre/***year***) biodiesel facility in Illinois will be forcibly auctioned in July, said auctioneer Maas Companies. It will hold a sealed auction process for the St Louis Biodiesel facility. Midwest Biodiesel Products, with which the facility was associated, could not be reached for comment. Built in 1995, the facility was converted into a biodiesel production plant in 2006, MAAS said. The plant can produce biodiesel from multiple feedstocks, including soybean and vegetable oil, the company said.

Koch to shut down Texas ethylene pipeline

Koch Pipeline has scheduled the shutdown of an ethylene pipeline in Chambers county, Texas. The pipeline will be shut down for the installation of a valve, according to the filing with the Texas Commission on Environmental Quality (TCEQ). The filing did not specify the duration of the shutdown, but emissions were expected 29-31 May. Chambers county is on the Texas coast, east of Houston. Koch Pipeline did not immediately return a request for comment.

Trucker strike disrupts operations in brazil

Braskem confirmed that it has lowered rates at its industrial units in all of Brazil following a recent trucker strike that crippled the country. Braskem did not say when it started lowering rates or when they should return to normal. Braskem did not say what the operating rate was at each plant. Braskem did not immediately respond to a request for more specific information about its plant operations. At AkzoNobel Specialty Chemicals, all of its Brazilian plants are either operating at reduced rates or have stopped production.

Indorama acquires Brazil M&G PET plant

Indorama Ventures Public Co Limited (IVL) has completed the acquisition of Mossi & Ghisolfi’s (M&G) polyethylene terephthalate (PET) plant in Brazil. The plant is in Ipojuca, Pernambuco state, and has a PET capacity of 550,000 tonnes/***year***. M&G operated the plant under M&G Polimeros Brazil.

Braskem, others may shut down at Sao Paulo

Braskem and several other chemical companies and distributors may begin to shut down their operations on Monday at the Grande ABC industrial park in Sao Paulo state, Brazil, just as a trucking union agreed to call off a strike that had crippled the nation. The park is having problems shipping out finished goods and receiving raw materials because of the trucker strike, which has lasted for a week, according to the Industrial Development Committee of the Grande ABC Industrial Park (Cofip).

construction under way on US ethylene terminal

Enterprise Products Partners and Navigator Holdings announced that construction is under way on their joint venture ethylene export terminal. The terminal will be located at Enterprise’s Morgan’s Point facility in Texas on the Houston Ship Channel, with commercial operations expected to begin in Q4 2019. The facility will have the capacity to export approximately 2.2bn lb/***year*** (998,000 tonnes/***year***), with on-site storage for 66m lb and the capability to load ethylene at rates of 2.2m lb/hour.

Lubrizol expands TPU capacity at Ohio plant

Lubrizol has expanded thermoplastic polyurethane (TPU) capacity at its Avon Lake production facility in Ohio. The company said its $30m investment is part of Lubrizol’s strategic investment in engineered polymers, totalling nearly $80m worldwide. Lubrizol also said the expansion efforts are a reaction to anticipated demand for specialty polymers and compounds to grow at double-digit rates. The company did not specify an amount, but the expansion adds “significant new capacity”, plant manager Nathan Deutsch said.

ethanol groups sue EPA over refiner waivers

A coalition of ethanol and farm trade groups are suing the US Environmental Protection Agency (EPA). The Renewable Fuels Association (RFA), National Corn Growers Association (NCGA), American Coalition for Ethanol (ACE) and National Farmers Union (NFU) filed the suit in the US Court of Appeals for the 10th Circuit, challenging three EPA decisions to exempt three refineries from the Renewable Fuel Standard (RFS) requirements of the Clean Air Act.

europe

‘difficult’ fundamentals hit german exporters

German exporters’ business confidence fell in May, especially in the chemical intensive automotive sector, on the back of a “difficult global” economic environment, the country’s research institute Ifo said on 28 May. Ifo’s index for export expectations fell in May to 13.6 balance points, from 15.6 points in April. In May 2017, the index stood at 19.6 balance points and reached a four-***year*** high in July 2017 at 23.7 balance points.

EU carmakers concerned about US import probe

The EU’s chemical intensive automobile industry expressed on 28 May its “concern” about a proposed investigation in the US into imports of vehicles and auto parts, according to the European Automobile Manufacturers’ Association (ACEA). The US recently announced it plans to launch a national security investigation into imports of vehicles and auto parts as it seeks to promote its domestic industry. ACEA said that EU-US auto-related trade currently accounts for around 10% of the total trade between the two regions.

SGL Carbon rebrands, realigns structure

Germany-based SGL Carbon has completed its “strategic realignment” by launching a new brand concept including a newly developed company logo. The company said the new logo is a method of visually putting an end to its strategic realignment. “With the completion of the strategic realignment, a new era begins for us as a company,” said Jurgen Kohler, CEO of SGL Carbon.

Ciech idles trade with Iran, awaits us sanctions

Ciech will address the question of whether to continue importing polyolefins from sanction-hit Iran if and when another business opportunity presents itself, the Polish chemical producer said on 28 May. The group’s Ciech Trading subsidiary last September announced it was taking deliveries of Iranian polyolefins to be sold on European markets. However, Ciech Group spokesman Miroslaw Kuk told ICIS that the current situation is that the company was not “importing or delivering” either polyolefins or any other product from Iran.

Perstorp forms 3D printing materials JV

Sweden’s Perstorp has formed a joint venture with Dutch firm 3D4Makers to produce 3D printing materials. The joint venture will be called ElogioAM and will be based in Haarlem, the Netherlands. Perstorp said the first production manufactured will be a 3D filament, with the brand name Facilan. Parts made from Facilan C8 filament have “higher impact and tensile strength” than filament made out of ABS while still being based from compostable materials.

Perstorp progresses with plant upgrade

Perstorp has made “significant progress” in an upgrading project at its Warrington, UK, caprolactone monomer plant. The firm said the work involves the demolition of a 22-***year***-old plant, which will then be rebuilt to a more modern specification. “Demolition has been completed with new equipment now in place to better support the production facilities,” said executive vice president Marie Gronborg.

EC approves sale of Bayer assets to BASF

European regulators have approved the sale of a raft of assets by Bayer to BASF, as the Germany-based firm draws closer to acquiring US firm Monsanto. The Commission gave the green light for BASF to acquire all of the businesses to be divested by Bayer to address competition concerns over the impact of the Monsanto merger on European ***agriculture***. BASF was named as the purchaser of an initial 5.9bn sheaf of assets and a further 1.7bn remedy package.

Grangemouth shift at front of Scotland plan

Chemical Sciences Scotland is to focus on transforming Grangemouth into a key European hub over the next seven ***years***, it announced as part of its 2025 strategic plan, which has been backed by Paul Wheelhouse, Scotland’s minister for business, innovation and energy. The Chemical Sciences Scotland Industry Leadership Group published its new strategic plan, resetting its goals for the next eight ***years***. Wheelhouse approved the strategy review in November 2017 and has now backed the resulting plan.

OECD sees European growth tapering in 2018

European economic growth is likely to slip in 2018 from the previous ***year*** despite projected overall global expansion, the Organisation for Economic Co-operation and Development (OECD) said. Eurozone growth is likely to be 2.2% in 2018 compared to 2.6% the previous ***year***, despite expectations that the global economy will expand by 0.1 percentage points ***year*** on ***year*** to 3.8% over the same period, driven by North America and India.

asia

Akzonobel starts coatings in Changzhou

AkzoNobel has begun production at its new 40m powder coatings plant in Changzhou, China. The plant, located at an existing site, will supply several powder coatings to meet growing demand for more sustainable coatings solutions. Key markets include the automotive, architectural and general industrial sectors. The plant also makes use of advanced sustainability technology such as a vacuum drum waste water recycling system which helps achieve full recycling of waste water and zero waste water emissions.

Fujian Zhongjing to use Lyondell tech

Fujian Zhongjing Petrochemical will be constructing two 600,000 tonne/***year*** polypropylene (PP) units in China using LyondellBasell’s process technology. The fifth generation of Spheripol - a PP process technology pioneered by LyondellBasell - will be used for the units in Fuzhou, Chiina. The process technology deal represents “the world’s largest single PP plant license announced to date”, it added. Financial details of the licensing deal were not disclosed.

BASF starts China acid plus expansion

BASF has begun operations at a new electronic-grade sulphuric acid plant in Jiaxing, China, while it has also started work on expanding the facility in order to double its production capacity. Current or potential capacity figures were not disclosed by BASF, however it did say that it expects the expansion phase of the facility to be operational by the end of 2018. The electronic-grade sulphuric acid wil be used to serve China’s growing semiconductor manufacturing industry.

Shandong picks Honeywell for China PDH

Shandong Tianhong Chemical has chosen Honeywell UOP’s C3 Oleflex technology for the propane dehydrogenation (PDH) unit that it plans to build in Dongying, Shandong province in China. The plant will have a capacity to produce 250,000 tonnes/***year*** of propylene, Honeywell said. Shandong marks Honeywell’s 32nd Oleflex award in China. Honeywell did not say when the PDH unit would start.

Zhong’an Lianhe to commission CTO

China’s Zhong’an Lianhe Coal Chemical is scheduled to commission its mega coal-to-olefins (CTO) project at Huainan in Anhui province on 30 August. The project will convert coal into intermediate product methanol and will then take methanol to produce olefins. Final products are 350,000 tonnes/***year*** of polypropylene (PP) and 350,000 tonnes/***year*** of linear low density polyethylene (LLDPE). The company is aiming to start up the facility middle next ***year***.

Sinopec to buy Shell’s share of coal-to-gas

Shell has inked an agreement with Sinopec to sell its 50% stake in a coal-to-gas project at Yueyang in Hubei province to Sinopec. The transaction is expected to be completed in late June. Sinopec currently holds a 50% interest in the project, and therefore, will own the whole 100% after the deal. The facility started operations in 2006 and primarily supplies gas outputs to Sinopec Baling Petrochemical in the same city as feedstock.

Siam to own Vietnam’s Long Son project

Siam Cement Group will indirectly own 100% of Vietnam’s Long Son Petrochemicals (LSP) project, after acquiring an additional 29% stake for Baht (Bt) 2.9bn ($91m) from Vietnam Oil and Gas Group (PetroVietnam), the Thai conglomerate said on 28 May. Consequently, the group’s share to the planned Bt173bn project – which will be Vietnam’s first petrochemical complex – will increase by 31% to Bt70bn, SCG said in a filing to the Stock Exchange of Thailand (SET).

MIDDLE EAST/AFRICA huntsman to build polyurethanes in dubai

Huntsman is to build a new facility for the production of polyurethanes (PU) in Dubai, UAE, in order to increase its presence in the Middle East. The facility’s construction is expected to start by the second half of 2019, the company said. It did not disclose details about capital expenditure (capex) nor the production capacities. The facility will be located within the Jebel Ali Free Trade Zone (JAFZA).

JOURNAL : Farmers Weekly

John Deere’s basic Greenstar receiver StarFire iTC, which was introduced in the late 1990s and has not been sold in the UK since 2010, will receive its final phase-out on 1 June 2018 and will no longer receive support or updates from dealers.

See also: 6 budget GPS guidance system options for farmers

The receiver will still operate as normal but activations will no longer be ***transferable*** on to newer domes, such as the StarFire 3000 and 6000 models, with the company’s decision being influenced by the limited features the iTC model offers in comparison with the modern offerings.

Current users should get in touch with their dealers to discuss their future requirements.

JOURNAL : Farmers Weekly

Weed control is set to be a challenge for late-drilled beet crops, tackling stubborn weeds without hitting crops.

Many crops did not receive a post-emergence herbicide and broad-leaved weeds are becoming established.

“Weeds will have hardened up by now and will, therefore, be harder to hit,” says independent sugar beet expert Mike May.

See also: What the 5 new sugar beet varieties offer

The delayed season means farmers are going later, applying herbicides at a time of higher temperatures and big temperature fluctuations. Therefore, crop safety will need be a key consideration.

“Weeds are waxing up and you will need to use products that cut through the wax to help control weeds.”

But there is a danger of causing damage to the small beet plants with harsher tank mixes.

Bayer root crop campaign manager Edward Hagues advises care in what products to select, with the focus on formulations that are kinder on the crop.

Mr May says modern products tend to be safer and do not need an adjuvant which can cause problems, especially when temperatures are high. He points to Betanal MaxxPro (desmedipham + ethofumesate + lenacil + phenmedipham) as an example of a safer product to crops.

Another tip from Mr May is to consider splitting the application and going back in four to five days to help stop scorch.

Also avoid spraying in high intensity sunlight: early mornings or early evenings are best. “When temperatures get greater than 20-22C, then you need to worry.”

JOURNAL : Farmers Weekly

UK dairy processor, Meadow Foods has introduced a two-***year*** fixed price milk contract element for its 650 dairy farmer suppliers.

The contract will pay 28p/litre for a 24-month period stretching between 1 July 2018 and 30 June 2020.

See also: Ditch dairy voluntary code and reform contracts, says NFU

Every Meadow producer will automatically be given 3% of their annual volume as forward fixed price litres, with the onus on farmers to opt out if they do not want to take up the offer.

Despite the modest initial figure, the milk buyer says it intends to increase the amount over time in order to provide producers with increased security and is in talks with other customers interested in forward fixed pricing.

The move follows the likes of Muller, Lactalis and Paynes Dairies who all have fixed milk price options.

[*https://infogram.com/meadow-fixed-1hmr6gyp083z6nl*](https://infogram.com/meadow-fixed-1hmr6gyp083z6nl)

“We’re pleased to be able to introduce this new pricing option as a direct result of feedback from our producers. We’re committed to offering our producers a simple, secure and straight milk price,” said Meadow Foods chief executive, Mark Chantler.

We’re committed to offering our producers a simple, secure and straight milk price Mark Chantler, Meadow Foods chief executive

“Although we feel milk prices are likely to rise over the summer, it’s harder to forecast what the milk price will be for the 24-month period.

Mr Chantler added: “Having a 28p/litre fixed price for the full 24 months will give some producers the security they desire for a part of their allocated volume.”

Meadow Foods announced earlier in the month that it was looking to recruit new producers to match ever increasing customer demand.

JOURNAL : Farmers Weekly

At just 21, Laura Green is not just the youngest judge at this ***year***’s Royal Highland Show (21-24 June) – she’s one of the youngest ever to hand out honours at the prestigious event.

“It’s something I would normally only dream of getting asked to do,” Laura says.

“Getting invited to preside over the Beef Young Handlers class is an amazing opportunity, so I’m really excited, although a little nervous. Once I get in the ring though, I know the nerves will disappear and I’ll relax.”

See also: Balmoral Show 2018 highlights and photos

Although a seasoned competitor in young handler classes herself – and having notched up lots of stock judging experience in other situations – this will be the first time she has judged at a show.

It's all in the presentation

The SRUC graduate from Morayshire has a clear idea of what she’s looking for. “The young handlers class is about presenting their animals to the best of their abilities.”

“I like to see the handlers paying attention to the judge and being very attentive to – and aware of – the animal itself. If you’re showing, you certainly can't let an animal see or sense you’re nervous. The handlers should also be dressed very smartly.”

The Green family has strong connections to the Highland Show, having attended for four generations and more recently exhibited with their world-renowned stock, winning the Simmental Champion title in 2014 and the Junior Interbreed titles in 2013 and 2016 with home-bred animals.

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This ***year*** the family are taking eight Simmentals under the family prefix of Corksie and two under the Garmouth prefix, which Laura founded in 2011 when she was given a nine-month-old heifer called Corskie Clover for her 15th birthday.

“My very first calf under my prefix, Garmouth Clover’s Elderflower, was Reserve Junior Champion at the Royal Highland Show in 2015,” she says. “The previous ***year***, her mother was placed first in her class and together they won Best Cow and Calf in the Simmental section.

“We use Facebook quite a lot, but we don’t really do any advertising, so the event is a great shop window for the business. We also attend about 10 local shows and go to about six pedigree sales a ***year***, mainly Thainstone, Carlisle and Stirling. We also sell a lot of stock privately.”

Going home to bury underpants

Laura returned home to work full-time alongside dad Iain on the 1,500-acre family farm after graduating from SRUC’s Craibstone campus last July with a distinction in a rural business management degree.

The course, she says, represented “the best of both worlds”, combining ***agriculture*** with finance, economics and management.

“I commuted over an hour each way every day, but that meant I could work on the farm the whole time I was at college. There were times that were incredibly busy – and I came close to missing deadlines on a few occasions but never did.”

The business has arable, sheep and pig enterprises, alongside the cattle – which are her main passion. "I love working with them – you get to know them all and their individual characters.”

It has recently become part of the QMS/AHDB Monitor Farm ***programme***, designed to spread best practice and help improve productivity and profitability. In fact, the farm made headlines recently as the site of a “pants-burying” experiment.

It was a bit of fun, but explored a serious point, recalls Laura. The idea was to bury pairs of cotton underpants in different soils and see how they decomposed.

If they rotted quickly, it would suggest the soil was healthy and full of bugs; if they didn’t, it would show the soil wasn’t the same quality. “STV news came out to the farm. The whole thing went viral.”

Technology lines

As well as the “best of the best” in the livestock lines, she’s looking forward to perusing the new technology at the show.

It’ll be a chance, as well, to catch up with old friends, including those she met through the Aberdeen Angus Youth Development ***Programme***, the Simmental Young Members or the Scottish Association of Young Farmers’ Clubs.

“I joined YFC as soon as I could and never looked back. I did everything from stock judging and sports to ropemaking and tug of war.”

She'll be at the show – which she first attended “as a toddler or even younger” – for the whole four days, staying in a caravan on the site.

“We’ll come back exhausted, but I can’t wait to be a judge. It’s so important to encourage and educate the younger generation in showmanship. It helps them improve their skills, meet new people and gain valuable knowledge in working at a high standard. Young people working at this level bring valuable enthusiasm and new ideas.”

Building up the herd

Meanwhile, Laura continues to build her own herd.

For Christmas 2014 she was given another heifer, Corskie Fame, which went on to win red rosettes at the local shows.

In April 2015 she made her first purchase at Carlisle, snapping up Sterling Verity’s Dumandy, who had Stirling Dumandy’s Glory at foot, for 4,200gns.

Clover has also gone out to produce more stock, including a full brother to Elderflower, Garmouth Iceman who won his class at the Scottish National Simmental Show in 2017.

She also recently bought two in-calf Shorthorns in a bid to meet the demand for bulls for their commercial herd. “It was my idea and, as my dad said, the day they arrived on the farm will be one I’ll never forget.”

And as if all this isn't enough, she’s also got a wedding to plan – she’s getting married next May.

As for why her and husband-to-be Robert picked that month, well, it's a relatively quiet time on the farm.

It's just before first-cut silage, the cows will have gone out to grass, the sheep will have finished lambing and it's just before the Highland Show. "I've got to make sure I'm back from honeymoon in time for that, after all!"

JOURNAL : Farmers Weekly

The government is seeking to beef up and expand the network of national parks and Areas of Outstanding Natural Beauty (AONB) as part of a review launched by Defra secretary Michael Gove.

According to Mr Gove, the creation of national parks almost 70 ***years*** ago “changed the way we view our precious landscapes – helping us all access and enjoy our natural world”.

See also: Defra cash injection to fund English peat bog restoration

“Amid a growing population, changes in technology and a decline in certain habitats, the time is right for us to look afresh at these landscapes,” he said.

“We want to make sure they are not only conserved, but enhanced for the next generation.”

The review is one of the key commitments under the government’s 25-***year*** Environment Plan, published last January.

The national parks network and review

There are 10 national parks and 34 Areas of Natural Beauty, covering about 25% of the landmass and home to more than two million people.

Defra claims they generate £20bn for the rural economy, and support 75,000 jobs.

The review will be chaired by associate editor at the London Evening Standard, Julian Glover, and will report in 2019 – the 70th anniversary of the first national park. It will not cover Wales, Scotland or Northern Ireland.

While stressing the aim is not to impose new burdens on people who live and work in the national parks, the terms of reference also make clear “weakening or undermining their existing protections or geographic scope will not be part of the review”.

“It will instead focus on how designated areas can boost wildlife, support the recovery of natural habitats and connect more people with nature,” said a statement.

Defra has also made clear it wants to explore ways of expanding the area covered by national parks and AONBs, and improving public access.

Question of balance

Commenting on the launch, the Country Land and Business Association (CLA) said it was essential the review struck the right balance between ensuring natural beauty and encouraging the right types of economic activity.

“Most businesses within designated landscapes experience significant opposition and hostility to development of any kind,” said CLA president Tim Breitmeyer.

“Success in this review will see more landowners, users, park authorities and conservation boards coming together to identify opportunities which deliver the right types of sensitive development to improve the use and enjoyment of these unique areas.”

But the Liberal Democrats have described Mr Gove as a “one-trick pony, reluctant to commit to anything more than a review or a consultation”.

Case study: Farmer’s diversification woes inside a national park

One farmer who has experienced issues with the national parks is Susie Macmillan, who keeps 18,000 organic layers at her farm in Ditchling, East Sussex.

Given the tight margins associated with egg production, she has been seeking to develop a camping diversification, including 20 wooden lodges in one of the fields on the very edge of the South Downs national park.

“It has been an absolute nightmare getting the required permission from the national park authority,” she said. “It has cost us £26,000, not to mention the time, uncertainty and stress it has put on us.

“We now have the planning permission, but it is subject to 30 conditions. It has been made so difficult – they just don’t want to see any change at all.

“I accept the national parks do a lot of good, for example in preventing the development of new housing estates on green spaces. But unless they become more flexible and more pro-farming – and recognise farming has to change and develop too – then more of us will be forced out of business.”

JOURNAL : Farmers Weekly

Defra secretary Michael Gove has pledged to protect British farmers against substandard food imports as he seeks to avoid a “race to the bottom” after the UK leaves the European Union.

Speaking at the Hay Festival, Mr Gove said UK food standards post-Brexit would be among the highest in the world. Imports of food produced using techniques banned in the UK would be allowed “over my dead body”, he told listeners on Friday (25 May).

See also: Brexit must deliver for farming, Theresa May told

More consumers were prepared to pay for food quality and provenance, said Mr Gove, who appeared keen to pre-empt accusations that “gold-plating” UK standards would leave British farmers unable to compete.

“The future for Britain – not just in this area but in other areas – is being seen to set some of the highest standards in the world. Of course there is the temptation to believe that left to their own devices politicians will conspire to lower standards everywhere.

Highest quality

“But actually, I think that the future British farming is to say we are not going to compete in a race to the bottom. We couldn't win it and we shouldn't try.

“We will succeed on the basis of consumers knowing that our food is of the highest quality and they can trace the journey from farm to fork and they can have absolute confidence that what they are buying is ethical and sustainable as well as being delicious and good value.”

Topics addressed by Mr Gove during an hour-long discussion included antibiotics in livestock production, promoting collaboration between farmers and his intention to base a new system of farm support based largely on environmental measures.

'Over my dead body'

At one point, Mr Gove was asked whether UK standards would ever permit the “wholesale import” of American food, which include chlorine-washed chicken or hormone-produced beef – both methods banned in the UK. He replied: “Over my dead body, as it were.”

Mr Gove was also asked about messages emerging from responses to Defra's Health and Harmony public consultation on the future of farming, which closed last month. A common theme was that the government must recognise the diversity of UK farming, he said.

It was also important to underline that the government recognised farmers would only be able to contribute to environmental enhancement if their businesses were successful – and that meant having food production at their core.

Farm policy must focus on food, warns Batters

NFU president Minette Batters has criticised what she described as the lack of focus on food production in Defra's consultation on the future of farm policy post-Brexit.

Ms Batters was asked about the Health and Harmony consultation during a public discussion at the Hay Festival. “It didn’t really mention food at all, and we are farmers, that’s what we do – and we care for the environment as well – so I think that was a glaring oversight,” she said.

Much of the consultation document focused on plans to replace direct ***payments*** to farmers with a system of support based on rewarding farmers who undertake environmental measures. Ms Batters said Mr Gove had since acknowledged that it should have focused more on food.

The NFU had submitted a 100-page consultation response to emphasise the importance of food production, said Ms Batters. She added: “Apparently, he did design the title himself. I did point out to him that it is a beauty salon in Essex if you Google 'health and harmony'.”

Most countries across the world supported farmers in order to keep food affordable, said Ms Batters. It was vital to ensure farmers were able to secure a fair return from the market before changing farm support, she suggested.

Radical changes were needed if the government really wanted to introduce a system of public money for public goods because farming was driven by global pricing. “You can’t just shut your eyes and say the market can run itself because the market is a savage beast,” said Ms Batters.

JOURNAL : Farmers Weekly

The National Sheep Association (NSA) has called for a wider cull of ravens in Scotland, after Scottish Natural Heritage (SNH) came under fire for sanctioning a limited cull.

The latest licence was granted by SNH to a conservation group in Strathbraan, Perthshire, which requested permission to cull ravens to see if that would help a recovery in curlew, lapwing and oystercatcher numbers.

See also: Farmer uses alpacas to guard sheep flock

The group blamed ravens for predation and was awarded a licence to cull 69 ravens this ***year***, with more to come over the next five ***years***.

But the decision led to a backlash, with SNH chairman Mike Cantlay even receiving death threats following public complaints by BBC Springwatch presenter Chris Packham.

Justification

SNH issued a strong justification for licencing the cull, pointing out that the habitat around Strathbraan “is good for breeding waders, but raven numbers are increasing”, adding it was just a trial.

But it has since been revealed the culling of ravens is more widespread than first thought. Following a parliamentary question, the Scottish government confirmed that more than 400 licences for the killing of 3,334 birds have been issued by SNH over the past three ***years***.

This has triggered further condemnation from animal rights groups. Director of OneKind, Harry Huyton, said he was “shocked” to find so many ravens were being routinely killed across Scotland.

“Ravens are supposedly a protected species, recovering from a long history of persecution,” he said.

High lamb losses

However, the NSA has offered its support for the culls, and says licences to reduce raven numbers should be more readily available in other parts of the country.

“With lambing now finished across the UK, the NSA has received reports of very high losses to ravens this ***year***, including flocks in Scotland where 50-100 lambs have been killed,” said NSA chief executive Phil Stocker.

“Ravens target lambs in vulnerable moments, even striking the very moment they are born.”

NSA Scottish regional chairman John Fyall acknowledged it was an emotive issue for campaigners, “but there is nothing as emotive as seeing a newborn lamb trying to find a teat to feed from its mother with no tongue and no eyes”.

Legislation

Legislation allows the culling of ravens under licence “to prevent serious damage to livestock”.

But the NSA believes raven numbers are getting out of control and more licences to cull are needed to counter the knock-on effects on other species.

OneKind, however, says other, non-lethal methods of deterring raven predation should be pursued instead.

JOURNAL : Farmers Weekly

With more than a ***year*** under its belt, online input price quote and supply service Yagro has a growing band of farmer users looking to save time and money.

Launched late in 2016, the platform promised confidentiality and rapid input price quotes and has signed up 700 farmers.

As its database on prices grows, the business is refining information for users. For example, it has identified the optimum lead time for the best fuel quote is about 3.4 days before delivery is needed.

Users tend to be large farmers in the east and south of England, although the service is national and there is no minimum order or transaction size requirement.

See also: Farm succession - 'fair' and 'equal' are not necessarily the same thing

The first four months of 2018 has seen transactions conducted through Yagro at four times the level of the same period last ***year***.

[*https://infogram.com/online-input-price-and-ordering-service-grows-in-numbers-1h7v4pmo1kd84k0*](https://infogram.com/online-input-price-and-ordering-service-grows-in-numbers-1h7v4pmo1kd84k0)

Many national and regional suppliers have signed up to the platform, which connects farm businesses confidentially with suppliers, enabling them to request rapid quotes and order online.

However, spring 2017 saw national agrochemical distributors which had signed up to the service pull out.

In response, Yagro recruited more regional merchants and suppliers and developed a new tool called Ag Chem Price Check.

Through this it analyses and benchmarks farm invoices against a database of verified prices, with a base of more than 10,000 price points.

This requires farmers to submit agrochemical invoices and, once this is done, the user can access market information for that product, including the range of prices other farmers are paying and alternative products with the same active ingredients and concentrations and their price ranges.

Users see only the range of prices paid, with no individual prices or details about participating farms.

“We’ve seen rebate opportunities for farmers of up to £44/ha on like-for-like products, and £67/ha savings for a farm switching to alternative brand chemistry,” says chief executive officer Gareth Davies.

Agrochemicals, fuel, lubricants, seeds and fertiliser are the most commonly priced and ordered inputs through the service, for which a mobile app has been developed.

Wearing metal machinery parts were introduced in summer 2017.

“Price spreads in commodities such as fuel and fertiliser are often 10% for the same product on the same terms,” says Mr Davies.

“The cheapest option is not always the same, as it depends on your suppliers’ capacity and cost position.

“In agrochemicals we’ve uncovered some stark variations, with farms in some cases paying 55% more than others on the same product on comparable other terms.

“This has no correlation to farm size or relationship to suppliers, it’s just a case-by-case basis reflecting how good a negotiator you are.”

[*https://infogram.com/yagro-facts-1hnq41x7dw8p23z*](https://infogram.com/yagro-facts-1hnq41x7dw8p23z)

What do farmers think?

Pixie Flather is a director of Norfolk family farming company CJC Lee (Saxthorpe), which runs contracting, haulage and green composting interests alongside its 1,214ha arable operation.

The business orders more than 1m litres of white and red diesel a ***year*** and Pixie began using Yagro for fuel price quotes in December last ***year***. “I know I saved more than £500 on fuel this week,” she says.

“It’s very user-friendly and it’s the time-saving element that makes a big difference,” says Mrs Flather.

“The mobile app works very well – any time a farmer can spend out of the office is a priority and this way you can put in an order on the go.”

CJC Lee is now considering using Yargo for agrochemical sourcing and installing telematics equipment to help manage its fuel supply. This would see a meter in the fuel tanks automatically issue a reminder to order fuel when the tank level reaches a certain point. This can also be set up to automatically request price quotes through Yagro.

Fuel is also the main input which Tim Merry orders through Yagro for JV Farming in Dorset. He is operations director of the joint venture farming business on 1,800ha, growing combinable crops including maize for an AD plant.

“It’s very simple, convenient and obvious, it’s a wonder it hasn’t been done before,” says Mr Merry who finds he does not necessarily deal with the same suppliers as he did before using Yagro.

“It’s been an education and I’ve been pleased to see that smaller local suppliers can give the larger and sometimes more disorganised companies a run for their money.”

JOURNAL : Farmers Weekly

Fine weather has made for a good start to ***agricultural*** shows across the country, with some reporting record visitor numbers.

Glorious sunshine and the optimism surrounding the royal wedding helped attract more than 90,000 visitors over three days to the Devon County Show, making it one of the most successful for many ***years***.

This week it’s the turn of the Royal Bath & West Show, which is expected to attract 155,000 visitors over three days (30 May to 2 June).

The event, near Shepton Mallet, is England’s biggest celebration of ***agriculture*** and rural life.

See also: Balmoral Show 2018 – highlights and photos

Country and ***agricultural*** shows are drawing in wider audiences, with people from towns and cities connecting more with the countryside.

The NFU has been working hard to promote the industry with the wider public and children.

The annual Linking Environment and Farming Open Farm Sunday event and television shows, such as Countryfile and Lambing Live, are helping provide an insight into rural life and the world of ***agriculture***.

But are ***agricultural*** shows still attractive for real farmers? Have your say in our poll.

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JOURNAL : Farmers Weekly

Young farmers have overwhelmingly indicated they have somebody they can speak to if they have a problem at work.

Farmers Weekly polled 100 YFC members, 83% of whom said they had somebody to share thoughts with if they had an issue, with 10% indicating that this was only the case sometimes.

See also: Read our full coverage of the NFYFC Annual Convention

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"There's always somebody to talk to in farming. This is especially the case with Young Farmers," said Jonathan Melhuish from Liskeard YFC.

"Everybody is friends in their clubs and in your groups everyone goes out on a Monday and has a yarn at the end of the night."

Mental health issues are coming to the fore in farming at the moment, especially for men, said Colin Poore, Hampshire YFC.

"A lot is being done to improve awareness and increase support for each other," he added.

The mental health of the nation’s food producers and the isolation of farming has been highlighted in recent months after increases in mental health issues in ***agriculture*** have made national headlines.

JOURNAL : Farmers Weekly

A new, mandatory sheep carcass classification system is being proposed by Defra, which will run on similar lines to the grid systems that have existed for cattle and pigs for many ***years***.

According to a consultation launched on Wednesday (30 May), qualified assessors working in abattoirs will use a standard grid to classify sheep and so determine how much a producer should be paid.

See also: 5 sheep crushes on test: Which handles best?

Defra farm minister George Eustice described the idea as “an important step in improving fairness for sheep farmers and ensuring they get a fair deal for their excellent produce”.

According to the consultation, there are two options – to either adopt the Europ grid system already established by the EU or, post Brexit, develop a bespoke system for England to take account of future market opportunities and needs.

“If we implement a bespoke system, we would consult again on the specifics of the system before imposing mandatory sheep carcass classification,” says the report.

Productivity

According to the consultation, greater transparency will lead to productivity improvements, as producers will better understand the classification of their animals and make the necessary adjustments.

There are about 151 abattoirs registered to slaughter sheep in England, though just 34 account for more than 90% of all throughput.

A number of these already operate voluntary carcass classification systems.

The plan is to exempt smaller abattoirs – those handling less than 1,000 sheep a week – from the requirement to operate a classification system.

Commercial abattoirs taking part would be obliged to report deadweight prices back weekly to the AHDB, which would publish the aggregated information.

The government is also considering requiring them to publish other charges, such as the cost of cleaning animals, classification charges and insurance.

Reaction

The National Sheep Association (NSA) says it welcomes the consultation. “Having a mandatory system is the only way to get everyone to act,” said NSA chief executive Phil Stocker.

“It will hopefully put an end to things like rounding down of weights or random shifts in carcass grades.”

Exempting some smaller abattoirs also made sense. “The small abattoir sector is under severe pressure, so we don’t want to add to their costs. Besides, they have a very different relationship with their suppliers.”

Livestock Auctioneers Association executive secretary Chris Dodds also supported the principle of greater transparency, adding the sheep carcass classifications should be sent back to marts, who could then feed it on to farmers.

Norman Bagley of the Association of Independent Meat Suppliers said developing a “bespoke” system for England, post Brexit, could be useful if it involved building in additional criteria, such as “eating quality” to help differentiate UK lamb from cheaper imports.

JOURNAL : Farmers Weekly

Sheep flocks with abortion rates higher than 2% can have ewes tested for two key loss-causing pathogens under a subsidised diagnostic scheme.

Toxoplasmosis and enzootic abortion account for about two-thirds of all diagnosed abortions, according to MSD Animal Health, which has subsidised the Expertis FlockCheck testing scheme for more than 10 ***years***.

The company explained that when abortion rates climbed above 2% it suggested an infectious cause and should be investigated.

See also: Only half of farmers store vaccines correctly, survey finds

The subsidised scheme, open to sheep farmers nationwide, is available through vets until 31 July. It requires vets to take blood samples from six to eight aborted, unvaccinated ewes.

Test results

MSD Animal Health veterinary adviser Stephanie Small said test results from 2017 revealed that more than 80% of ewes which aborted had been exposed to toxoplasmosis while almost three-quarters indicated enzootic abortion and two-thirds tested positive for both diseases.

“Aggregated data from the 2017 FlockCheck scheme highlighted that 81% of flocks tested showed evidence of exposure to the parasite Toxoplasma gondii, which causes toxoplasmosis,” Ms Small explained.

If either toxoplasmosis or enzootic abortion has been diagnosed in a flock, vaccination is the most effective way to help protect against these diseases for future ***years*** Stephanie Small, MSD Animal Health

“The data also showed that approximately three-quarters of flocks had been exposed to Chlamydophila abortus bacteria, the organism causing enzootic abortion,” Ms Small said.

“If either toxoplasmosis or enzootic abortion has been diagnosed in a flock, vaccination is the most effective way to help protect against these diseases for future ***years***,” she added.

Breeding females can be vaccinated against toxoplasmosis between four months and four weeks before tupping and are then protected for at least two lambing seasons.

Vaccines for enzootic abortion can protect the ewe for  at least three ***years*** and all breeding females should be vaccinated any time between four months and three weeks before tupping, Ms Small advised.

JOURNAL : Farmers Weekly

A farmhand has been handed a suspended prison sentence for illegally driving a tractor while over the limit.

Owen Collinson took a McCormick tractor from his grandfather’s farm, in Carlin How, North Yorkshire, where he lived and worked, and went on a drunken joy ride.

Teesside Magistrates’ Court heard how the 19-***year***-old was pursued by police at about 11pm on 19 April following reports of two young men drink-driving in the Skelton area of North Yorkshire.

See also: Tractors on the roads – rights, wrongs, rules and regulations

Mr Collinson, who was already banned from driving, was pursued by police at 25mph. After a five-mile chase, officers eventually caught up with him at the junction of Marske Road and the A174 road.

He fled the tractor on foot but was chased by officers who caught up with him on the Coast Road at Redcar.

Mr Collinson was arrested at the scene and charged with drink-driving, driving while disqualified, driving with no insurance and failing to stop for police. He later pleaded guilty to all four charges in court.

Over the limit

When he was breathalysed, his reading was 50 microgrammes of alcohol in 100 millilitres of breath – the legal limit is 35.

The court was told he had been drinking vodka and cans of beer before deciding to take a friend for a ride in the tractor.

Mr Collinson, of Brotton Road, Carlin How, was sentenced to eight weeks in prison, suspended for 12 months. He was banned from driving for 14 months and given a 20-day rehabilitation activity requirement. He was also ordered to pay £200 costs.

A 30-***year***-old man who was arrested at the scene was released without charge.

JOURNAL : Farmers Weekly

Young farmers in Wales hoping to benefit from a scheme offering a start-up grant of £40,000 have a fortnight left to express their interest.

The Young People into ***Agriculture*** scheme will support 150 young farmers looking to establish a new business in their own right or develop a fledgling one.

The aim is to support the next generation of farmers, focusing on those who have the skills and potential to drive change in the wider industry.

See also: Four young farmers on setting up successful dairy joint ventures

Expressions of Interest (EOIs) are being sought from “high achieving” young farmers who were under the age of 40 on 1 April 2018 and were setting up as head of the holding for the first time.

Successful applicants will have to demonstrate they have the potential to lead dynamic new businesses or deliver change in an existing business.

Their businesses must either have been set up in the 12 months before 1 April 2018 or be established by 1 September 2018.

Working capital

The £40,000 funding will be paid in three instalments up until 31 March 2020, if applicants can prove they have successfully delivered on an agreed set of Key Performance Indicators (KPIs).

The money is working capital and so can be used to pay for the running costs of the business, or to facilitate the purchase of land, machinery or other equipment.

Application criteria

The EOI paperwork will be scored and ranked in order until a list of 150 potential candidates has been reached.

Only these applicants will be invited to the second stage of the application process, which will involve submitting a business plan and a schedule of KPIs on which applicants feel their performance should be measured.

The government has published a scoring matrix which shows how the EOIs will be marked.

It shows that extra points will be awarded to applicants operating on tenanted land with a degree-level education.

Horticulture and dairy businesses will also score higher than beef, cereals, pig, poultry or sheep enterprises (the score for sheep being the lowest).

Applications will also be assessed on the business plan supplied with them – with a Farming Connect business plan securing a higher score than other forms of business plan.

Expressions of interest must be submitted by 12 June.

JOURNAL : Farmers Weekly

Tributes have been paid to a young trainee mechanic killed in an accident involving a tractor.

Neil Graham, died after the accident at a farm in County Fermanagh on Tuesday (22 May).

Emergency services were sent to Boho Road in Springfield, Enniskillen following a 999 call at 2.39pm. An air ambulance was also dispatched.

See also: Certification and staff training – all you need to know

Paramedics treated Mr Graham for his injuries, but they could not save him and he was pronounced dead at the scene.

The 17-***year***-old had been a studying as a trainee mechanic at Portora Royal School, in Enniskillen.

‘He loved the outdoors’

Paying tribute, Mark Ovens told the Belfast Telegraph his cousin was a “typical Fermanagh young farm hand” who loved his home of Garrison.

“He was brilliant, really witty and very popular. Everyone thought the world of him,” Mr Ovens said.

He said the teenager was a “typical mischievous 17-***year***-old” who owned a pet goat and pet chickens.

“He loved where he lived, he loved the outdoors and he loved getting his hands dirty,” he added.

“He was a typical Fermanagh young farmhand who worked on the family farm. He and his father Eddie were very close. Neil was the youngest of four children.”

‘In our prayers’

DUP leader and Fermanagh and South Tyrone Member of the Legislative Assembly Arlene Foster sent her condolences to the family.

“This is immensely sad news for the Garrison community. This was a well-known, young man with his life in front of him who had died in very tragic circumstances,” said Mrs Foster.

“Our thoughts turn to Neil’s family who are mourning the loss of their son.

“They will feel the pain of his loss most acutely and they are very much in our prayers in the days and weeks ahead. Garrison is a close-knit area and I have no doubt the community will give help and support to the family as they grieve Neil’s loss.”

The Health and Safety Executive in Northern Ireland is investigating the circumstances surrounding Mr Graham’s death.

Mr Graham is survived by his parents Edward and Joy, his brother Jonathan and his sisters Cherith and Rebecca. His funeral will take place on Friday (25 May) at Garrison Parish Church followed by burial in the adjoining graveyard.

JOURNAL : Farmers Weekly

Two red Massey Ferguson tractors worth about £70,000 in total have been stolen from a farm in West Lothian.

Police Scotland is appealing for witnesses following the high-value theft of ***agricultural*** equipment in West Calder.

The incident happened sometime between 9pm on Monday 22 May and 7am on Tuesday 23 May at Longford Farm.

See also: Farmers’ top tips to fight rural crime

Thieves entered a shed on the farm and stole two Massey Ferguson tractors. The first is a red 5470 model with registration number SF57 HJZ and chassis number S074034. It was fitted with pallet forks.

The second is a red 6460 model with registration number KO06 SDY and chassis number R200008. It was fitted with a red Kverneland topper at the rear.

PC Louise McReight, investigating, said: “The value of the stolen tractors is about £70,000 and we are pursuing a number of lines of inquiry to trace the vehicles and identify those responsible for their theft.

“Stealing two tractors would require a large truck and so anyone who remembers seeing such a vehicle around Longford Farm on Monday evening or Tuesday morning, or who witnessed any other suspicious activity in the area, should contact police immediately."

Anyone with information is urged to contact Police Scotland on 101 and quote incident number 1159 of 23 May, or Crimestoppers anonymously on 0800 555 111

Four balers stolen in north Somerset

Police in north Somerset are investigating the theft of four balers from farm buildings in Hewish.

The equipment, which is used to compress crops into bales, is worth an estimated £2,000.

Avon and Somerset Constabulary officer Katy Drabble, investigating, said: “We’d really like to prevent any more farmers being targeted, so please secure baler equipment where possible – particularly access to the knotter part of the machinery.

“We can offer a free marking system and also advise on security measures landowners can take.

“If you have any information on these thefts, or the whereabouts of this machinery, please call 101 quoting reference 5218104714. Or, if you’d like to remain anonymous, call Crimestoppers on 0800 555111.”

The police run a Farm Watch scheme. For further details, email [*ruralcrimeteam@avonandsomerset.police.uk*](mailto:ruralcrimeteam@avonandsomerset.police.uk)

JOURNAL : Farmers Weekly

Thousands of Young Farmers have landed in Blackpool for this ***year***’s National Federation of Young Farmers’ Clubs' (NFYFC) Annual Convention, raising more than £900 for charity as they arrived.

The club members showed their amazing generosity by donating hundreds of pounds for The Farming Community Network (FCN), as the 2018 extravaganza got under way.

NFYFC members dug deep to raise a grand total of £918.28 in just under an hour, as young farmers arrived in their droves at the Las Vegas of the North West for a well-deserved blowout.

See also: More coverage of the NFYFC Annual Convention

Convention-goers were asked to make a donation to FCN in exchange for one of 1,000 T-shirts on offer at the Farmers Weekly stand during registration on Friday afternoon (4 May).

All of the cash raised will go to the charity, which helps more than 6,000 farmers a ***year*** with its 24-hour hotline, providing assistance with farming, business, personal and mental health issues.

To contact FCN, call 03000 111 999 or email [*chris@fcn.org.uk*](mailto:chris@fcn.org.uk)

JOURNAL : Farmers Weekly

Our latest What’s in your Shed? heads to Cheshire to visit mixed farmer Graham Lowe.

The families’ workload load includes a herd of beef cattle along with arable cropping and baling, as well as a farm shop and equine business.

We find out why he is so loyal to the New Holland brand and still runs a brace of older TM models on the frontline

How did you get started?

My dad moved here in 1958 when the farm was just 12ha.

He opened a simple farm shop a couple of ***years*** later and we have gradually built up the business from there.

Now we are farming a total of about 200ha, roughly half of which is rented, and we grow 40 types of vegetable to sell through the shop.

The shop itself was rebuilt and extended in 2015 and we are planning to add a café next.

See also: What's in Your Shed? visits an Irish grassland contractor

How brand loyal are you?

We have been very brand loyal over the ***years***, as we have two superb local dealers that we like to work with. One is Malpas Tractors, which is why we have a fleet of New Hollands, and the other is John Bownes.

Most of my other machinery comes from him and I also have quite a few classics that he sourced for me.

Business facts: DJ Lowe and Partners, Shanty Farm, Byley, Cheshire

Farming: 200ha mixed farm

250 head of beef cattle

65ha of cereals including wheat, barley and oats

10ha potatoes

40 different types of vegetable sold through the farm shop

Contracting: Baling, wrapping, silage

Other: Farm shop and equine feed business

Staff: Graham, Tracy, Tom and Sam Lowe, plus two full-time in shop and six to 10 part-time staff

I have also had some classic Fords from John Tomkinson at Market Drayton, and Ellis Machinery at Gaydon, Warwickshire, is good to deal with – its machinery is always immaculate and the service is excellent.

Favourite piece of kit?

Our Kuhn Primor straw chopper. When we got it 11 ***years*** ago it massively reduced our straw use. We’ve only had to replace one set of blades in that time and it still looks as good as new.

Least favourite?

We had a Bomford Falcon Evo hedgecutter that we just couldn’t get on with. It was a high-spec machine with variable forward reach, but we found it very hard to control and almost impossible to keep the top of the hedge flat. We replaced it with a simpler Kuhn Pro-longer that we’ve been really happy with.

In the shed

Tractors: New Holland T7.235, T7.200, T6.180x 2, TM155, TM140 and 8260, Ford 3910, 4610 and 3600, Valtra A73

Balers: New Holland Combi 125 round baler/wrapper, BB950 big square baler and BC5070 conventional baler, Kuhn Intelliwrap bale wrapper, McHale mini bale wrapper

Grass kit: Kuhn front and rear mower, Krone six-rotor tedder, Kuhn twin-rotor rake

Cultivation kit: Kverneland EG85 five-furrow vari-width plough, Heva 3m Combilift, Amazone 3m power harrow, Standen 3m rotavator, Dalbo 6.3m Cambridge rolls

Drill: Kuhn Integra 3m combi drill

Trailers: Richard Western SF11 and  SF12 silage trailers, Weeks 8t and 10t grain trailers, West 8t and 10t grain trailers, AW cattle trailer, 21ft Marshall bale trailer x 2, 25ft Predator bale trailer

Telehandler: JCB 526S

Veg kit: Grimme DL15 and row over potato harvesters, Standen bedformer and destoner, Reekie potato planter, assorted small-scale veg equipment

Other: Kuhn Primor straw chopper, Bunning Lowlander 90 muck spreader, JCB 3CX excavator

What’s your latest purchase?

We have just taken delivery of an ex-demonstrator New Holland T6.180 that’s on about 200 hours.

It’s the newer shape machine and is so much more comfortable than the T6.175 we had before. We have only done a few hours in it, but so far it looks like a good purchase.

Best tractor you’ve had?

We used to have a K-reg Ford 7840 with retrofit turbo that was fantastic. We had it for 10 ***years*** and it easily coped with our Reco Mengele SH40 forager, which was fairly power hungry.

The tractor was supposedly running at 125hp, but we think it was putting out a fair bit more than that.

The only spare part it had other than oil and filters was the fan belt. It got traded in for a TM135 when it was on 7,840 hours, but I wish we had kept it, really.

Our current T7.235 Power Command comes a close second. It has more than enough power for what we need and it’s very smooth.

Worst tractor you’ve had?

The worst was a New Holland T5 with a loader. The tractor itself wasn’t too bad, but the mounting brackets for the loader were too far forward, meaning it was incredibly front heavy.

After 12 months we got fed up with how light it was at the rear end and moved it on. Shortly after that I think New Holland changed the brackets on them, so later or modified models might have been fine.

How long do you keep your machines?

We tend to keep our frontline tractors for three ***years*** and, because we only do about 500 hours a ***year***, they’re still under warranty when we come to sell them.

To make sure we get the best trade-in prices, we look after them as best we can and they get treated to a full valet every season. It only costs £35 a tractor and it gets them looking like new.

Our older New Holland tractors get the same treatment, but we have no plans to change these.

The rest of our kit is changed when it’s worn out or we fancy a change. We are fastidious about looking after it all and everything gets stored under cover.

Biggest machinery bargain?

Our best buy has to be our New Holland 125 Combi baler. It was a demonstrator model that had done 700 bales and we were offered it for £20,000 less than the new price.

It’s very easy to use and so much quicker than running a separate baler and wrapper. We also like the fact that it drops the wrapped bale on to a mat, reducing the chance of wrap getting punctured.

A lot of our haylage is sold to horse owners, so it’s important we keep the quality high. For that reason we also put eight layers of wrap on each bale. Speed is pretty decent too, with it comfortably popping out 40 bales an hour.

Oldest machine still at work?

We are still using an old 1950s Robot potato planter that my dad bought. It’s very simple with a land wheel and chain to turn the planting cups, but it does everything we need.

What’s next on your wish list?

We’re looking to get an 80x70 square baler. At the moment we’re doing round, conventional square and 120x70s, but we think there is good demand for that interim size.

They are also good for the equine market as they’re just about small enough to handle manually. All our current balers are New Hollands, and this one probably will be too.

Biggest machinery mistake?

I was cutting a neighbour’s hedges, which I’d done for ***years***, when I ran over the valve on a new underground gas tank they’d had installed.

It caused the tank to leak and the emergency services shut the road for 24 hours while it was sorted. My insurance company also had to provide a new tank.

Biggest repair bill?

We were landed with a £6,000 bill on our New Holland BB950 baler when one of the needles pushed something tough (we’re not sure what) into the knotter and smashed it. Malpas Tractors did the repairs for us and thankfully our insurance covered the fee.

Best invention?

It’s very simple, but we made an inter-row side-hoe weeder out of an old ridger. It works well, cost us nothing and was quick to put together.

What’s your everyday transport?

I have one of the last twin-cab Land Rover Defender pickups. I used to buy them with discount vouchers from the NFU and change them every three ***years***, but obviously that has had to stop now.

I sold the last one to the tuning house Kahn Design, which was planning to bling it up, and it only cost me £3,000 to change. This latest model is on 16,000 miles so far and I’ll be hanging on to it.

Do you have any classics?

I have quite a few that I’ve picked up over the ***years***, most of which are Fords and David Browns. A few of them still get used on our vegetable ground, but most are stored. They are all run up at least once a ***year*** though.

JOURNAL : Farmers Weekly

Failing to create official contracts for family members that detail the terms and conditions of employment could lead to legal problems, succession planning issues, and even the break-up of families, a legal expert has warned.

Although there has often been relaxed agreement among family members, with discretionary ***payments*** the norm until a partnership agreement is put in place, this approach could land employers in hot water, says Lindsey Knowles, employment solicitor and partner at Kirwans law firm.

She is warning parents that when it comes to employing family – even children who they are planning to bring in as partner  – they have to assume the role of employer.

See also: Business Clinic: How can I recruit good farm staff?

The fine print

Depending on the employee's age, working time restrictions may need to be in place

Be aware of the various types of contracts you could offer and pick the most suitable

If an employed child is over 16 and earns more than the National Insurance contributions primary threshold, the employer will have to pay these on their behalf

Employers must be able to provide evidence that the money has actually been paid to their child or relative

Relatives are entitled to the same rights as non-family staff members, including a clear role and job description, performance expectations, appraisal schemes, hours of working and overtime arrangements

As an employee, a family member will also have the same legal rights as other employees, meaning they could bring claims for discrimination or unfair dismissal

That means following the law on pensions, minimum wages and working conditions for employees.

Self-employed farmers who live and work with relatives helping on the farm as part of their family chores don’t need to worry about contracts or the minimum wage for as long as that situation remains in place.

The difficulty comes when the arrangement veers from a straightforward set-up.

For example, if the adult child has moved out of home yet is still working on the farm, or if the farm has evolved into a limited company status, then an employment contract has to be drawn up.

Ms Knowles recommends having a solicitor either create, or at the very least look over, new contracts to ensure that any newly employed family member is treated in exactly the same way as other non-family employees, as there could be trouble ahead for those who fail to do so.

Each employee, including family members, has to be hired to do actual work on at least the national minimum wage, or the ***agricultural*** minimum wage if it states that in their contract and it started prior to 1 October 2013, or – in Wales – the Welsh ***agricultural*** minimum wage if it is higher than the national minimum wage.

There must also be evidence that this work is taking place and the wage must be realistic; HMRC may question a £50/hour rate for picking fruit.

Farmers also need to check whether the employee requires a workplace pension scheme, and ensure that employers’ liability insurance is in place.

Other staff members

Talk to staff in advance about the new appointment to reassure them of minimal change

Consider introducing performance-related pay if this is not in place to reduce concerns of preferential treatment for your relative

Ensure your offspring or family member is not treated differently from current members of staff in terms of working conditions, promotions, wages or respect

Encourage open communication to avoid any build-up of resentment

JOURNAL : Farmers Weekly

With rising incidence of fusarium ear blight and changes to mycotoxin legal limits on the horizon, experts are advising wheat growers to adopt a more water-tight, integrated approach to minimising the problems in future seasons.

Fera started recording incidence of Fusarium ear blight symptoms in 1991 and since that point, there have been three seasons of severe infection: in 1998, 2007 and 2012 (see graph 1).

While there have been fluctuations after each disease explosion, levels have never returned to pre-epidemic heights and each has represented a step change in risk to the yield and quality of UK wheat crops.

See also: Angled sprayer nozzles give best wheat ear disease control

Of the Fusarium species, F culmorum has historically dominated UK populations, but over the past dozen ***years***, F graminearum has come to the fore (see graph 2) and, worryingly, it is the most significant mycotoxin producer.

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In addition, unlike F culmorum which is spread locally by rain splash, F graminearum completes its sexual phase on crop debris and produces air-borne spores capable of travelling greater distances.

Risk factors

The rising occurrence of ear disease and the shift to a more dominant mycotoxin-producing F graminearum began in the South-West and moved across the south coast and up the eastern seaboard to the East Midlands, around the Wash.

According to Harper Adams University expert Simon Edwards, a combination of factors is at play, with increasing maize production and a slight rise in temperatures favouring its proliferation.

In hotspots such as the East Midlands, although maize is now grown more widely, an increase in reduced or zero tillage establishment methods in an intensive cereal-growing area is also contributing.

The combination seems to be creating a perfect storm, which, given the right conditions for F graminearum – wet and warm at anthesis – could result in levels of disease, mycotoxin infection and unsaleable grain not seen before.

The mycotoxins produced by F culmorum and F graminearum include deoxynivalenol (DON) and nivalenol (NIV). Both produce zearalenone (ZON) later in a delayed harvest.

Looking ahead, Prof Edwards says it was recently confirmed at the European Commission’s Mycotoxin Forum that the permitted threshold in grains for human consumption looks set to change.

So, with increased fusarium risk and potentially less wriggle room on mycotoxin limits in the future, what should growers consider for countering the threat?

Fera expert Phil Jennings says three key factors influence the occurrence of fusarium and subsequent mycotoxins, including the region where a farm is located, the season and agronomic practices.

Tillage choices

The first two factors growers can do little about, but agronomic practices can be tweaked to minimise risk, such as not overloading rotations with maize and re-evaluating tillage practices.

While reduced or no-till is now considered a key component in improving soil health, there may be a trade-off in exposing crops to increased F graminearum risk – something seen in North America where it is a devastating problem for wheat in no-till maize rotations.

With spore-producing perithecia resting on infected crop debris, release of wind-borne ascopores readily infect surrounding wheat crops, so burying residue can help reduce inoculum build up.

“Growers should also be looking to apply appropriate fungicides at the right time during flowering,” Dr Jennings says.

Harvest management

Prof Edwards says another area that can be reviewed is harvest management, with any delays in getting wheat crops cut risking the build-up of DON and ZON, not to mention the loss of quality characteristics such as Hagberg falling numbers and specific weight.

He urges growers to look at combine capacity, with larger and more efficient machines capable of taking advantage of any small windows during a catchy harvest helping to minimise mycotoxin development.

“Also make sure the combine is well maintained and you have a good access to parts and service to minimise any downtime,” he says.

Along with reliable, high-output combining, boosting grain storage and drying capacity will also aid growers in the quest to minimise mycotoxin levels and rejected grain.

“Plan to cut a proportion of the crop even if a few percent need to be knocked off the moisture content with the dryer, and prioritise milling wheats. It is a huge gamble leaving it out in the field,” adds Prof Edwards.

Future innovation to help battle fusarium and mycotoxins

1. One-stop decision support stop

The Europe-wide MyToolbox project is aiming to provide growers with a one-stop shop for decision making and advice to reduce mycotoxin levels in cereal crops.

Harper Adams University’s Simon Edwards has been involved in the project, which has been evaluating models used in several European countries, where farmers enter local data and are provided with a mycotoxin risk assessment.

This can then be used to influence decisions pre- and post-harvest, such as fungicide inputs, harvest scheduling and storage.

Currently, an Italian model is being tested with Dutch data and vice versa to establish accuracy in differing conditions. Data from the UK will also be fed into the two models to establish suitability.

It is hoped that an online tool will be launched in 2020 across Europe, which will include wide ranging information on the control of fusarium ear blight and mycotoxins.

2. Spore trapping for accurate fusarium control

Scientists at Rothamsted Research are investigating the use of automated spore traps to enable more targeted and accurate fungicide applications, working with industry partners on Innovate UK and AHDB-funded projects

Produced by Rickmansworth-based Burkard Manufacturing Co, the spore traps process about 300 litres of air each minute. They can then identify which pathogens are in the “soup” and sends a text message to a website, allowing the farmer or agronomist to be alerted to the disease threat.

While much of the work so far has focused on potato blight, sugar beet diseases and other cereal and oilseed rape threats, Rothamsted’s Jon West says it could also be useful in quantifying fusarium risk as wheat crops reach flowering.

Some initial investigations have been carried out in conjunction with AHDB and ADAS, but only at the low fusarium risk site at Rothamsted, so Prof West would like more funding to broaden his research into hotspots such as the South West and around the Wash.

“This is a new type of precision ***agriculture***. It’s not only about knowing which fungicide to use, but also when to apply it and only when it’s absolutely necessary,” he explains.

3. Better varietal resistance in the pipeline

It is widely accepted that wheat varieties in the UK are more susceptible to ear blight than those in other parts of the world, but that may be about to change as researchers seek novel sources of resistance.

UK breeders haven’t needed to focus on Fusarium resistance, as it hasn’t been a problem until the recent hike in maize area and F graminearum becoming the dominant species.

In response to a growing concern, Paul Nicholson at the John Innes Centre in Norwich is leading a project which aims to address the weakness of UK wheats by introducing resistant traits.

He says there are three options for doing so, with the first bringing in genetic markers for “exotic” resistance traits from China, something that has been done with some success in North American breeding ***programmes***.

The second aspect of the research is looking at wild relatives that can be crossed into elite wheats in the hope that the progeny will inherit an ability to resist Fusarium.

The third is investigating the possibility of knocking out “susceptibility factors”. It is thought that Fusarium fungi disrupt the plant’s signalling pathways for growth and defence, so it can infect without any resistance.

If the “susceptibility” gene can be removed or disabled without interfering with other valuable traits, it could produce much more robust wheats.

“We hope to see a dramatic improvement in varietal resistance within 10 ***years***,” adds Dr Nicholson.

In addition, he points out that AHDB is revising the way it scores resistance to ear blight in Recommended List trials, which will help better tease out subtle differences between current varieties.

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East Anglian Daily Times

November 23, 2018 Friday

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**Section:** ROP

**Length:** 3499 words

**Byline:** Claire Walker

**Body**

Stanningfield

Stanningfield & District ***Agricultural*** Club: On Tuesday, November 6 members enjoyed the company of Reverend David Atkins and his wife who described their life in Christian Ministry reflecting upon some of the lighter moments in a long career.

David, now retired, although this does not seem to happen for vicars as he is often called upon to carry out duties which may not be part of the regular Sunday services. David talked about the areas of work he has been involved with under the headings of Hatched, Matched and Dispatched. These duties are a major part in our Christian society not necessarily always carried out with proper decorum and for David have given him great pleasure in officiating.

Under the heading of "Hatch" David was able to recall his work in the premature baby unit of a large hospital. Here he was asked to christen new life as a welcome to our faith. However, this was very early in his ministry and felt that to him this was a baptism of fire. After this early start he has christened many in various circumstances. So many that at one stage he had a portable font which folded and put in the boot of his car made him able to carry out his duties in greater numbers. During the war he recalls using a font outside the church. War had damaged the church but the font survived and was some time before being replaced in the restored building.

The "Match" part of his work gave many happy memories. The pageantry of the event of marriage was prone to humorous interludes including waiting for late arrivals, loss of the wedding rings and fainting participants. Nevertheless it is not often realised that the presiding vicar is a legal registrar. Two systems of marriage occur in church, one in which the banns of marriage are called in church previous to the event and the other not requiring banns but calls for the legal aspects to be carried out.

Sad thought the "Dispatch" part of a vicars work is that there are also many pitfalls to be overcome. This includes David's fall into a grave on top of the coffin which influenced the decorum of the event. Many churches have favoured grave diggers and special arrangements of graves with instructions on the style of gravestone and colouring etc often providing minor problems for the presiding vicar. David and his wife described a charitable event that they have set up in Fiji by establishing a facility for a disadvantaged children's school.

The club was pleased to make a useful donation to this cause as a token of thanks for the evening's pleasure given by David on these often serious topics but with a light and humorous approach. In giving a vote of thanks, John Chaplin expressed the view that this humorous and very friendly evening was much enjoyed by the members and this was confirmed with a loud and warm burst of applause.

Lavenham

Natural History Group: After opening the November 3 meeting Robin Ford Introduced the speaker Debs Crawford who spoke on the Suffolk Wildlife Trust's Redgrave and Lopham Fen Reserve, about 400 acres in the Waveney valley, of which she is one of the wardens.

She is clearly passionate about her job, saying that every day is more like a holiday than real work. The reserve is what is known as a valley fen, a very rare habitat where the natural water comes from springs which rise up from the chalk which underlies the thick layers of peat. This means that the site is a mixture of both acid and alkaline soils which allows a very large range of plant species to grow. In the 1800s much of the Waveney valley was valley fen, but with many areas of it being "improved" for ***agriculture***, only small remnants such as this reserve and Market Weston Fen further to the west survive.

This fenland was originally worked for peat digging and harvesting reed and sedge for thatching. This use died out around 1900. At this time and up to the 1950s the fen had a most diverse flora, till in1957 a borehole was sunk by the water authority. This was pumping out at the rate of 2,500 cubic metres of water daily. This caused the water table to drop considerably, which caused much of the fen to scrub over with sallow and alder.

To bring back the valley fen, the huge task of clearing all this scrub and even more drastically removing the top layers of the degraded peat topsoil to leave the undisturbed peat beneath was begun. This was in in 1992 and carried on for another 10 ***years***. A campaign was started to have the borehole turned off and having won the day, in 1999 this was ceremonially carried out by David Bellamy.

The most famous resident of the reserve is the very rare fen raft spider, which survived and still lives in isolated little ponds on the fen, which are carefully managed to maintain suitable conditions for these large arachnids, which can be almost as big as your hand. Exceptional dry conditions this ***year*** meant that some spiders had to be translocated to other water as one of the ponds was drying out. There are over 250 species of plant growing on the site including such rarities for Suffolk as bladderwort, butterwort and sundew. The ranker vegetation on the reserve is now being managed by grazing with Konic ponies and cattle, along with some areas that are mown. After mowing, much of the cut herbage has to be raked off. Much of this work is done by volunteers, which she praised highly, saying that over 1,000 working days are contributed each ***year*** in this manner.

It is great bird habitat, cuckoos are particularly plentiful and both marsh harrier and hobby have bred. Five barn owl nest boxes are on site and several broods have been raised. There is a good water vole population. Mink have been monitored and trapped in the past, but none have been caught in the last couple of ***years***. The worst alien invader on the reserve is an aquatic plant, the New Zealand pigmy weed. Almost impossible to get rid of, they concentrate more on containment and actually filled in one pond where it had been found.

Debs wound up the talk by adding a little about the Suffolk Wildlife Trust, apparently they now have 28,500 members, which is great for the wildlife of the county.

The next meeting of the group will be on Wednesday, December 5 at 7.30pm in the Guildhall. This will be the members evening. Several members will be giving short presentations on various wildlife subjects. You are reminded also to bring along a contribution to the food table. For details please tel. 01787 248128. Everyone welcome.

Kersey

Autumn Buffet: This was enjoyed by over 70 people from the village and the surrounding area. £823 was raised for village hall funds. Thanks go to all those who supported it in any way.

Poppies: Over the past few months 22 people aged from 12 to 92 have been involved with either knitting or crocheting poppies for St Mary's church. The display is stunning, fabulous, wonderful and well worth a visit are just some of the comments which have been made.

School: A school service of Remembrance was held in St Mary's church led by Revered Jackson. The children from Owls class had been busy researching about the two war graves which are in the churchyard, those of Stanley Mann and Frederick Spraggons. Some children read out what they had learnt about these two men and later laid handmade poppy wreaths on the graves. All the childrens work was on display for everyone to look at. A good number of people from the village and beyond (including members of the soldiers families) joined the children for the service.

Quiz: A quiz with fish and chip supper was held on November 9 and 12 teams took part. There was a tie for first place with two teams on 240 points. Due to the number of points scored in the music round Old and Bewildered were announced the winners of the trophy ahead of Your a quizard Harry. Famous Five were the winners of the wooden spoon. Prize for the best named team went to Old and Bewildered. All the money raised will go to the community playground.

Service: St Mary's Church was almost full for the service of Remembrance which was taken by Reverend Jackson Crompton Battersby. Owing to the tower repair work only a solitary bell was able to be rung to mark the beginning and end of the service. Names of the fallen were read by Jonathan Marsh and the wreath placed by Rachel Wells. David Anderson also took part. The collection taken will be given to help the work of the Royal British Legion.

Wickhambrook

Wickhambrook Remembers: The best thing about the events of November 11 in Wickhambrook was the way in which the whole day brought the village together to remember those who died in the First World War and celebrate the Armistice in 1918. This stemmed from an initiative by Kathryn and Alan Cordy and Mike Pettitt who were keen to honour this special anniversary and took the form of an exhibition in the WI Hall to coincide with the Act of Remembrance at the War Memorial in the village.

The hall itself was part of the exhibition as it is an Army hut from the period and it looked marvellous hung with bunting and flags and filled with every sort of memorabilia lent by the people of Wickhambrook and beyond, whose families had connections to the war. Photographs, medals, badges and letters brought the era to life and music on an authentic phonograph added greatly to the atmosphere. Poppies made by Michael, Alan and Kathryn and WI members were strung on hedges and gates and were woven through the grass of the cemetery, making it a poignant sight.

The showstopping moment was when Michael appeared in uniform and mounted on a splendid horse, flanked by the Pask brothers, also in uniform, looking every bit as young and vulnerable as those they represented.

The simple ceremony at the War Memorial led by the Methodist minister and followed by the laying of wreaths from village organisations was very moving, and it was wonderful to see youngsters taking part. All denominations as well as all age groups were represented. Medals were worn with pride and the sun shone.

There are so many people who were involved in making this a special day that it is impossible to name them all, but huge thanks to Kathryn, Alan and Michael for carrying their idea to such a great conclusion with help from friends and family; to the WI and History Society for all the tea and cake; Gillian, secretary of the History Society and WI for help sourcing funding and hiring uniforms; the parish council, borough council and county council for financial contributions and most of all the people of the village for their generosity in lending keepsakes. A day to remember in every way.

Langham

Road Closure: Greyhound Hill will be closed on November 23 due to road works with emergency access only.

Langham Film Nights: Is showing Mamma Mia! Here We Go Again (PG) on Saturday, November 30 at 7.45pm in the community centre. Doors open 7pm. Tickets for this supper cinema £16 including two-course Greek feast. Cash sales at the community shop or buy online using debit/credit card at [*www.langhamcommunitycentre.org.uk*](http://www.langhamcommunitycentre.org.uk).

Colchester

Grey Friars Guild: On Friday, November 23 Peter Jones makes a welcome return with his talk about Zeppelins. Meetings are held in the gym next to the Wilson Marriage Adult Centre, Barrack Street, CO1 2LR. Coffee/tea and biscuits are served from 10am followed by notices and the speaker. Visitors most welcome.

Friends of Colchester Museums: Eighty-two members and guests heard Mark Davies talk on "A Wealth of Cash", the story behind Colchester's coin hoards.

On July 6, 1902 a bank was being demolished on Colchester High Street when 10,926 silver coins were found in a lead container. In February 1969 a second coin hoard was found not far from the first - also, in a lead container. There were 14,065 silver coins of which 13,244 were English. In 2000 another container, made of Roman sheet lead, was found at 23 High Street but this time there was only one coin. It is possible these finds could be attributed to the Jewish community.

There have been other coin hoards found in and around Colchester. These include Gallo-Belgic E gold staters found in Essex from 58-51BCE. Colchester (South) hoard 2013 found in Birch. Little Bromley hoard 2005/6, coins of Addedomaros, one of the first to put a name on coins. A child's grave found in Creffield Road had 34 coins of Cauis and Claudius plus other artefacts. Fenwick hoard 2014. Casket found with a layer of silver, gold and jewellery and including coins going back to the second century BCE. Hyderabad Barracks in March 2011 - 1,247 antoninlant from the 9 Roman Emperor before AD271. East Mersea in the late 1980s, coins found in a farmer's field. Other's include Balkerne Gardens 1984; Oliver's Orchard hoard 1983 over 6,000 silver coins found in three pots; and Artillery Folley hoard 1964 when silver coins were found.

This was the last talk in the 2018 series. The 2019 series will start in April and full details will be available on the official website   [*www.tfocm.org.uk*](http://www.tfocm.org.uk).

Ipswich

Suffolk Family History Society: The Ipswich Group welcomed John Sutton who has done extensive work researching the story of Jane Lane, and her possible link with The Ancient House, Ipswich, for our October Meeting.

There have been stories over the ***years*** that Charles II, on the run from his armies defeat at The Civil War Battle of Worcestor, hid in the Ancient House - as well as another story that the Ancient House had a Priest Hole to hide Catholic priests.

John put these stories to rest. In his flight from The Battle of Worcestor Charles II never came anywhere near Ipswich, and those that owned the Ancient House at the period when a Catholic priest may have wanted to hide were Protestants.

However, John's very detailed talk was fascinating. Yes, Jane Lane was certainly very strongly linked to Charles II, as she and Roger Wentworth accompanied Charles II as he fled, in disguise, and with some adventures helped Charles II escape to France from the South Coast of England.

Then Jane Lane's story links to Ipswich and the Ancient House. After more adventures she and companion John Kemp walked to East Anglia, passed through Colchester, and probably stayed at the Wagon and Horses pub, owned by a member of the Lane family next to the building we now know as The Ancient House. After staying In Ipswich for a while they ended up in Great Yarmouth.

The Lane family in Ipswich would have known the Sparrow family owners of the Ancient House. John Sutton is convinced the Sparrows owned a couple of miniatures - one of Charles II , another of Jane Lane.

John is keen to find where the Sparrow family moved to after the house was sold in the 1960s to see if they still have these miniatures.

For more information see   [*www.suffolkfhs.org.uk*](http://www.suffolkfhs.org.uk) or tel. 01473 274300

Stowmarket

Stowmarket Chorale: On November 3, the Stowmarket Chorale (formed in 1901) performed their first concert "Hndel's Messiah" under recently appointed music director Tom Appleton. Although the choir has performed this piece before, Tom brought his own interpretation to this well-known music. The audience heard the choir sing For Unto Us a Child is Born and Hallelujah, amongst others, interspersed by solo pieces such as Ev'ry Valley and The Trumpet Shall Sound by the soprano and bass soloists. The choir was complemented by a string quartet and a trumpet player who took a prominent place in the pulpit. The fireworks display going on outside added some unexpected sound effects.

Under Tom's guidance the choir seems to have found a new energy and enthusiasm. Rehearsals are a lively affair, bringing the music 'off the page', which resulted in a moving concert. To their delight the choir received a standing ovation. Tom's hard work with the choir has obviously paid off.

The choir will next be performing at the Apex in Bury St Edmunds on December 1 for BBC Radio Suffolk, as part of Children in Need, where they'll be singing a selection from the Messiah and various carols.

For more information about the choir please email Mary Payne, choir's secretary - [*secretary@stowmarketchorale.org.uk*](mailto:secretary@stowmarketchorale.org.uk)

Bury St Edmunds

Suffolk Heraldry Society: It was appropriate that members of the society were entertained at the November meeting by a talk by Mr Martin Goldstraw, of the Cheshire Heraldry Society, entitled "The Gunpowder Plotters - Gentlemen All".

He began by explaining the background of the Gunpowder Plot (1605), planned by a number of Catholic gentry, bitterly disappointed by the failure of the new King, James I, to ease the harsh sanctions on the Catholics.

After outlining the main events of the plot, which was known to the authorities before the dramatic arrest of Guy Fawkes, in the cellars of the Houses of Parliament, Mr Goldstraw gave details of the lives, and deaths, of the plotters, together with illustrations of their coats of arms. Most came from the Midlands, but there was a local connection, in that Ambrose Rookwood, of Coldham Hall, near Bury St Edmunds, was one of the group. Incidentally, contrary to popular belief, the leader of the plotters was not Guy Fawkes, but Robert Catesby.

The final meeting of the ***year*** - the customary "Festive Session" - will take place at 2pm on Thursday, December 13 at the Friends Meeting House, St John's Street. For further information contact the Hon secretary, Mr Donald Hunt, on tel. 01284 763462, or visit   [*www.suffolkheraldry.org.uk*](http://www.suffolkheraldry.org.uk).

Weybread

An Act of Remembrance: This took place at St Andrew's Church on Sunday evening for Remembrance Sunday. The service was well attended with the Reverend Susan Loxton reading the names of those whose lives were lost in the First World War. A wreath was laid by Mr Gordon Tibbenham, and poppies placed on the memorial by members of the congregation.

Craft, Food & Local Produce Fair: This will be held on November 24 and 25 from 10am-4pm in St Andrew's Church and Weybread Hall Farm Barn, Church Road, IP21 5TR. Come and buy your Christmas gifts, stock up on local produce and order your Christmas poultry after tasting some turkey. Keep warm with the knitted items on sale.

Stalls include Alpaca wool and items, cakes, ***calendars***, Christmas ideas, home accessories, honey, jewellery, knitted gifts, organic veg and fruit, preserves, prints, stainless steel, turkey tasting, turned wood. In the barn homemade soup will be served, as well as cakes, tea, coffee and squash. Everyone is welcome to come and visit. The church will be decorated with greenery ready for Christmas. Matthew and Anna will be raising money for a World Challenge Expedition in July 2019 to Tanzania. The Weybread Ladies Club cake stall will be for club funds (Saturday) and Fressingfield Scout Group will be hoping to increase the New Headquarters fund (Sunday)with the cake stall. Free admission and parking.

Bacton

Garden Club: President Philip Jeffries opened the November AGM by saying that it did not seem two minutes since the last one. He then asked for a short silence to remember Marjorie Wilson, Keith Parsons and Allan Spreckley.

Chairman Diane Gladders said it may have been a blessing but she had forgotten to bring the chairman's report. However, she was still able to run through the past ***year***'s ***programme*** commenting favourably on each meeting and finished by saying that while a few new members would be nice, we are carrying on quite reasonably.

Philip thanked Diane for all her efforts and leadership saying how important organisations are to the village. On behalf of Bacton Fayre Committee, he thanked the members for their input into the Flower Show.

Treasurer Trish Lawrence said that we had enjoyed a better ***year*** financially which was mainly due to a profit being made on the outing to Kew. The subs will remain at £18. The election of officers then took place which was straightforward as everyone was willing to stand again.

Philip then presented the cups. The monthly competition cup was jointly won by John Gladders and Sandra Welham and the Rose Show Bowl was won by John Gladders. Menus for the Christmas Meal at Stoke White Horse were available and ***payment*** taken. The time is 7pm for 7.30pm on Tuesday, December 11 and draw prizes would be appreciated. Graham Jenner was thanked by Philip for creating the splendid village hall flower border.

Philip then introduced speaker Peter Green by saying he was no stranger to our club. Peter said it was his third visit and then ran a power point presentation set to mainly waltz music using lots of clever technical effects to merge one lovely floral picture into another. There was no commentary but onscreen titles told us which gardens we were visiting ranging from nearby Drinkstone Park to as far away as North Western Australia.

Philip gave the vote of thanks â ¨by admiring Peter's skill in capturing the images and said â ¨that it had been a relaxing way to end a busy day.

The monthly raffle was won by Maureen Chambers. Monthly competition winners: A Vase of Seed Heads - 1 Will Gray, 2 Trish Lawrence, 3 Julia Fowler. Photograph of a Garden Visited on one of our Outings - 1 Sandra Welham, 2 Diane Gladders, 3 Phillip Symonds.

**Load-Date:** November 23, 2018

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North Devon Journal

August 16, 2018 Thursday

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**Section:** AGENCY:OTHER; Pg. 46-47

**Length:** 9045 words

**Body**

Tea at Tapeley Park

Appledore RNLI are hosting Tea at Tapeley Park Instow on Saturday, August 18 from 2pm to 5pm. Entry by ticket, £8 adults, £1 children. Ticket includes cream tea and entry to Tapeley Park. Contact Pat on 01271 346560 or Sandy on 01271 861291.

Last night of the proms

Appledore Band "Last Night of the Proms Concert" will be held on Appledore Quay on Sunday, August 26, starting with the training band at 5pm followed by the senior band at 6pm. There will be all the favourites - Land of Hope and Glory, You'll Never Walk Alone, Fantasia of British Sea Songs. Come and sing and wave those flags. The event is very popular so come early to get a good view. If it should be wet it will be held in St Mary's Church.

Parish council

At the parish council meeting on July 19 there was one apology from Councillor Vaughan Lawson. Twelve members of the public attended. Also attending Devon County Councillor Mrs Caroline Chugg and North Devon District Councillor Mrs Andrea Davis.

One planning application for an extension at Heathers, Meadowside was considered and approved.

It was agreed not to have a parish council meeting in August unless a planning application was received which required attention.

Work is progress for a draft questionnaire and landowner's letter for Ashford residents in connection with the Neighbourhood Plan will be discussed by full council at the September meeting and approval to be sought to apply for a another grant to fund the ongoing expenses.

The next parish council meeting is arranged for Monday, September 3 at 7.30pm in the Church Hall, an earlier date than usual due to summer holidays.

Shirley Punt, 01271 343716, [*shirleypunt16@gmail.com*](mailto:shirleypunt16@gmail.com)

Events at Christ Church, Barnstaple

Friday 10am-11.30am Hob Nob - tea, coffee and light refreshments.

Sunday, August 19: 10.30am Family Service Revd Don Macalister; 6.30pm Communion Service Revd Bill Perry.

Friday, August 31: 7.30pm at Christ Church, Braunton. Circuit Service to welcome Revd Jonathan and Louise Froggatt

St Annes CafÃ©, The Strand

Fun days in August, every Thursday, 10am-4pm: Children's games and activities including craft tent, giant snakes and ladders, hoopla, tin can alley, giant Jenga and more. Charity stalls with hook a duck, tombola, traditional summer fete games, face painting with Sparkle & Co. August 16: Teddy bears' picnic, story telling, live music with Sam Dowden. August 23: "The Lost Mermaid" interactive theatre performance, live music all day with Sam Dowden, James Spencer, Maddie Jayne Warren and The Mazzards, and Barum Sea Shanty Folk Singers.

North Devon Palestine Solidarity Campaign

Monday, August 20 at 7pm. Mohammed Sabaaneh (Palestinian cartoonist) author of "White and Black" at Broomhill House Hotel. Doors open at 6.30pm, cost £7.

Children's Hospice South West

Summer raffle tickets: Tickets are now on sale for the 2018 summer raffle, at £1 each. Every ticket bought or sold will help them to make a difference to the children and families they support. Entry closes on Wednesday, September 5, and the draw takes place on Monday, September 17 at Little Bridge House. Tickets can be ordered online at [*www.chsw.org.uk*](http://www.chsw.org.uk)/ raffle.

Bubble Rush, Coxleigh Barton, near Barnstaple, Sunday, September 9: Run, jog or walk your way through 5km of colourful bubble stations where foam cannons will shower you in frothy bubbles, something for the children and big kids alike!

Bubble Rush is open to all ages, and with a circular route of 2.5km, participants with little legs can choose to just go around once, or twice for those wanting double the bubbles.

With face painting, bouncy castle, games and tombolas, it's more than just a fun run.

The earlier you sign up, the more money you could save on your entry fee; visit [*www.chsw*](http://www.chsw). org.uk/bubble for more details or telephone 01271 325270.

The New Inn Car Run, Sunday, September 2: Join in the car run, starting from The New Inn, Fremington, and finishing at Little Bridge House, raising money for Children's Hospice South West. Cars will be setting off from 10.30am, and there will be free tea and coffee available at the start, as well as bacon baps for sale.

Entry costs £15 per car and two people, and includes a rally plaque, route map and finishers' trophy. Please book your place in advance. For more details and an application form, please contact Diane Harrison on 01271 860914.

North Devon Road Runners

Meet at the Tarka Tennis Centre every Tuesday and Thursday at 7pm.

Jewson Barnstaple Marathon and Half Marathon

September 30. The marathon will leave at 9am and head down the north side of the river first; this means tackling the airbase at mile 7-9 before heading back to Barnstaple for the start of the second half which will visit Fremington and Yelland. The half marathon is the same as previously, and starts at 10am. It then heads through Barnstaple and onto the Tarka trail towards Fremington.

For the last three ***years***, this race has sold out, the organisers anticipate this happening this ***year*** too. Therefore if you want to run in either of the races, you will need to enter now!

Art for Leisure and Pleasure

Weekly meeting each Thursday at St John's Community Centre, Rose lane, Barnstaple. 1.30pm-4pm. New members welcome. Contact David on 07964 250436 for details.

The Plough@St Anne's Arts & Community Centre

To buy your tickets, phone the Box Office on 01805 624624 or book online.

August 14, 22 and 28 from 10am Noir Carnaval creative family workshop, includes: arts, crafts, stories, songs, and games.

August 15, 2pm, self-portrait workshop.

August 20, still life mosaics.

Peter Christie talk, "North Devon's Military Tribunals in the First World War". Wednesday, August 15 at 7.30pm. Not every man wanted to be conscripted in the First World War, and they had to justify themselves to these tribunals. This talk covers their cases plus the conscription versus voluntary arguments in this area.

Quaker Meetings

Sundays at 10.30am at Pilton Bluecoat School, Abbey Road. Contact details: 01271 344203 or [*www.swquakers.org.uk*](http://www.swquakers.org.uk).

Barnstaple Library

Opening hours: Monday 9am-6pm, Tuesday 9am-6pm, Wednesday 10am-6pm, Thursday 9am-6pm, Friday 9am-6pm, Saturday 9am-5pm.

South West Heritage Trust North Devon's Medieval Past - find out about the rich collection of medieval documents held at the North Devon Record Office with Tyler Pollard. Tuesday, August 21, 2-4pm. Booking required - £5 including a cream tea. Call 01271 318792.

Wow is North Devon's scrap store, based on the third floor of the library in Barnstaple. They have a shop selling great value art and craft materials starting at less than 50p which is open to the public and members. Opening hours: Tuesday 9.30am-12.30pm, Thursday 12pm-4pm and Friday 9.30am-1.30pm.

Golden Coast Big Band

Portmore Golf Park, Barnstaple, Sunday, September 16 at 8pm. Entry £3.

Barnstaple Macular Support Group

The group meets on the fourth Tuesday of each month at the Imperial Hotel at 10.15am. For further details contact Sue on 07723 701578.

Fremington Flower Show

Parish hall on Saturday, September 1 between 2pm and 4pm, entry 50p and children get in free. Details from Ray on 01271 371790.

Nicola Kennaugh, 01271 549248, [*nnkennaugh@yahoo.co.uk*](mailto:nnkennaugh@yahoo.co.uk)

Mobile Library

The mobile library from Devon County Libraries parks monthly on Tuesdays in Chichester Road (turning off Bishop's Tawton Road) and has a good selection of books to choose from as well as other services. Next date for this is Tuesday, September 4 from 2.15pm-3.15pm. This service is perfect for those unable to get to the main library in Barnstaple and they have said that if more people do not use it, it could be withdrawn. Visit [*www.devonlibraries.org.uk*](http://www.devonlibraries.org.uk)

SOUL SPACE

A weekly offering at St John the Baptist Church. The church will be open early morning every Monday to anyone who wants to "reflect and refresh" for the week ahead. The church will provide a peaceful and welcoming space between 7.30am and 9.30am.

SLIMMING WORLD

Classes in Newport at St John the Baptist Church Hall each Friday at 9.30am. Please note the 11.30am class is now finished. Contact Clare Mutch on 07951 738890 or just come to class.

MINI MUSIC

For babies and toddlers every Monday from 2pm-3pm (term time only) at St John the Baptist Church. Children and their parents/carers are most welcome.

COFFEE MORNING/CAKE CLUB

Every Wednesday from 10am-noon at St John the Baptist Church. Everyone is most welcome and this runs weekly throughout the ***year***.

KNIT & NATTER

At Newport Methodist Church every Wednesday from 2pm-4pm. If you enjoy knitting and nattering do join with us, plenty of both goes on!

HALL VACANCIES

At St John the Baptist Church Hall. We have two rooms to let, the main hall being suitable for larger events and the lower room for meetings. If interested, please contact volunteer hall manager Nicola Kennaugh on 01271 549248.

Scouts and leaders needed

1st North Devon Barnstaple Scout Group are seeking new leaders and new members, we meet at Trinity Church Hall, Barbican Road, Barnstaple. Beavers (6-8 ***years***) on Mondays 5.30pm-6.30pm, Cubs (8-10 ***years***) on Mondays 6.45pm-8.15pm, Scouts (10-14 ***years***) on Wednesdays 7.15pm-9.15pm. For more information, or to arrange a trial, contact Mark Etheridge on 07713 386588. Information about scouting in Barnstaple can be found on our website: [*www.barnstaplescouts.co.uk*](http://www.barnstaplescouts.co.uk)

Milk bottle tops

The Devon Air Ambulance collection of milk bottle tops are ongoing with a collection bowl located in the entrance of Newport Church Hall, South Street, Newport. Tony Dyer wishes to thank those who have contributed so far.

He would also like to thank those people who have dropped them off at the hall and encourage more to continue the same. He is also looking for stamps to donate. This is an ongoing request and the stamps are collected for church funds.

ROUNDSWELL COMMUNITY CENTRE

Adjacent to Sainsbury's, the centre is run as a charity (charity no. 1063837) and provides facilities for hire. These include a large main hall suitable for a larger event and a small room for meetings. It has a large modern kitchen available for use by hirers of either room. Ample car parking space is provided next to the centre. For further information call Helen, the booking secretary, on 07918 729201.

CHURCH SERVICE

Roundswell Church Sunday Service led by the Rev Dave Eadie at Roundswell Community Centre at 10am on Sunday, August 19. The preacher will be Nigel Manges and everyone of any denomination is welcome to attend this friendly family service.

Monday club

Roundswell Monday Club will hold its regular meeting at Roundswell Community Centre on Monday, August 20. The meeting starts at 2pm and takes the form of a games afternoon. Everyone is welcome to come and enjoy this fun afternoon. Refreshments are provided.

Cheryl Woollacott, Capitol Farm, Bishops Nympton, EX36 4PH, 01769 550435, [*cherylwoollacott@hotmail.com*](mailto:cherylwoollacott@hotmail.com)

Bish Nym Bash

Saturday, September 1. A family event beginning at 3pm. Live music, singing, dancing, table top sale, fire engine, bouncy castle, plus Captain Coconut Crews Icky Show. Also, craft tent, face painting, ice cream and sweetie stall and so much more. Evening entertainment and mini beer festival provided by the Community Club, with live music from Landspeeder from 9pm. To book your table top costing £5 or for more information, ring 07920 034808. Admission is £2 per adult, £1 per child between two and 14 ***years***, and under 2s are free.

Harvest and Flower Festival

"Remember and Rejoice", commemorating the end of the First World War, will take place over the weekend of September 15 and 16, open from 10am to 5pm, with various stalls and teas available. If you have anything of interest from the First World War to display in our exhibition, contact either Angela on 550793 or Cheryl 550435. Harvest service and supper will be in the church on Sunday, August 16 at 6.30pm. Details from Sally Cotton on 550645.

Norman and Gwen Rider, 01271 322109, [*gwen@riderfamily.co.uk*](mailto:gwen@riderfamily.co.uk)

CHURCH SERVICES

August 19: 11am Morning Praise. August 26: 11am Holy Communion. If you have any news or information for next month's Parish Bulletin please send to davelewis69@hotmail. com or ring 01271 312904.

CHURCH AND VILLAGE EVENTS

Mini Music, BT Toddlers, the Scout group, Points of View and the Tidy-Up Team are all taking a well-earned break but return in September.

VILLAGE SHOW

In the village hall this Saturday, August 18. Classes for Fruit, Vegetables, Flowers, Novelty Flower Arrangement, Home Cooking, Photography, Crafts, Art Class, also exciting classes in the Children's Section. The show opens for viewing at 2pm. Teas will be served. Schedules are available from Jill Waldron on 324886, Alf Stevens on 345652 and Nicky Woolacott, Overton Cottages.

VILLAGE FUN DAY AND WELLIE BOOTS

Our village is looking spritely with colourful boots in preparation of the fun day on Saturday, August 25. Please continue surprising and amusing people as they pass through our quaint village with more creative designs adding to those already filled with gorgeous plants, sticking out of hedges, Bill and Ben and Little Weed, hanging out of trees, etc.

Little village CRAFT WORKSHOP

Embrace the world of craft and learn new creative experiences. Located beside the Chichester Arms, their workshops are tailored to suit from the beginner, to the more advanced. They have a huge selection throughout the ***year*** and always looking for new ideas. Join them for an all-day coffee break and chat at their drop-in day on August 23, 10.30am-4.30pm. Everyone welcome.

Neighbourhood watch

Torridge District Neighbourhood Watch will be holding their next open meeting on Wednesday, September 5 at the Methodist Church School Room, North Road, Bradworthy, starting at 7.15pm.

Our guest speakers will be a member of the Devon and Somerset Fire and Rescue Service giving a presentation on fire safety in the home together with a member of the Police Neighbourhood Beat Team giving an update on local policing matters.

These will be followed by an open forum Q and A session. Light refreshments will be available from 6.45pm and the general public are welcome to attend.

Events

Saturday, August 18: Ring and Ride to Kingsbridge Farmers' Market, £7. To book call 01409 259001.

Sunday, August 19: Bradworthy YFC and Todd Riggs Memorial Tractor Run, 10am, Bradworthy Square. Call 07453 312642 to book.

Methodist Chapel Service, 11am, Clive Smale.

Church service, 6.30pm, Evensong.

Tuesday, August 21: Ring & Ride Dart Farm Booking No 01409 259001.

Thursday, August 23: Ring and Ride to Tavistock and supermarket.

Wednesday, August 22: Carnival skittles tournament, 7.30pm. Call 01409 241222 or Facebook.

Friday, August 24: Bingo, Memorial Hall, eyes down 7.30pm. In aid of Brad Lads Breast Cancer Hair Growth Challenge and Football Club.

Saturday, August 25: Bradworthy Carnival. Entertainment in the Square starts at 5.45pm followed by crowning of the royalty at 6pm. Procession 7pm.

There will be music in the Square featuring JJ and the Sixes until 11pm.

Sunday, August 26: Beer festival, The Bradworthy Inn. Live music: Dodge & Guest, Elvis & Big AI and the Strawberries.

Tuesday, August 28: Ring & Ride to Cockington Court House. To book call 01409 259001.

Bradworthy Neighbourhood Plan

Draft Policy documents relating to Bradworthy Plan can be read at [*www.bradworthy.org*](http://www.bradworthy.org). Please read, leave feedback or contact the Committee via email.

The plan is now at the official writing stage so your input is even more relevant.

Exhibition

The Bradworthy Inn Gallery Room features the work of Gil Everest during August and September. To exhibit your own work contact bradworthy [*arts@btinternet.com*](mailto:arts@btinternet.com)

Regular activities

Mondays: Toddlers group 10am-12pm, Hall; Badminton 7-8.30pm, Hall.

Tuesdays: Citizens Advice open session, first Tuesday of month, 9.30am-12pm, Hall; Knit & Natter, alternate Tuesdays, Collacott Room, 8-10pm; Gymnastics - Juniors 5.45-6.45pm, Seniors 6.45-7.45pm, School hall;

Wednesdays: Bradworthy History Society 10am-12pm, Collacott Room; WI meet first of month, 7.30pm (not August), Chapel Room; All Blacks Netball, HCC outdoor court 8-9.30pm; See Hear Centre 10-11.30am, second of month, The Square.

Thursdays: Baby & Toddlers Group, 10am-12pm, Hall; Badminton, 2-3pm, Hall; Running Group, 6.30-7.30pm, The Square; Baroque Choir - 7.30-9pm, Bradworthy Church.

Lesley McLean, 13 Church Close, Bratton Fleming, EX31 4TB, 01598 710115, [*lesmclean1@hotmail.co.uk*](mailto:lesmclean1@hotmail.co.uk)

Parish church

Our All Age service on Sunday was led by the worship leaders. Next Sunday, Rev Marilyn Tricker will take our service of Holy Communion at 9.30am.

Last Saturday we had a Bioblitz in the churchyard, finding out what lives there and also identifying things that grow there.

We found lots of different types of leaves but no slowworms.

They were probably hidden deep in undergrowth keeping warm as it was a bit of a damp morning.

There was a lovely picnic in the church at the end.

BAPTIST CHURCH

Sunday, August 19 John Symons in the morning and Keith Burrows with Communion in the evening. Monday, August 20 Bright Sparks (children's group), 6pm.

SCHOOL

We look forward to seeing you on Wednesday, September 5.

PRE- SCHOOL

We return on Wednesday, September 5. We accept Early ***Years*** Funding where 3/4 ***year*** olds can access 15 hours of childcare a week. We are also offering the 30 hour free childcare entitlement where you can access an additional 15 hours' funding a week. We are an approved setting to accept two-***year***-old funding. For further information or to arrange a visit, call 01598 710019.

BABY AND TODDLER GROUP

We open as normal next week and welcome older siblings or KS1 children. We are closed on August 29. We meet in the village hall between 9.30am and 11.30am every Wednesday. Contact 710019.

TOUR OF BRITAIN

The cycle race will be coming through Bratton Fleming on Monday, September 3. The main road through the village between the 30mph signs is designated a clearway - no stopping or parking between 9.30am and 4pm.

CHARITY BINGO

Old Station Inn, Blackmoor Gate, Friday September 7. Eyes down at 8pm. In aid of ChemoHero, the cancer charity based at the Seamoor Unit at North Devon District Hospital. Bratton Fleming Half-Marathon Runners are hoping to raise £1,000. If you would like to donate a prize or buy raffle tickets please visit the Bratton Fleming Stores. All ages welcome. Call 763520 for further details.

BRATTON FLEMING CRICKET CLUB

Cricket training for 9-14 ***year*** olds, 7.15pm-8:15pm. Cost £3 each per session Please contact Frank Benbow 710695 Darrin Drew 07864 913395.

SHORT MAT BOWLS

Tuesday evenings 7pm to 9pm and Wednesday afternoons 2pm to 4pm. All welcome.

CRAFT WORKSHOPS

In the Shop, Thursdays 10am. £6. Contact Charmain Woolley 01271 850917.

FRIDAY KLUB

Returns September. 6-8pm. £1 admission, 7-15 ***years***.

HATTON BOXING FITNESS

Mondays 5.45-6.45pm. Contact Jonny 07702 738346.

KIDS FOOTBALL

Mondays 6pm-7pm at the Sports Club for ages 5-13 ***years*** please bring water and shin pads.

LIFE DRAWING GROUP

Returns Thursday, September 6, 7.30pm-9pm. Contact Louise 07758 077089.

PILATES

Mondays at 7pm. 01271 343944.

Braunton Fundraising Group for Cancer Research UK

The final figure from the recent cheese and wine evening is £445.93 and from the Big Summer Bash is £245.15. The total stands at £691.08 which I am sure you will agree is remarkable for only two events.Would you like to join us to help raise the next £700? A call to 01271 814475 will put you in the picture.

As mentioned last week we shall be at the Braunton Venue on August 18 to share in their birthday celebrations.

Coming up in September is our coffee and crafts morning so more information at a later date.

Enjoy your summer everyone and stay well!

Braunton Museum

First, we apologise for having to postpone the Teddy Bear Parachute Drop which was scheduled for last Sunday. The weather was predicted to be very unsettled so a decision had to be made in good time. We plan to rearrange this very soon, hopefully before the end of the holidays. Watch this column for the new date.

The museum has recently received a cheque from the Rotary Clubs of Braunton for £1,500. We were nominated by them as one of the charities to benefit from the village fair in May. We would like to extend our grateful thanks to them and assure them that the money will be well used.

Our bottle tombola stall at the Big Summer Bash sold out very quickly, thanks to everyone who gave us prizes, and to our volunteers who manned the stall on the day.

Welcome to all the visitors to our beautiful area, we hold a considerable amount of local information covering a wide range of activities and places to go. Our volunteer staff will be pleased to help you out and answer your queries.

The museum is a little gem full of the history of Braunton, you might be quite surprised at what you find, and if you have anything to tell us about something you know and we don't, we are happy to add it to our archives.

Call and see us between 10am and 4pm Monday to Friday or Saturday 10am to 1pm.

The Duck Race

The day of the Braunton Duck Race at St Brannock's is getting closer. This great event is on August Bank Holiday Monday from noon at the river beside the church and St Brannock's Rooms. The face painting, bouncy castle and Punch and Judy are all booked, the scones, cream and jam are ordered as are the rolls and sausages for the barbecue. All we need now is all of you to come and have a great day out following the races. There are lots more stalls and games - something for everyone.

If you would like to buy your ducks in advance, or can't get to the race on the day why not go and buy your ducks on the village green this Friday and Saturday. Duck helpers will be delighted to sell you some ducks between 10am and 1pm on either day. So pop along and see us at the entrance to the car park. Why not buy some ducks now, and then some more on the day so you have a chances in a number of different races? Make sure you have the date of race day in your diary - August 27, August Bank Holiday Monday.

Summer Wildlfie Talks

The weekly wildlife talks continue at the Braunton Countryside Centre. On Wednesday, August 22 come and learn more about our birds. Birds are so important in our gardens and our countryside and it is always intriguing to know more about them. So come and listen to this talk "Be a Bird Detective" with Martin Unwin. The talk starts at 7.30pm and cost £3 which includes refreshments. Everyone is very welcome at the Countryside Centre which is in the main car park. No charge in the evening.

Exhibition

The photographic exhibition of Devon Birds which has been running at the Countryside Centre ends on August 17. If you haven't popped in to see this wonderful exhibition do so in the next day or so before it ends on Friday.

Farmers' Market

Our farmers' market last Saturday not only had all our usual wonderful local crafts, breads, meats, and veg, but was enlivened by a small crowd of chicks and ducklings, making lots of noise and loving being the centre of attraction!

Parents filled five tables for tea and coffee, homemade cakes, and conversation, while everyone under the age of ten (or 100!) gathered around to watch the antics of chicks and ducklings on perches, in the water, under their parents, etc.

Next month (second Saturday, September 8, at the village hall) we hope to have a demonstration of some of our local wildlife. Come and see what's on at the market.

WORLD'S BIGGEST COFFEE MORNING

In Support of North Devon Hospice and MacMillan Nursing. Saturday, September 29 from 10.30am to 12.30am, Brayford Village Hall. Stalls, cakes, refreshments, tea tables for all. Private stalls available for a donation. Gifts of saleable items and Raffle prizes gratefully received. For further details please speak to Doreen on 01598 710409.

Sankey evening

Sunday, August 19, Buckland Brewer Methodist Sankey evening with Newton St Petrock Male Voice Choir, 7pm at Buckland Brewer Hall. Refreshments to follow.

Fine art and film

Four O'Clock Club presents "A Life in Fine Art and Film", Thursday, August 16, 4pm, Buckland Brewer Hall.

ART EXHIBITION

Saturday, August 18 and Sunday, August 19 10am-4pm in Buckland Brewer Parish Church.

History Group

On a beautiful summer's evening in July 20 members of the history group gathered at Clarence Wharf car park to learn something about Bideford's rich history as a major shipping and trading port and about the industrial history of East the Water. Our speaker was Bob Kirby who is a researcher for The Way of the Wharves, a community volunteer project, run by Bideford Bay Creatives, which started in early 2016 to research the history of the wharves.

We began our walk in the Ethelwynne Brown Close area, formerly part of Clarence Wharf where we heard that Bideford's history goes back at least to a reference in the Domesday Book: this described the fishing weirs used to trap fish but these created obstacles to shipping as Bideford began to develop as a port.

By the 16th century Bideford was recognised as England's third largest port and Queen Elizabeth consolidated its importance by granting the town a charter for trade with the colonies in Virginia and Carolina, tobacco being a major import. It was during this period that Bideford also established a substantial share of the Newfoundland cod trade. In addition limestone from South Wales was landed at the quays and there were lime kilns along the road where we stood, near the Wooda surgery. The kilns provided a source of heat for the poor of the district but sadly, some perished in their sleep near the kilns, overcome by the heat.

Other industrial activity in East the Water included the mining of anthracite and "Bideford Black", a pigment derived from anthracite with a number of commercial applications including the camouflage on Second World War tanks.

Of course, shipbuilding was yet another important industry on the east bank of the Torridge and there were many public houses along, what is now, Barnstaple Street to serve the labourers in this bustling hive of activity. The onward transportation of commodities brought in by ship was greatly enhanced when the railway was extended to Bideford in 1855 with its station nearby. The station was moved in 1872 to the site behind The Royal Hotel from where it served the community until the line closed in 1965.

We moved from the Clarence Wharf site, learning about Brunswick Wharf, Queen's Wharf and Steamer Wharf and the industrialists associated with activities in those areas but the walk ended with a visit to the former railway station where Bob told us something of the history of The Royal Hotel. The building of the first phase of Colonial House, as it was called, began in 1688 as a town house for tobacco merchant, John Davie. Davie's country residence was at Orleigh Court, Buckland Brewer and there is a commemorative plaque to him and his family in Buckland's parish church. The house went through different uses including a prison in the cellars until it was converted into an hotel in 1889.

Ladies' group

Chilsworthy Ladies' Group met at the home of David and Marlene Heard for their August meeting. Everyone enjoyed the delicious buffet supper provided by Marlene, as they chatted together. A Highway Code quiz followed by two rounds of general knowledge rounded up a lovely evening.

Sioux, [*combemartinmuseum@googlemail.com*](mailto:combemartinmuseum@googlemail.com)

COMBE MARTIN MUSEUM MEAT RAFFLE

Every Sunday at the Dolphin, £1 per strip, (or five tickets). First prize: a joint of meat and veg; second prize: rump or gammon steak, mushrooms and tomatoes; third prize: breakfast consisting of eggs, bacon, sausages, tomatoes and mushrooms.

COMBE MARTIN MUSEUM

Open from 10.30am to 5pm daily Monday to Friday, and 11am to 3pm on Saturdays and Sundays.

MUSEUM COFFEE MORNING

Tuesday, August 21, 11am to 1pm. Entry to the museum is free from 10.30am while this event is on.

SEASHORE SAFARI

Friday, August 24 starting at 11am. £2 per accompanied child or adult without children. Our safaris are open to all, adults and children and generally last about two hours. Children must be accompanied by a responsible adult and sensible footwear must be worn, suitable for scrambling over rocks and paddling. Meet at the museum where you will be provided with all you need. Families only pay for the children, as the adults will have to supervise them. Shore guides are given one per group.

SHAMMICK ART GROUP

Combe Martin Church Parish Hall, every Thursday, 2pm to 5pm. Art workshops by arrangement. For more information, call Judy Jones on 01271 883863 or Linda Thomas on 01271 883345.

SHAMMICK FARMERS' MARKET

Saturday, August 18 at the village hall, 9.30am to noon.

Paul Donovan, Courtiford, Dolton, EX19 8RE, 01805 804425, [*pauldon876@btinternet.com*](mailto:pauldon876@btinternet.com)

Show results

Despite the heatwave and drought which has caused so many plants to struggle, entries in Dolton and Dowland Horticultural Society's 91st annual show on Saturday were up by more than 10% on last ***year***, to about 450. Jonathan Terry, who has tended to dominate proceedings in recent ***years*** but had a slight wobble in 2017, recovered his form and took home an armful of silverware, winning the cups for most points in vegetables, in fruit and in legumes, for most points overall, and for the best tray of vegetables. He also won the onion class and his runner beans were judged best vegetable exhibit.

Jenny Hicks's dessert apples were the best fruit exhibit and best horticultural exhibit overall, and she also gained most points in floral art. Brenda Codd's crossstitch picture was best handicraft exhibit, and best artistic exhibit overall, and she also gained most points in handicraft.

Steve and Eileen Martindale won most points in, and also had the best exhibit in, the wine classes (for their red wine, made from blackberries).

Best cookery exhibit: Ruth Terry, for her chocolate cake. Best floral art exhibit: Sue Dunn, for her Half Moon pub. Best flower exhibit: Marian Phillips, for her orchid. Most points in flowers: Wendy Holland, who also shared most cookery points with Sue Turner. Men's cookery winner: Jon Brinsmead. Most points in preserves: Gill Southern. Best children's exhibit: Toby Jones, for his recycled robot. Boy with most points: Milo Greenhalgh, who also gained most points in the children's classes. Girl with most points: Molly Rowe. Young gardener: Robert Knight. Most successful new exhibitor (someone who has never exhibited before, or not in the last three ***years***): Cynthia Giles and Rosemary Harris, jointly.

Alan Haynes, the master of ceremonies, noted that there were more husband-and-wife duos represented this ***year*** - either as teams or competing with one another - and more families.

Tom Jones, the chairman of Dolton and Dowland Horticultural Society, thanked all the many exhibitors and helpers, those attending on the day, and the secretary, Grenville Allin.

GARDEN PARTY

Tickets to Sue Hyne's garden party at Hackwill in North Street on Sunday, August 19, are now on sale at Church Street Stores. They are £1 for adults and 50p for children. Doors open at 2.30pm and both people and dogs will be very welcome. Cream teas and cakes will be available, plus an opportunity to see the beautiful grounds. Proceeds will go towards the cost of maintaining the fabric of St Edmund's church and churchyard.

JUMBLE COLLECTIONS

Collections for Phoenix Ladies' Circle's big jumble sale on September 1 have now started. We can drop off our clothes, books, bric-a-brac and so on at the former bus shelter in The Square between 5.30pm and 6.30pm on August 20, August 22, August 27, August 28 and August 29. Michael and Clare Morpurgo's charity, Farms for City Children, will benefit this ***year***.

200 CLUB

August winners in the 200 Club, the village lottery that helps fund the November carnival, are: 1 (£25) John Tremayne; 2 (£10) Sue and Rob Turner and 3 (£5) Banbury family.

Parish council

The following is the remainder of the report of the Parish Council meeting held on July 31.

Planning Correspondence. An approval notice for extension to East Worlington Parish Hall was noted. Councillors decided not to comment on a consultation of the North Devon and Torridge Local Plan relating to a single main modification for a site allocation in Buckland Brewer.

Finance. Balances and budgetary figures were given, ***payments*** agreed, details noted from the internal auditor and items considered in connection with the budget projection in November.

Four items were discussed / noted under Correspondence: temporary road closure from August 20 to September 5 from East Worlington Cross to Boundys Cross for drainage work; Devon Remembers - items invited about how the community is marking the end of WWI; Councillors decided not to pursue a Parish Paths Partnership suggestion with Thelbridge Parish Council; email highlighting three particular matters in connection with the North Devon Record Office.

Three items were raised under matters raised by Councillors: (1) car parking on the junction at Three Hammers; (2) request that fire hydrants were checked to ensure they were in working order; (3) request for email and telephone numbers for Planning Application applicants/agents to be shown.

Next full Parish Council meeting: Tuesday, September 25 at 7pm in the parish hall, commencing with the talk on Rural Dementia, Challenges and Solutions.

ADDITIONAL PARISH COUNCIL MEETING

Monday, August 20 in the parish hall at 7.30pm to consider two planning applications where the response to North Devon Council has to be submitted before the next scheduled parish council meeting. The details are:

65350 - Conversion of outbuildings to form additional living accommodation together with two storey extension to dwelling at Thorndon Villa, East Worlington

65371 - Variation of Condition 2 (approved plans) attached to Planning Permission 62869 (ariation of Condition 2 (approved drawings) attached to Planning Permission 59213 (conversion of Chapel to dwelling including change of use of ***agricultural*** land) to allow for an amended design) to allow for a revised layout at Sharon Chapel, Thornham Cross, East Worlington

RURAL DEMENTIA

A talk on this subject will be given by Ian Sherriff, academic partnership lead for dementia, University of Plymouth, ahead of the September parish council meeting in the Parish Hall on Tuesday, 25 September starting at 7pm. Everyone will be welcome to attend. As parking is limited it would be helpful to have an idea of numbers and if any readers plan to attend they are asked to let the parish clerk know by emailing [*sue@suesquire.com*](mailto:sue@suesquire.com) or calling 01598 710526.

Margaret Weeks, [*dmweeks@tiscali.co.uk*](mailto:dmweeks@tiscali.co.uk)

Service for Mary

A very well attended service was held in Exbourne Methodist Church in memory of Mary Daniel. The service was conducted by Rev Liz Singleton and the organist was Margaret Weeks.

Mary had lived at Higher Narracot all her life. In 1998 Mary attained a BA in Social Science through the Open University, after six ***years*** of study. At that time she was a learning support worker at Okehampton College, before spending many ***years*** as cleaner at Exbourne Church of England Primary School, as well as looking after her sheep, all of which had individual names.

Latterly, she was involved in the Methodist church and organised many fundraising events to keep the chapel going, which included concerts, jumble sales and a flower festival. She was also a member of the WI and had been involved in many activities in the WI, including skittles and walks. Mary will be sadly missed.

Patronal festival

The Patronal Festival was celebrated in St Mary's Church on July 29. The service was Communion by Extension and was conducted by Dr Michael Winter and the organist was Christine Cleverdon.

Frithelstock WI

Members have had two enjoyable afternoon outings. In July they visited Tarka Springs at Little Comfort Farm, Langtree, where Neil Folland told them how he started and then showed the ladies around the plant. They were able to see how the artesian spring water is bottled.

In August members went to Holsworthy and visited The Hat Shop. Kerry Smith explained how she started the business and showed her large selection of different style hats and fascinators. The ladies then had great fun trying on the hats.

PARISH COUNCIL

This concludes the report of the Parish Council meeting held on July 26.

Sixteen items were covered under Matters Arising.

Finance. Balances were given together with budgetary figures and ***payments*** were approved.

The data protection renewal fee with the Information Commissioners Office had been submitted.

Arrangements were being made for a replacement hand drier in the ladies toilets at Georgeham to be fixed.

Quotations were being sought to redecorate the gents toilets in Georgeham.

Variation Mandate to update signatures of existing signatories and addition of signatories was deferred to the September meeting.

150th anniversary of Georgeham Primary School. It had been ascertained that an annual award is to be given to a star pupil and any one off donation from the Parish Council could be directed towards this to mark the anniversary.

Correspondence. Six items were discussed:

Temporary road closure at Lane to Vention House, Putsborough from October 8-11. Access required to carriageway boxes to enable cabling works; email regarding North Devon Record Office; consent given to Openreach to carry out work on land owned by the Parish Council - land opposite the church between the road and Stable Cottage. The work is required to recover a pole; temporary road closure from Hill Park Cottage to The Old Manse, Georgeham which has now taken place; the Martial Arts Hub had requested a letter of support for a Communities Together Fund application and Councillors were in agreement to support; Devon Remembers, press release headed 'How we will remember them'. People are being encouraged to send details of any events that are being planned for the online ***calendar*** and share news, stories or photographs of how a community has remembered.

Matters raised by councillors/clerk. The Parish Clerk, Mrs S Squire had attended a 'Making Good Decisions' course, details of which had been circulated to councillors.

It was decided that Councillors Symonds and Tucker would deal with any emergencies.

Terms of Reference for Sub Committees would be included on the September Agenda for agreement.

Further representations to be made about the sewer at Netherhams Hill to be made.

A £100 donation had been received for the maintenance of Georgeham Churchyard.

It was reported that a tree at Incledon House had been cut down and replaced by a black horse. This to be investigated.

The Georgeham sign at Higher Ham had suffered impact. Councillor Tucker to repair.

There will be a meeting between councillors and primary school governors on September 6.

The Tour of Britain will be going through Georgeham and Croyde on Monday, September 3.

Next parish council meeting: Thursday, August 30 in Georgeham Village Hall at 7pm.

Mary Tonkin, 01271 378910, [*goodleighnews@lundybay.net*](mailto:goodleighnews@lundybay.net)

Horticultural show

Goodleigh Horticultural Show results:

Waytown Trophy - Steve Grant

Davis Beasant Trophy - Daniel Eyre

Morrish Trophy - William Potter

Porterfield Trophy - Annie Stanley

Fice Trophy - Annie Stanley

Prudential Trophy - Steve Grant

Goodleigh Parish Council Cup - Colin Withey

Hopkins Trophy - Steve Grant

Karnewicz Family Cup - John Cole, and Daniel and Matthew Eyre

Thanks to all the people who worked so hard to make this ***years*** show such a success.

Goodleigh WI

Goodleigh Women's Institute welcomes new members at any meeting and meets on the third Tuesday of each month at 7.30pm in Goodleigh Village Hall. On August 21 - Visit to open gardens at Yarnscombe, followed by a cream tea. The autumn ***programme*** continues on September 18 with a talk by Ian Roome, fundraiser for the Over and Above appeal at North Devon District Hospital. On October 16 there is a cake decorating workshop, to practise for Christmas cake decoration. For further details contact Janet Bryant on 01271 344583 or Mary Fardon on 01271 344629.

Goodleigh United Church

Christians Together in Goodleigh invite you to their Sunday Service at 9.30am. On Sunday, August 19, informal worship with Andrew, Ian and children, and on August 26 Holy Communion with Reverend Pattson and P Nott. Further information is available from Lynda Thorne on 01271 346566 or Andrew Moore on 01271 321502.

Christians Together are collecting used stamps for the Air Ambulance. Please leave donations in the porch.

Pilates

Pilates with Louise on Tuesdays, there is a "re-rehabilitation" session for those who need more time or have an injury at 4.15pm, followed by the regular class at 5.30pm in the village hall. If you are interested call Louise on 01271 343151 for details. Classes are suspended for the summer, next class September 4.

Art classes

Art classes continue with Avice Yeo, Mondays from 10.30am to 12.30pm, cost is £10 per session, for more information call Avice on 01271 870849.

Music and movement

Ladies' music and movement class in Goodleigh Village Hall, on Tuesdays with Marie Johns, 10.30am-11.30am.

Mobile Library

Monday, August 20, 11.50am to 12.20pm.

Bratton Fleming Dance Club

The next club night is August 28, 7.30pm to 10pm, and there is a charity dance on Saturday, August 18, 7.30-11.30pm, bring and share supper. For more information call Lynn on 01769 573239 or Mike on 01271 373095.

Parkinson's UK

The Parkinson's UK group meets on the first Saturday of each month in Goodleigh Village Hall, from 10am until 1pm. The next meeting will be on Saturday, September 1. It is a friendly club for those with Parkinson's and neurological issues, and their carers and partners. We have a variety of speakers and visitors to entertain, and we enjoy coffee, tea and sandwiches.

Summer Skittles Results in next weeks paper.

Chris the Post

Our wonderful village postman Chris Robbins is retiring at the end of August. A village party is being organised in his honour on Sunday, September 2 from 3pm at the Village Hall. There will be a hog roast at 4pm. Tickets available from Mary Tonkin 01271 378910, £10 per head for everyone over five ***years***. There will be no tickets available on the day and they must be bought in advance. Vegetarian option available by prior arrangement when booking. Bring your own drinks. For those who have ordered tickets I will continue to collect cash. Let's make this a great village event.

Tricia Oakley, 01237 441690, [*barnpark@live.co.uk*](mailto:barnpark@live.co.uk)

Church services

Church services for Sunday, August 19. Breakfast Church at the Methodist Church at 10am. Come along and enjoy a bacon butty or a sausage sandwich before an informal service, in the church hall. There will be no morning service at Stoke either this Sunday or next - see flower festival notice below.

HARTLAND CARNIVAL

Well reader, it rained - and then some! Well done to everyone, participants and spectators alike, who braved the elements. Photographs may be viewed on the Hartland Carnival website.

Parish enquiries

All enquiries about church weddings and baptisms should be directed to the Parish Office, which is situated in the Church Rooms in the car park. The office is open on weekday mornings from 10am to midday and an answerphone is in operation (01237 441142). For those who prefer to use email, the address is hartlandcoastparishes@ gmail.com. During August the office will not be manned daily, but emails will be answered and phone messages picked up and dealt with.

Summer fayre

Hartland Arts and Crafts Society's Summer Fayre runs from August 17 to 21 in the Parish Hall.

Flower festival

St Nectan's Flower Festival. The theme is Pantomimes and Nursery Rhymes, so come along and marvel at the skill and inventiveness of the arrangers, not to mention the beauty of the flowers and the church. The church will be open and refreshments served from 10am-5pm from Friday, August 24 to Tuesday, August 28. On Sunday, August 26 at 4pm there will be a Festival Service (hymns and readings) with accompaniment from members of Hartland Chamber Orchestra.

ACTORS NEEDED

Hartland Players are looking for actors for two small parts, one male (20-40), one female (20-40) for their February production. Rehearsals begin in September. Both parts are French nationals. Coaching available on the accent. Contact Deirdre on deirdre.conniss@ btinternet.com. Please be prepared to be disappointed If the parts have already been allocated.

Got news?

Please send items for this column to the email address at the top, or phone Tricia by the weekend before publication - any later than the Saturday and it will not be possible to include them.

Shirley Jones, Sunnydale, 4 Avenue Road, Ilfracombe, EX34 9AT, 01271 863630, [*shirleyjns311@gmail.com*](mailto:shirleyjns311@gmail.com)

Musical memories

Musical Memories meet every first and third Tuesday in the month from 2-4pm. Contact Hazel 01271 863944 or Margaret 01271 82927.

Pop-up shop

Ilfracombe Rotary pop-up shop at 8 Belgrave Promenade (opposite the Osborne Hotel) is now open Monday to Saturday 10am to 4pm.

Out and about

Ilfracombe Community Minibus Out and About group paid visits to Sidmouth Folk Festival on August 8 and 9. More trips are planned for the rest of the ***year***. Contact Shirley Jones on 01271 863630 if you would like a list.

Social club

Ilfracombe Pensioners Social Club next meets at The Osborne Hotel on Wednesday, August 22, 2-4pm for a bring and share tea.

Quiz night

Quiz night at The George and Dragon on Tuesday, August 21, 8pm, in support of Ilfracombe Community Minibuses. All welcome.

Pearl Hackett, 01271 861458, [*pearlhackett1947h@hotmail.co.uk*](mailto:pearlhackett1947h@hotmail.co.uk)

Church services

Sunday, August 19. 9.30am Prayers in the Parish at St. Peter's, Westleigh and 11am Holy Communion at St John The Baptist, Instow.

Tea at Tapeley Park

Tea at Tapeley Park in aid of Appledore RNLI is on Saturday August 18, 2pm-5pm. Entrance by ticket only. £8 adults, £1 children. Entry to gardens, cream teas, souvenirs, model boats. Call Pat on 01271 346560 (not the number in the Parish News) or Sandy 01271 861291.

Also at Tapeley Park on Tuesday, August 28 at 6.30pm is an open air theatre production of LIttle Women starring Chapter House Theatre. Tickets are available from Tapeley.

Garden Club

Fremington Garden Club 2018 Annual Open Flower and Craft Show is on Saturday, September 1 in Fremington Parish Hall. Adults 50p admission, children free. Details from Ray 01271 371790.

Instow and Yelland WI

The next meeting is on September 6 at 7.30pm in Instow Parish Hall.

For Phillip

A celebration of the life of Phillip Wearne will take place on September 1 at the Pollyfield Centre, Avon Road, East the Water from 2-7pm. Details from [*janesuelizwearne@hotmail.com*](mailto:janesuelizwearne@hotmail.com) RSVP essential.

Church service

St Paul's Church, Sunday August 19, 10.30am. Service of Holy Communion for the twelfth Sunday in Trinity. Further information: [*www.landkey*](http://www.landkey) parishchurch.org.

Chris Harrington, 01271 850200, [*2012LoxhoreNews@gmail.com*](mailto:2012LoxhoreNews@gmail.com)

COFFEE MORNING

Thursday, August 16, at 10am at the village hall. Everyone is welcome. We usually have cakes, cards, crafts and books for sale.

VILLAGE HALL COMMITTEE

The next committee meeting is on Tuesday, August 28, at 7.30pm at Loxhore Village Hall. Any resident with an issue to raise please contact a committee member.

QUIZ with SUPPER

Saturday, September 22 at Loxhore Village Hall. Teams of up to six people.

Mervyn Mugford, Tranquillity, Parracombe, 01598 763261, [*mervyn@bodley.demon.co.uk*](mailto:mervyn@bodley.demon.co.uk)

Lynton Cinema

Lynton cinema will be showing Disney/Pixar Incredibles 2 (PG) for the final time this afternoon at 2.30pm and The Bookshop (PG) at 8pm. Starting tomorrow for seven days, Mission Impossible - Fallout (12A) showing each evening at 8pm only, no matinÃ©e for this. For seven days also, each day at 2.30pm, Thomas and Friends! The Movie Big World Big Adventures (U). Because of popular demand, extra performances of Mama Mia : Here We Go Again Cert (PG) Tuesday and Wednesday, August 21 and 22 at 5pm only. Coming next, Swimming with Men (12A) and The Beatles - Yellow Submarine (U). Enquiries and booking, 01598 753397.

Displays and exhibitions

Your last chance today and tomorrow to see the Flower Festival at St John's church, Lynmouth, and the Men of Brendon display continues at St Brendan until November 11. Very interesting history of the area, well worth a visit.

Cream tea and duck race

Brendon Village Hall: Cream tea afternoon and duck race, Sunday, August 19 at 3pm. A joint venture with Friends of St Brendan's and the village hall committee. Delicious scones with cream and jam. Duck race subject to suitable river flow. Everyone very welcome.

Garden fete

A successful garden fete was held at the Old Vicarage on Sunday, August 5 with various stalls and sideshows in the grounds and cream teas served from the house. Glorious sunshine heralded the event and thanks are extended to Jill and Richard Wellby for once again providing the perfect venue. Thanks also to those who manned and provided goods to be sold on the bring-and-browse stalls, gave raffle prizes, served teas, and to all who attended. A good sum was raised for parish church funds.

Blessing of the sea

The Blessing of the Sea takes place on Duckpool Beach on Sunday, August 19 at 3pm. For further details check Hamlets or contact Vicar or churchwardens.

Mervyn Mugford, Tranquillity, Parracombe, 01598 763261, [*mervyn@bodley.demon.co.uk*](mailto:mervyn@bodley.demon.co.uk)

Film and wine night

St Martin's, Martinhoe: fundraising, a reminder of the forthcoming film, wine and cheese evening at Lynton cinema. September 6 at 5pm. Sorry, still can't tell you what the film will be, something good I'm sure. To book your place, for £10, call Agnes Cottingham 01598 763645, Gloria Danton-Rees 01598 763891, or Marge Ash 01598 763374.

David Kelsey, Wooletts, Rectory Rise, EX20 3HQ, 01837 810796, [*davidindevon@btinternet.com*](mailto:davidindevon@btinternet.com)

CIDER AND PASTY WALK

Sunday, August 19 at 2pm. Organised by the church PCC, it will begin and end in the Recreation Ground. £5 to enter. Please contact Ann on 01837 810728.

MASKED BALL

Advance notice of the masked ball to be held to celebrate the 40th Anniversary of the Baxter Hall. This will take place on Saturday, September 15, 7pm for 7.30pm. Tickets only, available from Julie Harris on 01837 810898, £20 each including a two-course dinner, with live music provided by Archive.

CRICKET

The friendly match on Sunday, August 19 will be away against Chittlehampton, starting at 2.30pm.

Fete and dog show

Welcombe Church Country Fete and Fun Dog Show will be held in Bell Park (behind the church) TODAY, Thursday August 16, from 1.30pm. The dog show (entries on the day) starts at 1.45pm. All the usual and hamper raffle in the large marquee. Hartland ATC will be running an obstacle course for children. Cream teas and refreshments will be served in the church. Other attractions include Meddon and Welcombe Spinners, a restored vintage tractor, face painting, the ever-popular china bash and much, much more. Admission by lucky number ***programme*** £1, accompanied under 12's get in free.

Big Breakfast

West Buckland big breakfast market, including a traditional English breakfast on Saturday, August 18, 9am-1.30pm. For £6 the breakfast includes bacon, egg, sausage, beans, hash brown, tomato, toast, cereal and tea or coffee. There will also be a draw. Tables available at £2 a table. Free wi-fi available. For more information call Margaret on 01598 760437.

CHARITY BREAKFAST

Thank you, thank you, thank you to everyone who supported the Charity Breakfast on Saturday, July 21 in the village hall in aid of the Over and Above North Devon Cancer and Wellbeing Centre Appeal. A successful morning was had and everyone was so very generous and a cheque for £607.15 has been presented to the charity.

We would like to thank the following for their support: Holidaycottages.co.uk (for holding a jeans to work day], Mays Butchers, South Molton, Portmore Golf Park, Mole Valley Farmers, Huxtable Farm B&B, West Buckland, just cushions.co.uk, The Bell Inn, Chittlehampton, Julie Whitmore Devon School of Reiki, Sainsbury's, strawberry laces.co.uk, and everyone else who donated raffle prizes and helped on the day, a big pat on the back to one and all.

Kim Frow, 01271 870112, [*kimefrow@gmail.com*](mailto:kimefrow@gmail.com)

Scarecrow festival

Mortehoe Scarecrow Festival took place in Mortehoe from Friday, August 10 to Sunday, August 12. This ***year***'s theme was "A Tale of Two Potters - Beatrix and Harry". There were 24 scarecrows which had to be matched with their characters listed on the trail sheet. The event proved very popular despite the turn in the weather and raised funds for local organisations including Mortehoe Church and Museum, Woolacombe TIC, North Devon Hospice and the North Devon National Trust.

Ranger walk

August 16 (other dates available): National Trust, Guided Walk with a Ranger, Woolacombe. Join one of the knowledgeable rangers for a walk around Woolacombe sand dunes and learn more about its unusual wildlife and history. Meet at Woolacombe TIC, booking is not needed. £2. 11am-12.30pm Booking details call 07557 938 399. Dogs on leads are welcome.

Shepherding Experience Walks

With David Kennard and his sheepdogs on Morte Point. Experience Sweep and Fly's breathtaking work in their natural environment on the cliff tops of Mortehoe, and hear about shepherding life in this beautiful corner of North Devon. 6pm-8pm every Thursday (5pm in September). Maximum of 25 people. Booking essential.

Anchors Aweigh

The Square, Mortehoe, August 16, 7pm, weather permitting. The Red Barn, Woolacombe on August 18, 7pm.

Craft Fair

Local crafts from cards, gifts and homemade cakes at Mortehoe Village Hall, August 17, 10am-4pm.. Everyone is welcome. Free entry.

Bull Point tractor trailer rides

August 21 (other dates available: Tractor trailer rides from Mortehoe Car park to Bull Point. A lovely way to see the route down to the lighthouse. Great fun for all the family. Rides at 10.30am, noon, 2pm, 3.30pm and 6.30pm. Adults £6, children £3, and under 4s are free. Tickets available from Mortehoe Museum and Woolacombe Tourist Information Centre.

Rockpool Ramble,

August 22: Woolacombe (National Trust). The rockpools of Combesgate Beach are teeming with life, crabs, fish, anemones, star fish etc. Join the beach rangers to seek them out and learn about their lives. £2 each. Suitable for all children, but under 14s must be accompanied. Unfortunately dogs are not allowed at this event. Meet at Combesgate Beach, look for the NT flags. 8.30-10am. For more information call 07557 938399.

**Load-Date:** August 15, 2018

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North Devon Journal

June 7, 2018 Thursday

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**Section:** AGENCY:OTHER; Pg. 46-47

**Length:** 10061 words

**Body**

RNLI Coffee morning

There will be a Volunteer Coffee Morning on Saturday, 10am-noon, at Appledore Lifeboat Station, recruiting volunteers. RNLI is run by volunteers and is a charitable organisation. If you have an interest in supporting RNLI for a few hours a week or month, to make cakes or sell RNLI gifts, make the coffee at meetings, be a member of the committee - there are lots of different roles available. Please join and play a part in saving lives at sea.

Parish council

The parish monthly and AGM meetings were held at the Church Hall on Thursday, May 17. Apologies received from Cllr Mrs Barbara Sandwell, North Devon District Councillor Mrs Andrea Davis, Devon County Councillor Mrs Caroline Chugg and the police. Eighteen members of the public attended.

Re-elected were: chairman Geoff Holder, vice-chairman Vaughan Lawson, internal parish council auditors Mrs Jane Bosley and Vaughan Lawson, footpath warden Vaughan Lawson, tree warden Geoff Holder, press liaison officer Mrs Sarah Sampson and snow wardens Mr S Bunce and Mrs L Wozniak.

Tree and footpath wardens reported that all was in order.

A working party has been formed for the proposed play area at Meadowside to advise and guide on safety and play equipment.

The annual litter pick took place on Saturday, May 26, attended by two members of the parish council and two residents. Several bags of rubbish were collected and road signs cleaned and cleared of undergrowth.

A proposed Neighbourhood Plan for Ashford has been delayed due to the resignation of a working party member causing an internal dispute within the party for the production of an evidence report.

Next parish council meeting will be on Thursday, June 21, at 7.30pm in the Church Hall. Everyone welcome.

Shirley Punt, 01271 343716, [*shirleypunt16@gmail.com*](mailto:shirleypunt16@gmail.com)

Christ Church

Sunday: 10.30am Morning Service led by Rev Don Macalister; 4.30pm CafÃ© Church, crafts, music and an informal service followed by a free buffet tea. Tuesday: 9.30am-noon Coffee Morning. Wednesday: 9.30-11.30am Community Stay and Play; 1pm Toddler Praise; 1.30-3pm Parents and Toddlers. Thursday: 10.15-11.15am Two Bridges CafÃ©, tea, coffee, homemade cakes and scones. Friday: 10-noon Hob Nob, tea, coffee and light refreshments.

North Devon Freedom Festival

Friday, June 22, at Petroc, noon-9pm. A music festival that celebrates and includes people with learning difficulties/disabilities. Advance tickets only, £20. Enablers are free but will still need a ticket. Available from: The Liberty Centre, Petroc, or [*freedomfestival@petroc.ac.uk*](mailto:freedomfestival@petroc.ac.uk)

Museum

The museum on The Square has been closed for some time now in order for the new extension to be built. However, there is a Pop Up Museum in Bridge Chambers on the Strand. Also, there is a temporary Tourist Information Centre. The Pop Up is open to the public on Mondays and Tuesdays, 11am-3pm.

The Pop Up is always looking for community experts - pop in and see us if you have lots of knowledge about any of our workshop topics and are willing to spend a bit more time with us to share your stories.

Info: 01271 346747 or [*museum@northdevon.gov.uk*](mailto:museum@northdevon.gov.uk)

Barnstaple Ladies Choir

On Saturday, June 16, at 7pm, a concert at Christ Church. Penzance Orpheus Ladies Choir will also be singing.

Diabetes UK

Monday, June 18: Talk by Lyndon White, podiatrist, on Taking Care of Your Feet, 10.30am, Roundswell Community Centre.

Golden Coast Big Band

Sunday, June 24: 8pm, Portmore Golf Park, Landkey, £3.

Children's Hospice South West

Bubble Rush Barnstaple 2018: Coxleigh Barton, near Barnstaple, on Sunday, September 9. Run, jog or walk your way through 5km of colourful bubble stations where foam cannons will shower you in frothy bubbles. Info: chsw.org.uk/bubble or 01271 325270.

Open Days at Little Bridge House: the hospice in Fremington opens its doors once a month to offer guided tours and show supporters how their donations help us to make the most of short and precious lives. Open days are by appointment only on specific days. Info: chsw.org.uk/open or 01271 325270.

North Devon Road Runners

North Devon Road Runners is a friendly group of people who simply love running. They run for fun, fitness, weight loss and speed. Why ever they run, they run with a smile on their faces. Why not go along and join them? They welcome people of all abilities at the Tarka Tennis Centre every Tuesday and Thursday at 7pm.

July 1: Race for Life Barnstaple 5k and 10k in aid of Cancer Research UK. July 15: Care for Kids Barnstaple 10k. September 30: Jewson Barnstaple Marathon and Half Marathon.

The Plough@ St Anne's

Plough Youth Theatre for eight to 12-***year***-olds. For details contact The Plough on 01805 624624 or see their website. Fun and friendly weekly workshops and exciting performance opportunities. Learn new skills, make friends and perform in this historic building. With support from the Davey Charitable Trust.

Wow scrapstore

North Devon's scrap store, based on the third floor of the library in Barnstaple. Run by the charity Action for Children, it works with local businesses and the community to reduce the amount of commercial waste going to landfill. Open Tuesday 9.30am-12.30pm, Thursday noon-4pm, Friday 9.30am-1.30pm.

Quaker Meetings

Sundays at 10.30am at Pilton Bluecoat School, Abbey Road, EX31 1JU. Contact: 01271 344203 or swquakers.org.uk.

Fringe TheatreFest

Barnstaple Fringe TheatreFest, in its 12th ***year***, is even bigger and more wide ranging than ever. There are 262 performances of 78 different shows in just four days - June 28-July 1. Check out the ***programme*** at theatrefest.co.uk. Organisers are still looking for volunteers to help run the events. Info: theatrefest.co.uk/volunteers.

Library

Open: Monday, Tuesday, Thursday, Friday 9am-6pm, Wednesday 10am-6pm, Saturday 9am-5pm.

If you love nothing better than writing, whether it's a poem, a story or a shopping list, why not be inspired by other writers and check out the Saturday writing groups at Barnstaple Library?

Nicola Kennaugh, 01271 549248, [*nnkennaugh@yahoo.co.uk*](mailto:nnkennaugh@yahoo.co.uk)

FLOWER FESTIVAL

At Newport Methodist Church over the weekend of June 16 and 17. The theme is All Things Bright and Beautiful with all floral displays arranged by enthusiastic experts. The festival opens from 10am-7pm on Saturday with refreshments and light lunches from noon-2.30pm. At 7pm there will be a concert given by local performers including music, dance and singing. Sunday begins with morning worship at 10.30am led by Rev Marilyn Tricker. The festival continues at 2pm, with cream teas served from 4pm. The festival finishes with Songs of Praise at 6.30pm led by Rev Robert Hurley. Everyone is most welcome and donations may be made to aid the church's building fund.

CHURCH SERVICE WITH VISITING CHOIR

Burraton Male Voice Choir, from Saltash, at Newport Methodist Church on Sunday, June 24, for the 6.30pm service. Minister Rev Robert Hurley knows the choir very well as his previous circuit was Saltash and we look forward to meeting them all and enjoying their singing.

MOBILE LIBRARY

Parks monthly on Tuesdays in Chichester Road (turning off Bishops Tawton Road) and has a good selection of books to choose from as well as other services. Next date for the mobile library is Tuesday, 2.15-3.15pm. Info: devonlibraries.org.uk.

SOUL SPACE

A weekly offering at St John the Baptist Church. The church will be open early morning every Monday to anyone who wants to reflect and refresh for the week ahead. The church will provide a peaceful and welcoming space 7.30-9.30am.

SLIMMING WORLD

Classes at St John the Baptist Church Hall each Friday at 9.30am and 11.30am. Contact Clare Mutch on 07951 738890 or just come to class.

MINI MUSIC

For babies and toddlers every Monday 2-3pm (term time only) at St John the Baptist Church. Children and their parents/carers are most welcome.

COFFEE MORNING and CAKE CLUB

Every Wednesday 10am-noon at St John the Baptist Church. Everyone is most welcome.

KNIT and NATTER

At Newport Methodist Church every Wednesday 2-4pm. If you enjoy knitting and nattering do join us, plenty of both goes on!

HALL VACANCIES

At St John the Baptist Church Hall. We have two rooms to let, the main hall being suitable for larger events and the lower room for meetings. If interested, please contact volunteer hall manager Nicola Kennaugh on 01271 549248.

1ST ND BARNSTAPLE SCOUT GROUP

The group are seeking new leaders and members. We meet at Trinity Church Hall. Beavers (6-8yrs) on Mondays 5.30-6.30pm, Cubs (8-10yrs) on Mondays 6.45-8.15pm, Scouts (10-14yrs) on Wednesdays 7.15-9.15pm. For more information or to arrange a trial contact Mark Etheridge on 07713 386588.

ROUNDSWELL COMMUNITY CENTRE

Adjacent to Sainsbury's, the centre is run as a charity (charity no. 1063837) and provides facilities for hire. These include a large main hall suitable for a larger event and a small room for meetings. It has a large modern kitchen available for use by hirers of either room. Ample car parking space is provided next to the centre. For further information call Helen, the booking secretary, on 07918 729201.

Roundswell Church

Sunday Service to be led by Mrs Penny Thompson at Roundswell Community Centre at 10am on Sunday. The preacher is Mr Bob Hookins and everyone of any denomination is welcome to attend this friendly family service.

Baby and Children's Market

On Sunday, June 17, 10.30am, at Kingsley School. Lots of stalls selling excellent quality, like new, baby and children's items from birth to eight ***years***. Admission £1, children free. Info or to book a stall: [*mollie@babyandchildrensmarket.co.uk*](mailto:mollie@babyandchildrensmarket.co.uk) or 07480 939697. Facebook: Baby and Children's Market - North Devon.

Cheryl Woollacott, Capitol Farm, Bishops Nympton, EX36 4PH, 01769 550435, cherylwoollacott@ hotmail.com

Breakfast church

A Breakfast Church with a difference on, Sunday. There will be an Open Air Songs of Praise Service, with Baptism, on the Village Green. Starting from 9.30-10am, the service will be followed by a barbecue brunch at £5 per person to help with much-needed funds towards work which has to be done to the tower. If wet, it will be held in the church.

History Club

Meets in the hall on Monday at 7.30pm when Norman Govier will be giving a talk/slides on North Molton (Heasley Mill) mines. Members free and guests £3.

Safari Sunday lunch

There will be a Safari Sunday Lunch in Bishops Nympton on Sunday, July 22. Info: 01769 550435.

Norman and Gwen Rider, 01271 322109, [*gwen@riderfamily.co.uk*](mailto:gwen@riderfamily.co.uk)

CHURCH

Sunday: Holy Communion at 11am. June 10: Morning Prayer and Baptism at 11am. June 17: Holy Communion at 11am. June 24: Father's Day Morning Praise at 11am.

If you have any news or information for next month's Parish Bulletin please send to [*davelewis69@hotmail.com*](mailto:davelewis69@hotmail.com) or ring Dave on 01271 312904. johnthebaptist.org.uk, facebook.com/StJohntheBaptistChurchesBarnstaple.

CHURCH EVENTS

Saturday, June 9: Coffee Morning. Tuesday, June 26: Pints of View at the Chichester Arms at 8pm. Everyone welcome.

BT TODDLERS

The new home of BT Toddlers is at the rear of Bishops Tawton Church. At 9am every Monday morning, term time only (not bank holidays), there'll be tea/squash and toast for all. There's no age restriction, you don't even need to bring a toddler, and it's just £1. After that, at 10am, there's also an hour-and-a-half of playtime, toys, puzzles and craft for the toddlers. The cost of that session is £1.50.

LITTLE VILLAGE CRAFT WORKSHOP

Embrace the world of craft and learn new creative experiences. Located beside the Chichester Arms. All materials are supplied, including light refreshments. Book at learnacraftpp.co.uk or call 07510 335120.

VILLAGE TIDY-UP

Next date on Saturday, June 24. Meet new friends while keeping fit by helping the BT Tidy-Up team clear overgrown areas and cutting back hedges. Volunteers are always welcomed and needed to help with refreshments and lunch.

Pasty and Cider walk

The walk was enjoyed by a record number of all ages in wonderful weather on Saturday. Thanks to Bradworthy Carnival committee for organising this ever popular fundraiser towards August's carnival.

Inter Parish Footpath Walk

Monday, 10am, Bradworthy Square. All welcome.

Bradworthy Inn Gallery Room

Features the work of two popular artists, Maddy Meaden and Sarah Szaniszo, during June and July. Visit the BIGR Facebook page to see past contributing artists. To exhibit your own work in the gallery email [*bradworthyarts@btinternet.com*](mailto:bradworthyarts@btinternet.com)

Neighbourhood Plan

Draft policy documents relating to planning in Bradworthy parish are displayed in the Memorial Hall entrance. Read through, leave your feedback on the Thoughts Tree or contact the committee via bradworthy.org.

Regular activities

Monday: Toddlers group 10am-noon, Bradworthy Memorial Hall (BMH); Badminton 7-8.30pm, BMH.

Tuesday: Citizens Advice open session, first Tuesday of month, 9.30am-noon, BMH; Knit and Natter, alternate Tuesdays, Collacott Room, 8-10pm; Gymnastics, juniors 5.45-6.45pm and seniors 6.45-7.45pm, School Hall; Short Mat Bowling 7.30pm, BMH.

Wednesday: Bradworthy History Society 10am-noon, first Wednesday of month, Collacott Room; WI meet first of month 7.30pm, Chapel Room; All Blacks Netball, Holsworthy Community College outdoor court, 8-9.30pm. See Hear Centre 10-11.30am, second of month, The Square.

Thursday: Baby and Toddlers Group, 10am-noon, BMH; Badminton 2-3pm, BMH; Running Group 6.30-7.30pm, The Square; Baroque Choir 7.30-9pm, Bradworthy Church.

Lesley McLean, 13 Church Close, Bratton Fleming, EX31 4TB, 01598 710115, [*lesmclean1@hotmail.co.uk*](mailto:lesmclean1@hotmail.co.uk)

PARISH CHURCH

Our Holy Communion service was led by Rev Rosie Austin.

We were presented with a thank you card and donation of appreciation from Carol and Shaun after our pop-up choir sung at their wedding three weeks ago.

On Sunday our All Age Worship will be at 9.30am and everyone is welcome.

COMMUNITY LITTER PICK

On Saturday, meeting at St Peter's, 9.45am, for coffee/squash, then we will head off at 10am for a couple of hours, with a community lunch in the Wesley Suite at the end. Black bags, litter pickers, high-vis vests and gloves will be supplied. If you would like to help and have your own gloves, we would be grateful if you could please bring them. Children to be accompanied by an adult. Info: Terry Squire 01598 710526.

MONDAY LUNCH

On Monday at noon in the Wesley Suite. Jacket potato and salad, choice of sweets, tea or coffee. Open to all. No need to book, just come along.

BAPTIST CHURCH

Sunday: Peter Ayrton in the morning and Communion in the evening. Monday: Bright Sparks (children's group) 6pm.

Ignite youth club for 11 to 16-***year***-olds on Wednesday at 7pm.

SCHOOL

Please ensure you send your child to school with sun cream, sun hat and PE kit, and all KS2 children remember to bring in their drink bottle.

PRE-SCHOOL

Open 8am-5pm, Monday-Friday, and accepts Early ***Years*** Funding, where three and four-***year***-olds can access 15 hours of childcare a week. We also accept 2gether funding for two-***year***-olds. Info: 01598 710019 or [*preschoolbf@gmail.com*](mailto:preschoolbf@gmail.com)

BABY AND TODDLER GROUP

We meet every Wednesday in the Village Hall, 9.30-11.30am. The group caters for babies and toddlers from birth to five ***years*** and enjoys a variety of activities, story time, craft and sing-along. Info: 01598 710019.

VILLAGE HALL COMMITTEE

A bric-a-brac sale will be held on Saturday, 2-4pm, in the Village Hall. Refreshments and lots of bargains will be available.

SPORTS CLUB

Saturday, June 9: Make your own "cigar box guitar" day with Chickenbone John. Tickets: chickenbonejohn.com.

SHORT MAT BOWLS

Tuesdays 7-9pm and Wednesdays 2-4pm. All welcome.

CRAFT WORKSHOPS

Now in the shop, Thursdays 10am, £6. Contact: Charmain Woolley 01271 850917.

FRIDAY KLUB

Tomorrow, 6-8pm, £1 admission, tuck shop, 7-15yrs.

HATTON BOXING FITNESS

Mondays 5.45-6.45pm. Contact: Jonny 07702 738346.

KIDS FOOTBALL

Every Monday, 6-7pm, at the Sports Club for ages 5-13yrs.

LIFE DRAWING GROUP

Today, 7.30-9pm. Contact: Louise 07758 077089.

PILATES

Mondays at 7pm. Info: 01271 343944.

OLD STATION INN

DVD dog race night on June 15. Info: 763520.

NGS Garden Open

The garden at St Merryn, Higher Park Road, Braunton, will have its final open day for this ***year*** on Sunday, June 17, 2-5.30pm. Plants for sale. Tea, scones and cakes will be available. All proceeds go to the National Garden Scheme and are then distributed to Macmillan Cancer Support, Marie Curie Cancer Care and Hospice UK, along with six other deserving charities.

Cream tea

St Brannock's and St Anne's invite everyone to join them for a cream yea on Saturday, June 23, at Fairlinch Farm, Fairlinch, Braunton, by kind permission of Richard Dyer. Sit and enjoy your delicious Cream Tea while admiring the tremendous view across to the dunes and the sea. In addition there will be a cake stall, raffle and tombola. If the weather isn't too good then the marquee will be available to enjoy your cream tea. The charge for the tea is £4 each. The church bus will run from St Brannock's Rooms from 2.15pm, calling in at the Braunton main car park to pick up passengers if that is the easiest place for you. Info: parish office 01271 813367.

Duck race

With the Spring Bank Holiday and its glorious weather, which so many enjoyed at the Village Fair, now a lovely memory we look forward to the next bank holiday in August and another exciting village event. It is the St Brannock's Annual Duck Race. This is held on August Bank Holiday Monday on the River Caen beside the church. With lots of other things going on such as a bouncy castle, pony rides, barbecue, cream teas and lots of stalls it is a day out for all the family. So put the date - Monday, August 27 - in your diary and join us from noon for a day at the races - duck style.

Braunton Library

Saturday: Knit in public day, 10am. Monday: Colouring and Coffee, 2.15-3.15pm, all materials supplied; Story Time, 10.15- 10.45am. Tuesday: Lego Club, 3.30-4.30pm. Wednesday: Bounce and Rhyme, 11-11.30am. Thursday: Craft Knit and Natter, 10.30am-12.30pm. Friday: Wii Club 3.30-4.30pm term time only.

Free use of computers with library card and PIN number, free wifi. We still need more volunteers, two hours a week could make a difference. For details of these and other events check the Friends of Braunton Library Facebook page.

Braunton Fundraising Group for Cancer Research UK

Thank you to all who came and said hello to our royal visitors at the Braunton Village Fair last week. We raised £190 on that day.

Our next fundraising event is the Coffee and Crafts morning on Saturday, June 16, at the Parish Hall. Doors open at 10am. We shall have our usual cake stall and this time a plant stall, so if you still need a few bits for your garden you may find them here. Bookings for craft tables can be made by calling 01271 815125.

Cream Teas for businesses will be delivered on Thursday, June 21. We shall be calling for your orders very soon, for further information call 01271 813048.

Our next meeting to discuss future fundraising plans will be held at The Braunton Venue, Wrafton Road, on Monday at 7pm. Please join us if you feel inspired to help raise funds for Cancer Research UK. New ideas always welcome.

Braunton Museum and Information

Braunton Village Fair gave us the opportunity to meet so many lovely people, thank you for your support on that day.

The winner of the Samsung Blu Ray player was a lady from Barnstaple who was there to receive her prize. Well done and hope you make good use of it.

The June Early Summer Coffee and Crafts Morning is on Saturday, why not join us for coffee? Admission is only £1 and includes your coffee. We shall have a special raffle of a summer picnic hamper filled with all the goodies for a nice day out. The draw for this will take place at about 11.45 am.

Craft tables welcome, please phone the museum on 01271 816688 to book.

We shall be supporting the local Dog Show on Sunday, June 24, by holding a cake stall - offers of cakes appreciated.

The AGM of the museum will be held on Thursday, June 28, in the committee room at the Parish Hall. Members of the public and Friends of the museum are welcome.

Madeleine Brownell, brownell19361949@ btinternet.com

Brayford Farmers and Village Market

On Saturday, 11am-1pm, at Brayford Village Hall. A real village market with stall holders offering traditional North Devon products, including: Bentwitchen honey; Bess Hill joints of local meat and savoury pies; homemade artistic cards; East and West Bakery fresh bread; Southwest Cheese Shop quiche and sausage rolls; lots of knitted and local woollen products; beeswax candles; Jacci's scrumptious baked goodies and exotic items; Ruth's quirky handmade spoons made from local wood; organic local lamb; and lots of beautiful bedding plants ready for summer.

At the last market we had lots of local animals - a lamb, duck, chicks, ponies, three-day old robins, a tortoise and a golden retriever! At this market we will have our regular stall holders, Charmain Wooley and Ruth Spires, demonstrating their wool carding and spinning on spinning wheels with baby lamb Rosie's mum's wool, and Rosie will be supervising it!! So, come and turn wool into yarn, and yarn into something to use. You are welcome to try your hand at spinning. Any age. Free of charge. Make a bookmark out of the wool you have spun and take it home.

We will also have for the first time Bratton Fleming Stores joining us as a regular member of the market, offering local ales, delicious cakes, sweets, wine and much more.

Free parking, free entry, adjacent to the children's play area.

MINI MARKET

On Wednesday, 9.30am-2pm. On sale will be homemade cakes, pasties, new materials, handbags, men's shirts and socks, good selection of china mugs and cosmetics plus much more. Come and see what's for sale and take in a cup of tea or coffee, which is served 10am-noon, all in the Methodist Church Schoolroom.

PARISH COUNCIL

The May meeting began with the election of officers, etc. In the chair will be Jim Lowe, with vice-chair Trevor Mills. Other offices are to be - personnel subcommittee: Jim Lowe, Elisa Hurley, Barbara Babb, Andrew Hewitt. Fields and allotments subcommittee: Elisa Hurley, Trevor Mills, Andrew Hewitt. Parish plan steering group: Elisa Hurley, Barbara Babb, Andrew Hewitt, David Watson. Snow warden: George Heywood. PC member to the hall trustees: Marie Douglas. Internal auditor: Alison Marshall.

Public participation: Brenda Mills asked if future Annual Parish Meetings could not be held on the third Wednesday of the month as this clashes with other regular meetings.

A resident from Southwood Meadows talked about the planning application for 22 new dwellings in the adjacent field. She said there was still an issue with the poor access to the site and concern by some of the residents about who would be responsible for maintaining the green area that was not being built on. The parish council had written to the planning department with a number of concerns and these and the resident's concerns would be taken into account in the consultation response.

The clerk reported that Buckland Brewer School had sent a confirmation that the change in age range permitting admission of children from two ***years*** of age had been approved.

Torridge District Council had sent notification of a planning appeal in respect of a change of use of pens at Beech Tree Farm for which responses are required by June 15.

Fields and Allotments - Works to Community and School Fields: Trevor Mills had cut the grass three times recently. A hired woodchipper and volunteers would clear the hedge cuttings. Once the sites are cleared he will proceed with erecting the fences and gates. The School Field Rental Agreement was reported on. Job's Field (Portway) and Approve New Tenant: only one tender had been received and it was decided to accept the applicant's tender of £110 per ***year***.

4 O'CLOCK CLUB

On Thursday, June 14, at 4pm at the Hall, Origins of the Ambulance Trains from The Crimean to First World War will be talked about by Mr Barry Beckingham.

An illustrated talk on the history behind the evacuation of injured troops from the frontline through to the care and medical treatment delivered by casualty clearing stations, hospital ships, military and auxiliary hospitals.

Everyone is welcome to come along and join us to hear about the fascinating work that was carried out by those dedicated to supporting injured troops, and the history behind the development of the ambulance trains.

Complimentary refreshments and a cream tea will be served. There will be no charge, however a small donation made at the end of the meeting towards Mr Beckingham's nominated charity Cancer Research UK will be very gratefully appreciated.

Info or transport: Jim Lowe 01237 451193 or Elisa Hurley 01237 451112.

Sioux, combemartinmuseum@ googlemail.com

Twinning association

Over the bank holiday weekend, Combe Martin and Cormelles-Le-Royal Twinning Associations joined together in Combe Martin to celebrate 40 ***years*** of twinning.

After a warm welcome from the Pack o' Cards, the French party mingled with the Earl of Rone revellers, experiencing one of North Devon's ancient traditions.

The celebrations over the weekend included a guided tour of the church (in French) a "posh" picnic, a visit to the gardens at Marwood Hill followed by a Devon cream tea at Marwood Village Hall.

An invitation from the Council of the Earl of Rone to their ceilidh was gratefully accepted and the group had enormous fun dancing away Saturday evening.

The event culminated in a sumptuous dinner provided by the Dolphin pub, overlooking the beach in the setting sun. A beautifully-decorated cake was consumed and the French mayor was presented with a red rosebush to mark the ruby anniversary of the association between the two towns.

Early Monday morning, after a tearful au revoir, Taw and Torridge Coaches whisked the French party away to Portsmouth for their ferry home.

COFFEE MORNINGS

Every Thursday in the Baptist Church 10.30am-noon during term time.

MUSEUM MEAT RAFFLE

Every Sunday at the Dolphin, £1 per strip (or 5 tickets). First prize a joint of meat and veg; second prize rump or gammon steak, mushrooms and tomatoes; third prize breakfast consisting of half a dozen eggs, bacon, sausages, tomatoes and mushrooms.

MUSEUM

Open 10.30am-5pm Monday to Saturday, and 10.30am-3pm on Sundays.

There will be a Coffee Morning on Tuesday, 11am-1pm. Entry to the museum is free from 10.30am while this event is on.

Messy Church

On Saturday, 9.30-11.30am in the village hall. It is an opportunity for all ages to come together for a time of creativity, food and fun. The morning includes a time of creative play through crafts, exploring a Bible theme, and probably getting a bit messy. There is no cost to attend.

Shamwick Gardening Club

Thirty-fifth Anniversary Garden Party on Saturday, June 30, 2pm. All members and former members are invited to Middleton, Church Street, Combe Martin, to celebrate this special occasion. Come along and spend a relaxing afternoon catching up with friends old and new in this beautiful garden. Info: Desmond 889034.

SHAMMICK ART GROUP

Combe Martin Church Parish Hall, every Thursday, 2-5pm, art workshops by arrangement. Info: Judy Jones 01271 883863, Linda Thomas 01271 883345.

Paul Donovan, Courtiford, Dolton, EX19 8RE, 01805 804425, pauldon876@ btinternet.com

SUMMER FETE

Dolton will be en fÃªte this Saturday, with fun on the football field from 1.30-5pm. There will be games for children, with prizes; face painting; cream teas; stalls selling cakes, books and plants (anyone who has a plant they would like to donate should contact Hazel Donovan 01805 804425); and a table promoting Devon Wildlife Trust, hopefully manned by Diana Goodacre, who chairs the local group. All proceeds will go towards the ongoing costs of maintaining St Edmund's. The organisers promise "a really lovely afternoon for all the family" and if last ***year***'s event is anything to go by, that will certainly be the case.

CHURCHYARD TIDY-UP

About 10 people helped out in the churchyard last Saturday morning in one of the regular clear-ups organised by Frances Whistler, with excellent tea provided by Margaret Payne. Rampant brambles were cut back, stinging nettles and docks that were obscuring gravestones were pulled up, shrubs were shaped and overhanging branches trimmed. There is a wedding at St Edmund's every Saturday this month, so it naturally wants to make sure that the green and tranquil sanctuary of the churchyard is seen in all its beauty.

REFUSE AND RECYCLING

New arrangements come into force this week. The first of the fortnightly green wheelie bin collections, for which we are now paying £35 per bin per ***year***, is due to take place today. However, some people are still waiting for their bins, their stickers and their new food caddies. As regards the black bag collections, also now fortnightly, different dates have been published, so it is best to check the ***calendar*** on the Torridge District Council website to avoid any confusion.

Peter Bunch, Arlington Old School, EX31 4LW, 01271 850215, peter.bunch562@ btinternet.com

COFFEESHOP

Today, 10.30am-noon, hosted by Mike and Sally Corfield. Come and meet friends and neighbours over freshly-brewed coffee and tea while enjoying the usual excellent selection of homemade savouries and cakes (donations always gratefully received). The 100 Club draw will also be made and the hall refurbishment works can be seen and admired.

Summer Season

On June 17, July 15 and during the Flower Festival on August 26 the 11.30am third Sunday in the month informal services will take place at St James Church, Arlington. All very welcome, particularly families .

FLOWER FESTIVAL

Jenny Dellow is planning one of her wonderful Flower Festivals to be held at Arlington Church from August 24-27 with the theme Our Green And Pleasant Land. If you would like to take part contact Jenny 01271 812746 or [*jennifermarian@talktalk.net*](mailto:jennifermarian@talktalk.net)

ANNUAL VILLAGE PRODUCE SHOW

The show will be held on Sunday, August 12, with schedules available soon to enter your fruit, vegetables, flowers, cakes, biscuits, jam, craftwork, paintings, photographs, etc - something for everyone. With special classes for children and men as well. There will also be a produce stall to sell your surplus goods, cream teas, ice cream and other refreshments and a prize draw.

The show has a lovely atmosphere to meet friends and neighbours with a competitive edge, showcasing the sometimes unexpected talents of the many exhibitors. Further helpers would be welcomed. Info: Alison 850298.

Sue Squire, 2 Threeways, Bratton Fleming, 01598 710526, [*sue@suesquire.com*](mailto:sue@suesquire.com)

PARISH COUNCIL

The annual meeting was held on Tuesday, May 29, in the Parish Hall.

Cllrs Baber, Brown, Risdon, Wall and Webber were present, as was one member of the public, county councillor Yabsley for part of the meeting and Mrs S Squire, parish clerk.

Councillors had completed and signed their 2018/19 members' register of interest forms.

Cllr Risdon was re-elected as chairman and Cllr Brown as vice-chairman.

Election of parish representatives - parish hall: Cllr Risdon; Worlington Relief in Need: Cllr Mrs Smyth; emergency plan: Cllr Baber; snow warden: Mr D Phillips.

Under representations from the public, the issue of blocked drains was discussed. Of particular concern was the drain outside the Parish Hall which it had been necessary to root bore due to tree roots. Further work is required to prevent the roots growing back.

There had been complaints of mud on the road leading into the village, especially during wet weather. With a spell of dry weather, the mud had turned to dust.

Apologies were received from Cllr Mrs Smyth and district councillor Mrs Croft.

Cllr Mrs Broe had tendered her resignation and North Devon Council had prepared the relevant notice.

Declarations of interest: Cllrs Baber and Risdon declared a personal interest in the planning applications for the Parish Hall.

The minutes of March 21, 2018, were approved and signed as a correct record.

Reports were received from Cllr Baber on behalf of Chulmleigh Community College Academy Trust; county councillor Yabsley; district councillor Mrs Croft (written when sending apologies) and the parish hall committee.

Four items under matters arising were discussed.

Planning: Listed building application for extension to building at East Worlington Parish Hall. It was resolved to recommend approval.

Planning correspondence: Three North Devon Council decision notices were noted.

Finance: Bank balances and budgetary figures had been circulated to councillors ahead of the meeting to study.

***Payments*** were authorised.

The accounts for the ***year*** ended March 31, 2018, were approved.

In connection with the 2018 annual return, the certificate of exemption was approved, as were sections one and two of the annual return.

Compliance: A new version of standing orders, prepared by the National Association of Local Councils, was agreed. A new data protection policy, the template for which had been prepared by the Devon Association of Local Councils, was agreed.

Other compliance and policies agreed were: financial regulations, freedom of information publication scheme, general risk assessment, equal opportunities policy, grant giving policy, complaints procedure, safeguarding policy, councillors agreement to receiving communications by email.

Two items of correspondence were noted.

One item was discussed under matters raised by councillors and one matter raised at the discretion of the chairman.

Date of next meeting: Tuesday, July 24, in the Parish Hall at 7.30pm. This meeting will include consideration of items to be taken into account at the budget setting meeting in November.

duck Race and Dog Show

East Worlington Primary School Parents Teachers and Friends Association is holding a Duck Race and Dog Show on Saturday, June 30, at East Worlington, EX17 4TS. Gates open 11.30am, duck race 3.30pm.

Margaret Weeks, [*dmweeks@tiscali.co.uk*](mailto:dmweeks@tiscali.co.uk)

Garden Club

The next meeting on Tuesday in Exbourne Village Hall at 7.30pm. The speaker is Sarah Chesters, who is from RHS Rosemoor, and she will be speaking about the Gardens of the Italian Lakes Maggiore and Como. Entry is £3 per person to include refreshments. All welcome. Info: Sheila White 01837 851306.

Local History Group

Meeting on Tuesday, June 19, in the village hall at 7.30pm. Andrew Thompson is coming to speak about Tavistock - 1,000 ***Years*** of History. He will talk about the influence of the Benedictine Abbey and the Dukes of Bedford through the ***years*** and the Georgian and Victorian architecture in the town. Admittance to non-members is £3 to include tea and biscuits and all are welcome.

Maureen Poole, Wyndene, Hele Lane, Frithelstock Stone, 01805 622834, [*maureenpoole@talktalk.net*](mailto:maureenpoole@talktalk.net)

Song of Praise

Please note Songs Of Praise at Frithelstock Church has been cancelled. It will be held in the autumn.

Car Treasure Hunt

Tomorrow, register at Thornhillhead Methodist Church 6.30-7.30pm, £5 per car. Return to Frithelstock Village Hall for barbecue, raffle, fun and games.

Concert

On Sunday, 7pm, at Thornhillhead Methodist Church. Arscott Ladies Choir from Tetcott and Harmony 4 (quartet from Barnstaple Male Voice Choir). Followed by a delicious supper. All welcome to both events.

Coffee morning

Frithelstock Parish Church is holding a coffee morning on Saturday, June 16, in Frithelstock Village Hall. The doors open at 10am. There will be a variety of stalls and a draw. We hope to see everyone.

PARISH COUNCIL

The official opening of the new play park at Croyde will take place on Monday at noon.

The annual parish council meeting took place on May 31.

Councillors completed their 2018/19 Register of Business Interest forms.

Cllr Symonds was re-elected as chairman and Cllr Tucker as vice-chairman.

Election of parish council representatives to organisations - Croyde Village Hall: Cllr Symonds; Georgeham Relief in Need: Cllrs Tucker and Mackintosh; Croyde Surf Life Saving Club: Cllr Short; Academy of Beach Sports: Cllr Short; Georgeham Village Hall: Cllr Mrs Meek; snow wardens: Cllrs Tucker and Taffinder.

Representations from the public were heard.

Apologies received from Cllrs Mrs Luxton and Short.

Declarations of interest by Cllrs Symonds, Harrison and Mrs Barker.

Minutes of the meeting held on April 26 were approved and signed as a correct record.

Reports: May newsletter from the police, county councillor Mrs Chugg, district councillors Mrs Barker and Wilkinson, play area inspection, new play area for Croyde, Georgeham affordable housing, neighbourhood plan, site meeting at cemetery and GDPR training by the clerk.

Planning: One item of matters arising was noted.

Eleven planning applications were considered.

North Devon Council decision notices (approvals and a refusal) were noted.

There was no further information on an enforcement case and one application had been finally disposed of.

Fourteen items under matters arising were discussed.

Finance: Balances were given. ***Payments*** agreed.

The accounts for the ***year*** ended March 31, 2018, were approved.

Sections one and two of the 2018 Annual Return were approved.

Compliance - the following policies and compliance were approved: financial regulations, freedom of information publication act scheme, general risk assessment, equal opportunities policy, grant giving policy, safeguarding policy.

Under correspondence, councillors noted that the Local Government Boundary Commission for England had recommended in its draft proposals that Georgeham and Croyde was moved from the Mortehoe/Georgeham Ward to Braunton East.

Urgent matters brought forward by the chairman: A potential pollution incident at Darracott had been reported to the emergency helpline of the Environment Agency and an incident number given. The issue continued to cause concern and the Environment Agency to be asked to follow it up.

Matters raised by councillors/clerk: Cllr Tucker handed over £100 in cash and a £200 cheque to the clerk for banking towards St George's Churchyard Fund.

Work at the cemetery was in hand following a site meeting given under reports.

Cunnicott Lane was still flooded and this to be investigated.

The next meeting would be on Thursday, June 28, in Georgeham Village Hall at 7pm.

A meeting of the Georgeham Affordable Housing sub group was held on Monday and a report will be given at the next meeting.

Meetings are open to the public and the first item on the agenda is representations from the public who can speak for three minutes on issues and matters that concern them.

It is often possible for the parish council to take this on board and if it is not a parish council issue it will be passed to the relevant authority for attention.

Tricia Oakley, 01237 441690, [*barnpark@live.co.uk*](mailto:barnpark@live.co.uk)

Church services

Sunday: Sung Eucharist at 11am at St Nectan's, Stoke, 11am; Morning Worship at the Methodist Church, 11am.

Deanery Evening Prayer

With the Venerable Mark Butchers, Archdeacon of Barnstaple, in attendance, 5pm in the Lady Chapel at St Nectan's.

Hartland Carnival

It's not too late to join the Hartland Carnival Committee. If you don't want to join the committee but can offer to help over Carnival Week, we'd still very much appreciate it.

Hartland Carnival week kicks off on Sunday, August 5, and runs until Saturday, August 11.

We particularly need a large number of volunteer stewards for the Ccarnival procession on the Saturday evening - we simply cannot run the carnival without them - and we are looking for a new head steward. Please let Julia know in advance if you are able to help. To volunteer as a steward, call Julia 01237 441347.

Enquiries

About weddings and baptisms may be directed to the Parish Office, in the Church Rooms. The office is open weekday mornings 10am-noon and an answerphone is in operation (01237 441142). Email: hartlandcoastparishes@gmail. com.

Louise Williams, [*allsmiles1063@btinternet.com*](mailto:allsmiles1063@btinternet.com)

CHURCH NEWS

On Sunday, at 9.15am, come to St Michael's Church, Horwood, for our family service.

Chatterbox Cafe on Wednesday. This informal, non-religious, community get-together takes place every second Wednesday in the month in St Michael's Church, Horwood, 2-4pm. We meet in the church as it is our community building and offers the space needed. Chatterbox is a great way to meet friends and neighbours from the surrounding areas for a catch-up over a cuppa and a biscuit. Everyone is welcome, so pop in and say hello.

COFFEE MORNING

Join us at Alverdiscott Methodist Church today, 10am-noon. All profits in aid of North Devon Hospice.

QUIZ NIGHT

On Saturday at Alversdiscott Village Hall, starting at 7.30pm. Due to the weather, the last date was cancelled. Please help us to make this a success by booking your team with Caroline McFarlane 01271 858779. Teams of six for £6 per head, to include nibbles and wine on the table. Prizes for the winners and the losers. Raffle and refreshments. Proceeds to Horwood and Newton Tracey Primary School.

GARDENING CLUB

Talks and visits on the last Monday of each month, except bank holidays, from 2.30pm. Alverdiscott Methodist Chapel. Info: Cynthia 01271 858237.

HORWOOD WEBSITE

Visit horwooddevon.co.uk for interesting village information and details of all events in and around Horwood.

EXPLORE

Come along on the last Sunday of each month to Alverdiscott Methodist Chapel for Interactive Bible Study. Light Refreshments Served. More details from Stuart on 01271 858258.

Pearl Hackett, 01271 861458, pearlhackett1947h@ hotmail.co.uk

Church Services

Sunday: 9.30am Family Communion and Baptism at St Peter's, Westleigh, and 11am Holy Communion-Common Worship at St John the Baptist, Instow.

Jumble Sale

On Saturday, June 16, from 2pm in Instow Parish Hall. Jumble from 11.30am please. All proceeds to Instow School PTFA.

Patronal Festival

On Saturday, June 16, at All Saints Chapel, Anstey Way, Instow. There will be a barbecue lunch, strawberries and cream, teas, coffees, cakes and soft drinks from 10.30am-4pm. There will be a stall for plants, cakes, books and bottles for which contributions will be welcome. A gift envelope has been enclosed in the Parish News for those who wish to support Instow Church. Bring on the day or put in the box at Two Rivers or Odstock.

Film Nights

In Westleigh Village Hall. Please contact Ken Griffin 01271 860393 or [*ken@westleigh1.co.uk*](mailto:ken@westleigh1.co.uk) so that the level of interest can be gauged before committing to the expense of the screening licence.

RNLI events

Saturday: Volunteer Coffee Morning, 10am-noon, Appledore Lifeboat Station. All welcome.

Monday: Yellow Welly Breakfast, £5, Slice of Life, Westward Ho!, 9-11am.

June 15: Fashion Show by M and Co, Bideford, with Orchadia Hats, at St Mary's Church, Appledore, 7 for 7.30pm. Glass of bubbly on entry. £6. Makeup demonstration, licensed bar, raffle, 10 per cent discount for all attendees. Tickets from shop or 07989 747163. Tickets are limited so book soon.

Instow and Yelland WI

Meet tonight in Instow Parish Hall. The speaker will be Ian Roome from the Over and Above charity who fundraise over and above what the NHS is able to provide to make a real difference to patients, their families and the amazing staff that treat them. Visitors and potential new members are welcomed.

Robert Smallbone, The Grove Inn, Kings Nympton EX37 9ST, 580406, drinkingtheprofits@ hotmail.com

Fitness Class

On Tuesday, 6.30-7.30pm, at the Parish Hall. Increase your wellbeing and all-round fitness levels, flexibility, strength and whole body movement while having fun. A combination of dynamic movement, gentle cardio, core conditioning with elements of re-energising yoga to finish. Adapted to suit all levels of fitness, ages and abilities. Weigh-ins are available through prior arrangement for pre/post results. Drop in or challenge yourself to the whole 10-week ***programme***. £8 for drop-ins or £72 for the whole 10 weeks when pre-paid. Info: Marika 07939 595829 or [*khanasoul@gmail.com*](mailto:khanasoul@gmail.com)

Fair and fun day

At Knowstone Village Hall on Saturday, June 16, 1-4pm. Stalls, games and competitions.

ST PAUL'S CHURCH

Sunday: 10.30am Service of Holy Communion for the second Sunday in Trinity. All will be welcome.

Saturday, June 30: Garden Party at The Old Manor, 2pm. All welcome.

landkeyparishchurch.org

Further information: [*www.landkeyparishchurch.org*](http://www.landkeyparishchurch.org)

Edna Thompson, [*edna44@tiscali.co.uk*](mailto:edna44@tiscali.co.uk)

Lee Memorial Hall

Thursday June 7, 7.30pm: Butt Kapinski, a one-woman comedy theatre show brought to North Devon by Beaford Arts as part of an international tour. It promises to be a hilarious night out. Tickets: £7.50 adults, £5 under-16s, £22.50 family (show suitable for 16-plus). Tickets: Kate 01271 865591, Bill 01271 865591 or on the door. Bring your own drinks and snacks. Doors open 7.30pm.

St Matthew's Church

The next all age service will take place on Sunday at 8.45am followed by refreshments in the Memorial Hall. The theme this month will be family matters and as always everyone is most welcome to the service.

Lee Spring Fair

Held on Monday, May 28, the fair was, once again, a great success with both visitors and locals queuing to come into the meadow, some of them having enjoyed delicious light lunches and homemade cakes in the hall beforehand.

The sun was shining and everyone was happy and eager to enjoy the many stalls, games, barbecue and cakes and to buy their raffle tickets in the hope of winning one (or more) of the lovely prizes.

Ilfracombe Town Crier and the Mayor of Ilfracombe came along and added to the excitement of the occasion and live entertainment was provided by Joe Steer's one-man band, followed by many of his young students playing their guitars and singing throughout the afternoon, much to the delight of everyone especially their friends and families.

This ***year*** our theme was Pirates and there were some amazing costumes worn by many of our stall holders and helpers and the meadow was decked with bunting and a Jolly Roger flag flying from the flagpole to complete the picture.

Throughout the day there was a constant queue in the Memorial Hall for delicious cream teas and refreshments and at the end of the afternoon all that was left were a few crumbs and the washing-up!

There were more than 60 people involved in the planning and running of this annual event so a huge thank you to everyone and of course to all of our lovely locals and visitors who came along and supported us - it was all very worthwhile with the fantastic amount of £2,804.79 being raised which will go towards helping maintain the Memorial Hall and St Matthew's Church in our beautiful village of Lee.

Chris Harrington, 01271 850200, 2012Loxhore [*News@gmail.com*](mailto:News@gmail.com)

COFFEE MORNING

Today at 10am at the Village Hall.

Curry and comedy night

On Saturday at 7.30pm at the Village Hall. Come and enjoy a curry with a night of murder mystery comedy provided by Beaford Arts. Tickets £12. Booking essential to secure a seat and assist with catering. Please phone Anne 01271 850173.

Mervyn Mugford, Tranquillity, Parracombe, 01598 763261, [*mervyn@bodley.demon.co.uk*](mailto:mervyn@bodley.demon.co.uk)

Lynton cinema

Showing That Good Night (12A) for the final time this evening at 8pm. Starting tomorrow for seven days, On Chesil Beach (15). Showing each evening at 8pm with matinÃ©e on Monday at 2.30pm. Coming next, Solo: A Star Wars Story (12A). Enquiries and booking: 01598 753397.

Lyn Valley Classic

Lynton and Lynmouth will offer a beautiful backdrop for some of the most stunning cars in the South West on Saturday, 10am-4pm, based at the Town Hall in Lynton.

Super cars, classics, vintage and even tractors - vehicles for everyone.

Tickets £17.50, available from The Studio, Lee Road, Lynton, 01598 753382. Info: lynvalleyclassic.co.uk.

All money raised will go to local charities.

Margaret Greenslade, 01271 372065

Church

Marwood Bellringers meet for practice on Wednesdays at 7.30pm. Beginners welcome.

Summer Festival

On Saturday, June 16. Barbecue, teas, stalls, games, competitions, fancy-dress parade, parachuting teddies from church tower, Jiggy Wrigglers and much more from noon-4.30pm.

Cream Teas

Now in its fifth decade of producing cream teas the ladies and gentlemen who make up Marwood Cream Teas look forward to seeing old friends and making new ones during the 2018 season.

There may not be as many openings as in previous ***years*** but the welcome will be just as warm, the cakes just as delicious and the scones and cream just as melt-in-the-mouth good.

So why not make a diary note to come along and help keep this tradition alive. For openings see Marwood Matters website.

Fellowship Garden Party

In the Old Rectory Garden on Wednesday at 3pm.

Marwood Methodist

Get-together on June 14, 11am-noon. Speaker is Pam Jewitt from Ministerios De Amor, Mexico City.

Summer Celebration: June 24, cream teas from 3pm and Songs of Praise 6pm.

1st Marwood Scouts

The Beavers, Cubs and Scouts meet at Marwood Community Hall on Thursdays. Vacancies in all three sections. Activities team members are needed.

Community Hall

AGM on Thursday, July 5, at 8pm at the hall.

Website

Look on the website marwoodmatters.com for more Marwood information.

Ruth Govier, 01598 740661, [*ruth.govier@btinternet.com*](mailto:ruth.govier@btinternet.com)

YOUTH CLUB

Meeting at the Methodist Church at 7pm for outdoor games.

CAR WASH

At the Methodist Church on Saturday, 9am-1pm, recommended £5 minimum donation. If your car doesn't need a wash then please come along and enjoy a bacon butty for £2.50 from 9am-noon. In aid of hurch funds and Christian youth activities.

Farm walk

The Parker family invites you to West Park Farm on Sunday to enjoy a farm walk, starting at 2.30pm and again at 3.30pm, price £2.50, followed by a cream tea for £5, on a traditional beef and sheep farm, also farming photos, film, and ***agricultural*** jumble sale. All money raised will go to All Saints Parish Church.

TEATIME CHURCH

At the Methodist Church on Sunday at 6.30pm. This will be a shorter service than usual with pizza and coffee being served. Hopefully giving space for the people busy during the day on a Sunday to get to a service.

CHEMOHERO

A ChemoHero Fundraising Fayre, organised by the Friday Club, will be held at the Methodist Church on Friday, June 15, at 6pm. This is a North Devon-based charity which delivers boxes of kindness to the Seamoor Unit at North Devon District Hospital. The boxes are given to chemotherapy patients on their first treatment and contain useful and luxury products to make their cancer journey a little kinder. Any donations of plants, cakes, bric-a-brac or items for the tombola stall which you are able to give would be much appreciated. Please bring to the Methodist Hall on the day either between 8.45am and 10am or 3-4pm. Info: Rosemarie 01598 740382.

Linda Bird, 01237 451579, [*lester.bird@tesco.net*](mailto:lester.bird@tesco.net)

BINGO

On Monday at the Allardice Hall. Groceries and fresh meat prizes, plus open the box to win cash and raffle. Free refreshments at half time. Eyes down at 7.30pm. All welcome

CIDER and PASTY WALK

Parkham Primary School is holding this event on Father's Day, June 17, from 10am at the school. Various things going on including car wash, daddy raffle and other fun and games. This event takes places at the school. Tickets are available from Parkham Primary School, Inn over the Road or Honeys the Butchers. All welcome.

INN OVER THE ROAD

Opening times this week: today 6-10.30pm with food served 6-7.30pm; tomorrow 5-11pm, food 6-7.30pm; Sunday noon-4pm, lunch noon-2.30pm.

Mervyn Mugford, Tranquillity, Parracombe, 01598 763261, [*mervyn@bodley.demon.co.uk*](mailto:mervyn@bodley.demon.co.uk)

Hot Dog Evening

Steve, Linda and Bill again invite you to join them for a Hot Dog Evening in the garden at Hibridge (opposite the park gate) on Saturday, June 16, from 4pm. It will be postponed to the following week if the weather is poor. All proceeds to support Christ Church.

Holwell Castle Open Day

Many archaeologists agree Holwell Castle is the finest example of a Norman motte and bailey castle in the South West.

Although it is a prominent feature, it is on private land with normally no public access.

So look forward to Holwell Castle Open Day when you will be able to have a close look and learn of the strategic significance of this feature on Sunday, June 24, from noon-5pm.

Starting from Christ Church, archaeologists Rob Wilson-North and Faye Balmond will lead tours of the mound starting at 1pm and 3pm. Refreshments will be served in the church. Info: 01598 763295 for more details. This event is organised by Parracombe's Archaeology and History Society and is a rare opportunity for a close look.

David Kelsey, Wooletts, Rectory Rise, EX20 3HQ, 01837 810796, davidindevon@ btinternet.com

HERITAGE GROUP

The group will be visiting Tapeley House tomorrow at 2pm.

GARDENING CLUB

Annual barbecue on Tuesday in the Baxter Hall at 6.30pm.

PETROCKSTOWE WEATHER

There was 12mm (0.5in) of rainfall in the first 24 hours of May, however, the following week was hot and sunny until the 9th which was cloudy and chilly with a temperature of 10C and more heavy rain in the evening. It then continued bright and sunny although with a chilly wind at times. It was then warm and sunny again apart from a drizzly grey day on the 16th. The weather on the royal wedding day, the 19th, was absolutely beautiful with hot sun all day. This carried on until the 26th when some thunder and lightning was experienced, with 5mm of rain falling. The 28th was the hottest day of the ***year*** so far, with the village recording 29C. The last days of the month were cloudy with rain at times. The total rainfall for the month was 30mm (1.25in) compared with 50mm (2in) falling in May 2017. The recent hot weather has enabled local farmers to make a good start with the silage making.

CRICKET

The village club were pleased to record their first league victory in two ***years*** when they beat Bideford at home by nine wickets on Sunday, May 27, in hot, sunny weather. The visitors were all out for 63 thanks to excellent bowling by Brendan Harris and Tom Scantlebury, plus some excellent catches. Petrockstowe won thanks to Gary Toop scoring 29 not out and 20 being provided by Tom Scantlebury. The next league match is at home v Westleigh on Sunday, starting at 1.30pm.

Parish Council

The council meeting this month is tonight (a week early) in the Village Hall at 7.30pm. All are welcome to attend this meeting. Light refreshments served after the meeting.

WI

The WI will be visiting Petroc college for a meal on Tuesday.

St Peter's Church

A pop-up choir is practising for our June 17 morning service. If anyone is interested in joining please ring 01271 850330.

Messy Church

Our next Messy Church is on Saturday, July 7, 11am-12.30pm. Theme: Creating and Caring. Everyone welcome.

Debbie Quick, 01769 573103, debbie.quick65@ btinternet.com

Photo Exhibition

South Molton Museum is pleased to present a photographic exhibition in collaboration with Beaford Arts and the Hidden Histories Project, showcasing photographs of North Devon Village Life from our extensive archives and from the James Ravilious Collection, courtesy of Robin Ravilious. The exhibition runs until Saturday, June 30. Open Monday and Tuesday 10.30am-4pm, Thursday and Saturday 10.30am-1pm.

Litteratzi

Led by Richard Speed, this is a new group that is going to pick up your dropped litter across the town centre. It will operate once a month on a Wednesday, meeting in the Pannier Market at 9.30am. All equipment will be provided, just bring yourself and fill up a bag with litter. Contact Richard Speed on 01769 574469 to inform him of litter hotspots that may need attention.

Jazz Club

The club meets at the George Hotel, South Molton, on the last Friday of every month. Feel free to come along.

Bowling Club

The club is again running its successful open evenings during June. Why not come along and try flat green bowls? Bowling is an activity for men and ladies of all ages and provides an excellent opportunity to stay active, have fun and make friends. Come along on a Monday evening during June at 6.30pm. All equipment will be provided but we do ask you wear flat-soled shoes if possible. Coaching will be available. If you decide to join the club, membership is reduced for those new to bowls to £10 for 2018 which allows you to play outdoors for the summer and short mat bowls during the autumn. Should Monday evenings be not convenient for you please telephone 01598 740457 to arrange another time. Hope to see you.

Big Sing

On August 5 in South Molton Pannier Market, raising funds for North Devon Hospice. A large choir is being recruited, inviting choirs, choral societies, individuals to join singing popular classics including Nessun Dorma, Easter Hymn, March of Toreadors, excerpts from Les Miserables, West Side Story. Rehearsals have started at South Molton Assembly Rooms. We would be grateful of a £10 contribution from choristers to defray costs. This is a major fund raiser for the hospice and a wonderful opportunity to sing in a massed choir. Info: [*jparkhouse110@gmail.com*](mailto:jparkhouse110@gmail.com) or 07971 963943.

Just Sing

The community choir meets on Wednesdays 7-8.30pm at South Molton Scout Hut (by Cattle Market). We welcome new choristers. Contact: John Parkhouse jparkhouse110@ gmail.com, 07971 963943.

Choir Fest

Sunday, June 24, 6.30pm in South Molton Pannier Market, featuring school and community choirs and local young artists. £5 entrance on door.

Proms Night

South Molton Town Band will be performing at their annual Proms Night on Saturday, June 23, in the Pannier Market at 7.30pm. Bring along your own picnic and chair, and enjoy an evening of music played by the band.

Entry only £5, free for children. Soft drinks, tea and coffee, burgers/hot dogs will be available.

School Fete

South Molton United CofE Primary School on the Exeter Road is holding its second summer fete at its new site this ***year***, on Thursday, June 14, 3-5pm. Should you wish to book a table to have a stall selling please contact Debbie Quick through the above number or email address. All tables are £5, payable on the day.

Olde English Fayre:

Today: 10am-noon Fayre Coffee Morning in the Assembly Rooms with primary school choirs and stalls in aid of fayre charities; early evening, judging of Best Dressed Window Competition.

Tomorrow, in the Assembly Rooms: 2-5pm Tea Dance with Bett and Audrey, with a free senior citizens' cream tea at 3pm; 5.30-6.30pm Disco for under-nines, £2 each; 7-8pm Disco for under-12s, £2 each. At the Coaching Inn: 7.30pm Open Mic Night.

Saturday: Fayre Day. Traditional pannier market, fairground rides, go-karts. All morning: children's entertainer in the Pannier Market. 10.30am Music from South Molton Town Band in the Square; 10.50am Guard of Honour and Proclamation; 11am crowning of the queen and presentation of prizes followed by the Floral Dance led by South Molton Town Band; 11.30am Maypole Dancing, featuring the Community Primary School, followed by music from South Molton Town Band; 12.45 Fayre Luncheon by M&J Catering in the Assembly Rooms, tickets £15 per adult from Amory House or 01769 573558; 2.30pm Battle of the Bands in the Square (Parish Church if wet); 3.30pm Children's Funtime in the Pannier Market; 4.30pm free Children's Tea; 8-11pm Rewind Party with DJ and live music in the Assembly Rooms, £5.

Sunday: 9.15am Fayre Family Breakfast at the Coaching Inn, £6.50, call 572526 to book; 10.50am Civic Parade across the Square to South Molton Parish Church for the 11am Fayre and Mayor's Service.

Monday: 10.30am South Molton Striders Pasty and Cider Walk, meet in the Square for a one-mile walk followed by optional refreshments £5 at the Coaching Inn; 6pm Children's Races organised by South Molton Strugglers at the Community Primary School, North Road, entry forms from the school or 574762.

Joyce Holmes, 01598 710408, [*vjholmes@tiscali.co.uk*](mailto:vjholmes@tiscali.co.uk)

Plant Sale

On Sunday, June 17, Father's Day, Stoke Rivers Annual Plant and Garden Sale takes place in the grounds of the Village Hall from 10am-3pm. There will be specialist nurseries offering help and advice about the interesting range of plants they grow and sell. Mary Jannaway will once again demonstrate her willow workings and will always encourage others to have a go. Anne Robins is back again with her inspiring range of vegetable plants, herbal remedies and creams. Tony Ormsfon is coming for the first time with second-hand garden tool and other intriguing bits and pieces. There will be refreshments available all day.

Live music

The Roving Crows are coming to Umberleigh Village Hall tomorrow, 7.30pm. Bring your own drinks and nibbles. Tickets £10 on sale at Murch Emporium and Rising Sun Inn, Umberleigh.

**Load-Date:** June 6, 2018

**End of Document**



[***FEDERAL REGISTER: Submissions of Exclusion Requests and Objections to Submitted Requests for Steel and Aluminum Pages 46026 - 46065 [FR DOC # 2018-19662]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5T7S-82Y1-JDG9-Y1D5-00000-00&context=1516831)

Impact News Service

September 11, 2018 Tuesday

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**Length:** 52006 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

Department of Commerce ----------------------------------------------------------------------- Bureau of Industry and Security ----------------------------------------------------------------------- 15 CFR Part 705 Submissions of Exclusion Requests and Objections to Submitted Requests for Steel and Aluminum; Final Rule Federal Register / Vol. 83 , No. 176 / Tuesday, September 11, 2018 / Rules and Regulations [[Page 46026]] ----------------------------------------------------------------------- DEPARTMENT OF COMMERCE Bureau of Industry and Security 15 CFR Part 705 [Docket No.: 180227217-8217-02] RIN 0694-AH55 Submissions of Exclusion Requests and Objections to Submitted Requests for Steel and Aluminum AGENCY: Office of Technology Evaluation, Bureau of Industry and Security, U.S Department of Commerce.

ACTION: Interim final rule. ----------------------------------------------------------------------- SUMMARY: On March 8, 2018, President Trump issued Proclamations 9704 and 9705 (referred to henceforth as the ``Proclamations''), imposing duties on imports of aluminum and steel. The Proclamations also authorized the Secretary of Commerce (referred to henceforth as the ``Secretary'') to grant exclusions from the duties if the Secretary determines the steel or aluminum article for which the exclusion is requested is not ``produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality'' or should be excluded ``based upon specific national security considerations.'' On March 19, 2018, the Department issued an interim final rule (referred to henceforth as the ``March 19 rule''), setting forth the requirements a directly affected party located in the United States must satisfy when submitting exclusion requests. The March 19 rule also set forth the requirements that U.S parties must meet when submitting objections to exclusion requests. The March 19 rule amended the National Security Industrial Base Regulations to add two new supplements. The rule published today by BIS, on behalf of the Secretary, revises the two supplements added by the March 19 rule. The revisions are informed by the comments received in response to the March 19 rule and the U.S Department of Commerce's (referred to henceforth as ``the Department'') experience with managing the exclusion and objection process. The Department understands the importance of having a transparent, fair and efficient exclusion and objection process. The publication of today's rule should make significant improvements in all three respects, but due to the scope of this new process, BIS is publishing today's rule as an interim final rule with request for comments. DATES: Effective date: This interim final rule is effective September 11, 2018. Comments: Comments on this interim final rule must be received by BIS no later than November 13, 2018. See SUPPLEMENTARY INFORMATION section for information on submitting exclusion requests, objections thereto, rebuttals, and surrebuttals. ADDRESSES: All comments on this interim final rule must be submitted by one of the following methods:  By the Federal eRulemaking Portal: [*http://www.regulations.gov*](http://www.regulations.gov) Comments on this interim final rule may be submitted to regulations.gov docket number BIS-2018-0016.      By email directly to [*publiccomments@bis.doc.gov*](mailto:publiccomments@bis.doc.gov) Include RIN 0694-AH55 in the subject line.      By mail or delivery to Regulatory Policy Division, Bureau of Industry and Security, U.S Department of Commerce, Room 2099B, 14th Street and Pennsylvania Avenue NW, Washington, DC 20230. Refer to RIN 0694-AH55.

FOR FURTHER INFORMATION CONTACT: Brad Botwin, Director, Industrial Studies, Office of Technology Evaluation, Bureau of Industry and Security, U.S Department of Commerce (202) 482-5642, [*Steel232@bis.doc.gov*](mailto:Steel232@bis.doc.gov) regarding provisions in this rule specific to steel exclusion requests and (202) 482-4757, [*Aluminum232@bis.doc.gov*](mailto:Aluminum232@bis.doc.gov) regarding provisions in this rule specific to aluminum exclusion requests.

SUPPLEMENTARY INFORMATION:

Background

    On March 8, 2018, President Trump issued Proclamations 9704 and 9705, imposing duties on imports of aluminum and steel. The Proclamations also authorized the Secretary to grant exclusions from the duties if the Secretary determines the steel or aluminum article for which the exclusion is requested is not ``produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality'' or should be excluded ``based upon specific national security considerations.''     On March 19, 2018, the Department issued an interim final rule, setting forth the requirements U.S businesses must satisfy when submitting exclusion requests. On behalf of the Secretary, BIS published the March 19 rule, Requirements for Submissions Requesting Exclusions from the Remedies Instituted in Presidential Proclamations Adjusting Imports of Steel into the United States and Adjusting Imports of Aluminum into the United States; and the filing of Objections to Submitted Exclusion Requests for Steel and Aluminum (83 FR 12106). The March 19 rule also set forth the requirements that U.S parties must meet when submitting objections to exclusion requests. The March 19 rule amended the National Security Industrial Base Regulations to add two new supplements, Supplements No. 1 (for steel exclusion requests) and No. 2 (for aluminum exclusion requests) to part 705. The Department started this process with the publication of the March 19 rule and is continuing that process to make various improvements with the publication of today's rule.

Updates & Improvements to Section 232 Steel and Aluminum Exclusion Request and Objection Processes

    The rule published today by BIS, on behalf of the Secretary, makes changes to the two supplements added in the March 19 rule: Supplement No. 1 to Part 705--Requirements for Submissions Requesting Exclusions from the Remedies Instituted in Presidential Proclamation 9705 of March 8, 2018 Adjusting Imports of Steel Articles into the United States; and to Supplement No. 2 to Part 705--Requirements for Submissions Requesting Exclusions from the Remedies Instituted in Presidential Proclamation 9704 of March 8, 2018 to Adjusting Imports of Aluminum into the United States.     The rule published today also makes needed changes to the two supplements to address the directives included in the Presidential Proclamations 9777 and 9776 of August 29, 2018, whereby President Trump directed that as soon as practicable, the Secretary of Commerce shall issue procedures for requests for exclusions described in clause 1 and clause 2 of these two proclamations to allow for exclusion requests for countries subject to quantitative limitations. Today's rule makes changes to add clause 1. The Department has already created a separate exclusion process for clause 2 on the Commerce website at [*www.bis.doc.gov/index.php/232-steel*](http://www.bis.doc.gov/index.php/232-steel), so no changes are made in today's rule to address the directive included in clause 2 of Proclamation 9777. The rule published today will fulfill the Presidential directives included in the two most recent Proclamations, as well as the earlier Proclamations that directed the Secretary to create an exclusion process to ensure users of steel and aluminum in the United States would continue to have access to the steel and aluminum that they may need.     The changes to the exclusion processes in this rule are informed by both the comments received in response to the March 19 rule and the

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Department's experience with managing the exclusion process. The comments identified a number of areas where transparency, effectiveness and fairness of the exclusion and objection process could be improved, including adding a rebuttal and surrebuttal process. The Department has incorporated changes based on many of those comments and has also included other process improvements. The publication of today's rule should make significant improvements in all three respects, but because of the scope of this new process, BIS is publishing today's rule as a second interim final rule with request for comments.     Since March 19, the Department has worked to develop its exclusion process to ensure that the duties and quantitative limitations protect our national security while also minimizing undue impacts on downstream U.S industries. Two specific Commerce components have worked closely in this effort: BIS and the International Trade Administration (ITA). BIS is the lead agency deciding whether to grant steel and aluminum tariff exclusion requests, and ITA is analyzing requests and objections to evaluate whether there is domestic production available to meet the requestor's product needs, as provided in the exclusion requests.     Since March 19, the Department has diligently worked to develop its exclusion process to ensure that the duties and quantitative limitations protect critical U.S national security while minimizing undue impacts on downstream U.S industries. The Department has already taken several steps to improve the exclusion process, including expediting the grant of properly filed exclusion requests that receive no objections and present no national security concerns, as well as increasing and organizing the Department's staff to efficiently process exclusion requests. The publication of today's rule provides an exclusion process for steel and aluminum articles subject to quantitative limitations and is an important step in further improving the exclusion request and objection process, including through the addition of a rebuttal and surrebuttal process.     As of August 20, the Department had received more than 38,000 exclusion requests and more than 17,000 objections. To streamline the exclusion review process, the Department has already taken steps to expedite the granting of properly filed exclusion requests which receive no objections and present no national security concerns. The Department has also worked to increase and organize its staff to efficiently process exclusion requests. The publication of today's rule is an important step in improving the exclusion and objection process.

Types of Comments the Department is Requesting on Today's Rule

    The Department is not seeking comments on the duties and quantitative limitations or the exclusion and objection process overall, but rather on whether the specific changes included in this second interim final rule have addressed earlier concerns with the exclusion and objection process. Comments specific to the changes included in today's rule will be the most helpful for the Department to receive, including comments on how the changes (e.g , the adding of a rebuttal and surrebuttal to the process) interact with the established exclusion and objection process and whether the commenters believe these changes improve the exclusion and objection process by making it more transparent, fair and efficient, as well as highlighting any unintended consequences of the changes made in today's rule.

Public Comments and BIS Responses

    The public comment period on the March 19 rule closed on May 18, 2018. BIS received 67 public comments on the interim final rule. Most of the comments were well thought out and supported their positions with a great deal of specificity. Many commenters made comments on the imposition of duties and quantitative limitations and whether or not that was a good idea. Those comments are outside the scope of the March 19 rule that was focused on creating an exclusion and objection process, thus the Department is not summarizing or providing responses to those general comments on the duties and quantitative limitations. The Department is responding to comments regarding concerns on the downstream impacts of U.S manufacturers that use steel and aluminum, which is directly relevant to whether the exclusion process created in the March 19 rule is efficient enough to mitigate those downstream end users' concerns.     Commenters were generally supportive and welcomed the idea of creating an exclusion process, but most of the commenters believed the exclusion process was not working well and needed to be significantly improved in order for it to achieve the intended purpose. The commenters covered a broad range of industries and included some of the largest companies in the world, along with small to mid-size (SME) enterprises expressing significant concern over the duties and quantitative limitations and the difficulties in managing the exclusion process. Several of the SMEs indicated that without an efficient exclusion process, it is likely they may not survive or will face significant cut backs in employment and business activities. Larger companies indicated that without an efficient exclusion process, it is likely that major projects that they may have otherwise undertaken will likely not be undertaken. Commenters from the oil and gas industries and petrochemical industries hit on these points.     Many downstream manufacturers that use steel and aluminum were particularly concerned with suffering from higher input costs, while at the same time having to compete directly with foreign competitors in other countries; e.g , China, but also countries such as Canada and Mexico. Many commenters argued that the exclusion process was overly and unnecessarily restrictive and did not take into account how steel and aluminum are procured and used in the United States.     Commenters supporting and opposing the duties and quantitative limitations submitted comments on what they thought needed to be changed in the exclusion and the objection process to make it more fair, efficient and effective. Commenters included references to arbitrary and capricious government action and laid out from their perspective how the exclusion and objection process could be legally challenged if not improved.

Concerns With Unintended Downstream Impacts That Steel and Aluminum Duties and Quantitative Limitations Will Have on U.S Manufacturers and Consumers

    The Department received a significant number of detailed comments that raised concerns in this area. The comments came from a broad spectrum of U.S industries, including many major sectoral employers. The creation of an effective product based exclusion/objection process (and with the publication of today's rule, a rebuttal/surrebuttal process) is intended to address as many of these types of concerns as possible. As detailed below, many commenters do not believe that the exclusion/objection process is effective and that because of how products are sourced and used in the manufacturing process, it is unlikely to succeed.     Comment (a)(1): Concerns for unintended downstream impacts for U.S manufacturers. A small manufacturer noted that a 25 percent ad valorem duty increases their Cost of Goods Sold (COGS) by 7 percent, which can be the difference between

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profitability and loss for their employee-owned company. This commenter noted that it has been portrayed in the media that this duty will have an impact of one half of one percent on the total cost of U.S produced product. This commenter noted that its potential impact is fourteen times that. Many additional commenters provided additional examples from their experience. One manufacturer of dump bodies for dump trucks asserted that a 25 percent increase in steel prices would result in an ``11 percent increase in wholesale product price'' for the company. A commercial construction company asserted that ``steel building suppliers increased [their prices by] 25-29 percent overnight and will only hold pricing for 15 days.'' The company anticipates price increases ``across the board on more subcontractors and suppliers'' as they anticipate a shortage. Another downstream manufacturer asked ``how the Department will monitor and report on the effect of this tariff on the primary manufacturers of aluminum in the U.S , let alone downstream industries, which were ignored in the 232 report?'' Other commenters noted that it is not only the 232 duties and quantitative limitations that are putting pressure on these U.S manufacturers, but also the other various trade remedies that the U.S has implemented.     BIS response: The Department understands that the consistent message from these commenters is that they are feeling pressure from the duties and quantitative limitations, and in many cases the commenters believe the costs may not be absorbable by these companies and the market. This puts pressure on the U.S steel and aluminum industries to ramp up production and in the interim for an effective exclusion process to fill the void. The Department understands that and is taking steps to ensure the exclusion process is efficient enough to fill the void to avoid any unintended economic impact to downstream U.S industries. The changes made in today's rule will improve the efficiency of the process and address these comments. The Department will be monitoring the domestic aluminum and steel industries, as well as industries consuming steel and aluminum, to regularly evaluate the competitiveness of U.S industry. The exclusion process is available to individuals and companies to ensure that they can obtain adequate supply of steel and aluminum products of size, shape, and function that are not available in the United States in adequate quantity or quality.     Comment (a)(1)(ii): Recommends additional analysis is done of the downstream impact of duties and quantitative limitations. Some commenters recommended the Department review, on a regular basis, the impact of duties and quantitative limitations on the economy and downstream users and develop and implement a plan to sunset them if they prove to have a significant unintended impact. These commenters urged the Department to consider the unintended consequences of these duties and quantitative limitations in any review. One such consequence would be companies further down the supply chain importing finished goods at lower prices instead of purchasing higher-priced U.S manufactured goods from companies that imported raw and semi-finished materials subject to duties and quantitative limitations.     BIS response: The Secretary has directed the Department economists to regularly review the impacts of the steel and aluminum duties and quantitative limitations, including on downstream sectors. The Secretary will present this information to the President for his consideration as appropriate.     Comment (a)(1)(iii): Higher input costs for steel and aluminum will have a chilling effect on capital intensive investments that require a large amount of steel and aluminum, e.g , for energy exploration and production or petrochemical production. Commenters from major trade associations for oil and gas exploration noted that a process that generally involves granting only one-***year*** product exclusions would impede the ability to plan for the long term by introducing significant uncertainties as to when, whether, where, and at what price the member companies can purchase the steel inputs needed to bring U.S oil and natural gas projects to fruition. Planning and locking in cost projections for equipment and materials is often key to determining whether a project's economics merit approval. Other major industry associations, such as a trade association for the auto industry, identified an impact on investments in the U.S that they attribute to the duties and quantitative limitations. These commenters believe the duties and quantitative limitations will have an impact on these manufacturers, the jobs they create, and ultimately the American consumer.     BIS response: The Department believes an effectively managed and configured exclusion/objection process, with a rebuttal/surrebuttal process being added with today's rule, will significantly mitigate these concerns. U.S steel and aluminum manufacturers are already starting to increase production, and the exclusion process will be there to fill any temporary gaps in the U.S supply to ensure that companies, such as those involved in oil and gas exploration and production and the automotive industry, will have the steel and aluminum they need to continue to invest in the United States.     Comment (a)(1)(iv): Consumers will face increased prices. Commenters noted that the cost of their finished goods will increase because of the duties and quantitative limitations and those increases will be passed to consumers. A commenter noted that in order to compensate for their increased steel cost they will be forced to raise their finished product cost by at least 8 percent. ``That may seem like a small margin, but in today's global market that is enough to cause a company to be forced to relocate manufacturing outside of the U.S , import finished foreign product, or ultimately to close their doors completely.'' Another commenter noted that for 84 ***years*** in Harlan, Iowa this company has been a manufacturer of spare parts for mills used to make animal feed in the ***agriculture*** industry. The duties and quantitative limitations will drastically increase their costs and U.S feed suppliers will see an increase in production costs to produce feed, leading to an increase in the cost of our food.     BIS response: The Department agrees there may be some short term price adjustments that may reach consumers, but we believe that the price increases at the consumer level will be minimal. The Secretary has, as noted above, also directed the Department economists to regularly review the impacts of the steel and aluminum duties and quantitative limitations, including on downstream sectors.

Concerns Over the U.S Supply Chain and Comments Asserting That the Exclusion Objection Process Are Inefficient and Not Consistent With Business Practices, Regulatory Requirements, and Contractual Agreements for Sourcing Materials

    Comment (b)(1): Concern that exclusion process is not consistent with business procurement practices. Commenters asserted that the exclusion process does not take into account several key aspects of how the U.S supply chain functions. A commenter asserted that companies generally classify their suppliers into a multi-tiered list, such as acceptable, approved, and preferred. Each of these tiers indicates the compliance with quality

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standards based on ***years*** of experience with a supplier's product. Even after a supplier adds new capacity, additional time is needed for purchasers of steel to technically qualify these new mills/lines. Adding a new supplier to an approved manufacturers list is a lengthy process, taking as long as three ***years*** as a company wants to be assured of a supplier's ability to manufacture a product to a given standard consistently.     BIS response: The exclusion process created in the supplements added in the March 19 rule and the Proclamations include criteria requiring suitable quality of U.S steel and aluminum to deny an exclusion request. The detailed form for requesting exclusions and the form for submitting objections are intended to provide enough information for individuals and companies to determine whether in fact a U.S supplier can supply the steel or aluminum in the quantities and quality needed. If a U.S supplier objects to an exclusion request, the burden is on that supplier to demonstrate that the exclusion should be denied because of failure to meet the specified criteria. As described below in the regulatory changes, today's rule is adding additional text to paragraph (d)(4) in the two supplements to provide greater specificity for objections, which will be responsive to these types of comments. Today's rule adding a rebuttal process to paragraph (f) to allow requesters of exclusions to rebut information included in an objection to their exclusion request will also improve the process and address these types of concerns raised by these commenters.     Comment (b)(2): Factors beyond an importer's control may limit their ability to change suppliers. Commenters asserted that regulatory requirements often limit the ability for U.S manufacturers to make changes in the inputs, e.g , in the medical area or food products area. Offshore drilling and aircraft are other examples. Therefore, making changes in suppliers may not be permissible, or if it is, it may be expensive and/or time consuming. One commenter asserted that under Federal Food and Drug Administration regulations, substitution of the foil substrate could take two to ten ***years*** for approval, depending on use in packaging for food or medical devices. Another commenter asserted that given the low volume and high investment necessary to manufacture and smelt some specialty products for vehicles, many U.S steel producers simply have decided not to enter into these markets. It can take many ***years*** for a company to test and validate that a material producer's product will meet the specifications necessary to perform as required for many of these safety-critical parts.     BIS response: The Department, when evaluating whether suitable quality of steel or aluminum supply exists in the United States, can take into account the types of factors asserted here by the commenters in two respects. First, these considerations may be taken into account when deciding whether to grant an exclusion request and second, these considerations may be taken into account when determining the appropriate validity period for an exclusion request. As described below, regulatory changes that add paragraphs (c)(6)(i) and (ii) to better define the exclusion review criteria and paragraph (h)(2)(iv) to provide additional context for how the Department determines the appropriate validity for exclusions will be responsive to these comments.     Comment (b)(3): A one ***year*** window is not consistent with the way many raw materials are sourced. One commenter asserted that the restriction of exclusions to specific supplier and country of origin combinations may make it difficult for the commenter to actually use an exclusion if one were granted because the company does not have visibility as to the country of origin or producer when sourcing aluminum through traders. At the time the commenter makes minimum purchase commitments, it does not know which traders will have inventory from which specific countries or which markets will have the most favorable pricing. In order to obtain an exclusion for its purchases from traders, the commenter would have to apply for an exclusion for each product from every market from which the commenter's traders could reasonably be expected to source product. Another commenter asserted that a problem could arise when the product delivered is not identical to what is ordered. In some instances, even though this commenter may place an order for one grade of aluminum, it might receive a better grade when there is a larger inventory of the higher graded product and the price differential is small. If an exclusion is limited to a specific grade and chemical composition of aluminum, the commenter would be forced to pay the tariff to use the product that was delivered. If the aluminum user must reject a shipment and wait for the specific grade covered by an exclusion, that could cause delays in its production process which could result in damages being assessed by its customers.     BIS response: The Department understands that in the types of scenarios described by these commenters the usefulness of an exclusion may be limited or obtaining additional exclusions to cover additional sourcing activity may be needed. The Department believes that some of the concerns may be overstated and that, based on past procurement activities, patterns of steel and aluminum procurement can be identified to significantly limit the total number of exclusions that may need to be requested. These organizations may also attempt to begin sourcing more of their steel and aluminum procurement needs from U.S manufacturers. Today's rule nevertheless clarifies in (c)(2) in both supplements that the exclusion request forms do allow for minimum and maximum dimensions, as well as clarifying that ranges are acceptable when the manufacturing process permits small tolerances. A permissible range must be within the minimum and maximum range that is specified in the tariff provision and applicable legal notes for the provision. These changes to paragraph (c)(2) will also help address some of the concerns raised by these commenters.     Comment (b)(3)(i): Exclusion process and timeline are difficult to align with real-world purchasing and contract decisions. One commenter asserted that like many companies, it makes purchase decisions on a ***calendar*** ***year*** basis. For ***calendar*** ***year*** 2018, this company has already obligated itself to purchase guaranteed minimum amounts from certain suppliers. The company has already obligated itself to purchase certain volumes for 2019 and expects to sign purchase contracts for the remaining volume for 2019 in mid to late 2018. Even if the exclusion requests are renewable at the end of their one-***year*** term, this company is concerned it will be forced to make 2020 purchasing commitments without knowing whether the full ***year***'s purchases will be subject to duties or not.     BIS response: The Department understands the concerns being raised. Organizations, such as those that need to make purchasing decisions multiple ***years*** out in the future, should include in the exclusion request information to that effect. This type of information may be used to support a validity period for longer than one ***year***. As noted above, this rule adds paragraph (h)(2)(iv) to provide greater transparency in how the Department determines the appropriate validity date for exclusions and this will be responsive to these types of comments. The March 19 rule did not include any type of grandfathering

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provisions for existing purchase contracts, and today's rule does not add any grandfathering provisions. However, there is nothing that would preclude an individual or organization in the U.S that has an existing purchase contract from applying for an exclusion request to cover the scope of that purchase agreement. To the extent that such exclusion request can meet the existing criteria in the supplements and Proclamations, the Department could approve that request and take into account the existence of a purchase contract in determining the appropriate validity period. The existence of a purchase contract would not be determinative, however, as the Department must also take into account any objections that are filed and the timeframe in which U.S supply may be available.     Comment (b)(4): Other concerns with quality or domestic supply. Some commenters asserted that lead times are long to make changes to the supply chain, including sometimes requiring OEM approvals before changing. Because one trade association's members supply to the automotive and aerospace industry, the process to change raw material suppliers is closely followed by and often approved by their OEM customers. The association's members have long-term customer contracts based on these approvals, and changes to the terms of those contracts are lengthy and time consuming. Other commenters raised concern about obtaining products where there is not sufficient U.S supply. For example, some commenters asserted that many specialty steel and aluminum materials used in vehicle components are not available domestically. There may be only a few producers in the world--in some cases only one or two--that can source the grade of specialty materials needed to meet component specifications. Examples cited include wire used in steel-belted radial tires and specialty metals used in fuel injectors. For domestic manufacturers, it is not a question of whether they can produce these materials, but instead whether production of these niche materials will be cost-effective and provide a return on investment.     BIS response: The Department is reviewing exclusion applications from domestic industry, and related objections (and will do the same for rebuttals/surrebuttals), on a case-by-case basis in a fair and transparent process. The Department will assess whether manufacturing capability can meet the technical parameters for the specific article in question, including if idle capacity is being brought back online as well as new capacity. Today's rule adds greater specificity on the review criteria for exclusions under new paragraph (c)(6) and objections under revised paragraph (d)(4). These changes will be responsive to these types of comments.

Increases in Costs for Steel and Aluminum in the U.S That Exceed the Duties

    Some commenters provided detailed comments on what they perceived to be profiteering that may be occurring in the U.S As described above, some of this may be short term adjustments that are not warranted by market fundamentals that should level out.     Comment (c)(1): Concerns over profiteering by certain U.S manufacturers of steel and aluminum or other parties that supply downstream manufacturers with steel and aluminum. One commenter asserted that it is not just importers being impacted by the duties and quantitative limitations. This commenter currently purchases all of its steel and aluminum from domestic sources, but is concerned that duties and quantitative limitations will allow the steel companies to raise their material prices significantly, even beyond the 25 percent competitive advantage provided by the tariff. Another commenter, a manufacturer of garage doors that buys 90 percent of its raw materials in the U.S , commented that ``the tariffs have given the domestic manufacturers the ability to raise prices in excess of 28% this quarter.'' The company fears that this increase will be impossible to pass on to its customers (national home builders). A trade association commenter expressed concern that market manipulation would cause the Midwest Premium to spike and the U.S market to become more attractive to global aluminum suppliers, thereby drawing additional supply into the market and undermining the Department's Section 232 remedy. The commenter recommended that the Department follow the suggestion of Chairman Hatch and Ranking Member Wyden to ``[c]oordinate with the Department of Justice and Federal Trade Commission to ensure that effective mechanisms are in place to deter and to redress any anticompetitive conduct in the market for products that are subject to the Section 232 tariffs [duties and quantitative limitations] and product exclusion process,'' including ``[m]echanisms . . . for the public to report perceived anticompetitive behavior in respect of such products and prompt review of those reports by the appropriate authorities.''     BIS response: The Department and other parts of the U.S Government as appropriate will review this issue and address as needed.     Comment (c)(2): Concern that openness of exclusion process will allow for foreign profiteering because importers granted exclusions will be locked in to specific foreign suppliers. Because of the amount of confidential business information required on the exclusion forms, it will allow for foreign suppliers and competitors to increase their prices. A commenter asserted that they are concerned that limiting exclusions only to the suppliers, countries of origin, and quantities indicated in the exclusion request, while at the same time making all of this information public will create pricing, anti-trust, or customer-relation concerns. For example, once suppliers know that their company is limited only to sourcing through them if their company wants the product to be covered by an exclusion, they will have pricing power over the commenter and may raise prices because they know the commenter has no other choice but to buy from them. Another possible unintended consequence was highlighted by one commenter that asserted their competitors will know which suppliers and countries of origin they will need to purchase from and could attempt to fully book the supply so as to force the commenter to use more expensive materials that make the commenter's finished products uncompetitive.     BIS response: The Department does not agree that importers granted exclusions will be locked in to specific foreign suppliers. The approved exclusions will be specific to specified countries and suppliers, but domestic users are not precluded from submitting a new exclusion request if that type of profiteering or anticompetitive activity occurred by a foreign party.

Is the exclusion objection process making supply issues worse for downstream manufacturers in U.S ?

    Comment (d)(1): Commenters arguing that the inefficient exclusion process is part of the problem and making issues worse. Many commenters expressed concern that the product exclusion process, as set forth in the March 19 rule, is not working well. One commenter asserted that the mechanism set up to assess these requests fails to address the economic impact done to domestic manufacturing and opens up the U.S to additional national security risks. Other commenters asserted that the volume of requests slows the entire process and that unnecessary

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limitations on the scope of the exclusion requests create an untenable burden on the parties as well as the Department. Commenters asserted that the current exclusion process prevents requesters from being able to receive an exclusion quickly enough in the short-term to avoid disruption to their supply chain, and prevents them from being able to prepare in the long-term due to the short scope of any approved exclusion request. Requiring a business to accurately predict its usage for the ***year***, they contend, prevents the business from being able to adjust or adapt to any changes in the market. And they assert that the lack of clarity around the process means that no company submitting a request has any idea if it will receive an exclusion, despite having disclosed some of its most sensitive proprietary information. They worry that requesters in similar situations will find themselves treated in a disparate manner as the Department determines how it will approach the relevant criteria. Finally, they assert that the complexity of the process, in particular the amount of information required, discourages participation in the exclusion process.     BIS response: The Department understands the importance of a transparent, effective, and fair exclusion/objection process, as well as having the rebuttal/surrebuttal process added in today's rule. The publication of today's rule makes improvements that will be responsive to these concerns and that will make the process work better for the Department. The process is designed to help U.S downstream manufacturers obtain steel and aluminum without the additional duties when U.S supply is not available in the quantity and quality that they need.     Comment (d)(1)(i): The Department misjudged the number of exclusions that would be submitted, as well as the anticipated burden. One commenter questioned the burden estimates included for complying with the rule and filing exclusion requests. This commenter asserted that each exclusion request requires the compilation of extensive supporting information that manufacturers must submit in addition to the lengthy exclusion request form. The Department estimated an average reporting burden for the collection of information in the exclusion request of four hours per request. This commenter thought four hours is a misleading estimate and does not account for the time taken to identify in a company's business records the pertinent data needing to be entered or attached. This same commenter asserted that the Department was not even close on its estimate for how many exclusion requests would be received.     BIS response: The commenter is the only commenter that mentioned a concern about four hours not being a sufficient amount of time to gather the information. Therefore, the Department believes the original estimate of four hours to gather the information and fill out the exclusion and objection forms is still an accurate estimate and makes no adjustments in that estimate. It is now clear, however, that the Department underestimated the number of exclusion requests and objections that would be filed. Although the estimates included in the March 19 rule were based on the Department's good faith estimate at the time, the Department now has more information and experience that it can rely upon to project an annual number of exclusion requests. As described later in the Rulemaking Section, the Department revises the exclusion form paperwork collection, as well as the objection form paperwork collection to reflect the new estimates of the burden, as well as expanding both collections to account for the rebuttal/ surrebuttal process today's rule is adding. The Department believes the new numbers should be much more accurate. The Department took the changes being made in today's rule into account when developing the updated estimates for the number of exclusions and objections that are anticipated to be received, as well as the anticipated numbers of rebuttals/surrebuttals that will be received. Because the rebuttals/ surrebuttals will not require filling out as extensive of a form as an exclusion request or objection, and in most respects will be responding to an objection or a rebuttal of an objection, the amount of time estimated to submit a rebuttal/surrebuttal is estimated to be much less, at one hour per rebuttal/surrebuttal. The Department will reevaluate the estimates provided in today's rule and the two related paperwork collection notices published in support of this rule and make any needed adjustments.     Comment (d)(2): Supportive of having exclusion process. Commenters were supportive and appreciative of having an exclusion process. Commenters did not want to eliminate the exclusion/objection process, but almost all had suggestions for changes to the process. Many commenters asserted that while they think the duties and quantitative limitations should be lifted as soon as possible because of unintended effects on downstream users, they also recognize that there must be a workable product exclusion process. Several commenters asserted that they appreciated the opportunity to comment on the Department's March 19 rule and look forward to working with the Department to ensure that the exclusion request process is fair, inclusive, and effective. Commenters asserted that they understand the need for BIS to manage the product exclusion request process in a fair and transparent manner while taking appropriate account of the Proclamations' goals of ensuring sufficient U.S production of steel and aluminum to meet fundamental national security requirements. These commenters believe several aspects of the supplements and forms added in the March 19 rule should be modified or clarified consistent with those goals.     BIS response: The Department appreciates the support for the exclusion/objection process, as well as the comments provided to improve the process. The Department believes with the publication of today's rule, the exclusion/objection process (along with the rebuttal/ surrebuttal process being added) will be significantly improved.

Arbitrary and Capricious, Lacks Basic Due Process, Not Transparent, and Not Fair

    The comments described here are also referenced and addressed in other parts of this preamble and the regulatory changes made below. The intent of the discussion here is to highlight the general concerns raised in this area, along with the general BIS response. The specific types of issues, e.g , the need to add a rebuttal process, are addressed in other parts of the preamble and the regulatory text of this rule, and the Department believes the process will resolve these types of fairness and consistency concerns that were the focus of these commenters' concerns.     Comment (e)(1): Commenters raised concerns over lack of due process, fairness, or transparency. One commenter asserted that tying refunds to the date when the Department finally posts the petitions on its website is arbitrary. The commenter asked if an exclusion is granted, why that exclusion would not be granted retroactively to the date the tariff was imposed. Another commenter asserted that granting the exclusion for one ***year*** is arbitrary and that the decision process for whether to approve or deny exclusion requests is not specified and appears arbitrary. Other commenters asserted that it was critical for due process to include a formal rebuttal process in the exclusion and objection process. These commenters believe that without a rebuttal process, the Department risks finalizing actions without a complete record and taking action that is unfairly

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biased against U.S businesses that rely on imported articles or that may exacerbate risks to national security. Other commenters asserted that the current process increases the possibility of inconsistent treatment for individual requests that are only different based on an insignificant dimension. For example, one comment opined, ``One can easily imagine a situation where a company ends up only able to import certain dimensions without ***payments*** of tariffs, and being barred from similarly being able to import others, despite their otherwise identical nature.'' The comment continued, ``This would be the definition of an arbitrary act on the part of the agency, when it ``treats similar situations in dissimilar ways.'' Along similar lines, another commenter asserted that the Department may grant an exclusion for a specific product for some companies/end-users but unreasonably deny it for others for the identical product, a result that it contended would be arbitrary, particularly if the exemption was based upon ``short supply'' considerations or a general lack of U.S availability.     BIS response: The review of all product exclusion applications from U.S industry is being conducted on a case-by-case basis in a fair and transparent process. As described above, two specific Commerce components have worked closely in this effort--BIS and ITA. BIS is the lead agency deciding whether to grant steel and aluminum tariff exclusion requests, and ITA is analyzing requests and objections to evaluate whether there is domestic production available to meet the requestor's product needs, as provided in the exclusion requests. The Department appreciates all of the commenters' suggestions to improve the exclusion request process. Several of the commenters argued that they believe the March 19 rule and the exclusion process it established could be legally challenged because it appears arbitrary and capricious to them in certain respects. The Department does not agree with that assessment. However, the Department does believe the changes being made in today's rule should significantly address these concerns. For example, today's rule is adding a rebuttal/surrebuttal process under paragraphs (f) and (g) of the two supplements and making a number of other changes to make the criteria more well defined and their application more transparent for the public. The Department has been treating each exclusion request and objection received in a fair and equitable way based on the stated criteria included in the March 19 rule and standard operating procedures that have been developed for the exclusion and objection review process.

Comments for How the Exclusion and Objection Process Can Be Improved

    Commenters in almost all cases noted that their comments applied equally to the steel and aluminum supplements. The rule published today makes the same improvements to each supplement to continue with parallel supplements (same parallel structure included in the March 19 rule), with only slight differences for information that is specific to steel or aluminum, e.g , in some of the examples being added to the supplements to make the application of the criteria more transparent. These changes are described below under Changes made in this interim final rule to the exclusion/objection process.     Several commenters asked for clarification and guidance on how to apply for broader product exclusions that would apply to all importers in the United States. As described below in more detail, the Department has the discretion to make exclusions available to all importers if we find the circumstances so warrant, and we will exercise this discretion as appropriate. Individuals and organizations do not apply for such broad product exclusions, but rather the Department as it gains experience with the types of exclusion requests that are being repeatedly approved because the criteria are being met on a consistent basis over time, can exercise this type of discretion that will likely result in making the process more efficient. Several commenters wanted to quickly move toward these types of broad product exclusions, but the Department believes it better to begin with a deliberative assessment of individual requests in order to not undermine the purpose of the duties and quantitative limitations in place for steel and aluminum.     Comment (f)(1): Date of submission, not the date of posting on regulations.gov, should be the relevant date for all decisions. Commenters requested that the date used for all future decisions such as applicability of duties or retroactive relief of duties be the date of submission of a complete request. They asserted that providing such retroactivity is a matter of fairness, as the date that the Department posts the submission on regulations.gov is currently an unknown and lengthy amount of time which is costing U.S manufacturers hundreds of thousands of dollars per week. Another commenter asserted that the Department could have flexibility in this area and still be consistent with the second Presidential Proclamation, which set forth that the exclusion would apply retroactively to the date the request was posted for public comment. The commenter asserted that such language was not language of limitation, and the Department, through its action in response to these comments, might further extend the period of application.     BIS response: The retroactive date for duty relief through the exclusion process is set by the Proclamations, not the Department. Today's rule, as described below in the description of the regulatory changes, in order to improve the transparency of the process is adding a new paragraph (h)(2)(iii) to specify the effective date for approved exclusions.

Improve Transparency, Including Making Information and Forms More Easily Accessible for the Public

    Comment (f)(2)(i): Make information and process more transparent. Commenters requested that the Department provide detailed timing and criteria, based on the Proclamations, that set forth how decisions will be made. U.S manufacturers should be able to quickly determine that an exclusion request or denial is based on a known set of facts and is consistent with other actions on requests received. Several commenters requested that the Department impose stricter and more certain deadlines for its own actions, providing some finite time period between when an exclusion request is filed with the Department and when it is posted for comment. Commenters provided a range of suggested times from immediately (which is not feasible under the current regulations.gov system being used for the exclusion/objection process, as well as for the rebuttal/surrebuttal process being added in today's rule) to 5 to 14 days. Commenters were less concerned with the actual number of days than with having a specified number of days, so they better know what to expect. Without some set period for this step in the process, filing companies have no certainty as to when they can likely get a response to their request and this uncertainty is extremely disruptive to U.S businesses trying to cope with the duties and quantitative limitations. Commenters said that the regulations.gov website where documentation is posted is not easy to navigate nor fully transparent. Commenters requested that the Department develop a system to notify applicants of their application status and anticipated wait time to facilitate planning and communications with

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customers. Commenters requested that the Department publish official guidance or an ``FAQ'' page to describe the steps of the exclusion/ objection process in easy to understand language. Commenters believe that information provided to the public should include a clear description of an entity eligible to file and an inventory or checklist of the information/evidence that should be provided as supplemental materials.     BIS response: The Department published procedures for the product exclusion requests, as well as for objections, in the March 19 rule and subsequently made them available on the Department's website. Today's rule as described below adds Annex 1 to Supplements No. 1 and 2 to Part 705 that will assist the public in using [*www.regulations.gov*](http://www.regulations.gov) for application issues that are specific to submitting rebuttals under the exclusion, objection, rebuttal, surrebuttal process. The Department has also posted a step-by-step visual guide to assist industry through the process and tips on how to properly complete the exclusion request forms based on issues identified during BIS's initial review of submissions, as well as based on ITA's experience in reviewing the submissions. The Department will update these guides as appropriate. BIS has established dedicated phone numbers and email addresses for U.S industry to seek assistance or ask questions about the process. These phone numbers and email addresses were included in the press release announcing the exclusion process and in the supplements added in the March 19 rule. The procedures published in the March 19 rule set forth the requirements for submitting requests for exclusions and for submitting objections to such exclusion requests during a 30-day comment period. Today's rule is making a number of changes to better define the criteria used to review exclusion requests and objections that will be responsive to comments raising concerns about transparency and being able to predict the outcome for a particular exclusion request and any objections thereto.     Today's rule is adding a rebuttal/surrebuttal process that will specify that after the 30-day objection period, an exclusion requester may submit a rebuttal to any objection(s) within 7 days, and an objector(s) may respond to that rebuttal within an additional 7 days after the rebuttal period has ended and the 7-day surrebuttal comment period is opened. The Department will not open the 7-day rebuttal period until the 30-day objection period has concluded, all complete objections have been posted in regulations.gov, and the Department indicates on the tracking sheet that will be posted on the Department website that the 7-day rebuttal period has opened. The same type of process will be followed by the Department opening the 7-day surrebuttal comment period. The Department in order to not divert staff resources from reviewing 232 submissions will not be able to contact each submitter to notify that the rebuttal or surrebuttal review period have opened, so submitters will need to check the tracking sheet that will be posted on the Commerce website for updates on their 232 submissions. Only the individual or organization that submitted the exclusion request may submit a rebuttal during the rebuttal comment period. Only the individual or organization that submitted an objection to exclusion request that received a rebuttal may submit a surrebuttal during the rebuttal comment period. The Department is confident that these added procedures will allow it to more efficiently make determinations on exclusion requests. The Department also has the discretion to make exclusions available to all importers if we find the circumstances so warrant, and we will exercise this discretion as appropriate. The Department will expeditiously grant properly filed exclusion requests which receive no objections and present no national security concerns. The Department will work with U.S Customs and Border Protection to ensure that the requester provided an accurate Harmonized Tariff Schedule of the United States (HTSUS) statistical reporting number. If so, BIS will immediately assess the request for any national security concerns. If BIS identifies no national security concerns, it will expeditiously post a decision on regulations.gov granting the exclusion request. The Department has already made these process improvements and in today's rule is adding a new paragraph (h)(2)(ii) in both supplements to specify this streamlined review policy for exclusion requests that receive no objections. These changes taken together should be responsive to the various comments described above on the exclusion/objection process.     Comment (f)(2)(ii): Establish consistent guidelines for filling out the forms. Commenters requested that the Department adopt objective and transparent standards and guidelines for completing and submitting the forms and curing deficiencies when refiling the forms. A commenter asserted that the Department has been inconsistent and non-transparent in processing and posting the forms and in determining which forms ``satisfy'' reporting requirements and which forms do not. The commenter asserts that some forms are accepted and posted even though they are inconsistent with the Department's detailed reporting specifications.     BIS response: The Department has already taken action to improve transparency in this area. The Department has posted guidance with step-by-step visual guides to assist industry through the process and with tips on how to properly complete the exclusion request forms based on issues identified during the Department's initial review of submissions. The most common issues have been incomplete forms or bundling numerous requests in a single submission, but as requesters have become more familiar with the process and regulations.gov, these issues have been reduced significantly. Today's rule is also making changes to paragraph (b), including adding text to paragraph (b)(5) to clarify the provisions for public disclosure and information protected from public disclosure, and changes to paragraphs (c) and (d) to better define and include application examples for the criteria used for reviewing exclusions and objections. As described below, today's rule also adds Annex 1 to Supplements No. 1 and 2 to Part 705, which will assist the public in using   [*www.regulations.gov*](http://www.regulations.gov) for application issues that are specific to submitting rebuttals and surrebuttals under the exclusion, objection, rebuttal, surrebuttal process.     Comment (f)(2)(iii): Backlog of requests and timely release of information. Commenters requested the Department streamline its process, asserting that the Department is simply not equipped to handle the crushing volume of exclusion requests, particularly with the details reported in the forms. They request that forms be simplified and that the information requested be streamlined and grouped. Commenters also identified much of the backlog as attributable to the duplicative filings required by the product specific and customer- specific filing requirements. Commenters believe the Department can alleviate much of this backlog by adopting product exclusions based on broader product groupings, regardless of source and supply chain, as discussed further in the comments below.     BIS response: The Department has worked to increase and organize its staff to efficiently process exclusion requests. Since July 2, the Department has been reviewing and posting about 1,800 requests and 700 objections weekly. As of August 1, the Department has posted more than 2,200 steel and aluminum

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decisions and will be posting substantially more in the coming weeks. BIS's dedicated phone lines and email accounts are available to assist industry with any inquiries about their exclusion or objection filing. Due to the rolling nature of the exclusion/objection process, the wait time can vary. The Department has also modified its review procedures to expedite decisions on requests that have no corresponding objections, as described further in other parts of this rule, such as by adding a new paragraph (h)(2)(ii). This will not only speed processing of those requests but also facilitate review of requests with objections, and with the publication of today's rule, requests that have rebuttal/surrebuttal(s). More Departmental staff time will be available for reviews of the more difficult requests that involve an objection(s) and rebuttal/surrebuttals(s).

Confidentiality Issues

    Comment (f)(3)(i): Create formal process to allow for and protect submissions of confidential business information (CBI). Most commenters requested the Department revise the supplements added in the March 19 rule to provide for a formal process for the submission of CBI. Commenters asserted that neither the March 19 rule nor the exclusion request and objection forms indicate the procedures for submitting confidential business information. Commenters asserted that the Department has much experience (in trade remedy proceedings) in protecting CBI through the use of ``protective orders.'' Commenters requested the Department establish a similar process where parties may submit a ``confidential'' version of an exclusion request and a separate redacted ``public'' version which is released to the public at large. Commenters asserted that they believe that concerns over CBI may depress the number of companies willing to submit objections to exclusions. Commenters requested that the Department clarify the following issues related to CBI and the exclusion and objection process: Is an application complete if CBI is not provided, such as when a company determines that certain fields on an exclusion or objection form require disclosing proprietary information? If the box for CBI is checked, how long does the submitter have to submit the CBI and how long will it take for the completed application to be posted in regulations.gov? Does the 25 page limit of the petition include CBI? If the Department accepts group submissions, how can individual members protect their CBI? Other commenters urged the Department to allow filing of CBI in a way that protects that information from public disclosure but allows the Department to use it in a balanced manner across all requesters.     Commenters raised concerns over fairness for the current process of dealing with CBI. The lack of a process for dealing with proprietary information means that when the Department posts an exclusion request or an objection with CBI in the supplementary material, there is no way for other parties to respond. For example, a commenter notes that objections from U.S Steel have been posted, but certain information has not been provided, such as capacity and capacity utilization. Although the Department may reach out relating to such information, the requester will never know what the objector said about its capacity to supply the requested demand and, therefore, will never be able to rebut the issue. The commenter argues that the current system penalizes requesters whose requests may not be posted (or at a minimum may be delayed in being posted, thereby forestalling retroactive relief) if the exclusion request form is not fully filled out, yet an objector is able to unilaterally withhold data and delay consideration of the exclusion request. The commenter requests that such an objection be rejected as incomplete.     BIS response: The Department published the regulations establishing the exclusion request/objection process in the March 19 rule. The Department has made clear in the regulations that parties applying for an exclusion and those objecting to the exclusion requests should include only public information in their full submissions. The exclusion and objection forms include an area where parties can indicate if they have additional CBI that they believe is relevant to their submission, although the Department believes that the information requested in the forms, in most cases, should suffice to allow a determination to grant or deny. However, based on the number of comments received on this issue regarding concerns over protecting CBI, the Department understands that additional changes and clarifications need to be made. Today's rule is revising paragraph (b)(5) to clarify the procedures for public disclosure and the information protected from public disclosure, including specifying a process to be followed when making submissions that are not intended for public release.     Comment (f)(3)(ii): Exclusion/objection forms need to be scrubbed to eliminate questions that require disclosing CBI. Commenters asserted that much of the information the Department has requested in conjunction with objections to exclusion requests includes CBI, information that, if shared publicly, could raise intellectual property/trade secret, anti-trust, or customer-relation concerns. For example, a requester must provide chemical composition, dimensions, strength, toughness, ductility, magnetic permeability, surface finish, coatings, along with other technical data and must also provide the names of the suppliers used, as well as the quantity predicted to be needed from each supplier. An objector must provide capacity and capacity utilization data; production information, including production capacity and utilization data; technical specifications, including the detailed chemical composition; production/shipping timelines; and internal technical data to refute assertions made in the request. Commenters believed that this level of detail is unnecessary and burdensome for the purpose of this exercise and may require disclosure of proprietary information belonging not only to a requester or objector, but to a requester's supplier. Commenters were also concerned that the exclusion request form requires companies to provide support regarding their inability to source domestic suppliers which will often involve revealing non-public terms of sale discussions and available sources of supply. One commenter asserted that sharing such extensive information plays into the hands of foreign powers or other competitors, allowing them to easily amass a large amount of industrial information on the U.S     BIS response: The Department designed both the steel and aluminum exclusion request and objection forms with input from a variety of U.S Government and industry experts. The goal was to create a balance of information requested from the exclusion requester to allow a U.S manufacturer of steel or aluminum to file a credible objection to that specific exclusion request. The Department is requesting that parties applying for an exclusion and those objecting to an exclusion request include only public information in their full submissions. The exclusions, objections, rebuttal, and surrebuttal forms include a section where parties can indicate if they have additional CBI that is relevant to their exclusion request or their objection. Metallurgical composition is not proprietary information. The Department does not ask for steel or

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aluminum process information, which can be CBI. In almost every case, only public information is needed for a valid exclusion request and a valid objection. In the event that the Department determines that additional information of a proprietary nature is necessary to make a determination on an exclusion request, the Department will provide instructions to the affected parties and will protect this information from public disclosure. However, to address concerns in this area, today's rule is revising paragraph (b)(5) to add more provisions to clarify the procedures for public disclosure and the information protected from public disclosure, including specifying a process to be followed when making submissions not intended for public release as part of a request, objection, rebuttal, or surrebuttal.

Expand and Clarify What Parties Can Apply for Exclusions

    Comment (f)(4)(i): Trade associations should be able to petition on behalf of industries. Commenters felt strongly that the exclusion process should be revised to allow for trade associations to file for a broader exclusion on behalf of similarly situated member importers. They asserted that this would cut down on the number of requests that the Department is receiving, making the process more efficient and less costly, and would benefit small business importers in particular. In cases where several companies would like to make the same exclusion request, such as when the imported product at issue is not produced in the U.S and is used by multiple domestic manufacturers, they argued that it is very inefficient to ask each of the companies to file the same request. Commenters asserted that the supplements contemplate broader exclusions, which they thought would be a natural place for trade associations to play a beneficial role in the exclusion process, but the supplements provide no guidance on how to apply for such broader exclusions.     BIS response: Allowing trade associations to file requests will not make the process more efficient, because the information required for an exclusion request is unique to each individual or company applying for an exclusion. The individuals or organizations applying for an exclusion request must specify the precise steel or aluminum product, including whether a product is customized. Because the primary consideration in whether to grant or deny an exclusion request is evidence that the requested product is or readily can be made in sufficient quantity and quality by domestic manufacturers, it is essential that the precise product being sought be clearly identified, along with the quantity needed and the timeframe for delivery. This will necessarily be different for each individual or organization. A credible objection must state that the objector can produce the product being sought. Absent this specificity, it would be impossible for domestic manufacturers to determine whether or not they can produce the product. The need for specificity is why each individual or company needs to respond, as opposed to trade associations. The Secretary does have the discretion to make broader exclusions available to all importers if the Department finds the circumstances warrant, and the Secretary will exercise this discretion as appropriate.     Comment (f)(4)(ii): Confirm that contractors and distributors that supply others with steel may apply for exclusion requests. A commenter requested the Department confirm that the supplements added with the March 19 rule allow the Department to accept petitions from contractors and distributors that supply others with steel, as eligible individuals or organizations using steel in business activities. The commenter argued that it is important to accept such petitions, as these entities work with numerous clients and customers that need to procure steel needs for various oil and natural gas projects.     BIS response: The Department confirms that contractors and distributors in the U.S that supply others with steel or aluminum in the U.S may apply for exclusion requests to supply those U.S customers.     Comment (f)(4)(iii): The Department should accept petitions from entities that are not the importer of record for products. Commenters requested the Department accept petitions from entities that are not importers of record, so that companies can submit petitions on behalf of their ultimate procurement needs that may be imported by other entities within their supply chains.     BIS response: The Department does not agree. The individual or organization that will be identified as the beneficiary of the exclusion request must also be the importer of record.     Comment (f)(4)(iv): U.S importers of record--even though they may be foreign entities, should be able to submit exclusion requests. One commenter asserted that all of its European production exported to the United States is sold before that export. In such cases, this commenter believes the importers of record are more likely to have the information that would be useful to fill in the exclusion request forms as they are the ones involved with the actual act of importing and the ones responsible for tariffs. The commenter requests the Department allow such parties to apply for exclusions.     BIS response: The Department confirms that a U.S importer of record, including foreign entities located in the United States, may submit an exclusion request, provided they meet the other applicable criteria. The Department is aware that in certain cases a U.S importer of record may be a foreign entity not located in the United States and those U.S importers of record would not be able to meet the other applicable criteria--meaning an exclusion request would not be granted to such a foreign entity. The supplements added in the March 19 rule already permitted these types of parties to apply for exclusions, so no regulatory changes are needed.     Comment (f)(4)(v): Allow affected foreign producers and exporters of steel and aluminum to apply for exclusions. One commenter asserted that foreign producers and/or exporters of steel and aluminum often have the most detailed information about the merchandise for which an exclusion is requested, including chemistry, standards, dimensions, availability, and quantities. This commenter asserted that foreign producers and exporters of steel and aluminum must often be consulted for this information by U.S importers and end-users. The commenter requested the Department allow such foreign producers and exporters to submit exclusion requests on their own behalf to streamline the process. They asserted that doing so would be consistent with the Section 201 exclusion process, which allowed foreign producers to seek exclusions.     BIS response: Making this change would not be consistent with the Proclamations or the intent of the two supplements added in the March 19 rule.     Comment (f)(4)(vi): Permit and clarify flexibility in certain situations particular to the motor vehicle industry in the designation of the proper party to make the exclusion request. A major trade association representing the auto industry asserted that there are certain situations that may be unique to the motor vehicle industry. The first example provided by the commenter is a ``resale'' ***program***, in which the purchaser and user of the materials are not the same company. The vehicle manufacturer will purchase steel directly from the foreign steel company but will then resell the steel to a parts supplier. That supplier will then use the

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steel in the production of a part to be sold to the vehicle manufacturer who originally purchased the materials. In the second example provided by the commenter, the vehicle manufacturer will instruct the parts supplier to purchase specific materials from a foreign producer. The properties or chemical makeup of the materials being purchased and used may be unknown to the parts supplier. This commenter requested the Department clarify the application process and provide flexibility allowing either the parts supplier or the vehicle manufacturer to make the exclusion request.     BIS response: The Department clarifies that either the parts supplier or the vehicle manufacturer in these scenarios may submit an exclusion request. Individuals or organizations that apply for exclusion requests must use steel or aluminum articles in business activities in the United States, such as construction, manufacturing, or ``supplying these articles to users.'' In this scenario, where the ``vehicle manufacturer will purchase steel directly from the foreign steel company but will then resell the steel to a parts supplier,'' the Department would consider the vehicle manufacturer to be a party supplying these articles to users and therefore could apply for an exclusion request.

Tighten Exclusion Approval Criteria To Ensure That Intent and Scope of Exclusion Process Is Not Circumvented

    Comment (f)(5)(i): Clarify approval criteria for exclusions to specify requester must show that neither product nor an equivalent or substitutable product is produced in the U.S A commenter requested that a product-specific exclusion be granted only upon a showing that neither the product nor an equivalent or substitutable product is produced in the United States.     BIS response: The Department evaluates whether the steel or aluminum is ``produced in the United States in a satisfactory quality'' for consistency with the Proclamations. The exclusion review criteria ``not produced in the United States in a satisfactory quality'' does not mean the aluminum or steel needs to be identical, but it does need to be equivalent as a ``substitutable product.'' Today's rule adds a new paragraph (c)(6)(ii) to further define this criterion, including adding some application examples to assist the public's understanding and make the review process more transparent.     Comment (f)(5)(ii): Clarify approval criteria for exclusions to specify that simply avoiding duties is not sufficient basis for approval. A commenter requested clarification that product-specific exclusions will not be granted simply to allow a submitter to avoid paying the additional duty on a product that is commonly produced in several markets, including markets that are exempt from the duties. This commenter believes allowing exclusions on such grounds would severely undermine the purpose of the duties.     BIS response: The Department confirms that, based on the criteria of the Proclamations and the two supplements added in the March 19 rule, simply wanting to avoid the duties is not sufficient basis for approval.     Comment (f)(5)(iii): Definition of ``immediately'' is too rigid and should be lengthened. Commenters requested lengthening the period for what should constitute ``immediately.'' A commenter asserted that in several instances, the exclusion request form asks whether a product could be produced ``immediately,'' which is defined as ``within eight weeks.'' Unless an article is currently being manufactured, an eight- week window to begin production is unreasonable. Beginning production ``immediately'' should vary based on the level of processing and finishing involved (i.e , semi-finished products should have the shortest time period while downstream finished products should have longer time periods, including some much longer than 8 weeks) as well as the volume requested (with larger volumes requiring more time). The commenter requested that if a specific time period is used in the forms and the Department's analysis for ``immediately,'' then it should be ``within twelve to sixteen weeks.''     BIS response: The Department disagrees. The definition of ``immediately'' is appropriate and requires no lengthening or shortening in order to meet the purposes of the exclusion and objection process and for consistency with the Proclamations. The Department emphasizes that the supplements added in the March 19 rule used the word ``generally'' to qualify the one ***year*** validity periods for approved exclusions. Because of the large number of comments received on the issue of the appropriate validity date and the need to improve the transparency of the decision making process and alert submitters of exclusion requests/objections/rebuttals/surrebuttals to the types of information that may warrant a longer or shorter validity period, today's rule is adding a new paragraph (h)(2)(iv) to provide more details on validity periods, including application examples.     Comment (f)(5)(iv): Clarify approval criteria for exclusions to specify that evidence of substitutable products is sufficient to deny. A commenter asserted the final rule should clarify that exclusion requests will be denied where a member of the domestic industry opposes the request and demonstrates that it produces a product with ``similar form, fit, function, and performance'' to the requested product.     BIS response: The Department agrees, provided ``similar form, fit, function, and performance'' being referenced by the commenter meets the definition of ``substitute product'' that is being added to the two supplements in today's rule and can be provided in the requisite quantity and time frame to meet the needs of the requester. Today's rule adds a new paragraph (c)(6)(ii) to provide a definition for the criterion ``not produced in the United States in a satisfactory quality.'' The new paragraph specifies that the exclusion review criterion ``not produced in the United States in a satisfactory quality'' does not mean the steel or aluminum needs to be identical, but it does need to be equivalent as a substitute product. This new paragraph will also include application examples to assist the public's understanding of ``substitute product.''     Comment (f)(5)(v): Specify that approved exclusions cannot be assigned for other companies to use. A commenter requested the Department to clarify that not only is an exclusion limited to the party that requested it, there can be no assignment or ***transfer*** of the exclusion once granted. Allowing the assignment of exclusions would allow importers to circumvent the duties by accumulating the ability to import under product-specific exclusions.     BIS response: The Department agrees and clarifies here that the use of an approved exclusion may not be assigned to another entity.     Comment (f)(5)(vi): Specify that all product needs to be imported within one ***year*** of the approved exclusion. A commenter requested further narrowing and clarifying the scope of exclusions to specify that goods must be imported into the United States prior to the end of the one-***year*** (or any other period) for which the exclusion is granted.     BIS response: The Department agrees and confirms here that all products in an exclusion approved request must be imported within the validity period. A one-***year*** validity period is standard. The Department communicates with CBP once an exclusion request is to be approved to provide the validity date. The Presidential Proclamations

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establish the requirements for obtaining retroactive refunds from duties paid prior to the validity period of a granted exclusion.

Broaden Exclusion Criteria (To Make It Easier To Get Approved) To Better Achieve the Purpose of the Exclusion Process

    Commenters that had concerns with the exclusion process made suggestions for broadening the exclusion criteria to make it easier to get approval as discussed in the next series of comments.     Comment (f)(6)(i): Department should not consider the availability of ``substitute steel products'' in assessing requests. In contrast to the comments above that advocated being more permissive to steel and aluminum manufacturers in the U.S , the commenter here requested that the Department not allow supposed product ``substitutes'' to form the basis of rejecting an exclusion request, arguing that doing so would be contrary to the Proclamations. The same commenter asserted that neither the Proclamations nor the text of the March 19 rule mention either ``substitute'' or ``near-equivalent'' products, so inclusion of this as part of the criteria is not appropriate. The same commenter asserted that neither ``substitute steel product'' nor ``near-equivalent steel product'' is defined, creating uncertainty as to what these fields mean and that the Department is in no position to make that determination on a factual or technical basis. The commenter noted that if a customer requires certification of the product, just being similar is not good enough to immediately replace a current supplier. The commenter also noted that manufacturers have production lines and operations created for exact technical properties and cannot just do with any raw material that is ``similar.'' The commenter also argued that if a manufacturer has a preference for products it uses as raw materials, it is wholly inappropriate for the government to force it to use another kind of product. A company's operations and equipment may need to change in order to use a ``substitute steel product'' and its workforce may not have the experience in dealing with a different kind of steel. Finally, the commenter asserted that even if the Department believes that substitute steel products should be considered, it must clarify how it is using that factor in its analysis and specify what factors are being considered as the exclusion request form does not fully address these issues. The commenter asserted that a company should be afforded a full opportunity to explain why it cannot use such ``substitute'' or ``near- equivalent'' products, and any problems that could arise from the use of such products.     BIS response: The Department disagrees with the concerns raised about considering substitute products. The Department understands the points raised about the importance of adding greater specificity for the criterion on what may constitute an equivalent product that is of satisfactory quality and how the criterion is used in the review of exclusion requests and objections. As noted above in response to comment (f)(5)(iv), today's rule is adding a new paragraph (c)(6)(ii) to provide a definition for the criterion ``not produced in the United States in a satisfactory quality,'' defining the term ``substitute product,'' and including application examples. The Department is also adding a rebuttal and surrebuttal process that will allow an exclusion requester to identify reasons why an alleged substitute product is not in fact a substitute. These changes are responsive to these types of comments.     Comment (f)(6)(ii): Definition of ``immediately'' should be kept the same or shortened. One commenter asserted that as the exclusions currently only last one ***year***, the Department should not recognize objections unless they can produce the item at that point. If a domestic steel manufacturer is able to produce the good in the future, it would be then more appropriate to object to the following ***year***'s request.     BIS response: The Department agrees that the definition should remain the same, but disagrees that the definition needs to be shortened. The definition of ``immediately'' is appropriate and requires no lengthening or shortening in order to meet the purpose of the exclusion and objection process and for consistency with the Proclamations. As referenced above, today's rule is adding paragraph (h)(2)(iv) to provide more transparency and guidance to submitters on how the Department will determine the appropriate validity date for approved exclusions. Today's rule also is adding a rebuttal and surrebuttal process discussed in regulatory changes below that will be responsive to these types of comments and help to ensure the Department has all the relevant information needed to determine the appropriate validity period on a fair and consistent basis.     Comment (f)(6)(iii): Add metrics for determining U.S domestic capacity to meet demand. Commenters raised concerns that the March 19 rule does not identify the criteria the Department will apply in determining whether an article is produced in the United States in a sufficient and reasonably available amount, which raises the following questions:     Comment (f)(6)(iii)(A): To what extent will the Department take into account quantities demanded by users of the article other than the applicant itself?     BIS response: The Department, including product experts from ITA, will review requests based on the information provided and representations made by the objector. Today's rule is adding a rebuttal and surrebuttal process where an individual or organization that submitted an exclusion request that received an objection could include in their rebuttal any concerns they had about an objector overcommitting the steel or aluminum manufacturer's current or future capacity. This rebuttal process will be included in a new paragraph (f) in both supplements.     Comment (f)(6)(iii)(B): To what extent will the Department verify the potential for U.S manufacturers to increase capacity and/or capacity utilization?     BIS response: If the objector is asserting that it is not currently producing the steel identified in an exclusion request but can produce the steel or aluminum within eight weeks, the objector must identify how it will be able to start production within eight weeks. This requirement includes specifying in writing to the Department as part of an objection the timeline the objector anticipates to start or restart production of the steel or aluminum included in the exclusion request to which the manufacturer is objecting. Today's rule revises paragraph (d)(4) to add more specificity on these requirements for the substance of objections to submitted exclusion requests.     Comment (f)(6)(iii)(C): How does the Department intend to deal with multiple exclusion requests where each individual request might be fulfilled from U.S domestic parties, but the total of such requests exceeds current U.S capacity?     BIS response: The Department, including product experts from ITA, will be evaluating these factors as part of the review process when objections are received. The new rebuttal process this rule is adding to a new paragraph (f), as well as the surrebuttal process being added to paragraph (g), in each supplement, provides an additional way for the Department to receive input to help identify these types of trends that the Department agrees should be taken into account for an efficient and effective exclusion process.

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    Comment (f)(6)(iii)(D): What is the timeframe that the Department will use to determine if a U.S domestic party is capable of producing the specific product? Is it within the period of the particular exclusion request (i.e , one ***year***)?     BIS response: The steel or aluminum product must be available ``immediately.'' ``Immediately'' means whether a product is currently being produced or could be produced and delivered ``within eight weeks'' in the amount needed for the business activities described in the exclusion request. Today's rule is adding a definition of ``immediately'' to paragraph (c)(6)(i) and application examples to assist the public's understanding.     Comment (f)(6)(iii)(E): Will the Department take into account product prices and the conflicting impacts of such prices on U.S domestic steel producers and users in determining whether there could be sufficient domestic capacity?     BIS response: The Department will not consider this criterion. The Department only considers criteria taken from the Proclamations which are included in the review criteria of the two supplements and on the exclusion request and objection forms.     Comment (f)(6)(iii)(F): One commenter argued that the Department should apply reasonable standards to the review of exclusion requests and objections, which the commenter identified as not allowing unsupported assertions of production capacity and, after a prima facie case for an exclusion request is made (accepted as correct until proven otherwise), affording that request a presumption of approval.     BIS response: The Department agrees that it must hold requesters and objectors to a high and consistent review standard and will continue to do so with the rebuttals and surrebuttals being added with today's rule. However, the Department wants to emphasize that BIS and ITA do not prejudge or give greater weight to any particular submission, whether an exclusion request, an objection, a rebuttal, or a surrebuttal. The process is created to allow each party involved in the process to provide relevant information, including that specified on the forms by the Department, and any other information that the party involved in the process believes is relevant, in order to allow the Department to make a fair, impartial and consistent determination whether an exclusion request should be approved or denied.     Comment (f)(6)(iv): Broaden criterion for determining whether a U.S steel or aluminum user has tried to source from U.S suppliers to be longer than two ***years***. One commenter requested that the Department broadly take into consideration requesters' attempts to source a product historically beyond the most recent two-***year*** period. The commenter argued that if a requester has tried repeatedly over the ***years*** or is familiar enough with the market, it may not have regularly reached out to domestic suppliers in the most recent ***years***. The commenter believed it would be unfair to expect a company to check annually whether or not a supplier has changed its production capabilities.     BIS response: The Department disagrees. The U.S Government anticipates and is already seeing a resurgence in steel and aluminum production in the United States with new facilities opening and new capacity being actively planned. If an individual or organization has not looked to buy steel or aluminum manufactured in the United States, it would be well worth their effort to do so before applying for an exclusion request. This will also save the requester time, as well that of potential objectors and the Department, because the potential requester may find in conducting a search that steel or aluminum not available in the U.S market before may now or soon be available in the United States.     Comment (f)(6)(v): Add metrics to determine sufficient quality. Commenters asserted that the Department should define and release metrics that will be used to determine whether U.S steel manufacturers have the capacity to meet demand in order to provide greater clarity on how the Department will make its determination regarding production in the United States in a satisfactory quality. One commenter requested that objectors be required to show that they have the ability to produce steel goods that can actually be used by the supplier in the same way as the overseas product it had previously sourced. In the commenter's view, that would require a showing that the product is of the same quality and can be certified if necessary for the particular item and that it will be committed to this specific use if requested. Another commenter was concerned that it is easy for manufacturers to assert that they ought to be able to make a certain product but, in reality, it may turn out to be difficult and unfeasible. Still another commenter was concerned that for many steel items there is a certification process which can take ***years*** and require demonstrated consistency in the product, thereby pushing off by two to three ***years*** actual production by a replacement U.S steel supplier, assuming the would-be supplier is able to pass the certification. The commenters argued that if the Department does not stringently assess U.S steel producers' claims and consider extrinsic factors that affect available supply, it could create a situation where domestic steel users will have no usable steel supplies, driving them out of business.     BIS response: The Department agrees with some of the concerns raised and, as noted above, is adding a new paragraph (c)(6)(ii) to clarify issues regarding quality and provide the public with a better understanding of the application of the criterion. In addition, the Department notes that today's rule also is adding a rebuttal and surrebuttal process under paragraphs (f) and (g) that will allow requesters to provide a rebuttal if they believe an objector cannot meet their quality standards or if some other aspect of the objection warrants a response, as well as an opportunity for the objector receiving a rebuttal to submit a surrebuttal if it believes that is warranted.     Comment (f)(6)(vi): Allow companies to seek product exclusions on basis of internal quality standards. A commenter requested the Department specify how it will determine whether, in the case of highly specialized products, a domestic product's quality/standard is equivalent to the quality/standard of the foreign import. The same commenter requested the Department explain the weight that it will give to a user's stated needs regarding product quality in making its determination whether to grant an exclusion request. Commenters requested that the Department define the minimum quality thresholds that U.S steel manufacturers must meet. In particular, commenters requested that the Department approve exclusions based on comparative performance standards. For products available from both domestic and international sources, commenters asserted that companies should be allowed to submit data identifying the companies' performance needs and comparing the performance of the domestic product vs. the international product; identifying specific products needed to meet a specific performance standard determined by the user, who is in the best position to identify the product quality requirements for any given project; and establishing the existence of a company's corporate approved Quality Assurance standards that exceed regulatory or industry approved standards.     BIS response: The purpose of the exclusion process is to protect

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downstream manufacturers that rely on products not produced by U.S domestic industry at this time. The guiding principle is that, if U.S domestic industry does not or will not produce a given steel or aluminum product of the quality needed by users in the United States, companies that rely on those products will not pay duties on them. Today's rule adds paragraph (c)(6), including paragraph (c)(6)(ii), to respond to these types of comments concerned with ensuring that the exclusion review process adequately takes into account the quality needs of requesters.     Comment (f)(6)(vii): The Department should only deny an exclusion request if there is a domestic metals producer that can provide the same product to customer specifications in the time line needed by the requester. A commenter asserted that domestic capacity to make a product is not the same thing as the current ability to produce a needed product within a viable lead time to meet customer demands. The commenter was concerned that the Department not reject product exclusion requests based solely on a domestic producer's claim of capacity to make the product, noting that many of the objections posted on regulations.gov, have included phrases like ``Although we don't make this product. . .'' and ``We have the capacity to make this product. . .'' The commenter emphasized that a manufacturer that needs steel or aluminum to make its product needs it available in the U.S marketplace within reasonable lead times and to specific specifications to meet customer demands.     BIS response: The Department agrees on the point generally, but also believes that a reasonable standard needs to be applied to balance the needs of requesters to obtain steel and aluminum in a timely fashion with providing an opportunity for U.S steel and aluminum manufacturers to expand capacity when that can be done ``immediately''--meaning within eight weeks. This criterion is consistent with the intent of the Proclamations and the criteria of the two supplements added in the March 19 rule. The final rule published today is adding text to paragraph (d)(4), as well as adding new paragraphs (c)(6)(i) and (ii) to the supplements, to provide additional context for what constitutes sufficient quality and application examples for this criterion.     Comment (f)(6)(viii): Establish process to consider existing contracts and supplier agreements when reviewing exclusion requests. A commenter requested that the Department establish a process to evaluate existing contracts and supplier agreements when assessing exclusion requests in order to avoid undue disruption to the operations of U.S companies that are already relying on qualified suppliers of needed inputs.     BIS response: The Department is not authorized by the Proclamations to grant product exclusions on the basis of existing contracts, except as described in the Presidential Proclamation 9777 of August 29, 2018 under clause 2 that requires the Secretary to grant exclusions from quantitative limitations. The August 29 Proclamation 9777 created the separate exclusion process to address concerns such as these for certain existing contracts that include steel articles. Other than clause 2, exclusions will only be granted if an article is not produced in the United States in a sufficient and reasonably available amount, is not produced in the United States in a satisfactory quality, or for specific national security considerations.     Comment (f)(6)(ix): Add metrics to determine ``national security considerations''--current criterion is too narrow for what should be considered national security. Commenters requested that national security considerations be defined more precisely and more broadly to take into account other economic considerations that are important to U.S national security. A commenter requested that the Department must make ``national security considerations'' explicitly clear to requesters. It asserted that, if the Department produces exclusion guidance without defining this term or with a vague definition, requesters will have great difficulty in providing the necessary information in their requests and such vagueness could lead the Department to deny exclusion requests in an arbitrary and capricious manner. Smaller companies, the commenter remarked, would be at a severe disadvantage in responding to this criterion. Another commenter was concerned that national security was being defined too narrowly because the exclusion request form identifies U.S national security requirements as ``critical infrastructure or national defense systems.'' The commenter was concerned that this form implies that these two criteria alone are the only national security justifications that may be made for a product exclusion request. The commenter requested that the Department consider a broader definition of ``national security'' for determining exclusion requests that mirrors the language of 19 U.S.C Sec. 1862(d), which states that ``. . . [I]n the administration of this section, the Secretary and the President shall further recognize the close relation of the economic welfare of the Nation to our national security . . .'' A trade association commenter for the oil and gas industry asserted that they expect the Department to recognize the importance the oil and natural gas industry and to consider petitions for relief from the U.S oil and natural gas industry in the spirit of President Trump's March 28, 2017 Executive Order (E.O ) entitled ``Promoting Energy Independence and Economic Growth.'' That E.O states that ``[I]t is in the national interest to . . . avoid regulatory burdens that unnecessarily encumber energy production, constrain economic growth, and prevent job creation'' and that regulatory actions that ``unduly burden the development of domestic energy resources'' be suspended, revised, or rescinded.     BIS response: Protecting U.S national security is why the Section 232 process exists. The President has instructed the Department to grant exclusions from the tariff for specific national security considerations, and the Department, as well as the rest of the U.S Government, must exercise some reasonable discretion in determining whether that standard is met when evaluating exclusion requests, objections, and the rebuttals and surrebuttals being added with the publication of today's rule. However, the Department also understands the importance of transparency in applying the national security review criterion in a fair and consistent way. The Department in today's rule is adding a new paragraph (c)(6)(iii) to each of the supplements to provide additional context for how the Department will apply the criterion ``for specific national security considerations.'' Similar to the other new paragraphs today's rule is adding to better define the criteria used to evaluate exclusion requests, objections, and the new rebuttals and surrebuttals process, examples are provided to assist the public in better understanding the application of the national security criterion.     Comment (f)(6)(x): Establish processes that evaluate the risks to approving an exclusion request, but also the risks of not approving. A commenter requested that the Department, in evaluating exclusion requests, consider the risks and potential effects of granting as well as not granting a requested exclusion on U.S businesses, including downstream users of products with little or no national security applications.     BIS response: The Department considers the criteria of the Proclamations in deciding whether or

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not to grant an exclusion request and is committed to applying those criteria in a fair and objective way.     Comment (f)(7): Separate requests for like products should be eliminated. There was overwhelming support by a large number of the commenters for the rule to be revised to allow exclusion requests to cover ranges or dimensions within the same HTSUS code and thereby streamline the process for both importers and the Department. Commenters asserted that not only do current limitations unduly burden the requester by requiring duplicative requests, they also burden objectors who must respond individually to each request and the Department that must consider each request. The commenters believe that substantively the Department could still adequately track what was being approved in exclusions without retaining this unnecessary restriction. Another commenter raised concerns that the current process increases the possibility of inconsistent treatment for individual requests that are only different based on an insignificant dimension. Commenters recommended the Department clarify that a single exclusion form may be submitted for similar products and allow reasonable ranging of chemistry and dimensions (including width, height, length, diameter, and thickness) based upon standard industry practice.     BIS response: BIS designed both the steel and aluminum exclusion and objection forms with input from a variety of U.S Government and industry experts. The goal was to obtain sufficient information from the exclusion filer to allow a U.S manufacturer of steel or aluminum to file a credible objection to that specific exclusion. To be credible, the objection must state that the objector can produce the specific product for which the exclusion is requested within the time frame covered by the exclusion request. The forms allow for a product that may be within a narrow range. Today's rule is adding two sentences to paragraph (c)(2) to clarify these types of issues.

Define Process for Obtaining ``Broad Exclusions'' and Use This Process To Make the Exclusion Process More Effective

    Comment (f)(8)(i): Provide details on how to apply for broad exclusions. Commenters asserted that the statement ``unless Department approves a broader application of the product-based exclusion request to apply to additional importers'' clearly contemplates that the Department is considering approving broader exclusion requests that can apply to multiple importers and that the Department should provide guidance on a process for such exclusions. Many commenters requested that the Department explain the circumstances under which BIS will approve a broader product exclusion and how U.S companies may request such an exclusion. Commenters believe these broader exclusions would allow steel products to be reviewed in a broader fashion and provide the Department with an opportunity to more accurately assess domestic availability in relation to all the requests relating to that particular type of steel. Some commenters, to further support their position, asserted that the Department and the USTR relied on such a product-based exclusion process as part of the Section 201 steel safeguard proceedings more than a decade ago.     BIS response: The March 19 rule was not clear enough on this issue. Identifying, evaluating, and approving broad product-based exclusions is done solely by the Department. Individuals and companies do play a role in this process, but that role is limited to submitting exclusion requests, objections, and the rebuttals and surrebuttals being added with the publication of today's rule. The Department is responsible for identifying market trends in specific exclusion requests that may warrant approving broad product-based exclusions. In identifying these market trends, the Department will place particular importance on the objections being provided or lack thereof. The Department understands that this is a more time intensive process for all parties involved, but it ensures that the granting of broad based product exclusions is done in a measured and deliberative way so as not to undermine the Proclamations and their objective of protecting critical U.S national security interests.     Comment (f)(8)(ii): Product exclusions must not be company-specific and should apply broadly to all products from all sources meeting the exclusion requirements. Some commenters believe product exclusions should be broadly considered and granted on a product-specific basis, regardless of source, manufacturer, country-of-origin, or supply chain. They argued that the Department should use an exclusion process similar to the one used during the Section 201 safeguard measures on imported steel in 2002 in which exclusion requests were not tied to specific supply chains, manufacturers, or countries. The commenters asserted that a company-specific exclusion scheme is unduly restrictive, arbitrary, and ignores commercial realities. They argued that, under the current system, the Department may grant an exclusion for a specific product for some companies/end-users but unreasonably deny it for others for the identical product, a result that they contend is arbitrary, particularly if the exemption is based upon ``short supply'' considerations or a general lack of U.S availability. Commenters also note that the current system increases the burden on requesters and the Department and creates needless enforcement and compliance issues at the border, as suppliers, importers, and end-users must determine how to monitor, segregate, track, and report all such supply chain details to CBP at the time of entry. Therefore, these commenters believe a ``product'' exclusion should be granted for ``the product'' itself, regardless of supplier or country of origin.     BIS response: The Department does not agree. Parties applying for exclusions are required to identify the source countries for the single product for which the exclusion is requested, the annual quantity to be supplied, and the name of the current manufacturer(s)/supplier(s), and the country of the manufacturer(s)/supplier(s). The exclusion request, if granted, will only pertain to the identified supplier(s) listed in the exclusion request form and the specific country of origin identified by the requester. The Secretary has the discretion to make broader exclusions available to all importers if the Department finds the circumstances warrant it, and the Secretary will exercise this discretion as appropriate, but only after exclusion request in the ordinary course.     Comment (f)(8)(iii): If the Department determines a product is not available in U.S , then broader product (categorical) exclusion available to all should be approved. Commenters requested that if a product is not made in the United States or is not made in sufficient quantity or quality, the Department grant a broader product exclusion (not just on company by company, product by product basis). Commenters requested that any domestic industry objections to such a categorical exclusions be accompanied by specific evidence demonstrating when domestic capacity is projected to come on line. One commenter requested that the Department allocate resources to accelerate the identification of products where there is currently no (or very limited) U.S production and none is likely to be available before a to-be-determined future date. Such action would ease the burden on users of these types of products. Moreover, once the

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review is completed, the commenter argued that the Department would be able to focus its resources on analyzing exclusion requests where there is substantial U.S production or where there is expected to be substantial U.S production in the foreseeable future.     BIS response: As asserted above, the individuals or organizations applying for an exclusion must specify the precise steel or aluminum product, including whether a product is customized. Parties applying for exclusions are required to identify the source countries for the single product for which the exclusion is requested, the annual quantity to be supplied, the name of the current manufacturer(s)/ supplier(s), and the country of the manufacturer(s)/supplier(s). The exclusion request, if granted, will only pertain to the identified supplier(s) listed in the exclusion request form and the specific country of origin identified by the requester. The Secretary does have the discretion to make broader exclusions available to all importers if the Department finds the circumstances warrant it, and the Secretary will exercise this discretion as appropriate, but only after an exclusion request in the ordinary course.     Comment (f)(9): Provide streamlined process whereby a second company seeking to use an exclusion already granted to another U.S company can quickly obtain the right to use the same type of product exclusion. Commenters thought requiring that each exclusion granted be available only to the company that requested it is inefficient and time-consuming. Commenters recommended the Department provide a streamlined process whereby a second company seeking to use an exclusion already granted to a U.S company can quickly obtain the right to use the same product exclusion.     BIS response: The Department will allow exclusion requesters to reference a previously approved exclusion, but the new requester must still fill out the exclusion form and their new exclusion request will be evaluated based on the information included in their exclusion request. New requesters may include a copy of the original approved exclusion request, but simply referencing the approval identifier of the previous approved exclusion is sufficient and is what the Department recommends in such scenarios. The existence of a preexisting approved exclusion request for another individual or company would not be determinative for the review of a new exclusion request. Each request is reviewed on a case-by-case basis, and potential objectors will have an opportunity to review the new exclusion request, to object, and if they submitted an exclusion request or objection, to participate in the rebuttals/surrebuttals process created with the publication of today's rule. This is important because a domestic steel or aluminum manufacturer that may not have had the capacity to produce when reviewing the previously approved exclusion request may be able to produce ``immediately'' at the time a later exclusion request is filed.

Country of Origin (Various Recommendations for How It Should Be Used in the Exclusion Process)

    Comment (f)(10)(i): Exclusions should not be country specific. One commenter recommended the Department allow companies granted product exclusions to import the product tariff-free from any country, given that the basis of the exclusion request is that the U.S company cannot source the product domestically.     BIS response: As noted above, the Department, in consultation with other Federal agencies, has the authority to grant exclusions from the additional duties imposed in the Proclamations for products that are not produced in sufficient quantity or quality in the United States or for specific national security considerations. Parties applying for exclusions are required to identify the source countries for the single product for which the exclusion is requested, the annual quantity to be supplied, the name of the current manufacturer(s)/supplier(s), and the country of the manufacturer(s)/supplier(s). The exclusion request, if granted, will only pertain to the identified supplier(s) listed in the exclusion request form and the specific country of origin identified by the requester. The Secretary does have the discretion to make broader exclusions available to importers if the Department finds the circumstances warrant it, and the Secretary will exercise this discretion as appropriate, but only after an exclusion request in the ordinary course.     Comment (f)(10)(ii): Department should consider country of origin when assessing a request. A commenter recommended that the Department consider the country of origin, and prioritize the requests of those countries that are national security allies, such as members of the European Union. In the commenter's view, such an approach would be in consonance with the national security aims of the tariffs.     BIS response: The review criteria based on the Proclamations and the two supplements added in the March 19 rule do not take into account the country of origin, so it would be inappropriate for the Department to make the proposed change. However, as described below, today's rule does add a new Note to paragraph (c)(2) to both supplements to allow for product exclusions for countries subject to country-based quantitative limitations.

Validity Periods for Exclusions

    Comment (f)(11)(i): Concerns that one ***year*** is insufficient and arbitrary. Commenters thought that granting of the exclusion for one ***year*** is arbitrary. A commenter asked if the product is not available domestically now, why the Department believes it will be available next ***year***, or the ***year*** after, or ever. Commenters requested that instead of forcing importing manufacturers to go through this arduous exclusion petition process every ***year***, the Department require aluminum and steel manufacturers to prove that the domestic supply exists in the quantities and the quality specifications necessary before ending any exclusion.     BIS response: Generally, an exclusion is granted for one ***year*** from the date of signature. Parties should review the decision document for this information. As described below, the Department does have discretion to approve varying validity dates depending on the facts surrounding an exclusion. Also as referenced above and described in more detail below, today's rule is adding a new paragraph (h)(2)(iii) to provide more information on the criteria the Department uses to determine the appropriate validity date for an exclusion.     Comment (f)(11)(ii): Clarify that approvals can be less than one ***year*** when warranted. One commenter requested that the final rule clarify that although exclusions generally will be granted for one ***year***, a shorter time period may be granted if the objector provides information showing that an exclusion is only warranted for a shorter period of time (e.g , that the objector can begin or expand domestic production in less than one ***year***).     BIS response: The Department agrees and confirms approvals can be less than one ***year*** when warranted. Today's final rule is adding a new paragraph (h)(2)(iv) to provide additional context on the general one ***year*** validity date and when a shorter or longer validity date may be warranted. New paragraph (h)(2)(iv) includes application examples for when a longer period may be warranted for the validity period.     Comment (f)(11)(iii): Should be five ***years*** or longer. One commenter requested that the Department explicitly provide for exclusion validity periods of

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five ***years***, subject to renewal thereafter, and for the length of specific projects discussed in submitted exclusion requests where U.S domestic parties cannot demonstrate sufficient capacity to meet the long-term requirements set forth in an individual exclusion request or multiple exclusion requests for the same specific product. This commenter supported its position by noting that while one ***year*** is an easily definable time period, it does not reflect the reality of business planning, particularly where long-term, large-scale investments and purchasing contracts are involved, such as are typical in the oil and natural gas industry. In the commenter's view, a five- ***year*** product exclusion is required to accommodate project planning and to reflect the reality of the long lead time from purchase order to delivery of products. The commenter recommended that U.S manufacturers be provided the opportunity, regarding any exclusions granted, to prove that they have developed new capacity to meet quantity and/or quality specifications of entities granted petitions.     BIS response: As described above, today's final rule is adding a new paragraph (h)(2)(iv) to provide additional context on the general one ***year*** validity date and when a shorter or longer validity date may be warranted. The commenter's recommendation to allow objectors to provide additional information to permit re-reviewing an approved exclusion request would likely require adding provisions to revoke existing approvals. The Department did not add such provisions in this rule because the Department believes there are likely many other members of the public who believe such changes would add unpredictability and undermine their ability for long range planning. The Department does, however, welcome comments in response to today's rule on this commenter's idea of allowing longer validity periods, with the understanding that potential objectors could come back at any time during such periods to request a readjudication of the product exclusion.     Comment (f)(11)(iv): Exclusions should not be limited to an annual basis. Commenters requested that exclusions be indefinite until challenged and domestic production is demonstrated. These commenters asserted that a ***year*** is not a long time in the manufacturing cycle, and companies will need to plan out their supply chains further into the future. They also asserted that requiring all companies granted exclusion requests to go through this process ***yearly*** to ensure continuous supply would be a massive waste of the Department's resources and overly burdensome to domestic steel users. These commenters believe that if the Department has found in the first instance that an exclusion should be granted because of the lack of domestic supply, it should be up to the domestic suppliers to demonstrate that their capabilities have changed.     BIS response: As described above, today's rule is adding a new paragraph (h)(2)(iv) to provide additional context on the general one ***year*** validity date and when a shorter or longer validity date may be warranted. The new paragraph (h)(2)(iv) includes examples for when a longer period may be warranted.     Comment (f)(11)(v): Product exclusions should be permanent, not temporary (and on a universal basis). One commenter believes that temporary exclusions inject significant uncertainty into the business planning of companies and will only increase costs for companies as they have to alter their supply chains.     BIS response: The Department does not believe that permanent exclusions would be consistent with the intent of the Proclamations and is concerned that such exclusions might in fact undermine the resurgence of certain steel and aluminum manufacturing critical to protecting U.S national security. The Secretary does have the discretion to make broader exclusions available to all importers if the Department finds the circumstances warrant it, and the Secretary will exercise this discretion as appropriate.     Comment (f)(12): Allow supporters of exclusion requests an opportunity to submit comments. One commenter was concerned that while the March 19 rule provides an opportunity for any individual or organization in the United States to file objections to exclusion requests, it does not provide a similar opportunity for such persons to make submissions in support of other parties' exclusion requests. This commenter recommends the Department permit such filings.     BIS response: The Department disagrees. The Department understands the desire of affected or similarly situated parties to provide submissions of support. However, the original submitter of an exclusion request is best situated to provide the specific information for the exclusion request and, under the new process for rebuttals and surrebuttals adopted in this rule, will be allowed to submit rebuttals to any objection received. Allowing other parties to submit statements of support is not needed in order for the Department to conduct its review of the exclusion request and would likely slow the entire process down. The number of exclusion requests being reviewed is substantial, and one of the purposes of today's rule is to make improvements in the efficiency of the process. Where warranted to improve the transparency or fairness of the process, the Department has implemented changes that may increase its workload, but otherwise the focus is on trying to streamline the process to improve it for all parties involved.

Add Rebuttal Process and Specify Criteria for Review of Objections

    Comment (f)(13)(i): Must add a rebuttal process (to allow exclusion request submitters to respond to objectors). An area of significant concern for commenters was the absence of a formal rebuttal process in the March 19 rule. Commenters recommended that the final rule should provide an even-handed, reciprocal process that allows interested parties to respond to objections. The supplements added in the March 19 rule currently provide an unbalanced rebuttal process under which any interested party may respond to a request, but the requester is not permitted a response. These commenters believe that requesters must have the ability as a matter of procedural due process to respond to objections. These commenters recommended that the Department should therefore provide requesters a 15-day period to respond to any objections. These commenters asserted that a rebuttal process is consistent with due process and responsible administrative decision making.     Therefore, these commenters recommended that the final rule should provide: A limitation on rebuttals to potentially aggrieved domestic manufacturers of specific articles sought to be excluded, plus a response by the applicant; in the alternative, if rebuttals are not limited to domestic manufacturers, a response by an interested party. These commenters said that it is important to allow the requester an opportunity to reply to the objections raised to make certain that the Department has all the information necessary to determine whether domestic steel producers can actually fulfill their needs. For U.S companies using steel in their production process, determining which suppliers to use is a decision that is carefully considered based on their economic and manufacturing needs. One commenter remarked, ``Without carefully assessing and soliciting reasons why certain steel suppliers are used in this process, the

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Department runs the risk of creating lasting damage to the U.S manufacturing sector.'' The commenters thus warned against finalizing product exclusion requests without a complete record, arguing that decisions in such cases could be arbitrary and capricious, unfairly biased against U.S businesses that rely on imported articles, or exacerbate risks to national security.     BIS response: The Department agrees that adding a rebuttal and surrebuttal process will improve the process. The Department has accordingly developed and is adding with the publication of today's rule a rebuttal process described under paragraph (f) in the two supplements to allow exclusion requesters to provide evidence refuting objectors' claims of domestic capacity, as well as a surrebuttal process to allow the objector to respond to the rebuttal. The rebuttal and surrebuttal process will enhance the review process to ensure Department decision makers have as much relevant information as possible when assessing exclusion requests.     Comment (f)(13)(ii): More criteria needs to be added for objections. One commenter asserted that while the March 19 rule indicated a 90-day response time, it does not state the standards for reviewing an application or what consideration the Department will give to objections, including those that readily admit to not currently producing the subject material in the quantity, or the quality, needed. Along similar lines, another commenter raised concern that the March 19 rule says very little about the nature of or criteria for lodging the objection, other than it should ``clearly identify, and provide support for, its opposition'' to the exclusion. The objection form provides some additional requirements (including production capabilities in the U.S relative to the exclusion request production), but it simply allows the objector to assert that it makes ``similar'' merchandise.     BIS response: The Department agrees that it would be beneficial to add additional information to the two supplements to better define the review criteria for objections. Today's rule amends paragraph (d)(4) to better define how the Department will review objections, including providing application examples and important considerations for objectors to take into account when they are making representations in an objection. Today's rule also makes changes to paragraph (h) to provide additional information for the disposition of objections. These changes will improve the transparency of the objection review process for the public.     Comment (f)(13)(iii): Failure to object should result in automatic approval. A commenter asserted that the supplements added in the March 19 do not indicate what happens if there is no objection filed to a request within 30 days. This commenter recommends that the Department should make clear in the final rule that the failure of any party to object to an exclusion request should result in automatic approval of the request, and the approval should be issued within 15 days of the end of the 30-day period.     BIS response: The Department will grant properly filed exclusion requests which meet the requisite criteria, receive no objections, and present no national security concerns. After an exclusion request's 30- day comment period on regulations.gov, BIS will work with CBP to ensure that the requester provided an accurate HTSUS statistical reporting number. If so, BIS will immediately assess the request for satisfaction of the requisite criteria and any national security concerns. If BIS concludes that the request satisfies the criteria and identifies no national security concerns with granting the request, BIS will expeditiously post a decision on regulations.gov granting the exclusion request. Today's rule adds in a new paragraph (h)(2)(ii) a streamlined process for approving exclusion requests that do not receive objections.     Comment (f)(13)(iv): Objection based on ability to produce. One commenter recommended that the objector be required to ensure that it can produce the precise product described in the exclusion form and not merely similar products. Many other commenters asserted similar concerns and recommendations in this area about not falling into an equivalent trap that would undermine the ability of these downstream users of steel and aluminum to function effectively.     BIS response: The Department agrees that an objector must be able to make the same steel or aluminum product or one that is equivalent, meaning ``substitutable for,'' the one identified in the exclusion request that is the subject of the objection. As discussed above, today's rule adds new paragraphs (c)(6)(ii) to better define what constitutes satisfactory quality and (c)(6)(i) to better define what constitutes sufficient and reasonably available steel or aluminum. The rebuttal and surrebuttal process that today's rule is adding to paragraphs (f) and (g) in the two supplements will enhance the review process and the information the Department is receiving to ensure appropriate decisions based on a common understanding of the facts at hand.     Comment (f)(13)(v): Objections based on future capacity. One commenter requested that any objector objecting based on anticipated capacity coming on line be required to provide specific evidence of when such capacity will come on line and that it can and actually will make the exact same product that is the subject of the exclusion. Many commenters hit on similar concerns and made similar type of recommendations.     BIS response: The Department agrees that representations made by objectors must be supported by information that identifies clearly whether the capacity is currently available or will be ``immediately.'' As described above, today's rule is adding a new paragraph (c)(6)(i) and revising paragraph (d)(4) to make these requirements clear to objectors. The information required on the objection form will assist the Department in making these determinations whether sufficient supply is available in the U.S to warrant denying an exclusion request. The rebuttal and surrebuttal process in today's rule is adding to paragraphs (f) and (g) in the two supplements will enhance this process and the information the Department is receiving to ensure appropriate decisions are being made based on a common understanding of the facts at hand.     Comment (f)(14): Add fair administrative and judicial review procedures for exclusion determinations. One commenter requested that the final rule articulate fair administrative and judicial review procedures for exclusion determinations. This same commenter recommended that final action by the Department be immediately appealable to an appropriate administrative appellate body, and/or the Court of International Trade. The commenter provided its thoughts on what courts may be appropriate, including the limitations that may make those suggested courts not the right legal venue. The commenter asserted that while it believes the Court of International Trade may be the appropriate forum for some appeals, there are clear exceptions to the Court's jurisdiction where Presidential Proclamations involve matters other than tariffs, such as national security.     BIS response: There is no specific appeals process. However, if a request is denied, a party is free to submit another request for exclusion that may provide additional details or information to support the request. As described above,

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today's rule is also adding a rebuttal and surrebuttal process to allow those individuals and organizations that submitted an exclusion request that received objections to submit rebuttals during a 7 day review period of the final objection posted for their exclusion request. These changes will improve the process and allow such parties an opportunity to provide additional information to the Department that they believe should be considered.

The Department Should Provide Detailed Information on the Process for Extending an Exclusion Request Beyond the Initial One ***Year***

    Comment (f)(15)(i): Allow submissions of renewals prior to expiration date of approved exclusions. A commenter recommended that the final rule be revised to clarify that requests for the extension of an exclusion be submitted prior to the exclusion's expiration to avoid any disruption to the supply chain.     BIS response: The Department agrees, but also clarifies that the existing provisions from the March 19 rule already allow renewal requests at any time. Technically, each new submission is a new exclusion request, but an applicant may, as an additional supporting document in a letter of explanation, reference a previous approval whether that is still valid or not. Individuals and companies will need to file a new exclusion request before the expiration of any granted exclusions to avoid any interruptions in their tariff relief. A copy of the previous approval is not needed, simply referring to the previous regulations.gov approval number in the new application is sufficient. The existing approved exclusion would not be amended, but may assist the Department in reviewing a new exclusion request. Each approved exclusion is limited to a set time period because there will be changing domestic production capabilities and product availability as U.S steel and aluminum manufacturers increase production. Each exclusion request is reviewed on its own merit and on a case-by-case basis, so the existence of a previous exclusion approval is not a guarantee a new exclusion request will be approved. As a time saving tip, requesters may reuse the original form submission and just update the fields that need to be updated by downloading the form, making any needed updates, and then submitting the updated form in regulations.gov as a new submission.     Comment (f)(15)(ii): Renewal process should be simple, streamlined and burden placed on U.S steel and aluminum manufacturers to make the case if circumstances have changed in terms of their capacity. Commenters were concerned about the lack of information provided on how the Department plans to review granted exclusions at the conclusion of their one-***year*** approval period. They asserted that lack of information about the process injects a huge amount of uncertainty into supplier agreements, which typically extend well beyond one ***year***. These commenters requested that additional information on the process for requesting renewal of an exclusion be provided and that such process be clearly explained and not overly burdensome. Commenters recommended that the Department require the domestic producers to provide evidence that the circumstances leading to the grant of the original exclusion order have changed. Several commenters recommended that the Department amend the supplements added in the March 19 rule such that, if no facts or circumstances regarding the original exclusion request have changed, a filing company would not be required to file a completely new exclusion request to retain the benefit of a request that has already been approved.     BIS response: The Department believes the renewal process outlined in the response to Comment (f)(15)(i) appropriately complies with the Proclamations and balances the competing interests.

Comments on the Exclusion Form

    Comment (g)(1): Provide more guidance on using regulations.gov A commenter requested BIS provide direction on the steps needed to use regulations.gov to submit an exclusion request. This commenter was having difficulty determining which link or button in regulations.gov it needed to use to submit the exclusion application submission itself.     BIS response: The Department agrees that providing guidance on the use of regulations.gov is needed and has already taken steps to address this issue. As described above, the Department has posted step-by-step guidance documents and various helpful tips on regulations.gov under the two docket numbers, as well as on the Commerce website, to assist the public's understanding and to reduce the burden in getting used to using regulatons.gov Today's rule also, as described below, adds an Annex 1 to Supplements No. 1 and 2 to Part 705, which will assist the public in using [*www.regulations.gov*](http://www.regulations.gov) for application issues specific to submissions under the exclusion, objection, rebuttal, surrebuttal process. As with any new process, there has been a learning curve for the public using regulations.gov, and this will continue to a lesser degree with the rebuttals and surrebuttals today's rule is adding. The Department has significantly increased the number of people working on exclusion requests and objections, including adding many new people who previously had not used regulations.gov, so we understand that it takes some time to get familiar with the system. The Department has also found for itself, as well as members of the public that we have spoken to on the phone regarding using regulations.gov, that the comfort level is increasing, and we anticipate this will continue.     Comment (g)(2): Ensure exclusion and objection criteria are limited to that covered by the Proclamation. A commenter was concerned whether the exclusion form was introducing criteria that was not consistent with the Proclamations. The commenter asserted that the Proclamation is clear that if a steel article is not produced in the United States in a sufficient and reasonably available amount or of satisfactory quality, the Department should grant an exclusion. However, the exclusion request form contains many fields beyond those factors. The commenter recommended that the Department make it clear that it will not be considering if ``substitute products'' are available, nor the ability of CBP to easily distinguish the product when making its decision as to whether an exclusion is approved.     BIS response: The Department does not agree that information being requested on the forms is inconsistent with the criteria included in the Proclamations and the supplements added in the March 19 rule. The information being requested is needed by the Department to make a determination whether one of the three criteria identified in the Proclamations can be met. As described above, today's rule is making various changes to clarify these types of issues and to add greater transparency to the process. The changes being made in today's rule will give the public a better understanding of the criteria that the Department is using to review exclusion requests, objections, and rebuttals and surrebuttals being added with today's rule. Today's rule also clarifies the references to CBP and how they fit into the process to ensure that what is being approved is implementable. Providing false information to CBP in the form or providing a HTSUS statistical reporting number that is not correct may result in other import or export clearance related penalties from the U.S Government, so

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ensuring that an individual or organization that submitted an exclusion request used the correct HTSUS statistical reporting number will ensure an approved exclusion is implementable, as well as being consistent with other U.S regulations.     Comment (g)(3): Concern over the use of ranges on the forms. Commenters raised concern that the form has caused confusion in the industry due to the seemingly contradictory language wherein field 2.j notes that ``Ranges . . . are allowed,'' but field 3.b prohibits ``a range of products and or sizes.'' These commenters believe these inconsistencies have added additional uncertainty to an already opaque process, with requesters unsure if and when ranges are permissible. Therefore, these commenters recommended that the Department clarify what it means regarding permissible use of ranges and do so with specific examples, including illustrative examples demonstrating the outer bounds of any impermissible range for each such physical dimension (e.g , width range generally may not exceed 100 mm; thickness range may not exceed 50 mm).     BIS response: The Department designed both the steel and aluminum exclusion/objection forms with input from a variety of U.S Government experts and industry association material experts. The goal was to create a balance of information requested from the exclusion filer to allow a U.S manufacturer of steel or aluminum to file a credible objection to that specific exclusion. The forms allow for a product that may be within a range but not products across a wide range. A permissible range must be within the minimum and maximum range that is specified in the tariff provision and applicable legal notes for the provision. As referenced above, today's rule is adding two sentences to paragraph (c)(2) to clarify these types of issues.

Comments on the Objection Form

    Comment (h)(1): Rule and the objection form are not in sync for who may submit an objection because of certain questions on the objection form. A commenter asserted the March 19 rule indicates that ``any individual or organization in the United States may file objections to steel exclusion requests.'' However, the commenter asserted that the Response Form for Objections to Posted Section 232 Exclusion Requests-- Steel (the Response Form) is structured to accept only the information of a single company, which would not appear to provide an opportunity for a joint submission by an ad hoc association of companies in opposition to a request, even if the association included the specific data requested for evaluating the objection. The commenter believes the submission of a single objection representing the views of a range of steel producing companies is a far more efficient way for the Department to receive comments in opposition to an exclusion request.     BIS response: The Department agrees that there is an inconsistency between the objection form and the supplements added in the May 19 rule. In order to address this inconsistency, today's rule is revising paragraph (d) in both supplements to clarify that the individuals and organizations in the U.S that may submit objections are limited to those using aluminum or steel in business activities (e.g , construction, manufacturing, or supplying steel or aluminum products to users). The purpose of the objection process (as well as the surrebuttal process being adding in today's rule) is to determine whether an exclusion should be approved or denied, so the objector needs to be able to provide information relevant to the fields identified on the form. The Department needs the information identified in those fields to fairly and consistently make determinations on the disposition of exclusion requests when objections are submitted, as well as rebuttals and surrebuttals being added to the process with the publication of today's rule. The need for efficiency requires that objectors be able to address all of the applicable fields on the objection form in order to submit a credible objection that may warrant the Department's denying an exclusion request. Today's rule addresses this inconsistency by revising paragraph (d)(1) to clarify who may submit an objection to a submitted exclusion request.     Comment (h)(2): Specific fields on the objection form that would appear to prevent certain parties from being able to submit objections. Question 2b on the objection form asks respondents to ``discuss the suitability of your organization's steel products'' and question 3 asks ``what percentage of the total steel product tonnage requirement covered under the exclusion request . . . can your organization manufacture?'' These questions appear to create a bias against opposition comments from organizations that are not actual producers of steel product, given that the March 19 rule indicates that objections that do not include the information requested on the objection form ``will not be considered.''     BIS response: The Department disagrees that there is any bias in the process, but this commenter, similar to commenter (h)(1) above, did highlight an inconsistency that needs to be addressed between the objection form and the two supplements added in the March 19 rule. As described in the BIS response to comment (h)(1) above, today's rule is making changes to address this inconsistency between the objection form and the two supplements added in the March 19 rule by revising paragraph (d)(1).     Comment (h)(3): Consolidated objections from industry would allow for better analysis by the Department and reduce burden on industry and the Department. A commenter asserted that for particularly large volume exclusion requests, one domestic steel manufacturer may not have the entire unutilized capacity to meet the needs that form the basis of that exclusion request. However, the domestic industry may very well have capacity in the aggregate to meet such orders. Absent permitting a single combined submission by members of the domestic industry that can provide aggregate data for the Department to review, the Department would need to collect that information from each of the members, expending unnecessary time and resources and increasing the risk that complete information will not be available to consider. Thus, at the very least, the commenter requested that the Department revise the supplements added in the March 19 rule and objection form to provide for joint submissions of ad hoc associations of companies to oppose ``insufficient volume''-based exclusion requests.     BIS response: The Department does not agree. The Department is relying on the product expertise of ITA, as well as the information that the Department is receiving through the exclusion requests and objections, which will be enhanced further with the rebuttal and surrebuttal process being added by today's rule. Because of the significant amount of exclusion request and objection activity the Department has been managing since March 19, the information that the Department has on the U.S market for steel and aluminum production and its gaps (both in supply and quality) is deepening quickly. The Department is the party that will identify when broader based exclusions may be warranted for approval after consideration and approval by the Secretary. The Department acknowledges that this process may not be the most efficient for approving these types of broader exclusions, but it will ensure that any approved exclusions do not undermine the larger objectives of

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the tariffs and the need to protect critical U.S national security interests.

Suggestions for Examples of Broad Based Product Exclusions That Could Be Implemented

    A number of commenters representing a wide range of industries submitted their initial suggestions for what should be included in broad based product exclusions. These requests for broad based product exclusions included primary aluminum and fabricated can sheet, aluminum foil, Grain Oriented Electric Steel (``GOES''), tinplate and tin free steel, specialty chrome products used in deepwater oil and gas wells, products used across the entire crude oil and natural gas production industry, and certain steel and aluminum products that are critical to motor vehicle parts manufacturers. At this time, the Department does not believe it is warranted to add a broad based product exclusion for any of the examples provided in the comments received on the March 19 rule. This does not preclude the Department from reevaluating this determination once additional exclusion requests are submitted and additional information provided to the Department in the objection, rebuttal, and surrebuttal processes is evaluated further and patterns begin to develop that may warrant granting broad product based exclusions for some or all of these referenced items. The intent of the March 19 rule was for the Department to identify these candidates for broad product exclusions over time based on experience with reviewing and approving exclusion requests submitted by individuals or companies. This is the reason why the March 19 rule did not have any provisions that described how individuals or organization could request broad based product exclusion requests. The Department believes this is the correct approach and is continuing this same regulatory framework in today's rule.

Process and Timing for Obtaining Tariff Refunds for Approved Exclusion Requests

    Comment (j)(1): Clarify effective date for exclusions. Commenters were concerned that the slowness of the process may nullify exclusions for many interested parties. A commenter was concerned that exclusions (once granted) appear to apply only to imports of a specific product arriving after the request was posted for public comment. This means merchandise imported prior to the posting of the request will not receive the benefits of the exclusion, even if the exclusion is ultimately granted. The commenter is concerned that this creates huge disadvantages for those seeking and obtaining exclusions because any merchandise on the water (or about to be shipped) remains subject to potential duties until the forms are posted, regardless of eligibility for exclusion.     BIS response: The date for applying duty refunds is established in the Proclamations as amended.     Comment (j)(2): Clarify who pays and the process for obtaining refunds for tariffs paid before exclusion granted? Commenters were concerned about the lack of information on the process for obtaining refunds for tariffs once an exclusion request is approved. Commenters asserted that the supplements are silent on the issue of whether a company that successfully obtains a product exclusion may obtain a refund of duties paid on such products already entered through U.S customs procedures. Commenters recommended that the rule should be amended to describe this refund process in detail.     BIS response: The Department clarifies here that if an exclusion is granted, the party would then work with CBP on the refund mechanism. CBP has provided public guidance on the process for requesting refunds in CBP's Cargo Systems Messaging Service message #18-000378 available at [*https://csms.cbp.gov/viewmssg.asp?Recid=23577&page=&srch\_argv=232&srchtype=&btype=&sortby=&sby=*](https://csms.cbp.gov/viewmssg.asp?Recid=23577&page=&srch_argv=232&srchtype=&btype=&sortby=&sby=).

Comments Dealing With CBP Enforcement and Implementation of Product Based Exclusions and Country Based Exclusions

    Comment (k)(1): Concerns with CBP implementation and enforcement of exclusions. A commenter raised concerns that the detailed and individualized nature of the exclusion requests (i.e , product specificity and supply chain specificity) virtually ensures that compliance and enforcement will be complicated. A commenter requested that the Department clarify the following details to facilitate enforcement by CBP:     Amendments to Entry Forms: The commenter argued that the Department should recommend changes to CBP entry forms to allow easier enforcement. Such changes might include creation of a separate line item on the 7501 form to declare such duties, similar to the way CBP enforces the collection of antidumping and countervailing duties.     Entry Documentation: The commenter suggested that the Department specify the documents required to be produced at entry by each party in the supply chain to create predictability and to help simplify the process for importing excluded merchandise without delay or duties, e.g , mill test certificates, origin certificates, and export licenses.     A commenter requested that the Department clarify how it will instruct and assist CBP in enforcing and administering exclusion requests, including whether it will adopt any type of import licensing system.     A commenter requested that the Department address how it will enforce and administer product exclusions simultaneously with country exemptions, particularly given the current temporary nature of some of the country exemptions. A country exemption establishes a quantitative limit for steel or aluminum that may be imported from a specific country, but once the quantitative limitation is reached no additional quantity of that steel or aluminum may be imported from that country. Commenters assert they are concerned about the quantitative limitations because if the supply of steel or aluminum is needed from such a country once the quantitative limitation is reached, there will be no alternative supply. For countries not subject to quantitative limitations an unlimited amount of steel or aluminum may be imported, but if not subject to a product exclusion, would be required to pay the applicable tariff of 25 percent for steel and 10% for aluminum. The commenter requested that if country exemptions are tied to quotas (referred to henceforth as quantitative limitations) (or any other type of import restriction), the Department work with the USTR and CBP to develop a workable solution to simultaneously monitor and enforce product exclusions, country exemptions, and any quantitative limitations used to enforce country exemptions.     BIS response: The Department has been working closely with CBP in the development and implementation of the product exclusion process. BIS will not issue a decision granting an exclusion until CBP confirms that the exclusion is administrable, meaning the exclusion request designates the correct HTSUS statistical reporting number. The Department will provide CBP with information that will identify each approved exclusion request, as described in the preceding paragraph. Individuals or organizations whose exclusion requests are approved must report information concerning any applicable exclusion to CBP.     Comment (k)(2): Department should clarify that CBP's ability to distinguish a steel product is not a criterion for granting an exclusion request. One

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commenter asserted that neither the Proclamations nor the March 19 rule say anything about weighing the burden on the CBP to administer an exclusion as being part of the criteria for whether to approve an exclusion request. Therefore, this commenter requests the Department not use this field on the exclusion form as the basis for rejecting a request.     BIS response: The Department does not agree. In order for critical U.S national security interests to be protected and to be consistent with the Proclamations, the items included in an approved exclusion must be able to be adequately identified by CBP to ensure importers are not exceeding the scope of approvals. Also as referenced above on a similar comment, importers are responsible for providing a correct HTSUS statistical reporting number to CBP, so the Department's process of ensuring the HTS number is correct also helps the importer to ensure the information that they are otherwise required to provide to CBP is correct. BIS will not issue a decision granting an exclusion until CBP confirms that the exclusion is administrable. In cases where a request is denied for HTSUS issues, companies are encouraged to work with CBP to confirm the proper classifications and resubmit.

Country Based Exclusions Must Be Taken Into Account When Determining U.S Supply

    Comment (l)(1): Country based exclusions must also be taken into account when determining U.S supply. A commenter was concerned that the March 19 rule and the exclusion request process and exclusion and objection forms appear to place too much emphasis on the availability of supply in the U.S market. The fact that U.S production cannot meet 100 percent of demand for a product should not itself be the basis for a product-specific exclusion. This commenter recommended the proper interpretation of short-supply should be that the product cannot be produced at all in either the U.S or one of the other exempted countries.     BIS response: The Department does not agree. The Proclamations authorize the Secretary of Commerce to grant exclusions from the duties only if the Secretary determines that the steel or aluminum article for which the exclusion is requested is not produced in the United States in a sufficient and reasonable available amount or of a satisfactory quality or should be excluded based upon specific national security considerations. As described in more detail below, today's rule is adding paragraph (c)(6)(i)-(iii) to be responsive to these types of comments.     Comment (l)(2): Product exclusion requests must be coordinated with country exemptions to prevent ``double-dipping.'' A commenter requested in order to ensure that the tariffs serve their purpose of boosting U.S steel production, the Department and the USTR coordinate the allocation of product-specific requests with any country-specific exemptions and any applicable quantitative limitations to prevent ``double-dipping.''     BIS response: The Department does not agree. The product based exclusions process and the country exemptions process are separate processes. The Department does not take into account approved country exemptions when evaluating whether to approve an exclusion request. Questions specific to country exemptions should be directed to USTR. Today's rule does, however, add a new Note to paragraph (c)(2) to allow for product exclusion requests for countries subject to quantitative exclusions using the same criteria specified in the supplements added in the March 19 rule and the Proclamations. The review criteria for whether to grant exclusion requests from countries subject to quantitative limitations does not take into account the current level remaining of a quantitative limitation for a particular country, but today's rule does, for consistency with the August 29, 2018, Presidential Proclamation 9777 and the August 29, 2018, Presidential Proclamation 9776, takes steps along with CBP to ensure that the exclusions granted under the scope of paragraph (c) do not undermine the purpose of the country based quantitative limitations.

Country Based Exemptions Must Not Be Taken Into Account When Determining U.S Supply

    Comment (n)(1): No way to guarantee foreign supply would be available to a U.S based user. A commenter asserted that the ability to potentially source from a foreign country does not mean that a U.S manufacturer would be able to receive supplies from that foreign country and that such a consideration serves no purpose with regard to the goal of the Section 232 tariffs. Therefore, this commenter recommends it should not be considered in this context.     BIS response: The exclusion process is intended to be as narrowly focused as possible to ensure the larger objective of the tariffs--to protect critical U.S national security--is achieved. The Proclamations authorize the Secretary to grant exclusions from the duties only if the Secretary determines the steel or aluminum article for which the exclusion is requested is not produced in the United States in a sufficient and reasonable available amount or of a satisfactory quality or for specific national security considerations. As described above and in more detail below, today's rule adds a Note to paragraph (c)(2) that will be partially responsive to these types of comments.     Comment (n)(2): Country exemptions have been fluid, so difficult to include that in the product exclusion analysis. One commenter asserted that the country exemptions are fluid or not finalized, with caveats that the President ``will consider re-imposing the tariff'' or ``revisit this determination, as appropriate,'' which makes it difficult to reliably include country exemptions as part of the analysis for product based exclusions.     BIS response: The product exclusion process operates independently of country exemption discussions. Decisions about country exemptions are made by the President, based on his assessment of the factors described in his Proclamations. Under the authority granted by the earlier Proclamations, an exclusion request only applies to aluminum or steel imported from a country subject to a tariff. However, the Proclamations 9777 and 9776 of August 29, 2018, allowed the Secretary to grant exclusions from quantitative limitations as described in this rule with the addition of Note to paragraph (c)(2). As noted above, the Proclamation 9777 under clause 2 also created a separate process that requires the Secretary to grant exclusions from quantitative limitations. The Department cannot grant exclusion requests for aluminum or steel products imported from a country subject to a quantitative limitation, except as specified in the Note to paragraph (c)(2) for purposes of today's rule, or under clause 2 of Proclamation 9777.     Comment (n)(3): Product based exclusions should not be country specific and should be available for countries with quantitative limitations. A commenter requested the Department authorize all companies granted product exclusions to import tariff-free from any available market economy source country because the basis of the exclusion request is that the U.S company cannot source the product domestically. While the exclusion request process, managed by the Department, is separate from the country exemption process being managed by the USTR, the commenter urged the Department and USTR to coordinate and allow companies to apply for and be granted exclusion

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requests or pay the tariffs on products that go beyond a country's quantitative limitation.     BIS response: As noted above, the exclusion request and objection process operates independently of country exemption discussions. Decisions about exemptions are made by the President, based on his assessment of the factors described in his Proclamations. Under the authority granted by the Proclamations, an exclusion request only applies to aluminum or steel imported from a country subject to a tariff. The Department cannot grant exclusion requests for aluminum or steel products imported from a country subject to a quantitative limitation, except as specified in the Note to paragraph (c)(2) (in Supplements No. 1 and 2 for aluminum and steel).     Comment (n)(4): Concerns that country quantitative limitations will further restrict U.S supply. A trade association commenter asserted that it understands that the Department will not entertain exclusion requests covering steel from South Korea subject to a filled quantitative limitation and urges the Department to reverse this policy. The commenter argues that the policy treats steel from countries with exemptions, such as South Korea, less favorably than those countries that have not been granted exemptions, such as Russia and China. In this example, Russian and Chinese steel and aluminum would be permitted to be imported into the U.S with an exclusion or be subject to tariffs. After the steel quantitative limitation for South Korea is reached, however, companies would not be permitted to apply for exclusions or pay tariffs on additional South Korean steel, and steel shipments would have to be returned or destroyed. Another commenter had concerns that since these are absolute quantitative limitations, there is no opportunity for importers to pay the tariff and import the product if the quantitative limitation is filled, which constrains supply even further. These commenters requested the that Department allow interested parties who are subjected to quantitative limitations be able to use the Section 232 exclusion process to request an exclusion from the quantitative limitations for ``short supply'' or similar reasons regarding lack of domestic availability.     BIS response: As noted above, the exclusion request and objection process operates independently of country exemption discussions. Decisions about exemptions are made by the President, based on his assessment of the factors described in his Proclamations. Under the authority granted by the Proclamations, an exclusion request only applies to aluminum or steel imported from a country subject to a tariff, except as specified in the Note to paragraph (c)(2)(in Supplements No. 1 and 2 for steel and aluminum). Under today's rule, the Department will be able to grant exclusion requests for aluminum or steel products imported from a country subject to a quantitative limitation under the conditions specified in the Note to paragraph (c)(2) (in Supplements No. 1 and 2 for steel and aluminum).

Changes Made in This Interim Final Rule to the Exclusion and Objection Process

    In order to improve the fairness, transparency and efficiency of the exclusion and objection process, as well as add a rebuttal and surrebuttal process, BIS, on behalf of the Secretary, is publishing today's interim final rule to make a number of changes to improve the process. These changes are responsive to the comments received on the March 19 rule and should improve the process significantly. Because the two supplements are nearly identical, with the same paragraph structure and regulatory provisions, this interim final rule makes the same changes to both Supplement No. 1 and No. 2 to Part 705. The only places where the regulatory changes made in this rule differ slightly is in the application examples that are specific to steel or aluminum and the samples of naming conventions for submissions in regulations.gov that use the respective docket numbers in the examples (BIS-2018-0006 (steel) and BIS-2018-0002 (aluminum)).     Today's rule makes conforming edits throughout the two supplements to add references to the new rebuttal and surrebuttal process that today's rule is adding. The new rebuttal process is described below under paragraph (f). The new surrebuttal process is described below under paragraph (g). Except for the changes to new paragraphs (f) and (g), the additional references to rebuttal and surrebuttal are being added when the process is being referenced as a whole in the two supplements--meaning whenever the terms ``exclusion request'' and ``objection'' are used to describe the process. References to these two terms will, after the publication of today's rule, encompass exclusion requests, objections, rebuttals and surrebuttals.     It is important to understand that the Department is committed to having as fair, transparent and efficient a process as possible for managing product exclusion requests. As asserted above by the commenters and confirmed by the experience of the Department, the number of submissions for exclusion requests and objections have far exceeded original expectations, and the Department is taking steps in this rule to improve the efficiency of adjudicating those requests. In addition, the Department is making changes to improve the fairness of the process by allowing the individual or organization that submitted an exclusion request or an objection to have an opportunity to respond to information provided by the other party, leading to better and more informed decisions on exclusion requests.     In paragraph (b)(5)(Public disclosure), today's rule is making explicit the procedures for protecting and submitting confidential business information. Changes to paragraph (b)(5) will result in additional submissions by email that the Department will need to review and address, but the overall benefit of creating a more transparent process outweighs any possible reduction in the overall efficiencies of the overall process. This rule revises the paragraph (b)(5) heading to add the phrase ``and information protected from public disclosure,'' splits paragraph (b)(5) into new paragraphs (b)(5)(i) and (ii), and adds a new paragraph (b)(5)(iii). Paragraph (b)(5)(i) specifies that, except for the information described in the new paragraph (b)(5)(iii), individuals and organizations must otherwise fully complete the relevant forms. Paragraph (b)(5) as added in the March 19 rule already included this requirement, but based on the comments received, there was some confusion about whether all fields needed to be completed on the exclusion and objection forms and whether that requirement changed if the submission included confidential business information. Today's rule is addressing those issues and will state clearly in the regulatory text that all fields have to be completed.     New paragraph (b)(5)(ii)(Information not subject to public disclosure should not be submitted) contains provisions to explain clearly what information should not be included on the forms, or in the information provided in rebuttals and surrebuttals, because these submissions and documents will be made publicly available on regulations.gov The revisions made to paragraph (b)(5)(ii) include adding a cross reference to new paragraph (b)(5)(iii)(Procedures for identifying, but not disclosing confidential or propriety business information (CBI) in the public version, and procedures for submitting confidential business information). Paragraph (b)(5)(iii) describes in detail

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how to submit confidential business information as a separate email submission to the Department that would not be disclosed to the public, but would still inform the Department's review process of exclusion requests, objections, rebuttals, and surrebuttals. These new requirements include specifying that an individual or organization filing a submission that contains information for which CBI treatment is claimed must file a public version of the submission and then follow on the same day the public version was submitted, the requirements in paragraph (b)(5)(iii). These requirements include specifying how the information that will be submitted separately by email as confidential business information will be summarized in a public version. New paragraph (b)(5)(iii) includes timelines for the separate email submission of confidential business information in relation to the public submission. The new paragraph (b)(5)(iii) also specifies that submissions that contain confidential business information that is not for public release must follow the procedures in paragraphs (b)(5)(iii)(A)-(C). The requirements in these paragraphs for email submission assist the Department in identifying these submissions to allow the Department to properly associate these email submissions with the respective 232 submissions posted in regulations.gov Today's rule adds a limitation in new paragraph (b)(5)(iii)(C) to specify the confidential business information is limited to a maximum of 5 pages per rebuttal or surrebuttal.     In paragraph (c)(2)(Identification of exclusion requests), today's rule adds two sentences to clarify certain aspects of the forms and the two supplements that caused confusion for several commenters on whether ranges or multiple dimensions were permissible. The first new sentence specifies that the exclusion request forms allow for minimum and maximum dimensions. The second new sentence specifies that ranges are acceptable if the manufacturing process permits small tolerances. A permissible range must be within the minimum and maximum range that is specified in the tariff provision and applicable legal notes for the provision. When additional context or explanation is needed on these types of issues, the Department encourages submitters--both requesters and objectors--to provide additional explanation as warranted.     Today's rule also adds a new Note to paragraph (c)(2) to describe the process for how an individual or organization may submit an exclusion request for importing steel or aluminum from a country that has a country exemption. The exclusion form has been revised to include one additional field for these types of exclusion requests. In requesting one of these types of exclusions, the requester will select the field on the exclusion request form to indicate that the exclusion request is for importing from a country eligible for a country exemption. This is important to assist the Department in identifying these types of exclusion requests, assisting the Department in coordinating its review with other parts of the U.S Government as warranted, and when coordinating with CBP on the implementation of these product based exclusions from countries subject to quantitative limitations. Today's rule also adds examples of the types of information that a requester is required to include in support of these types of exclusion requests.     In paragraph (c)(Exclusion requests), today's rule is adding a new paragraph (c)(6)(Criteria used to review exclusion requests). As described above, several commenters on the May 19 rule had concerns regarding whether the Department was managing the process in a fair and transparent manner. Several commenters said that because of the lack of specificity surrounding the three criteria included in the Proclamations and used in the supplements and exclusion request and objection forms, it was difficult for the public to judge whether the process was being conducted in a fair and transparent manner. Today's rule adds new paragraph (c)(6) to specify in much greater detail the criteria the Department is using to review the exclusion requests. These additions to the two supplements will be responsive to the various comments the Department received on the May 19 rule. The introductory text of paragraph (c)(6) specifies that the Department, as has been the case since the March 19 rule was published, will review each exclusion request in a fair and transparent manner to determine whether an article described in an exclusion request meets any of the three criteria included in the Proclamations. Specifically, whether the article is not produced in the United States in a sufficient and reasonably available amount, is not produced in the United States in a satisfactory quality, or for specific national security considerations. New paragraphs (c)(6)(i)-(iii) provide more information on the criteria used to review requests, including by defining keys terms used in the review criteria and adding illustrative application examples of the criteria to enhance understanding in new paragraph (c)(6)(i)(Not produced in the United States in a sufficient and reasonably available amount), paragraph (c)(6)(ii)(Not produced in the United States in a satisfactory quality), and paragraph (c)(6)(iii)(For specific national security considerations).     In paragraph (d)(Objections to submitted exclusion requests), today's rule makes two changes, the first by revising paragraph (d)(1) to narrow the scope of the phrase ``any individual or organization in the United States'' to also require that these individuals or organizations must be using steel or aluminum in business activities (e.g , construction, manufacturing, or supplying steel product or aluminum product to users) to file objections to steel or aluminum exclusion requests. The Department views this change as a clarification to the two supplements added in the March 19 rule to better align the regulatory text with the text and intent of the Proclamations and the objection forms. Commenters on the March 19 rule correctly asserted that there was an inconsistency in the supplements that appeared to allow for any individual or organization in the United States to file objections to steel or aluminum exclusion requests where the objection form itself required answering a series of questions that could only reasonably be completed by an individual or organization in the United States that manufactures steel or aluminum articles. As asserted by the commenters, this inconsistency in the text created confusion for the submitters on who may be eligible to submit an objection. Taking into account the intended purpose of an objection (i.e , identifying whether the criteria described above being added to new paragraph (c)(6)(i) and (ii) are met), the Department has determined that the most appropriate way to resolve the inconsistency between the supplements and the forms is to revise the regulatory text to more closely align with the objection form. As described above, this is an example where the revisions made to the two supplements differ to make each revision specific to the supplement--meaning that steel is referenced in the revision to Supplement No. 1 to part 705 and aluminum is referenced in the revisions to Supplement No. 2 to part 705. The Department also is making this change to improve the fairness of the exclusion request and objection process. Commenters correctly asserted that in the March 19 rule the criteria for who may submit an exclusion request under

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paragraph (c) was more restrictive than who may submit an objection. Commenters thought that difference was not treating parties consistently or fairly. The changes being made to paragraph (d)(1) in today's rule will resolve that issue.     Secondly, in paragraph (d)(4)(Substance of objections to submitted exclusion requests), today's rule is making changes to make the criteria the Department uses to review objections to submitted exclusion requests clearer and more transparent. Similar to the addition of new paragraph (c)(6) described above, today's rule is better defining the criteria, including the key term ``immediately.'' These revisions to paragraph (d)(4) will also better align the regulatory text with the text used in the objection form. These changes will improve the transparency of the review process, and reduce the burden on all parties involved in the exclusion request, objection, rebuttal, and surrebuttal process. Many comments from individuals or organizations that submit exclusion requests requested that objectors be required to be more specific about timelines and disclosing any potential hurdles that may limit their ability to truly start producing the needed steel or aluminum to which they are objecting. Commenters were concerned about objection forms that seem to broadly assert that an objector could conceivably make a steel or aluminum item, but do not provide much specificity on how they would meet the target to start producing the steel or aluminum. The Department agreed with these commenters that adding greater specificity in the requirements for objections would aid both objectors to more easily understand what information would be helpful to include in an objection and requesters in understanding when a legitimate objection is filed that would warrant denying their exclusion request or at least warrant the submission of a rebuttal. Today's rule makes those changes to paragraph (d)(4). As described above, the exclusion request, objection, rebuttal, and surrebuttal process has the potential to be adversarial in nature, so the Department believes it important to establish clear criteria to allow all parties to better understand the facts at hand.     In paragraph (e)(Limitations on the size of submissions) today's rule makes two conforming changes. First, today's rule excludes any CBI that is submitted from the 25 page exclusion and objection limit. As described above regarding paragraph (b)(5), submission made under (b)(5)(iii) will be a separate email submission to the Department. The page limit for confidential business information is limited to a maximum of 5 pages pursuant to paragraph (b)(5)(iii)(B). Therefore, the 25 page limitation does not apply for CBI included in the original submission of an exclusion or objection, or for a rebuttal or a surrebuttal as described below regarding new paragraphs (f) and (g). The page limit for rebuttals and surrebuttals is limited to a maximum of 10 pages pursuant to new paragraphs (f)(2) and (g)(2). Because the maximum size that may be submitted is less than 10 MB, today's rule is including a maximum 10 MB file size requirement to paragraph (e). The Department of Commerce has included this in our step-by-step guides and quick tips for submissions that are posted in regulations.gov User manual for regulations.gov also make reference to this file size limitation, so adding this less than 10 MB file size limitation to the two supplements should reduce the number of occasions where the submission exceeds the limitation and the submitter has to follow up with the BIS support telephone number or email, or has to call to the regulations.gov support telephone number. This type of confusion wastes the time of the submitter, as well as the United States Government, so adding this to paragraph (e) should likely help reduce this problem.     Today's rule redesignates paragraphs (f) and (g) as paragraphs (h) and (i), respectively, to account for adding a new paragraph (f) for the rebuttal process and a new paragraph (g) for the surrebuttal process.     Paragraph (f)(Rebuttal process) is being added as a new paragraph to both supplements. Paragraph (f) creates a rebuttal process to allow only individuals or organizations that have submitted an exclusion request pursuant to one of the two supplements to submit a rebuttal to any objection(s) posted to their exclusion request in regulations.gov Many commenters requested the Department make this type of a change to ensure that the process was fair and the Department had all of the relevant information when an objector made an objection to an exclusion request. The formal objection process in paragraph (d) that was included in the March 19 rule already established a process for objections to exclusions, but commenters expressed strongly that fairness required providing parties that submitted an exclusion request with a transparent opportunity to formally respond, in particular if they disagreed with some or all of the representations being made by an objector.     Paragraph (f)(1)(Identification of rebuttals) describes the process for submitting a rebuttal in regulations.gov Paragraph (f)(1) specifies that when submitting a rebuttal, the individual or organization that submitted the exclusion request would submit a comment on the submitted objection to the submitted exclusion request in regulations.gov Paragraph (f)(1) also includes guidance on the naming convention to use for rebuttals to ease the burden on the Department in identifying rebuttals.     Paragraph (f)(2)(Format and size limitations for rebuttals) describes the format for submitting rebuttals. Paragraph (f)(2) includes guidance on the same types of size limitations noted above to ensure that submitters do not include an attachment as part of their rebuttal that exceeds the size of 10 MB. Paragraph (f)(2) limits rebuttals to a maximum of 10 pages inclusive of all exhibits and attachments, but exclusive of the rebuttal form and any confidential business information (CBI is limited to a maximum of 5 pages) provided to the Department.     Paragraph (f)(3) (Substance of rebuttals) provides the criteria that a good rebuttal must address. First, rebuttals must address an objection to the exclusion request made by the requester. If multiple objections were received on a particular exclusion, the requester may submit a rebuttal to each objector. Paragraph (f)(3) specifies that the most effective rebuttals will be those that aim to correct factual errors or misunderstandings in the objection(s). A good rebuttal should assist the parties involved to come to a common understanding of the facts at hand. Coming to a common understanding regarding the facts of a particular exclusion or objection will better inform the Department's review process. Although the rebuttal process will add an additional step, it should lead to better and fairer outcomes for all parties involved in the product exclusion request process.     Paragraph (f)(4)(Time limit for submitting rebuttals) specifies the timing for submitting rebuttals. The rebuttal period will begin on the date the Department opens the rebuttal period, after posting the last objection in regulations.gov, and will last for 7 days. There will be a single rebuttal period that will apply for all objections received on an exclusion request. The Department will open the 7 day rebuttal period once the Department has posted all of the complete objections received on an exclusion request. As described

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below, the opening of the rebuttal comment period will be specified in a daily list the Department will prepare that will be available on [*www.commerce.gov/232*](http://www.commerce.gov/232). The 7 day period is intended to allow for the individual or organization that submitted an exclusion request to submit any written rebuttals that they believe are warranted. The Department of Commerce will not notify the individual or organization that submitted the exclusion request, other than posting the last objection and opening the rebuttal comment period for 7 days. If you submitted an exclusion request, after the objection comment period closes for your exclusion request, you should search for all the objections on the   [*www.regulations.gov*](http://www.regulations.gov) website using the tutorial available on   [*www.regulations.gov*](http://www.regulations.gov) Commerce will also prepare a daily list available on   [*www.commerce.gov/232*](http://www.commerce.gov/232) that will assist you with determining whether an objection was filed for your product exclusion request, that will supplement the information included in Annex 1 to Supplements No. 1 and 2 and in regulations.gov It will be the responsibility of submitters of exclusion requests to monitor the status in regulations.gov or on   [*www.commerce.gov/232*](http://www.commerce.gov/232) to determine if objections have been received and, if they believe it is warranted to submit a rebuttal(s), to do that once the last objection received in their exclusion request is posted by the Department following the procedures specified in new paragraph (f) being added to both supplements.     Today's rule is also adding a Note to paragraph (f)(4) to add grandfathering provisions to allow for exclusion requests already posted, but not yet fully adjudicated, to be reopened to allow for rebuttals, as well as surrebuttals, as described in Note to paragraph (g)(4) below. The grandfathering provisions will be available for any pending exclusion request that meets all three of the following criteria included in the Note to paragraph (f)(4), as of September 11, 2018. In order to be eligible for grandfathering, the exclusion request must meet the following: The exclusion request received an objection(s), the 30 day objection review period has closed, and the Department has not posted a final determination on the exclusion request. The Note to paragraph (f)(4) specifies that the date of reopening will start the review periods identified in paragraph (f)(4) for those grandfathered exclusions. The Department will reopen the requests on a rolling basis starting on the date of publication of today's rule, and will seek to complete the reopening process on the date that is seven days after the date of publication of today's rule, on September 18, 2018, to serve as the start date for the review periods identified in paragraph (f)(4) for those requests.     Paragraph (g)(Surrebuttal process) is being added as a new paragraph to both supplements. Paragraph (g) creates a surrebuttal process to allow only individuals or organizations that have a posted objection and had a rebuttal filed on their objection, to a submitted exclusion request to be able to submit a surrebuttal to a rebuttal posted to their objection in regulations.gov The paragraph structure of the rebuttal process and surrebuttal process are the same, and the provisions of the two paragraphs have most elements in common. The differences between paragraphs (f) and (g) are primarily the party in the process that is responding (the party that submitted the exclusion request for rebuttals, or the party that submitted the objection for surrebuttals) and the timing of the rebuttal and surrebuttal that occurs in a sequential order to allow each party sufficient review time before submitting a rebuttal or surrebuttal.     Many commenters requested the Department make this type of a change to ensure that the process was fair and the Department had all of the relevant information when an objection to an exclusion request received a rebuttal. The commenters on the March 19 rule described conceptually what they thought was needed to create a fair process for all parties and these types of additional opportunities to provide input with a rebuttal, followed by surrebuttal process, were recommended. The Department agrees this would improve the process and is making these changes with the addition of paragraph (g) described here and (f) above. The formal objection process in paragraph (d) that was included in the March 19 rule already established a process for objectors to respond to exclusion requests in their objections. However, because today's rule is adding a rebuttal process, for fairness it is also adding a surrebuttal process for objectors. The detailed exclusion request and objection forms help to establish an important baseline for allowing the Department to evaluate exclusion requests and objections, but the Department agrees that allowing the rebuttals and surrebuttals described here will provide the Department with better information and lead to better decisions even though it does add more time to the overall process.     Paragraph (g)(1)(Identification of surrebuttals) describes the process for submitting a surrebuttal in regulations.gov Paragraph (g)(1) specifies that when submitting a surrebuttal, the individual or organization that submitted the objection would submit a comment on the rebuttal submitted on the objection to the exclusion request in regulations.gov Paragraph (g)(1) also includes guidance on the naming convention to use for surrebuttals to ease the burden on the Department in identifying surrebuttals.     Paragraph (g)(2)(Format and size limitations for surrebuttals) describes the format for submitting surrebuttals. Paragraph (g)(2) also includes guidance on the same types of size limitations noted above to ensure submitters do not include an attachment as part of their surrebuttal that exceeds the size of 10 MB. Paragraph (g)(2) limits surrebuttals to a maximum of 10 pages inclusive of all exhibits and attachments, but exclusive of the surrebuttal form and any confidential business information (CBI is limited to a maximum of 5 pages) provided to the Department.     Paragraph (g)(3)(Substance of surrebuttals) provides the criteria that a good surrebuttal must address. First, surrebuttals must address a rebuttal to the objection to the exclusion request made by the submitter of the objection. Paragraph (g)(3) specifies that the most effective surrebuttals will be those that aim to correct factual errors or misunderstandings in the rebuttal to an objection. The surrebuttal process, although it will add an additional step in the process, should lead to better and fairer outcomes for all parties involved in the product exclusion request process.     Paragraph (g)(4)(Time limit for submitting surrebuttals) specifies the timing for submitting surrebuttals. Paragraph (g)(4) specifies that the surrebuttal period will begin on the date the Department opens the surrebuttal period, after posting the last rebuttal to an objection to an exclusion request in regulations.gov, and will last for 7 days. The 7 day period is intended to allow for the individual or organization that submitted an objection and received a rebuttal to submit any written surrebuttals that they believe are warranted. The Department of Commerce will not notify the individual or organization that submitted the objection request that received a rebuttal, other than posting the rebuttal received for each objection and opening the surrebuttal comment period for 7 days. If you submitted an objection to an exclusion request, after the rebuttal

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comment period closes on an exclusion request, you should search for all the rebuttals on the [*www.regulations.gov*](http://www.regulations.gov) website using the tutorial available on   [*www.regulations.gov*](http://www.regulations.gov) Commerce will also prepare a daily list available on   [*www.commerce.gov/232*](http://www.commerce.gov/232) that will assist you with determining whether a rebuttal was filed on your objection. You must have the exclusion request ID # (BIS-2018-000X-XXXXX) to locate rebuttals to your objection. It will be the responsibility of submitters of objections to monitor the status in regulations.gov or on   [*www.commerce.gov/232*](http://www.commerce.gov/232) to determine if their objection has received a rebuttal and, if they believe it is warranted, to submit a surrebuttal following the procedures specified in new paragraph (g) being added to both supplements.     In newly redesignated paragraph (h)(Disposition of 232 submissions), previously paragraph (f), today's rule is revising the heading, along with making several other changes. In newly redesignated paragraph (h)(1)(Disposition of incomplete submissions), today's rule is adding new paragraphs (h)(1)(iii) for rebuttals and (h)(1)(iv) for surrebuttals to specify that filings that do not satisfy the reporting requirements specified in paragraph (f) for rebuttals or specified in paragraph (g) for surrebuttals will not be considered.     In newly redesignated paragraph (h)(2)(Disposition of complete submissions), today's rule is revising the existing text, along with adding new text to broaden the scope of this paragraph and provide more specificity to make these provisions more transparent for the public. These changes include designating some of the existing text as paragraph (h)(2)(i)(Posting of responses), including adding a reference to rebuttal and surrebuttal where needed.     In new paragraph (h)(2)(ii)(Streamlined review process for ``No Objection'' requests), today's rule makes a change to improve the efficiency of the exclusion process. Under this streamlined review process, the Department will grant properly filed exclusion requests which meet the requisite criteria, receive no objections, and present no national security concerns. After the 30-day comment period on regulations.gov, BIS will work with CBP to ensure that the requester provided an accurate HTSUS statistical reporting number. If the HTSUS is correct, BIS will immediately assess the request to determine whether it satisfies the criteria and for any national security concerns (see paragraph (c)(6)(iii)(For specific national security considerations) and if it satisfies the criteria and presents no national security concerns, BIS will expeditiously post a decision on regulations.gov granting the exclusion request. The Department has already made this process change as an important step in helping to resolve the initial backlog of the exclusion requests that were received as of March 19. The Department believes going forward that creating a streamlined review process for exclusion requests when no objections are received will benefit those requesting exclusions and the Department in more efficiently managing the exclusion, objection, rebuttal, and surrebuttal process. The more efficient process being added under paragraph (h)(2)(ii) will provide more time for the Department to focus on exclusions where there are objections, and after the publication of today's rule for exclusions and objections that also include rebuttals and surrebuttals. As described above in the discussion of adding a rebuttal and surrebuttal process, those new submissions will increase the fairness and transparency of the process, but will result in more overall submissions. The changes described in new paragraph (h)(2)(ii) are an important efficiency improvement to the overall process that the Department anticipates will help deserving requesters receive exclusions in an expedited fashion when no objection has been filed.     In new paragraph (h)(2)(iii)(Effective date for approved exclusions and date used for calculating duty refunds), today's rule is adding new paragraphs (h)(2)(iii)(A) and (B). Paragraph (h)(2)(iii)(A)(Effective date for approved exclusions) includes the original text from paragraph (f) that was redesignated, and some minor conforming changes today's rule makes to this paragraph. The date used for calculating tariff refunds will be set by Proclamation, so today's rule does not make any changes to paragraph (h)(2)(iii)(A) to address providing additional guidance for calculating duty refunds. Commenters also requested more guidance on and greater specificity in the supplements for what part of the government should be contacted for obtaining refunds on the duties. Today's rule adds new paragraph (h)(2)(iii)(B)(Contact for obtaining tariffs refunds), to clarify that the Department is not involved with providing duty refunds and to direct individuals and organizations with approved exclusions to contact CBP for questions regarding obtaining duty refunds.     In new paragraph (h)(2)(iv)(Validity period for exclusion requests), today's rule is moving the redesignated text from paragraph (f) that stated that exclusions would generally be approved for one ***year*** to new paragraph (h)(2)(iv) introductory text. The Department emphasizes that the supplements added in the March 19 rule used the term ``generally,'' so it was never the intent for the Department to make all exclusions fit into a one ***year*** validity. Commenters questioned whether one ***year*** was an arbitrary number, but as noted above the Department believes that a general one ***year*** validity is appropriate for purposes of the criteria included in the supplements and the purpose of the Proclamations. However, because a large number of comments requested more information on when the Department may grant a longer validity or a shorter validity period, today's rule is adding text to the introductory text of paragraph (h)(2)(iv) to make clearer for the public the criteria that the Department, and other agencies as warranted, will take into account when determining when a non-standard validity period may be warranted. The Department also is adding paragraphs (h)(2)(iv)(A)(Examples of what fact patterns may warrant a longer exclusion validity period), (B)(Examples of what criteria may warrant a shorter exclusion validity period), and (C) to make the application of these criteria even more transparent through illustrative examples under paragraphs (h)(2)(iv)(A) and (B). Today's rule adds new paragraph (h)(2)(iv)(C) to qualify that the fact patterns identified in paragraphs (h)(2)(iv)(A) or (B) will not be determinant in themselves for determining the appropriate validity period, but still encouraging submitters to reference this type of information when warranted to justify a shorter or longer validity period.     For example, if a company that requested an exclusion for one ***year*** determines during the objection, rebuttal, and surrebuttal process that a U.S manufacturer may be able to make the product within nine months, it may assist the company that requested the exclusion to have a shorter nine month exclusion validity and make business plans to start purchasing steel from the U.S manufacturer. This would allow for advanced business planning (a concern that was asserted by a number of commenters as being important) for both the party with the granted exclusion request and the objector, eliminate the need to apply for a subsequent exclusion request that likely would be denied if the U.S manufacturer's production did come online at nine

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months with suitable quality, and help improve the efficiency of the system by reducing the number of new exclusions the Department would need to review and allowing the Department to focus on other exclusion requests.     Under newly redesignated paragraph (h)(3)(Review period and implementation of any needed conforming changes), today's rule revises existing text and adds new text to make these provisions more transparent for the public, in particular to address how BIS interacts with CBP on determining whether to approve an exclusion request. Commenters were confused whether the references to CBP in the supplements and on the exclusion form in particular meant CBP's approval was an additional criterion that needed to be met for an exclusion request to be approved. It is not, but the comments identified an area where adding greater specificity to the regulatory provisions would improve the public's understanding of how the Department interacts with CBP, in particular the important role CBP plays in confirming the HTSUS statistical reporting number is correct, which is a prerequisite in order for an exclusion request to implementable at the border. New paragraph (h)(3)(i) (Review period) specifies that the review period normally will not exceed 106 days, increased from 90 days to account for the additional time added to the review process for the rebuttal and surrebuttal process described above being added to paragraphs (f) and (g). In addition, as a conforming change for the addition of the streamlined ``No Objections'' process described under paragraph (h)(2)(ii) described above, today's rule is qualifying that the 106 days does not apply to that streamlined review process for ``No Objection'' requests.     New paragraph (h)(3)(ii)(Coordination with other agencies on approval and implementation), adds existing text that references coordination with other agencies of the U.S Government, such as the United States International Trade Commission (USITC) and CBP, to take any additional steps needed to implement an approved exclusion request. Because the USITC is not involved with the exclusion process, today's rule removes it from the illustrative list of government agencies. To add greater transparency on the type of coordination that is occurring with CBP on exclusion requests, this rule adds a sentence to paragraph (h)(3)(ii) to clarify that these additional steps in coordination with CBP are needed to implement an approved exclusion request. The new sentence clearly states that this coordination is not part of the review criteria used by the Department to determine whether to approve an exclusion request, but it does emphasize that this coordination is an important component in ensuring the approved exclusion request can be properly implemented--meaning the HTSUS statistical reporting number provided by the requester is in fact correct.     In newly redesignated paragraph (i)(For further information), previously paragraph (g), today's rule is adding one sentence to highlight some of the training sources that the Department has created and posted on regulations.gov under the regulations.gov docket numbers for steel and aluminum and on the BIS website. These include FAQs, best practices other companies have used for submitting exclusion requests and objections, and helpful checklists to improve understanding.     Today's final rule adds a new Annex 1 to Supplements No. 1 and 2 to Part 705. This Annex provides instructions on the steps to follow to file (submit) rebuttal comments in [*www.regulations.gov*](http://www.regulations.gov) The Annex includes five steps that will assist the public in using   [*www.regulations.gov*](http://www.regulations.gov) for application issues that are specific to submitting rebuttals under the product exclusion request process. The   [*www.regulations.gov*](http://www.regulations.gov) website already includes various guidance on using the website portal for submitting comments on publications, but the guidance in the Annex will supplement that existing guidance with information that is specific to the rebuttal process. For example, the Annex provides guidance on how to identify whether an exclusion request has received objections and information on how to see when the rebuttal comment period opens in regulations.gov for an exclusion request that received an objection, including an exclusion request that received more than one objection. For the same reasons, the new Annex also includes five steps to follow to file surrebuttal comments in   [*www.regulations.gov*](http://www.regulations.gov) Because of the additional complexity being added to the process for using   [*www.regulations.gov*](http://www.regulations.gov) with the addition of rebuttals and surrebuttals, the Department is adding these instructions as part of an Annex to assist the pubic to better understand using regulations.gov when submitting rebuttals and surrebuttals.

Rulemaking Requirements

    1. Executive Orders 13563 and 12866 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. The March 19 rule was determined to be a ``significant regulatory action,'' although not economically significant, under section 3(f) of Executive Order 12866. Today's rule has also been determined to be to be a ``significant regulatory action,'' although not economically significant, under section 3(f) of Executive Order 12866. However, as stated under Section 4 of Presidential Proclamation 9704 and Section 4 of Proclamation 9705 of March 8, 2018, this rule is exempt from Executive Order 13771 (82 FR 9339, February 3, 2017).     2. The Paperwork Reduction Act of 1995 (44 U.S.C 3501 et seq.) (PRA) provides that an agency generally cannot conduct or sponsor a collection of information, and no person is required to respond to nor be subject to a penalty for failure to comply with a collection of information, unless that collection has obtained Office of Management and Budget (OMB) approval and displays a currently valid OMB Control Number.     The Department requested and OMB authorized emergency processing of two information collections involved in this rule, consistent with 5 CFR 1320.13 OMB approved these two information collections as emergency collections on March 18, 2018. The Presidential Proclamations authorized the Secretary of Commerce, in consultation with the Secretary of Defense, the Secretary of the Treasury, the Secretary of State, the United States Trade Representative, the Assistant to the President for Economic Policy, the Assistant to the President for National Security Affairs, and other senior Executive Branch officials as appropriate, to grant exclusions for the import of goods not currently available in the United States in a sufficient quantity or satisfactory quality, or for other specific national security reasons. He further directed the Secretary to establish the process for submitting and granting these requests for exclusions within 10 days, and the publication of the March 19 interim final rule fulfilled that directive. Based on the comments received in response to the comment period for the interim final rule, however, the agency has determined that changes need to be made to the March 19 rule to achieve the stated obectives of the March 19 rule and the President's directive to establish an

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efficient exclusion process to ensure downstream users of steel and aluminum in the United States were not unnecessarily hurt by the tariffs that have been implemented on steel and aluminum. The immediate implementation of an effective exclusion request process, consistent with the intent of the Presidential Proclamations, also required creating a process to allow any individual or organization in the United States to submit objections to submitted exclusion requests, and based on the comments received on the March 19 rule also requires adding a rebuttal and surrebuttal process. In the March 19 rule, the Department determined the following conditions had been met:     a. The collection of information was needed prior to the expiration of time periods normally associated with a routine submission for review under the provisions of the Paperwork Reduction Act in view of the President's Proclamations issued on March 8, 2018, for the Presidential Proclamation on Adjusting Imports of Steel into the United States, [*https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states/*](https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states/), and for the Presidential Proclamation on Adjusting Imports of Aluminum into the United States,   [*https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-aluminum-united-states/*](https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-aluminum-united-states/).     b. The collection of information was essential to the mission of the Department, in particular to the adjudication of exclusion requests and objections to exclusions requests and, with the publication of today's interim final rule that makes revisions to the two supplements added in the March 19 rule to the adjudication of rebuttals and surrebuttals.     c. The use of normal clearance procedures would have prevented the collection of information of exclusion requests and objections to exclusion requests, for national security purposes, as well as for rebuttals and surrebuttals being added in today's rule, as discussed under section 232 of the Trade Expansion Act of 1962 as amended and the Presidential Proclamations issued on March 8, 2018.     The Commerce Department provided a separate 60-day notice in the Federal Register requesting public comment on the information collections contained within the March 19 rule. This notice was published in the Federal Register on May 1, 2018, 83 FR 19044 and 19045. The Commerce Department intends to provide separate 60-day notice in the Federal Register requesting public comment on the two revised and expanded information collections contained within today's interim final rule.     Agency: Commerce Department.     Type of Information Collection: Revised and Expanded Collections.     Title of the Collection [0694-0139]: Procedures for Submitting Requests for Exclusions from the Remedies Instituted by the President in the Presidential Proclamations 9705 and 9704 of March 8, 2018 Adjusting Imports of Steel into the United States and Adjusting Imports of Aluminum into the United States.

Revised Collection Estimates for Exclusion Request Filings Based on Data Since March 19, 2018

    Affected Public: Private Sector--Businesses.     Total Estimated Number of Respondents: [96,954].     Average Responses per ***Year***: [1].     Total Estimated Number of Responses: [96,954].     Average Time per Response: 4 hours.     Total Annual Time Burden: [387,816].     Type of Information Collection: [Revised Collection].     Title of the Collection [0694-0138]: Objection Filing to Posted Section 232 Exclusion Request: Steel; and Objection Filing to Posted Section 232 Exclusion Request: Aluminum, respectively.

Revised Collection Estimates for Objection Filings Based on Data Since March 19, 2018

    Affected Public: Private Sector--Businesses.     Total Estimated Number of Respondents: [38,781].     Average Responses per ***Year***: [1].     Total Estimated Number of Responses: [38,781].     Average Time per Response: [4].     Total Annual Time Burden: [155,124].     Type of Information Collection: [Revised Collection].     OMB Control Number: [0694-0138].     In addition to the two collections referenced above for the March 19 rule, the Commerce Department requested, and OMB authorized, emergency processing of an additional information collection involved in today's rule, consistent with 5 CFR 1320.13 As was noted in the report submitted by the Secretary to the President, steel and aluminum are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security of the United States and therefore any delay in implementing these remedial actions (as described Proclamations 9704 and 9705 of March 8, 2018) would further undermine U.S national security interests. In order to ensure that the remedial actions from the Presidential Proclamations do not undermine users of these articles in the United States that may need the foreign supply of these articles for manufacturing other articles in the United States that are critical to protecting the national security of the United States, or are otherwise important to protecting the U.S economy because there is not currently a sufficient and reasonably available amount or of a satisfactory quality of these articles in the United States, the Presidential Proclamations authorized the Secretary of Commerce, in consultation with the Secretary of Defense, the Secretary of State, the United States Trade Representative, and other agency heads as appropriate to grant exclusions. This emergency collection is needed in order for today's rule to establish the process for submitting rebuttals and surrebuttals to help better inform the process of granting these requests for exclusions. This action is needed immediately to protect national security interests of the United States.     If this emergency collection were delayed to allow for public comment before becoming effective, individuals and organizations in the United States would not have the opportunity to submit rebuttals and surrebuttals during the comment period and during the finalization of the collection, with the possible result of economic hardship for the U.S companies and an overall less effective exclusion process. BIS intends to publish a notice in the Federal Register informing the public that DOC submitted a request for an emergency collection and the request was approved by OMB.     The Department has determined the following conditions have been met:     a. The collection of information is needed prior to the expiration of time period normally associated with a routine submission for review under the provisions of the Paperwork Reduction Act in view of the President's proclamations issued on March 8, 2018, for the Presidential Proclamation on Adjusting Imports of Steel into the United States, [*https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states/*](https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states/), and for the Presidential Proclamation on Adjusting Imports of Aluminum into the United States,   [*https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-aluminum-united-states/*](https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-aluminum-united-states/).

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    b. The collection of information is essential to the mission of the Department, in particular to the adjudication exclusion requests, objections to exclusions requests, rebuttals and surrebuttals.     c. The use of normal clearance procedures would prevent the collection of information for rebuttals and surrebuttals and would make the review of exclusion requests and objections to exclusion requests less effective. Exclusion requests and objections to exclusions requests are important for national security purposes, as discussed under section 232 of the Trade Expansion Act of 1962 as amended and the Presidential Proclamations issued on March 8, 2018.     The Commerce Department intends to provide separate 60-day notice in the Federal Register requesting public comment on the information collections contained within this rule.     Agency: Commerce Department.     Type of Information Collection: New Collection.     Title of the Collection 0694-0141: Procedures for Submitting Rebuttals and Surrebuttals Requests for Exclusions from and Objections to the Section 232 National Security Adjustments of Imports of Steel and Aluminum.

Submissions of Rebuttals (To Respond to Objections to Exclusions)

    Affected Public: Private Sector--Businesses.     Total Estimated Number of Respondents: [34,902].     Average Responses per ***Year***: [1].     Total Estimated Number of Responses: [34,902].     Average Time per Response: 1 hours.     Total Annual Time Burden: [34,902].     Type of Information Collection: [New Collection].     OMB Control Number: [0694-0141].

Submissions of Surrebuttals (To Respond to Rebuttals to Objections)

    Affected Public: Private Sector--Businesses.     Total Estimated Number of Respondents: [27,921].     Average Responses per ***Year***: [1].     Total Estimated Number of Responses: [27,921].     Average Time per Response: 1 hours.     Total Annual Time Burden: [27,921].     Type of Information Collection: [New Collection].     OMB Control Number: [0694-0141].     3. This rule does not contain policies with Federalism implications as that term is defined in Executive Order 13132.     4. The provisions of the Administrative Procedure Act (5 U.S.C 553) requiring notice of proposed rulemaking, the opportunity for public comment, and a delay in effective date are inapplicable because this regulation involves a military or foreign affairs function of the United States. (See 5 U.S.C 553(a)(1)). As explained in the reports submitted by the Secretary to the President, steel and aluminum are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security of the United States and therefore the President is implementing these remedial actions (as described Proclamations 9704 and 9705 of March 8, 2018) to protect U.S national security interests. That implementation includes the creation of an effective process by which affected domestic parties can obtain exclusion requests ``based upon specific national security considerations.'' The Department started this process with the publication of the March 19 rule and is continuing this process with the publication of today's interim final rule. The revisions to the exclusion request process are informed by the comments received in response to the March 19 rule and the Department's experience with managing the exclusion request and objection process. Commenters were generally supportive and welcomed the idea of creating an exclusion process, but most of the commenters believe the exclusion process is not working well and needs to be significantly improved in order for it to achieve the intended purpose. The commenters identified a number of areas where transparency, effectiveness, and fairness of the process could be improved. The Department understands the importance of having a transparent, fair and efficient product exclusion request process, consistent with the directive provided by the President to create this type of process to mitigate any unintended consequences of imposing the tariffs on steel and aluminum in order to protect critical U.S national security interests. The publication of today's rule should make significant improvements in all three respects, but because of the scope of this new process, BIS is publishing today's rule as an interim final rule with request for comments.     In addition, the Department finds that there is good cause under 5 U.S.C 553(b)(B) to waive the provisions of the Administrative Procedure Act requiring prior notice and the opportunity for public comment and under 5 U.S.C 553(d)(3) to waive the delay in effective date because such delays would be either impracticable or contrary to the public interest. In order to ensure that the actions taken to adjust imports do not undermine users of steel or aluminum that are subject to the remedial actions instituted by the Proclamations and are critical to protecting the national security of the United States, the Presidential Proclamations authorized the Secretary of Commerce, in consultation with the Secretary of Defense, the Secretary of the Treasury, the Secretary of State, the United States Trade Representative, the Assistant to the President for Economic Policy, the Assistant to the President for National Security Affairs, and other senior Executive Branch officials as appropriate, to grant exclusions for the import of goods not currently available in the United States in a sufficient quantity or satisfactory quality, or for other specific national security reasons. He further directed the Secretary to, within 10 days, issue procedures for submitting and granting these requests for exclusions and this interim final rule fulfills that direction. As described above, the Secretary complied with the directive from the President with the publication of the March 19 rule and is taking the next step in improving the exclusion and objection process by making needed changes with the publication of today's rule, as well as adding the needed rebuttal and surrebuttal process. The immediate implementation of an effective exclusion request process, consistent with the intent of the Presidential Proclamations, also required creating a process to allow any individual or organization in the United States to submit objections to submitted exclusion requests. The objection process was created with the publication of the March 19 rule. This publication of today's rule makes needed changes in the objection process and adds a rebuttal and surrebuttal process to create the type of fair, transparent, and efficient process that was intended in the March 19 rule, but was found lacking by the commenters in several key respects. Today's rule makes critical changes to ensure a fair, transparent, and efficient exclusion process.     If this interim final rule were delayed to allow for public comment or for thirty days before companies in the U.S were allowed to benefit from the improvements made in the exclusion, objection, and newly added rebuttal and surrebuttal process from the remedies instituted by the President, those entities could face significant economic hardship that could potentially create a detrimental effect on the general U.S economy. The comments received on

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the March 19 rule were clear whether they were supportive of tariffs or against tariffs, that an efficient exclusion request, objection, and rebuttal and surrebuttal process was needed, that the March 19 rule had not sufficiently created such a process; if specific improvements are not made, dire economic consequences could occur. Commenters also thought the inefficiencies of the process could undermine other critical U.S national security interests. Likewise, our national security could be impacted if particular national security considerations justify an exclusion, but the process for obtaining such exclusion were delayed, or the Department lacked adequate information to make a fair, transparent and efficient determination for all parties involved and to ensure the critical national security considerations are being protected.     Finally, the 30 day delay in effectiveness for final rules is inapplicable under 5 U.S.C 553(d)(1) because this rule relieves a restriction.     Because a notice of proposed rulemaking and an opportunity for prior public comment are not required for this rule by 5 U.S.C 553, or by any other law, the analytical requirements of the Regulatory Flexibility Act, 5 U.S.C 601 et seq., are not applicable. Accordingly, no regulatory flexibility analysis is required and none has been prepared.     Pursuant to Proclamations 9704 and 9705 of March 8, 2018, the establishment of procedures for an exclusion process under each Proclamation shall be published in the Federal Register and are exempt from Executive Order 13771.

List of Subjects in 15 CFR Part 705

    Administrative practice and procedure, Business and industry, Classified information, Confidential business information, Imports, Investigations, National security.

    For the reasons set forth in the preamble, part 705 of subchapter A of 15 CFR chapter VII is amended as follows:

PART 705--[AMENDED]

0 1. The authority citation for part 705 continues to read as follows:

    Authority: Section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C 1862) and Reorg. Plan No. 3 of 1979 (44 FR 69273, December 3, 1979).

0 2. Revise Supplement No. 1 and Supplement No. 2 to Part 705 to read as follows:

Supplement No. 1 to Part 705--Requirements for Submissions Requesting Exclusions From the Remedies Instituted in Presidential Proclamation 9705 of March 8, 2018 Adjusting Imports of Steel Articles Into the United States

    On March 8, 2018, the President issued Proclamation 9705 concurring with the findings of the January 11, 2018 report of the Secretary of Commerce on the effects of imports of steel mill articles (steel articles) identified in Proclamation 9705 (``steel'') on the national security and determining that adjusting steel imports through the imposition of duties is necessary so that imports of steel will no longer threaten to impair the national security. Clause 3 of Proclamation 9705 also authorized the Secretary of Commerce, in consultation with the Secretary of Defense, the Secretary of the Treasury, the Secretary of State, the United States Trade Representative, the Assistant to the President for Economic Policy, the Assistant to the President for National Security Affairs, and other senior Executive Branch officials as appropriate, to grant exclusions from the duties at the request of directly affected parties located in the United States if the steel articles are determined not to be produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality or based upon specific national security considerations. On August 29, 2018, the President issued Proclamation 9776. Clause 1 of Proclamation 9776 authorized the Secretary of Commerce, in consultation with the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the United States Trade Representative (USTR), the Assistant to the President for National Security Affairs, the Assistant to the President for Economic Policy, and such other senior Executive Branch officials as the Secretary deems appropriate, to provide relief from the applicable quantitative limitations set forth in Proclamation 9740 and Proclamation 9759 and their accompanying annexes, as amended, at the request of a directly affected party located in the United States for any steel article determined by the Secretary to not be produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality. The Secretary is also authorized to provide such relief based upon specific national security considerations.     (a) Scope. This supplement specifies the requirements and process for how directly affected parties located in the United States may submit requests for exclusions from the remedies instituted by the President. This supplement also specifies the requirements and process for how parties in the United States may submit objections to submitted exclusion requests for relief from the duties or quantitative limitations imposed by the President, and rebuttals to submitted objections and surrebuttals (collectively, ``232 submissions''). This supplement identifies the time periods for such submissions, the method of submission, and the information that must be included in such submissions.     (b) Required forms. The U.S Department of Commerce has posted four separate fillable forms on the BIS website at [*https://www.bis.doc.gov/index.php/232-steel*](https://www.bis.doc.gov/index.php/232-steel) and on the Federal rulemaking portal (   [*http://www.regulations.gov*](http://www.regulations.gov)) that are to be used for submitting exclusion requests, objections to exclusion requests, rebuttals, and surrebuttals described in this supplement. On regulations.gov, you can find these four forms for steel exclusion requests, objections to exclusion requests, rebuttals to objections, and surrebuttals by searching for its regulations.gov docket number, which is BIS-2018-0006. The U.S Department of Commerce requires requesters and objectors to use the appropriate form as specified under paragraphs (b)(1) and (2) of this supplement for submitting exclusion requests and objections to submitted exclusion requests, and the forms specified under paragraphs (b)(3) and (4) for submitting rebuttals and surrebuttals.     (1) Form required for submitting exclusion requests. The name of the form used for submitting exclusion requests is Request for Exclusion from Remedies: Section 232 National Security Investigation of Steel Imports. The Title in   [*www.regulations.gov*](http://www.regulations.gov) is Exclusion Request--Steel and is posted under ID # BIS-2018-0006-0002.     (2) Form required for submitting objections to submitted exclusion requests. The name of the form used for submitting objections to submitted exclusion requests is Objection Filing to Posted Section 232 Exclusion Request: Steel. The Title in   [*www.regulations.gov*](http://www.regulations.gov) is Objection Filing--Steel and is posted under ID # BIS-2018-0006-0003.     (3) Form required for submitting rebuttals. The name of the form used for submitting rebuttals to objections is Rebuttal to Objection Received for Section 232 Exclusion Request: Steel. The Title in   [*www.regulations.gov*](http://www.regulations.gov) is Rebuttal Filing--Steel and is posted under ID # BIS-2018-0006-45144.     (4) Form required for submitting surrebuttals. The name of the form used for submitting surrebuttals to objections is Surrebuttal to Rebuttal Received on Section 232 Objection: Steel. The Title in   [*www.regulations.gov*](http://www.regulations.gov) is Surrebuttal Filing--Steel and is posted under ID # BIS-2018-0006-45145.     (5) Public disclosure and information protected from public disclosure.     (i) Information submitted in 232 submissions will be subject to public review and made available for public inspection and copying, except for the information described in paragraph (b)(5)(iii) of this supplement. Individuals and organizations must fully complete the relevant forms.     (ii) Information not subject to public disclosure should not be submitted. Personally identifiable information, including social security numbers and employer identification numbers, should not be provided. Information that is subject to government-imposed access and dissemination or other specific national security controls, e.g , classified information or information that has U.S Government restrictions on dissemination to non-U.S citizens or other categories of persons that would prohibit public disclosure of the

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information, may not be included in 232 submissions. Individuals and organizations that have confidential business information (``CBI'') that they believe relevant to the Secretary's consideration of the 232 submission should so indicate in the appropriate field of the relevant form, or on the rebuttal or surrebuttal submission, following the procedures in paragraph (b)(5)(iii) of this supplement.     (iii) Procedures for identifying, but not disclosing confidential or proprietary business information (CBI) in the public version, and procedures for submitting CBI. For persons seeking to submit confidential or proprietary business information (CBI), the 232 submission available to the public must contain a summary of the CBI in sufficient detail to permit a reasonable understanding of the substance of the information. If the submitting person claims that summarization is not possible, the claim must be accompanied by a full explanation of the reasons supporting that claim. Generally, numerical data will be considered adequately summarized if grouped or presented in terms of indices or figures within 10 percent of the actual figure. If an individual portion of the numerical data is voluminous (e.g , 5 pages of numerical data), at least one percent of the numerical data, representative of that portion, must be summarized. In order to submit CBI that is not for public release as a separate email submission to the U.S Department of Commerce, you must follow the procedures in paragraphs (b)(3)(iii)(A)-(C) of this supplement to assist the U.S Department of Commerce in identifying these submissions and associating these submissions with the respective 232 submission posted in regulations.gov Submitters with classified information should contact the U.S Department of Commerce for instructions on the appropriate methods to send this type of information. If you are submitting a rebuttal or a surrebuttal, Annex 1 to Supplements No. 1 and 2 includes additional guidance for submitting CBI.     (A) On the same day that you submit your 232 submission in [*www.regulations.gov*](http://www.regulations.gov), send an email to the U.S Department of Commerce. The email address used is different depending on the type of submission the emailed CBI is for, as follows: CBI for rebuttals use [*232rebuttals@doc.gov*](mailto:232rebuttals@doc.gov); and CBI for surrebuttals use [*232surrebuttals@doc.gov*](mailto:232surrebuttals@doc.gov)     (B) The email subject line must only include the original exclusion request ID # (BIS-2018-000X-XXXXX) and the body of the email must include the 11-digit alphanumeric tracking number (XXX- XXXX-XXXX) you received from regulations.gov when you successfully submitted your rebuttal, or surrebuttal. This naming convention will assist the U.S Department of Commerce to associate the CBI, that will not be posted in regulations.gov, with the information included in the public submission.     (C) Submit the CBI as an attachment to that email. The CBI is limited to a maximum of 5 pages per rebuttal, or surrebuttal. The email is to be limited to sending your CBI. All other information for the public submission, and public versions of the CBI, where appropriate, for a 232 submission must be submitted using   [*www.regulations.gov*](http://www.regulations.gov) following the procedures identified in this supplement.

    Note to Paragraph (b) for Submission of Supporting Documents (Attachments): Supporting attachments must be emailed as PDF documents.

    (c) Exclusion requests.     (1) Who may submit an exclusion request? Only directly affected individuals or organizations located in the United States may submit an exclusion request. An individual or organization is ``directly affected'' if they are using steel in business activities (e.g , construction, manufacturing, or supplying steel product to users) in the United States.     (2) Identification of exclusion requests. The file name of the submission must include the submitter's name, date of submission, and the 10-digit Harmonized Tariff Schedule of the United States (HTSUS) statistical reporting number. For example, if Company A is submitting an exclusion request on June 1, 2018, the file should be named as follows: ``Company A exclusion request of 6-1-18 for 7207200045 HTSUS.'' Separate exclusion requests must be submitted for steel products with chemistry by percentage breakdown by weight, metallurgical properties, surface quality (e.g , galvanized, coated), and distinct critical dimensions (e.g , 0.25-inch rebar, 0.5-inch rebar, 0.5-inch sheet, or 0.75 sheet) covered by a common HTSUS subheading. The exclusion request forms allow for minimum and maximum dimensions. Ranges are acceptable if the manufacturing process permits small tolerances. A permissible range must be within the minimum and maximum range that is specified in the tariff provision and applicable legal notes for the provision. Separate exclusion requests must also be submitted for products falling in more than one 10-digit HTSUS statistical reporting number. The U.S Department of Commerce will approve exclusions on a product basis, and the approvals will be limited to the individual or organization that submitted the specific exclusion request, unless Commerce approves a broader application of the product-based exclusion request to apply to additional importers. Other directly affected individuals or organizations located in the United States that wish to submit an exclusion request for a steel product that has already been the subject of an approved exclusion request may submit an exclusion request under this supplement. These additional exclusion requests by other directly affected individuals or organizations in the United States are not required to reference the previously approved exclusion but are advised to do so, if they want Commerce to take that into account when reviewing a subsequent exclusion request. Directly affected individuals and organizations in the United States will not be precluded from submitting a request for exclusion of a product even though an exclusion request submitted for that product by another requester or that requester was denied or is no longer valid.

    Note to Paragraph (c)(2): For directly affected individuals or organizations located in the United States seeking exclusions from quantitative limitations imposed on certain countries, the requester must select the field on the exclusion form to indicate that the exclusion request is for importing from a country subject to a quantitative limitation. In addition to selecting this field on the exclusion request form, a requester must provide information that it believes supports allowing the requester to import steel that may otherwise exceed the quantitative limitation for this country. For example, the requester may indicate it believes the steel identified in the exclusion request is not available from any U.S suppliers, and indicate that the quantitative limitation has been exceeded or will likely soon be exceeded leading to this individual or organization not being able to import or otherwise obtain (from any other country) the needed steel. Providing information as part of the exclusion requests that supports these types of statements is required for the U.S Department of Commerce to consider these types of exclusion requests.

    (3) Where to submit exclusion requests? All exclusion requests must be in electronic form and submitted to the Federal rulemaking portal ([*http://www.regulations.gov*](http://www.regulations.gov)). You can find the interim final rule that added this supplement by searching for the regulations.gov docket number, which is BIS-2018-0006.     (4) No time limit for submitting exclusion requests. All exclusion requests must be in electronic form and submitted to the Federal rulemaking portal (   [*http://www.regulations.gov*](http://www.regulations.gov)), but may be submitted at any time.     (5) Substance of exclusion requests. An exclusion request must specify the business activities in the United States within which the requester is engaged that qualify the individual or organization to be directly affected and thus eligible to submit an exclusion request. The request should clearly identify, and provide support for, the basis upon which the exclusion is sought. An exclusion will only be granted if an article is not produced in the United States in a sufficient and reasonably available amount, is not produced in the United States in a satisfactory quality, or for specific national security considerations.     (6) Criteria used to review exclusion requests. The U.S Department of Commerce will review each exclusion request to determine whether an article described in an exclusion request meets any of the following three criteria: the article is not produced in the United States in a sufficient and reasonably available amount, is not produced in the United States in a satisfactory quality, or for specific national security considerations. To provide additional context on the meaning and application of the criteria, paragraphs (c)(6)(i)-(iii) of this supplement define keys terms used in the review criteria and provide illustrative application examples. The U.S Department of Commerce will use the same criteria identified in paragraphs (c)(6)(i)-(iii) of this supplement when determining whether it is warranted to approve broader product-based exclusions based on trends the Department may see over time with 232 submissions. The

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public is not permitted to request broader product-based exclusions that would apply to all importers, because the Department makes these determinations over time by evaluating the macro trends in 232 submissions.     (i) Not produced in the United States in a sufficient and reasonably available amount. The exclusion review criterion ``not produced in the United States in a sufficient and reasonably available amount'' means that the amount of steel that is needed by the end user requesting the exclusion is not available immediately in the United States to meet its specified business activities. ``Immediately'' means whether a product is currently being produced or could be produced ``within eight weeks'' in the amount needed in the business activities of the user of steel in the United States described in the exclusion request. The U.S Department of Commerce reviews an exclusion request based on the information included in the exclusion request, any objections to an exclusion request, any rebuttals to the objections made by an individual or organization that submitted the exclusion request, and any surrebuttals. If the Department denies an exclusion request based on a representation made by an objector, which later is determined to be inaccurate (e.g , if the objector was not able to meet the requirement of being able to ``immediately'' supply the steel that was included in a denied exclusion request in the quantity needed), the requester may submit a new exclusion request that refers back to the original denied exclusion request and explains that the objector was not able to supply the steel. The U.S Department of Commerce would take that into account in reviewing a subsequent exclusion request.     (ii) Not produced in the United States in a satisfactory quality. The exclusion review criterion ``not produced in the United States in a satisfactory quality'' does not mean the steel needs to be identical, but it does need to be equivalent as a substitute product. ``Substitute product'' for purposes of this review criterion means that the steel being produced by an objector can meet ``immediately'' (see paragraph (c)(6)(i) of this supplement) the quality (e.g , industry specs or internal company quality controls or standards), regulatory, or testing standards, in order for the U.S produced steel to be used in that business activity in the United States by that end user. For example, if a U.S business activity requires that steel plates to be provided must meet certain military testing and military specification standards in order to be used in military combat vehicles, that requirement would be taken into account when reviewing the exclusion request and any objections, rebuttals and surrebuttals submitted. As another example, if a U.S business activity requires that steel tubing to be provided must meet certain Food and Drug Administration (FDA) approvals to be used in medical devices, that requirement would be taken into account when reviewing the exclusion request and any objections, rebuttals, and surrebuttals submitted. Another example would be a food manufacturer that requires tin-plate approval from the U.S Department of ***Agriculture*** (USDA) to make any changes in the tin-plate it uses to make cans for fruit juices. An objector would not have to make steel for use in making the cans that was identical, but it would have to be a ``substitute product'' meaning it could meet the USDA certification standards.     (iii) For specific national security considerations. The exclusion review criterion ``or for specific national security considerations'' is intended to allow the U.S Department of Commerce, in consultation with other parts of the U.S Government as warranted, to make determinations whether a particular exclusion request should be approved based on specific national security considerations. For example, if the steel included in an exclusion request is needed by a U.S defense contractor for making critical items for use in a military weapons platform for the U.S Department of Defense, and the duty or quantitative limitation will prevent the military weapons platform from being produced, the exclusion will likely be granted. The U.S Department of Commerce, in consultation with the other parts of the U.S Government as warranted, can consider other impacts to U.S national security that may result from not approving an exclusion, e.g , the unintended impacts that may occur in other downstream industries using steel, but in such cases the demonstrated concern with U.S national security would need to be tangible and clearly explained and ultimately determined by the U.S Government.     (d) Objections to submitted exclusion requests.     (1) Who may submit an objection to a submitted exclusion request? Any individual or organization that manufactures steel articles in the United States may file objections to steel exclusion requests, but the U.S Department of Commerce will only consider information directly related to the submitted exclusion request that is the subject of the objection.     (2) Identification of objections to submitted exclusion requests. When submitting an objection to a submitted exclusion request, the objector must locate the exclusion request and submit a comment on the submitted exclusion request in regulations.gov The file name of the objection submission should include the objector's name, date of submission of the objection, name of the organization that submitted the exclusion request, and date the exclusion request was posted. For example, if Company B is submitting on April 1, 2018, an objection to an exclusion request submitted on March 15, 2018 by Company A, the file should be named: ``Company B objection\_4-1-18 for Company A exclusion request\_3-15-18.'' In regulations.gov once an objection to a submitted exclusion request is posted, the objection will appear as a document under the related exclusion request.     (3) Time limit for submitting objections to submitted exclusions requests. All objections to submitted exclusion requests must be in electronic form and submitted to the Federal rulemaking portal ([*http://www.regulations.gov*](http://www.regulations.gov)) no later than 30 days after the related exclusion request is posted.     (4) Substance of objections to submitted exclusion requests. The objection should clearly identify, and provide support for, its opposition to the proposed exclusion, with reference to the specific basis identified in, and the support provided for, the submitted exclusion request. If the objector is asserting that it is not currently producing the steel identified in an exclusion request but can produce the steel within eight weeks (meaning the objector meets the definition of being able to supply the steel ``immediately'' in order to meet the demand identified in the exclusion request), the objector must identify how it will be able to produce the article within eight weeks. This requirement includes specifying in writing to the U.S Department of Commerce as part of the objection, the timeline the objector anticipates in order to start or restart production of the steel included in the exclusion request to which it is objecting. For example, a summary timeline that specifies the steps that will occur over the weeks needed to produce that steel would be helpful to include, not only for the U.S Department of Commerce review of the objection, but also for the requester of the exclusion and its determination whether to file a rebuttal to the objection. The U.S Department of Commerce understands that in certain cases regulatory approvals, such as from the Environmental Protection Agency (EPA) or some approvals at the state or local level may be required to start or restart production and that some of these types of approvals may be not controllable by an objector.     (e) Limitations on the size of submissions. Each exclusion request and each objection to a submitted exclusion request is to be limited to a maximum of 25 pages, inclusive of all exhibits and attachments, but exclusive of the respective forms and any CBI provided to the U.S Department of Commerce. Each attachment to a submission must be less than 10 MB.     (f) Rebuttal process. Only individuals or organizations that have submitted an exclusion request pursuant to this supplement may submit a rebuttal to any objection(s) posted to their exclusion request in the Federal rulemaking portal (   [*http://www.regulations.gov*](http://www.regulations.gov)). The objections to submitted exclusion requests process identified under paragraph (d) of this supplement already establish a formal response process for steel manufacturers in the United States. The objection process is an important part of ensuring the duties and quantitiative limitations are working as intended to achieve the stated purposes of the President's Proclamations and the objectives of implementing these duties and quantitative limitations to protect U.S national security interests. In order to enhance the fairness of this process and to allow the individual or organization that submitted an exclusion request to respond to any objections submitted to its exclusion request, this paragraph (f) allows for subsequent written submissions under the rebuttal process.     (1) Identification of rebuttals. When submitting a rebuttal, the individual or organization that submitted the exclusion request submits a comment on the objection submitted to the exclusion request in the

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Federal rulemaking portal ([*http://www.regulations.gov*](http://www.regulations.gov)). See Annex 1 to Supplements No. 1 and 2 to Part 705 for a five-step process for how to submit rebuttals. Annex 1 describes the naming convention used for identification of rebuttals and the steps needed to identify objections to exclusion requests when using   [*www.regulations.gov*](http://www.regulations.gov) to submit a rebuttal. Submitters of rebuttals must follow the steps described in Annex 1, including following the naming convention of rebuttals. In regulations.gov once a rebuttal to an objection to a submitted exclusion request is posted, the rebuttal will appear as a document under the related exclusion request.     (2) Format and size limitations for rebuttals. Similar to the exclusion process identified under paragraph (c) and the objection process identified under paragraph (d) of this supplement, the rebuttal process requires the submission of a government form as specified in paragraph (b)(3). The rebuttal must be in writing and submitted in regulations.gov Each rebuttal is to be limited to a maximum of 10 pages, inclusive of all exhibits and attachments, but exclusive of the rebuttal form and any CBI provided to the U.S Department of Commerce. Each attachment to a submission must be less than 10 MB.     (3) Substance of rebuttals. Rebuttals must address an objection to the exclusion request made by the requester. If multiple objections were received on a particular exclusion, the requester may submit a rebuttal to each objector. The most effective rebuttals will be those that aim to correct factual errors or misunderstandings in the objection(s).     (4) Time limit for submitting rebuttals. The rebuttal period begins on the date the Department opens the rebuttal period after posting the last objection in regulations.gov This beginning date will be sometime between thirty-one to forty-five days (a fifteen day range) after an exclusion request has been posted. The range of days is needed to account for time needed by the U.S Department of Commerce to review any objections submitted to determine whether the objections are complete and should be posted in regulations.gov The rebuttal period ends seven days after the rebuttal comment period is opened. This seven day rebuttal period allows for the individual or organization that submitted an exclusion request pursuant to this supplement to submit any written rebuttals that it believes are warranted.

    Note to Paragraph (f)(4): For exclusion requests that received an objection(s) but for which the U.S Department of Commerce has not posted a final determination on the exclusion request as of September 11, 2018, the Department will reopen the requests to allow for the submission of rebuttals. The Department will reopen the requests on a rolling basis starting on September 11, 2018, and will seek to complete the reopening process on the date that is seven days after the date of publication of this notice in the Federal Register, September 18, 2018, to serve as the start date for the review periods identified in paragraph (f)(4) for those requests.

    (g) Surrebuttal process. Only individuals or organizations that have a posted objection to a submitted exclusion request pursuant to this supplement may submit a surrebuttal to a rebuttal (see paragraph (f)) posted to their objection to an exclusion request in the Federal rulemaking portal ([*http://www.regulations.gov*](http://www.regulations.gov)). The objections process identified under paragraph (d) of this supplement already establishes a formal response process for steel manufacturers in the United States and is an important part of ensuring the duties and quantitative limitations are working as intended to achieve the stated purposes of the President's Proclamations and the objectives of implementing these duties and quantitative limitations to protect U.S national security interests. In order to enhance the fairness of this process and to allow the individual or organization that submitted an objection to a submitted exclusion request to respond to any rebuttals submitted pursuant to paragraph (f) of this supplement, paragraph (g) allows for subsequent written submissions under this surrebuttal process.     (1) Identification of surrebuttals. When submitting a surrebuttal, the individual or organization that submitted the objection to an exclusion request would submit a comment on the submitted rebuttal to the objection submitted in the Federal rulemaking portal (   [*http://www.regulations.gov*](http://www.regulations.gov)). See Annex 1 to Supplements No. 1 and 2 to Part 705 for a five-step process for how to submit surrebuttals. Annex 1 describes the naming convention used for identification of surrebuttals and the steps needed to identify rebuttals in regulations when using   [*www.regulatons.gov*](http://www.regulatons.gov) to submit a surrebuttal. Submitters of surrebuttals must follow the steps described in Annex 1, including following the naming convention of surrebuttals. In regulations.gov once a surrebuttal to a rebuttal to an objection to a submitted exclusion request is posted, the surrebuttal will appear as a document under the related exclusion request.     (2) Format and size limitations for surrebuttals. Similar to the exclusion process identified under paragraph (c) of this supplement, the objection process identified under paragraph (d), and the rebuttal process identified under paragraph (f), the surrebuttal process requires the submission of a government form as specified in paragraph (b)(4). The surrebuttal must be in writing and submitted in regulations.gov Each surrebuttal is to be limited to a maximum of 10 pages, inclusive of all exhibits and attachments, but exclusive of the surrebuttal form and any CBI provided to the U.S Department of Commerce. Each attachment to a submission must be less than 10 MB.     (3) Substance of surrebuttals. Surrebuttals must address a rebuttal to an objection to the exclusion request made by the requester. The most effective surrebuttals will be those that aim to correct factual errors or misunderstandings in the rebuttal to an objection.     (4) Time limit for submitting surrebuttals. The surrebuttal period begins on the date the Department opens the surrebuttal comment period after posting the last rebuttal to an objection to an exclusion request in regulations.gov This will be sometime within a fifteen-day range after the rebuttal period has closed. The range of days is needed to account for time needed by the U.S Department of Commerce to review any rebuttals to objections submitted to determine whether the rebuttals are complete and should be posted in regulations.gov The surrebuttal period ends seven days after the surrebuttal comment period is opened. This seven-day surrebuttal period allows for the individual or organization that submitted an objection to a submitted exclusion request pursuant to this supplement to submit any written surrebuttals that it believes are warranted to respond to a rebuttal.     (h) Disposition of 232 submissions.     (1) Disposition of incomplete submissions.     (i) Exclusion requests that do not satisfy the requirements specified in paragraphs (b) and (c) of this supplement will be denied.     (ii) Objection filings that do not satisfy the requirements specified in paragraphs (b) and (d) will not be considered.     (iii) Rebuttal filings that do not satisfy the requirements specified in paragraphs (b) and (f) will not be considered.     (iv) Surrebuttal filings that do not satisfy the requirements specified in paragraphs (b) and (g) will not be considered.     (2) Disposition of complete submissions.     (i) Posting of responses. The U.S Department of Commerce will post responses in regulations.gov to each exclusion request submitted under docket number BIS-2018-0006. The U.S Department of Commerce response to an exclusion request will also be responsive to any of the objection(s), rebuttal(s) and surrebuttal(s) for that submitted exclusion request submitted under docket number BIS-2018- 0006.     (ii) Streamlined review process for ``No Objection'' requests. The U.S Department of Commerce will expeditiously grant properly filed exclusion requests which meet the requisite criteria, receive no objections, and present no national security concerns. If an exclusion request's 30-day comment period on regulations.gov has expired and no objections have been submitted, the U.S Department of Commerce will work with U.S Customs and Border Protection (CBP) to ensure that the requester provided an accurate HTSUS statistical reporting number. If so, BIS will immediately assess the request for any national security concerns. If BIS identifies no national security concerns, it will expeditiously post a decision on regulations.gov granting the exclusion request.     (iii) Effective date for approved exclusions and date used for calculating duty refunds.     (A) Effective date for approved exclusions. Approved exclusions will be effective five business days after publication of the U.S Department of Commerce response granting an exclusion in regulations.gov Starting on that date, the requester will be able to rely upon the approved exclusion request in calculating the duties owed on the product imported in accordance with the terms listed in the approved exclusion request.     (B) Contact for obtaining duty refunds. The U.S Department of Commerce does not provide refunds on tariffs. Any questions on

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the refund of duties should be directed to CBP.     (iv) Validity period for exclusion requests. Exclusions will generally be approved for one ***year***, but may be valid for shorter or longer than one ***year*** depending on the specifics of the exclusion request; any objections filed; and analysis by the U.S Department of Commerce and other parts of the U.S Government, as warranted, of the current supply and demand in the United States, including any limitations or other factors that the Department determines should be considered in order to achieve the national security objectives of the duties and quantitative limitations.     (A) Examples of what fact patterns may warrant a longer exclusion validity period. Individuals or organizations submitting exclusion requests or objections may specify and are encouraged to specify how long they believe an exclusion may be warranted and specify the rationale for that recommended time period. For example, an individual or organization submitting an exclusion request may request a longer validity period if there are factors outside of their control that may make it warranted to grant a longer period. These factors may include regulatory requirements that make a longer validity period justified, e.g , for an aircraft manufacturer that would require a certain number of ***years*** to make a change to an FAA approved type certificate or for a manufacturer of medical items to obtain FDA approval. Business considerations, such as the need for a multi-***year*** contract for steel with strict delivery schedules in order to complete a significant U.S project by an established deadline, e.g , a large scale oil and gas exploration project, is another illustrative example of the types of considerations that a person submitting an exclusion request may reference.     (B) Examples of what criteria may warrant a shorter exclusion validity period. Objectors are encouraged to provide their suggestions for how long they believe an appropriate validity period should be for an exclusion request. In certain cases, this may be an objector indicating it has committed to adding new capacity that will be coming online within six months, so a shorter six-month period is warranted. Conversely, if an objector knows it will take two ***years*** to obtain appropriate regulatory approvals, financing and/ or completing construction to add new capacity, the objector may, in responding to an exclusion that requests a longer validity period, e.g , three ***years***, indicate that although they agree a longer validity period than one ***year*** may be warranted in this case, that two ***years*** is sufficient.     (C) None of the illustrative fact patterns identified in paragraphs (h)(2)(iv)(A) or (B) of this supplement will be determinative in and of themselves for establishing the appropriate validity period, but this type of information is helpful for the U.S Department of Commerce to receive, when warranted, to help determine the appropriate validity period if a period other than one ***year*** is requested.     (3) Review period and implementation of any needed conforming changes.     (i) Review period. The review period normally will not exceed 106 days for requests that receive objections, including adjudication of objections submitted on exclusion requests and any rebuttals to objections, and surrebuttals. The estimated 106 day period begins on the day the exclusion request is posted in regulations.gov and ends once a decision to grant or deny is made on the exclusion request.     (ii) Coordination with other agencies on approval and implementation. Other agencies of the U.S Government, such as CBP, will take any additional steps needed to implement an approved exclusion request. These additional steps needed to implement an approved exclusion request are not part of the review criteria used by the U.S Department of Commerce to determine whether to approve an exclusion request, but are an important component in ensuring the approved exclusion request can be properly implemented. The U.S Department of Commerce will provide CBP with information that will identify each approved exclusion request pursuant to this supplement. Individuals or organizations whose exclusion requests are approved must report information concerning any applicable exclusion in such form as CBP may require. These exclusion identifiers will be used by importers in the data collected by CBP in order for CBP to determine whether an import is within the scope of an approved exclusion request.     (i) For further information. If you have questions on this supplement, you may contact Director, Industrial Studies, Office of Technology Evaluation, Bureau of Industry and Security, U.S Department of Commerce, at (202) 482-5642 or [*Steel232@bis.doc.gov*](mailto:Steel232@bis.doc.gov) regarding steel exclusion requests. See Annex 1 to Supplements Nos. 1 and 2 to Part 705 for application issues that are specific to using [*www.regulations.gov*](http://www.regulations.gov) for submitting rebuttals and surrebuttals under these two supplements. The U.S Department of Commerce has posted in regulations.gov training documents to assist your understanding when submitting exclusion requests and objections, including step- by-step screen shots of the process when using regulations.gov The U.S Department of Commerce website also includes FAQs, best practices other companies have used for submitting exclusion requests and objections, and helpful checklists.

Supplement No. 2 to Part 705--Requirements for Submissions Requesting Exclusions From the Remedies Instituted in Presidential Proclamation 9704 of March 8, 2018 To Adjusting Imports of Aluminum Into the United States

    On March 8, 2018, the President issued Proclamation 9704 concurring with the findings of the January 17, 2018 report of the Secretary of Commerce on the investigation into the effects of imports of aluminum identified in Proclamation 9704 (``aluminum'') on the national security and determining that adjusting aluminum imports through the imposition of duties is necessary so that imports of aluminum will no longer threaten to impair the national security. Clause 3 of Proclamation 9704 also authorized the Secretary of Commerce, in consultation with the Secretary of Defense, the Secretary of the Treasury, the Secretary of State, the United States Trade Representative, the Assistant to the President for Economic Policy, the Assistant to the President for National Security Affairs, and other senior Executive Branch officials as appropriate, to grant exclusions from the duties at the request of directly affected parties located in the United States if the aluminum articles are determined not to be produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality or based upon specific national security considerations. On August 29, 2018, the President issued Proclamation 9776. Clause 1 of Proclamation 9776 authorized the Secretary of Commerce, in consultation with the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the United States Trade Representative (USTR), the Assistant to the President for National Security Affairs, the Assistant to the President for Economic Policy, and such other senior Executive Branch officials as the Secretary deems appropriate, to provide relief from the applicable quantitative limitations set forth in Proclamation 9704 and Proclamation 9758 and their accompanying annexes, as amended, at the request of a directly affected party located in the United States for any aluminum article determined by the Secretary to not be produced in the United States in a sufficient and reasonably available amount or of a satisfactory quality. The Secretary is also authorized to provide such relief based upon specific national security considerations.     (a) Scope. This supplement specifies the requirements and process for how directly affected parties located in the United States may submit requests for exclusions from the remedies instituted by the President. This supplement also specifies the requirements and process for how parties in the United States may submit objections to submitted exclusion requests for relief from the duties or quantitative limitations imposed by the President, and rebuttals to submitted objections and surrebuttals (collectively, ``232 submissions''). This supplement identifies the time periods for such submissions, the method of submission, and the information that must be included in such submissions.     (b) Required forms. The U.S Department of Commerce has posted four separate fillable forms on the BIS website at [*https://www.bis.doc.gov/index.php/232-aluminum*](https://www.bis.doc.gov/index.php/232-aluminum) and on the Federal rulemaking portal (   [*http://www.regulations.gov*](http://www.regulations.gov)) that are to be used by organizations for submitting exclusion requests, objections to exclusion requests, rebuttals, and surrebuttals described in this supplement. On regulations.gov, you can find these four forms for aluminum exclusion requests, objections to exclusion requests, rebuttals to objections, and surrebuttals by searching for its regulations.gov docket number, which is BIS-2018-0002. The U.S Department of Commerce requires requesters and objectors to use the appropriate form as

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specified under paragraphs (b)(1) and (2) of this supplement for submitting exclusion requests and objections to submitted exclusion requests, and the forms specified under paragraphs (b)(3) and (4) for submitting rebuttals and surrebuttals.     (1) Form required for submitting exclusion requests. The name of the form used for submitting exclusion requests is Request for Exclusion from Remedies: Section 232 National Security Investigation of Aluminum Imports. The Title in [*www.regulations.gov*](http://www.regulations.gov) is Exclusion Request--Aluminum and is posted under ID # BIS-2018-0002-0002.     (2) Form required for submitting objections to submitted exclusion requests. The name of the form used for submitting objections to submitted exclusion requests is Objection Filing to Posted Section 232 Exclusion Request: Aluminum. The Title in   [*www.regulations.gov*](http://www.regulations.gov) is Objection Filing--Aluminum and is posted under ID # BIS-2018-0002-0003.     (3) Form required for submitting rebuttals. The name of the form used for submitting rebuttals to objections is Rebuttal to Objection Received for Section 232 Exclusion Request: Aluminum. The Title in   [*www.regulations.gov*](http://www.regulations.gov) is Rebuttal Filing--Aluminum and is posted under ID # BIS-2018-0002-4393.     (4) Form required for submitting surrebuttals. The name of the form used for submitting surrebuttals to objections is Surrebuttal to Rebuttal Received on Section 232 Objection: Aluminum. The Title in   [*www.regulations.gov*](http://www.regulations.gov) is Surrebuttal Filing--Aluminum and is posted under ID # BIS-2018-0002-4394.     (5) Public disclosure and information protected from public disclosure.     (i) Information submitted in 232 submissions will be subject to public review and made available for public inspection and copying, except for the information described in paragraph (b)(5)(iii) of this supplement. Individuals and organizations must otherwise fully complete the relevant forms.     (ii) Information not subject to public disclosure should not be submitted. Personally identifiable information, including social security numbers and employer identification numbers, should not be provided. Information that is subject to government-imposed access and dissemination or other specific national security controls, e.g , classified information or information that has U.S Government restrictions on dissemination to non-U.S citizens or other categories of persons that would prohibit public disclosure of the information, may not be included in 232 submissions. Individuals and organizations that have confidential business information (``CBI'') that they believe relevant to the Secretary's consideration of the 232 submission should so indicate in the appropriate field of the relevant form, or on the rebuttal or surrebuttal submission, following the procedures in paragraph (b)(5)(iii) of this supplement.     (iii) Procedures for identifying, but not disclosing, confidential or proprietary business information (CBI) in the public version, and procedures for submitting CBI. For persons seeking to submit CBI, the 232 submission available to the public must contain a summary of the CBI in sufficient detail to permit a reasonable understanding of the substance of the information. If the submitting person claims that summarization is not possible, the claim must be accompanied by a full explanation of the reasons supporting that claim. Generally, numerical data will be considered adequately summarized if grouped or presented in terms of indices or figures within 10 percent of the actual figure. If an individual portion of the numerical data is voluminous (e.g , 5 pages of numerical data), at least one percent of the numerical data, representative of that portion must be summarized. In order to submit CBI that is not for public release as a separate email submission to the U.S Department of Commerce, you must follow the procedures in paragraphs (b)(3)(iii)(A)-(C) of this supplement to assist the U.S Department of Commerce in identifying these submissions and associating these submissions with the respective 232 submission posted in regulations.gov Submitters with classified information should contact the U.S Department of Commerce for instructions on the appropriate methods to send this type of information. If you are submitting a rebuttal or a surrebuttal, Annex 1 to Supplements No. 1 and 2 includes additional guidance for submitting CBI.     (A) On the same day that you submit your 232 submission in   [*www.regulations.gov*](http://www.regulations.gov), send an email to the U.S Department of Commerce. The email address used is different depending on the type of submission the emailed CBP is for, as follows: CBI for rebuttals use [*232rebuttals@doc.gov*](mailto:232rebuttals@doc.gov); and CBI for surrebuttals use [*232surrebuttals@doc.gov*](mailto:232surrebuttals@doc.gov)     (B) The email subject line must only include the original exclusion request ID # (BIS-2018-000X-XXXXX) and the body of the email must include the 11-digit alphanumeric tracking number (XXX- XXXX-XXXX) you received from regulations.gov when you successfully submitted your rebuttal, or surrebuttal. This naming convention will assist the U.S Department of Commerce to associate the CBI, that will not be posted in regulations.gov, with the information included in the public submission.     (C) Submit the CBI as an attachment to that email. The CBI is limited to a maximum of 5 pages per rebuttal, or surrebuttal. The email is to be limited to sending your CBI. All other information for the public submission, and public versions of the CBI, where appropriate, for a 232 submission must be submitted using   [*www.regulations.gov*](http://www.regulations.gov) following the procedures identified in this supplement.

    Note to Paragraph (B) for Submission of Supporting Documents (Attachments): Supporting attachments must be emailed as PDF documents.

    (c) Exclusion requests.     (1) Who may submit an exclusion request? Only directly affected individuals or organizations located in the United States may submit an exclusion request. An individual or organization is ``directly affected'' if they are using aluminum in business activities (e.g , construction, manufacturing, or supplying aluminum product to users) in the United States.     (2) Identification of exclusion requests. The file name of the submission must include the submitter's name, date of submission, and the 10-digit Harmonized Tariff Schedule of the United States (HTSUS) statistical reporting number. For example, if Company A is submitting an exclusion request on June 1, 2018, the file should be named as follows: ``Company A exclusion request of 6-1-18 for 7604293050 HTSUS.'' Separate exclusion requests must be submitted for aluminum products with distinct critical dimensions (e.g , 10 mm diameter bar, 15 mm bar, or 20 mm bar) covered by a common HTSUS statistical reporting number. The exclusion request forms do allow for minimum and maximum dimensions. Ranges are acceptable if the manufacturing process permits small tolerances. A permissible range must be within the minimum and maximum range that is specified in the tariff provision and applicable legal notes for the provision. Separate exclusion requests must also be submitted for products falling in more than one 10-digit HTSUS statistical reporting number. The U.S Department of Commerce will approve exclusions on a product basis and the approvals will be limited to the individual or organization that submitted the specific exclusion request, unless Commerce approves a broader application of the product-based exclusion request to apply to additional importers. Other directly affected individuals or organizations located in the United States that wish to submit an exclusion request for an aluminum product that has already been the subject of an approved exclusion request may submit an exclusion request under this supplement. These additional exclusion requests by other directly affected individuals or organizations in the United States are not required to reference the previously approved exclusion but are advised to do so, if they want Commerce to take that into account when reviewing a subsequent exclusion request. Directly affected individuals and organizations in the United States will not be precluded from submitting a request for exclusion of a product even though an exclusion request submitted for that product by another requester or that requester was denied or is no longer valid.

    Note to Paragraph (c)(2): For directly affected individuals or organizations located in the United States seeking exclusions from quantitative limitations imposed on certain countries, the requester must select the field on the exclusion form to indicate that the exclusion request is for importing from a country subject to a quantitative limitation. In addition to selecting this field on the exclusion request form, a requester must provide information that it believes supports allowing the requester to import aluminum that may otherwise exceed the quantitative limitation for this country. For example, the requester may indicate it believes the aluminum identified in the exclusion request is not available from any U.S suppliers, and indicate that the quantitative limitation has been exceeded or will likely soon be exceeded leading to this individual or organization not being able to import or

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otherwise obtain (from any other country) the needed aluminum. Providing information as part of the exclusion requests that supports these types of statements is required for the U.S Department of Commerce to consider these types of exclusion requests.

    (3) Where to submit exclusion requests? All exclusion requests must be in electronic form and submitted to the Federal rulemaking portal ([*http://www.regulations.gov*](http://www.regulations.gov)). You can find the interim final rule that added this supplement by searching for the regulations.gov docket number, which is BIS-2018-0002.     (4) No time limit for submitting exclusion requests. All exclusion requests must be in electronic form and submitted to the Federal rulemaking portal (   [*http://www.regulations.gov*](http://www.regulations.gov)), but may be submitted at any time.     (5) Substance of exclusion requests. An exclusion request must specify the business activities in the United States in which the requester is engaged that qualify the individual or organization to be directly affected and thus eligible to submit an exclusion request. The request should clearly identify, and provide support for, the basis upon which the exclusion is sought. An exclusion will only be granted if an article is not produced in the United States in a sufficient and reasonably available amount, is not produced in the United States in a satisfactory quality, or for specific national security considerations.     (6) Criteria used to review exclusion requests. The U.S Department of Commerce will review each exclusion request to determine whether an article described in an exclusion request meets any of the following three criteria: The article is not produced in the United States in a sufficient and reasonably available amount, is not produced in the United States in a satisfactory quality, or for specific national security considerations. To provide additional context on the meaning and application of the criteria, paragraphs (c)(6)(i)-(iii) of this supplement define keys terms used in the review criteria and provide illustrative application examples. The U.S Department of Commerce will use the same criteria identified in paragraphs (c)(6)(i)-(iii) of this supplement when determining whether it is warranted to approve broader product-based exclusions based on trends the Department may see over time with 232 submissions. The public is not permitted to request broader product- based exclusions that would apply to all importers, because the Department makes these determinations over time by evaluating the macro trends in 232 submissions.     (i) Not produced in the United States in a sufficient and reasonably available amount. The exclusion review criterion ``not produced in the United States in a sufficient and reasonably available amount'' means that the amount of aluminum that is needed by the end user requesting the exclusion is not available immediately in the United States to meet its specified business activities. ``Immediately'' means whether a product is currently being produced or could be produced ``within eight weeks'' in the amount needed in the business activities of the user of aluminum in the United States described in the exclusion request. The U.S Department of Commerce reviews an exclusion request based on the information included in the exclusion request, any objections to an exclusion request, any rebuttals to the objections made by an individual or organization that submitted the exclusion request, and any surrebuttals. If the U.S Department denies an exclusion request based on a representation made by an objector, which later is determined to be inaccurate (e.g , if the objector was not able to meet the requirement of being able to ``immediately'' supply the aluminum that was included in a denied exclusion request in the quantity needed), the requester may submit a new exclusion request that refers back to the original denied exclusion request and explains that the objector was not able to supply the aluminum. The U.S Department of Commerce would take that into account in reviewing a subsequent exclusion request.     (ii) Not produced in the United States in a satisfactory quality. The exclusion review criterion ``not produced in the United States in a satisfactory quality'' does not mean the aluminum needs to be identical, but it does need to be equivalent as a substitute product. ``Substitute product'' for purposes of this review criterion means that the aluminum being produced by an objector can meet ``immediately'' (see paragraph (c)(6)(i) of this supplement) the quality (e.g , industry specs or internal company quality controls or standards), regulatory, or testing standards, in order for the U.S produced aluminum to be used in that business activity in the United States by that end user. For example, if a U.S business activity requires that aluminum to be provided must meet certain military testing and military specification standards in order to be used in military aircraft, that requirement would be taken into account when reviewing the exclusion request and any objections, rebuttals, and surrebuttals submitted. Another example, would be a U.S pharmaceutical manufacturer that requires approval from the Food and Drug Administration (FDA) to make any changes in its aluminum product pill bottle covers. An objector would not have to make aluminum for use in making the product covers that was identical, but it would have to be a ``substitute product'' meaning it could meet the FDA certification standards.     (iii) For specific national security considerations. The exclusion review criterion ``or for specific national security considerations'' is intended to allow the U.S Department of Commerce, in consultation with other parts of the U.S Government as warranted, to make determinations whether a particular exclusion request should be approved based on specific national security considerations. For example, if the aluminum included in an exclusion request is needed by a U.S defense contractor for making critical items for use in a military weapons platform for the U.S Department of Defense, and the duty or quantitative limitation will prevent the military weapons platform from being produced, the exclusion will likely be, the exclusion will likely be granted. The U.S Department of Commerce, in consultation with the other parts of the U.S Government as warranted, can consider other impacts to U.S national security that may result from not approving an exclusion, e.g , the unintended impacts that may occur in other downstream industries using aluminum, but in such cases the demonstrated concern with U.S national security would need to be tangible and clearly explained and ultimately determined by the U.S Government.     (d) Objections to submitted exclusion requests.     (1) Who may submit an objection to a submitted exclusion request? Any individual or organization that manufactures aluminum articles in the United States may file objections to aluminum exclusion requests, but the U.S Department of Commerce will only consider information directly related to the submitted exclusion request that is the subject of the objection.     (2) Identification of objections to submitted exclusion requests. When submitting an objection to a submitted exclusion request, the objector must locate the exclusion request and submit a comment on the submitted exclusion request in regulations.gov The file name of the objection submission should include the objector's name, date of submission of the objection, name of the organization that submitted the exclusion request, and date the exclusion request was posted. For example, if Company X is submitting on April 1, 2018, an objection to an exclusion request submitted on March 15, 2018 by Company A, the file should be named: ``Company X objection\_4-1-18 for Company A exclusion request\_3-15-18.'' In regulations.gov once an objection to a submitted exclusion request is posted, the objection will appear as a document under the related exclusion request.     (3) Time limit for submitting objections to submitted exclusions requests. All objections to submitted exclusion requests must be in electronic form and submitted to the Federal rulemaking portal (   [*http://www.regulations.gov*](http://www.regulations.gov)) no later than 30 days after the related exclusion request is posted.     (4) Substance of objections to submitted exclusion requests. The objection should clearly identify, and provide support for, its opposition to the proposed exclusion, with reference to the specific basis identified in, and the support provided for, the submitted exclusion request. If the objector is asserting that it is not currently producing the aluminum identified in an exclusion request but can produce the aluminum within eight weeks (meaning the objector meets the definition of being able to supply the aluminum ``immediately'' in order to meet the demand identified in the exclusion request), the objector must identify how it will be able to produce the article within eight weeks. This requirement includes specifying in writing to the U.S Department of Commerce as part of the objection, the timeline the objector anticipates in order to start or restart production of the aluminum included in the exclusion request to which it is objecting. For example, a summary timeline that specifies the steps that will occur over the weeks needed to produce that aluminum would be helpful to include, not

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only for the U.S Department of Commerce review of the objection, but also for the requester of the exclusion and its determination whether to file a rebuttal to the objection. The U.S Department of Commerce understands that in certain cases regulatory approvals, such as from the Environmental Protection Agency (EPA) or some approvals at the state or local level may be required to start or restart production and that some of these types of approvals may be not controllable by an objector.     (e) Limitations on the size of submissions. Each exclusion request and each objection to a submitted exclusion request is to be limited to a maximum of 25 pages, respectively, inclusive of all exhibits and attachments, but exclusive of the respective forms and any CBI provided to the U.S Department of Commerce. Each attachment to a submission must be less than 10 MB.     (f) Rebuttal process. Only individuals or organizations that have submitted an exclusion request pursuant to this supplement may submit a rebuttal to any objection(s) posted to their exclusion request in the Federal rulemaking portal ([*http://www.regulations.gov*](http://www.regulations.gov)). The objections to submitted exclusion requests process identified under paragraph (d) of this supplement already establish a formal response process for aluminum manufacturers in the United States. The objection process is an important part of ensuring the duties and quantitative limitations are working as intended to achieve the stated purposes of the President's Proclamations and the objectives of implementing these duties and quantitative limitations to protect U.S national security interests. In order to enhance the fairness of this process and to allow the individual or organization that submitted an exclusion request to respond to any objections submitted to its exclusion request, this paragraph (f) allows for subsequent written submissions under the rebuttal process.     (1) Identification of rebuttals. When submitting a rebuttal, the individual or organization that submitted the exclusion request submits a comment on the objection to the submitted exclusion request in the Federal rulemaking portal (   [*http://www.regulations.gov*](http://www.regulations.gov)). See Annex 1 to Supplements No. 1 and 2 to Part 705 for a five-step process for how to submit rebuttals. Annex 1 describes the naming convention used for identification of rebuttals and the steps needed to identify objections to exclusion requests when using   [*www.regulations.gov*](http://www.regulations.gov) to submit a rebuttal. Submitters of rebuttals must follow the steps described in Annex 1, including following the naming convention of rebuttals. In regulations.gov once a rebuttal to an objection to a submitted exclusion request is posted, the rebuttal will appear as a document under the related exclusion request.     (2) Format and size limitations for rebuttals. Similar to the exclusion process identified under paragraph (c) of this supplement and the objection process identified under paragraph (d), the rebuttal process requires the submission of a government form as specified in paragraph (b)(3). The rebuttal must be in writing and submitted in regulations.gov Each rebuttal is to be limited to a maximum of 10 pages, inclusive of all exhibits and attachments, but exclusive of the rebuttal form and any CBI provided to the U.S Department of Commerce. Each attachment to a submission must be less than 10 MB.     (3) Substance of rebuttals. Rebuttals must address an objection to the exclusion request made by the requester. If multiple objections were received on a particular exclusion, the requester may submit a rebuttal to each objector. The most effective rebuttals will be those that aim to correct factual errors or misunderstandings in the objection(s).     (4) Time limit for submitting rebuttals. The rebuttal period begins on the date the Department opens the rebuttal period after posting the last objection in regulations.gov This beginning date will be sometime between thirty-one to forty-five days (a fifteen day range) after an exclusion request has been posted. The range of days is needed to account for time needed by the U.S Department of Commerce to review any objections submitted to determine whether the objections are complete and should be posted in regulations.gov The rebuttal period ends seven days after the rebuttal comment period is opened. This seven day rebuttal period allows for the individual or organization that submitted an exclusion request pursuant to this supplement to submit any written rebuttals that it believes are warranted.

    Note to Paragraph (f)(4): For exclusion requests that received an objection(s) but for which the U.S Department of Commerce has not posted a final determination on the exclusion request as of September 11, 2018, the Department will reopen the requests to allow for the submission of rebuttals. The Department will reopen the requests on a rolling basis starting on September 11, 2018, and will seek to complete the reopening process on the date that is seven days after the date of publication of this notice in the Federal Register, September 18, 2018, to serve as the start date for the review periods identified in paragraph (f)(4) for those requests.

    (g) Surrebuttal process. Only individuals or organizations that have a posted objection to a submitted exclusion request pursuant to this supplement may submit a surrebuttal to a rebuttal (see paragraph (f)) posted to their objection to an exclusion request in the Federal rulemaking portal ([*http://www.regulations.gov*](http://www.regulations.gov)). The objections process identified under paragraph (d) of this supplement already establishes a formal response process for aluminum manufacturers in the United States and is an important part of ensuring the duties and quantitative limitations are working as intended to achieve the stated purposes of the President's Proclamations and the objectives of implementing these duties and quantitative limitations to protect U.S national security interests. In order to enhance the fairness of this process and to allow the individual or organization that submitted an objection to a submitted exclusion request to respond to any rebuttals pursuant to paragraph (f) of this supplement, paragraph (g) allows for subsequent written submissions under this surrebuttal process.     (1) Identification of surrebuttals. When submitting a surrebuttal, the individual or organization that submitted the objection to an exclusion request would submit a comment on the submitted rebuttal to the objection submitted in the Federal rulemaking portal (   [*http://www.regulations.gov*](http://www.regulations.gov)). See Annex 1 to Supplements No. 1 and 2 to Part 705 for a five-step process for how to submit surrebuttals. Annex 1 describes the naming convention used for identification of surrebuttals and the steps needed to identify rebuttals in regulations when using   [*www.regulations.gov*](http://www.regulations.gov) to submit a surrebuttal. Submitters of surrebuttals must follow the steps described in Annex 1, including following the naming convention of surrebuttals. In regulations.gov once a surrebuttal to a rebuttal to an objection to a submitted exclusion request is posted, the surrebuttal will appear as a document under the related exclusion request.     (2) Format and size limitations for surrebuttals. Similar to the exclusion process identified under paragraph (c) of this supplement, the objection process identified under paragraph (d), and the rebuttal process identified under paragraph (f), the surrebuttal process requires the submission of a government form as specified in paragraph (b)(4). The surrebuttal must be in writing and submitted in regulations.gov Each surrebuttal is to be limited to a maximum of 10 pages, inclusive of all exhibits and attachments, but exclusive of the surrebuttal form and any CBI provided to the U.S Department of Commerce. Each attachment to a submission must be less than 10 MB.     (3) Substance of surrebuttals. Surrebuttals must address a rebuttal to an objection to the exclusion request made by the requester. The most effective surrebuttals will be those that aim to correct factual errors or misunderstandings in the rebuttal to an objection(s).     (4) Time limit for submitting surrebuttals. The surrebuttal period begins on the date the Department opens the surrebuttal period, after posting the last rebuttal to an objection to an exclusion request in regulations.gov This will be sometime within a fifteen-day range after the rebuttal period has closed. The range of days is needed to account for time needed by the U.S Department of Commerce to review any rebuttals to objections submitted to determine whether the rebuttals are complete and should be posted in regulations.gov The surrebuttal period ends seven days after the surrebuttal period is opened. This seven-day surrebuttal period allows for the individual or organization that submitted an objection to a submitted exclusion request pursuant to this supplement to submit any written surrebuttals that it believes are warranted to respond to a rebuttal.     (h) Disposition of 232 submissions.     (1) Disposition of incomplete submissions.     (i) Exclusion requests that do not satisfy the requirements specified in paragraphs (b) and (c) of this supplement will be denied.     (ii) Objection filings that do not satisfy the requirements specified in paragraphs (b) and (d) will not be considered.

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    (iii) Rebuttal filings that do not satisfy the requirements specified in paragraphs (b) and (f) will not be considered.     (iv) Surrebuttal filings that do not satisfy the requirements specified in paragraphs (b) and (g) will not be considered.     (2) Disposition of complete submissions.     (i) Posting of responses. The U.S Department of Commerce will post responses in regulations.gov to each exclusion request submitted under docket number BIS-2018-0002. The U.S Department of Commerce response to an exclusion request will also be responsive to any of the objection(s), rebuttal(s), and surrebuttal(s) for that submitted exclusion request submitted under docket number BIS-2018- 0002.     (ii) Streamlined review process for ``No Objection'' requests. The U.S Department of Commerce will expeditiously grant properly filed exclusion requests which meet the requisite criteria, receive no objections, and present no national security concerns. If an exclusion request's 30-day comment period on regulations.gov has expired and no objections have been submitted, the U.S Department of Commerce will work with U.S Customs and Border Protection (CBP) to ensure that the requester provided an accurate HTSUS statistical reporting number. If so, BIS will immediately assess the request for any national security concerns. If BIS identifies no national security concerns, it will expeditiously post a decision on regulations.gov granting the exclusion request.     (iii) Effective date for approved exclusions and date used for calculating duty refunds.     (A) Effective date for approved exclusions. Approved exclusions will be effective five business days after publication of the U.S Department of Commerce response granting an exclusion in regulations.gov Starting on that date, the requester will be able to rely upon the approved exclusion request in calculating the duties owed on the product imported in accordance with the terms listed in the approved exclusion request.     (B) Contact for obtaining duty refunds. The U.S Department of Commerce does not provide refunds on tariffs. Any questions on the refund of duties should be directed to CBP.     (iv) Validity period for exclusion requests. Exclusions will generally be approved for one ***year***, but may be valid for shorter or longer than one ***year*** depending on the specifics of the exclusion request; any objections filed; and analysis by the U.S Department of Commerce and other parts of the U.S Government, as warranted, of the current supply and demand in the United States, including any limitations or other factors that the Department determines should be considered in order to achieve the national security objectives of the duties and quantitative limitations while not unduly burdening other parts of U.S industry.     (A) Examples of what fact patterns may warrant a longer exclusion validity period. Individuals or organizations submitting exclusion requests or objections may specify and are encouraged to specify how long they believe an exclusion may be warranted and specify the rationale for that recommended time period. For example, an individual or organization submitting an exclusion request, may request a longer validity period if there are factors outside of their control that may make it warranted to grant a longer period. These factors may include regulatory requirements that make a longer validity period justified, e.g , for an aircraft manufacturer that would require a certain number of ***years*** to make a change to an FAA approved type certificate or for a manufacturer of medical items to obtain FDA approval. Business considerations, such as the need for a multi-***year*** contract for aluminum with strict delivery schedules in order to complete a significant U.S manufacturing project by an established deadline, e.g , a large scale petrochemical project, is another illustrative example of the types of considerations that a person submitting an exclusion request may reference.     (B) Examples of what criteria may warrant a shorter exclusion validity period. Objectors are encouraged to provide their suggestions for how long they believe an appropriate validity period should be for an exclusion request. In certain cases, this may be an objector indicating it has committed to adding new capacity that will be coming online within six months, so a shorter six-month period is warranted. Conversely, if an objector knows it will take two ***years*** to obtain appropriate regulatory approvals, financing and/ or completing construction to add new capacity, the objector may, in responding to an exclusion that requests a longer validity period, e.g , three ***years***, indicate that although they agree a longer validity period than one ***year*** may be warranted in this case, that two ***years*** is sufficient.     (C) None of the illustrative fact patterns identified in paragraphs (h)(2)(iv)(A) or (B) of this supplement will be determinative in and of themselves for establishing the appropriate validity period, but this type of information is helpful for the U.S Department of Commerce to receive, when warranted, to help determine the appropriate validity period if a period other than one ***year*** is requested.     (3) Review period and implementation of any needed conforming changes.     (i) Review period. The review period normally will not exceed 106 days for requests that receive objections, including adjudication of objections submitted on exclusion requests and any rebuttals to objections, and surrebuttals. The estimated 106-day period begins on the day the exclusion request is posted in regulations.gov and ends once a decision to grant or deny is made on the exclusion request.     (ii) Coordination with other agencies on approval and implementation. Other agencies of the U.S Government, such as CBP, will take any additional steps needed to implement an approved exclusion request. These additional steps needed to implement an approved exclusion request are not part of the review criteria used by the U.S Department of Commerce to determine whether to approve an exclusion request, but are an important component in ensuring the approved exclusion request can be properly implemented. The U.S Department of Commerce will provide CBP with information that will identify each approved exclusion request pursuant to this supplement. Importers are directed to report information concerning any applicable exclusion granted by Commerce in such form as CBP may require. These exclusion identifiers will be used by importers in the data collected by CBP in order for CBP to determine whether an import is within the scope of an approved exclusion request.     (i) For further information. If you have questions on this supplement, you may contact Director, Industrial Studies, Office of Technology Evaluation, Bureau of Industry and Security, U.S Department of Commerce, at (202) 482-4757 or [*Aluminum232@bis.doc.gov*](mailto:Aluminum232@bis.doc.gov) regarding aluminum exclusion requests. See Annex 1 to Supplements Nos. 1 and 2 to Part 705 for application issues that are specific to using [*www.regulations.gov*](http://www.regulations.gov) for submitting rebuttals and surrebuttals under these two supplements. The U.S Department of Commerce has posted in regulations.gov training documents to assist your understanding when submitting 232 submissions. These documents include step-by-step screen shots of the process for using regulations.gov The U.S Department of Commerce website also includes FAQs and best practices other companies have used for submitting exclusion requests and objections.

0 1. Add Annex 1 to Supplements No. 1 and 2 to Part 705, to read as follows:

Annex 1 to Supplements No. 1 and 2 to Part 705--Steps for Using Regulations.gov To File Rebuttals and Surrebuttals

How To File Rebuttal Comments

    Step 1: After the objection comment period closes for your exclusion request, you should search for all the objections on the [*www.regulations.gov*](http://www.regulations.gov) website using the tutorial available on   [*www.regulations.gov*](http://www.regulations.gov) Commerce will also prepare a daily list available on   [*www.commerce.gov/232*](http://www.commerce.gov/232) that will assist you with determining whether an objection was filed for your product exclusion request. You must have your request ID # (BIS-2018-000X- XXXXX) to locate a specific exclusion request.     Step 2: Using the list on   [*www.commerce.gov/232*](http://www.commerce.gov/232) and your exclusion request ID #, filter the list for your request. If your request ID # is not on this list, it did not receive any objections and no rebuttal period will be opened and Commerce will process it accordingly. If your request ID # is on this list, locate the objections filed for your request. Please note that your request ID # will be listed more than once if it received more than one objection. Be advised that you should continue to monitor   [*www.regulations.gov*](http://www.regulations.gov) and the list on   [*www.commerce.gov/232*](http://www.commerce.gov/232) to determine if objections were filed on your exclusion request.     Step 3: To review the objections filed, go to   [*www.regulations.gov*](http://www.regulations.gov) and enter the objection ID # that corresponds to your exclusion request. Some exclusion requests may have multiple objections.     Step 4: If you decide to file a rebuttal to an objection, visit   [*www.regulations.gov*](http://www.regulations.gov) to

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locate the rebuttal submission form. Submit one rebuttal form for each objection you wish to rebut along with no more than 10 pages of supporting documentation. The 10 pages should include public documents and the public version of your confidential or proprietary business information (CBI) documentation. All rebuttal materials must be submitted within the 7-day rebuttal period.     Step 5: If you wish to submit CBI as part of your rebuttal, you must mark the appropriate box in the rebuttal form. The CBI document must be emailed to [*232rebuttals@doc.gov*](mailto:232rebuttals@doc.gov) on the same day you submit your rebuttal on regulations.gov The email subject line must include the original exclusion request ID # (BIS-2018-000X-XXXXX) and the body of the email must include the 11-digit alphanumeric tracking number (XXX-XXXX-XXXX) you received from regulations.gov when you successfully submitted your rebuttal. Submit no more than 5 pages of supporting CBI documentation via email. As noted in Step 4 above, an adequate public version, adhering to the requirements outlined in the body of this regulation, must accompany the submission of each rebuttal form on regulations.gov If you do not file a public version of the CBI, Commerce will not consider your rebuttal to be properly submitted and exclude it from the analyses.     For any questions, call (202) 482-5642 (steel) or (202) 482-4757 (aluminum).

How To File Surrebuttal Comments

    Step 1: After the rebuttal comment period closes on an exclusion request, you should search for all the rebuttals on the [*www.regulations.gov*](http://www.regulations.gov) website using the tutorial available on   [*www.regulations.gov*](http://www.regulations.gov) Commerce will also prepare a daily list available on   [*www.commerce.gov/232*](http://www.commerce.gov/232) that will assist you with determining whether a rebuttal was filed on your objection. You must have the exclusion request ID # (BIS-2018-000X-XXXXX) to locate rebuttals to your objection.     Step 2: Using the list on   [*www.commerce.gov/232*](http://www.commerce.gov/232) filter the objection ID #, column using your objection ID #. If no rebuttals were filed for your objection, then the list will indicate, ``No Rebuttal'' under the Rebuttal ID column. Be advised that you should continue to monitor   [*www.regulations.gov*](http://www.regulations.gov) and the list on   [*www.commerce.gov/232*](http://www.commerce.gov/232) to determine if rebuttals were filed on your objection.     Step 3: To review the rebuttals filed, go to   [*www.regulations.gov*](http://www.regulations.gov) and enter the exclusion request ID # that corresponds to your objection.     Step 4: If you decide to file a surrebuttal, visit   [*www.regulations.gov*](http://www.regulations.gov) to locate the surrebuttal submission form. Submit one surrebuttal form for each rebuttal you wish to rebut along with no more than 10 pages of supporting documentation. The 10 pages should include public documents and the public version of your CBI documentation. All surrebuttal materials must be submitted within the 7-day surrebuttal period.     Step 5: If you wish to submit CBI as part of your surrebuttal, you must mark the appropriate box in the surrebuttal form. The CBI document must be emailed to [*232surrebuttals@doc.gov*](mailto:232surrebuttals@doc.gov) on the same day you submit your surrebuttal on regulations.gov The email subject line must only include the original exclusion request ID # (BIS- 2018-000X-XXXXX) and the body of the email must include the 11-digit alphanumeric tracking number (XXX-XXXX-XXXX) you received from regulations.gov when you successfully submitted your surrebuttal. Submit no more than 5 pages of supporting CBI documentation via email. As noted in Step 4 above, an adequate public version, adhering to the requirements outlined in the body of this regulation, must accompany the submission of each surrebuttal form on regulations.gov If you do not file a public version of the CBI, Commerce will not consider your surrebuttal to be properly submitted and exclude it from the analyses.     For any questions, call (202) 482-5642 (steel) or (202) 482-4757 (aluminum).

    Dated: September 5, 2018. Wilbur L. Ross, Secretary of Commerce. [FR Doc. 2018-19662 Filed 9-6-18; 4:15 pm]  BILLING CODE 3510-33-P

**Load-Date:** November 5, 2018

**End of Document**



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ICIS Chemical Business

April 13, 2018

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**Section:** NEWS IN BRIEF

**Length:** 19191 words

**Byline:** X x

**Body**

Americas

Dow to cease US glycol ether exports to China

Dow is planning to stop exports of glycol ethers from US to China after being saddled with the highest tax rate by the Chinese authorities after an increase in antidumping duties (ADD) on the material, according to a company source. Growing tensions between China and the US led to the following ADDs on butyl glycol (BG) and butyl di-glycol (BDG) originating from the US and the EU being increased. Dow confirmed they have received a tax rate of 75.5% on glycol ether exports from the US to China.

Motiva considers ethyl-ene, aromatics projects

Motiva Enterprises signed $8-10bn worth of memoranda of understanding (MoUs) covering process technologies for possible ethylene and aromatics units in the US, the subsidiary of Saudi Aramco said. Motiva could make a final investment decision in 2019, the company said. One of the memoranda will evaluate using TechnipFMC’s mixed-feed ethylene production technologies in the US, Motiva said. Another will evaluate using Honeywell UOP’s aromatics extraction and production technologies for benzene and paraxylene (PX), which Motiva may use to develop a possible complex on the US Gulf Coast.

Evonik to expand capacity in alabama

Evonik plans to expand the capacity of its VISIOMER methacrylate crosslinkers by investing at its Mobile, Alabama, plant. Evonik said the investment is in the low single digits in terms of euros. It did not disclose capacity figures. Start-up should be in Q3 2018. The expansion will allow Evonik to provide methacrylate crosslinkers from its plants in the US, Germany and China, said Hans-Peter Hauck, head of the methacrylates business line in the performance materials segment.

Calumet buys firm Biosynthetic Technologies

US-based refiner Calumet Specialty Products has acquired Biosynthetic Technologies, a start-up company that is developing processes to convert plant oils into synthetic base oils. Calumet plans to develop and commercialise these renewable esters at its existing plant in Missouri. Calumet made the acquisition in partnership with The Heritage Group.

LatAm GDP to grow by 2.6% in 2018 – Fitch

The Latin American economy should grow by 2.6% in 2018 excluding Venezuela, Fitch Ratings said, up from 1.7% in 2017. Fitch attributed the faster growth to the recovery in commodity prices and better demand. However, structural problems could prevent growth from reaching the highs from previous expansions, Fitch said. Many countries in Latin America are not making enough progress in getting their finances in order or increasing their potential for further GDP growth. The government debt burden is still increasing in several countries in Latin America, Fitch said.

LyondellBasell declares force majeure on US PP

LyondellBasell declared force majeure on US polypropylene (PP) because of a mechanical failure at its Lake Charles, Louisiana, plant, the company said in a customer letter. The letter, dated 6 April, attributed the failure to breakage of an extruder on 4 April and noted LyondellBasell is still evaluating the impact of the event on production capability. The company declared force majeure effective 6 April. The Lake Charles plant has three PP units totalling 638,000 tonnes/***year***, according to ICIS.

Q2 close expected for Bayer-Monsanto deal

A second-quarter close is still expected for Bayer’s purchase of US agrochemicals peer Monsanto, the Germany-headquartered firm said, following a report that the deal has received approval from US regulators. The news comes several weeks after the deal was given the green light by the European Commission following conclusion of an investigation into the likely impact of a merger on EU farmers. Bayer declined to comment on the reports, stating that it expected to complete the deal by the end of June.

LyondellBasell to discontinue pricing

LyondellBasell will no longer offer a distributor discount or delivered pricing (freight prepaid) on several US products effective 1 May, according to a customer letter. The 19 US products include ethylene glycol ethers (EGE), propylene glycol ethers (PGE), ethanolamines, propylene carbonate and isopropyl alcohol (IPA). The products will be offered FOB the seller’s plant or terminal location. The new prices will be communicated to customers in mid-April.

Moody’s changes outlooks to stable

Moody’s Investors Service changed its outlooks for Brazilian polyolefins producer Braskem and conglomerate Ultrapar to stable from negative. The changes follow an earlier move that changed Brazil’s outlook to stable from negative and affirmed its government bond rating at Ba2. The ratings for Braskem and Ultrapar were each affirmed at Ba1. Moody’s also upgraded the earnings of state-energy producer Petrobras to Ba2 from Ba3 and kept its outlook at stable.

Stepan names Luis Rojo as CFO, vice president

US-based specialty and intermediate chemicals producer Stepan has appointed Luis Rojo to serve as vice president and chief financial officer (CFO) when he joins the company on 30 April. Rojo will join Stepan after 21 ***years*** at Procter & Gamble, where he most recently served as global hair care financial director. He will succeed interim CFO Matthew Eaken, who will continue to serve as vice president and corporate controller.

low VOC coalescing agent to be commercial

US-based Ascend Performance Materials expects its Hextranol brand of coalescing agent to be fully commercial in the next three-to-six months, it said at the 2018 American Coatings Show in Indianapolis, Indiana. Hextranol E is a coalescing aid for architectural and industrial finishes. Hextranol E offers a low volatile organic compound (VOC) footprint as well as little odour, said Jamie Haseltine, product manager for specialty chemicals at Ascend.

EIA projects 14% rise in summer gasoline prices

The Energy Information Administration (EIA) said that it expects US regular gasoline prices to average $2.74/gal this summer, an increase of 14% from $2.41/gal last ***year***. In its short-term energy and summer fuels outlook, the agency said the higher forecast gasoline prices are primarily the result of higher forecast crude oil prices. For all of 2018, EIA expects US regular gasoline retail prices to average $2.64/gal and gasoline retail prices for all grades to average $2.76/gal.

europe

Sika opens concrete admixture plant

Switzerland-based Sika has opened its concrete admixture plant in Senegal. The new plant is the first of its kind in the country and “will be further expanded with the addition of a mortar production facility in due course”, the company said in a statement. Capacity details of the plant were not disclosed.

CEPSA to expand LAB capacity by 25% at Cadiz

Spain-based Cepsa is to invest 100m to expand its capacity to produce linear alkylbenzene (LAB) at its San Roque, Cadiz, site. The facility will increase its LAB production capacity from 200,000 tonnes/***year*** to 250,000 tonnes/***year*** once the overhaul is complete. The expansion is expected to come online in mid-2020.

Givaudan Q1 sales grow 5.4% ***year*** on ***year*** on F&F

Givaudan’s first-quarter sales increased 5.4% ***year*** on ***year*** to Swfr1.31bn ($1.4bn), backed by improved performance from its fragrance and flavours (F&F) businesses, the Swiss producer said. “Givaudan started the ***year*** with good business momentum and with the project pipeline and win rates being sustained at a high level,” the company said. Its fragrance division had a 4.9% ***year***-on-***year*** increase in sales to Swfr604m, while its flavours segment posted a 5.8% sales growth at Swfr704m.

Q2 close expected for Bayer-Monsanto deal

A Q2 close is still expected for Germany-based Bayer’s purchase of US agrochemicals peer Monsanto, following a report that the deal has received approval from US regulators. Bayer’s share price rose nearly 5% on word that officials at the US Department of Justice (DOJ) has decided to allow the $60bn megadeal to go through, according to the Wall Street Journal. Shares in Monsanto closed up more than 6%.

BASF Q1 sales volumes likely above expectations

BASF’s sales volumes of chemicals are set to be stronger than expected, although delays to the close of the Bayer-Monsanto merger is likely to result in a weaker-than-forecast full-***year*** ***agricultural*** solutions contribution for the company, research firm Bernstein said. Chemicals sales for BASF are likely to be above earlier expectations for the quarter, driven by volumes and decent progress in passing on price increases for products in the performance products and functional materials solutions divisions, Bernstein said.

Germany chems warn on EU model proposals

Proposals for the introduction of an EU-wide framework for group legal proceedings need to be improved to avoid the danger of allowing a “litigation industry” to flourish, Germany’s chemicals trade group VCI said. Commission officials are currently reviewing the conclusions of a two-***year*** consultation on introducing a system for class action-style litigation in the EU, prompted by recent Europe-wide scandals such as the Volkswagen emissions-fixing case.

Spain chems sales up 7% on stronger economy

Spanish chemicals sales totalled 63.1bn in 2017, up 6.9% ***year*** on ***year*** on the back of a strong domestic economic recovery and increasing selling prices, chemical trade group FEIQUE said. The trade group said 56% of sales had been to foreign markets, after exports rose 8.7% during 2017 ***year*** on ***year***, totalling 35.3bn. Domestic demand also rose 4.6%

German biodiesel indus-try demands protections

The German biodiesel industry is calling for protective measures and registration of imports to protect the European sector from lower cost international material, the Association of German Biofuels Industry (VDB) said. Imported biodiesel from Argentina and Indonesia is resulting in production cuts and shutdowns for German producers, according to Elmar Baumann, managing director of VDB. Protection for domestic producers is required in order to protect the industry, according to Baumann.

asia

BASF starts up new thermoplastics line

Germany-based BASF has started up a new production line at its facility in Yeosu, South Korea, to expand its capacity for high-temperature resistant thermoplastic polyarylsulfone by 6,000 tonnes/***year***. With the new line, the facility’s annual capacity for polyarylsulfone, which BASF markets with the branded name Ultrason, will be 24,000 tonnes.

Ningbo Zhenyang operates plant at 100%

China’s Ningbo Zhenyang is operating its 15,000 tonne/***year*** methyl isobutyl ketone (MIBK) plant at Ningbo in Zhejiang province at 100%, a source from the company said. A majority of Chinese MIBK producers have been keeping operating rates between 90-100% since the imposition of the antidumping duties (ADD) from November last ***year***, which has reduced import appetite.

Mar oleochemical exports hit 10-***year*** high

Malaysia’s export of oleochemicals in March was up 14.4% month on month, hitting a record 10-***year*** high, according to the Malaysian Palm Oil Board (MPOB). Exports of oleochemicals increased to 273,870 tonnes in March, the highest over the last 10 ***years*** and up 14.4% from 239,378 tonnes in February. The previous highest mark was 262,344 tonnes in August 2017.

India vehicle sales grow 18.2%; production up 18.6%

India’s total vehicle sales in March increased by 18.2% ***year*** on ***year*** on to 2.22m units, with sales of passenger vehicles up 6.4% at 300,722 units, industry data showed. Total vehicle production last month grew 18.6% to 2.67m units, with output of passenger vehicles up 1.5% at 366,078 units, according to the Society of Indian Automobile Manufacturers (SIAM). Passenger vehicles include passenger cars, utility vehicles and vans.

China to reduce auto import tariffs

China plans to reduce import tariffs on automobiles and other products this ***year***, in line with the country’s aim to further open up its economy, the country’s President Xi Jinping said. “This ***year***, we will considerably reduce auto import tariffs, and at the same time reduce import tariffs on some other products,” Xi said in a keynote speech at the Boao Forum for Asia Annual Conference 2018 in south China. The automotive industry is a major global consumer of petrochemicals, which account for more than a third of the raw material costs of an average vehicle.

SM inventory increases by 5.06% week on week

Styrene monomer (SM) inventory in east China on 11 April rose by 5.06% over last week’s level, ICIS data showed. The total stock was 99,600 tonnes, an increase of 4,800 tonnes week on week. The arrivals were at 32,700 tonnes, while consumption stood at 27,900 tonnes.

Lotte Chemical Titan awards toluene tender

Malaysia’s Lotte Chemical Titan has awarded a sell-tender for May loading toluene at a floating price basis, several market sources said. The tender, which was issued on 9 April and closed on 10 April, was awarded at a single-digit discount on a FOB southeast Asia basis to FOB Korea quotes to a regional trader, they said.

Hanwha Total secures spot naphtha for H2 May

South Korea’s Hanwha Total Petrochemical has purchased spot naphtha for second-half May delivery, according to a source with knowledge of the matter. The two cargoes of around 25,000 tonnes each were secured at a premium near $15/tonne to spot CFR Japan quotes for delivery to Daesan.

middle east & africa

Iran base oils to see limited impact from US

Iran’s base oils market could be negatively affected by any US move to re-impose sanctions on the country but market sources told ICIS they expected the impact to be limited due to their familiarity of conducting business even with sanctions in place. US President Donald Trump is required to regularly waive a series of sanctions on Iran that a 2015 nuclear agreement lifted. Failing that, the sanctions would be re-imposed.

Finbarr Webster/REX/Shutterstock

Latin America GDP to expand

JOURNAL : Farmers Weekly

Staffordshire-based potato producer WB Daw & Son hadn’t chitted its seed for more than a decade but, after developing its own time-saving, easy-to-use system, chitting is now firmly back on the farm’s winter agenda.

Chitting potato seed is the process where tubers are stored in trays and encouraged with light and controlled temperature to break dormancy and produce sprouts ahead of planting.

The advantages are numerous – faster emergence, higher early yield, potentially earlier senescence and bulking, and quicker skin set.

The latter two are particularly useful when growing late-maturing varieties, helping avoid tricky harvest conditions at the back end of the season.

See also: Video: Cultivating potato tramlines cuts water and soil losses

So, if chitting is so useful, why has the practice declined?

Sam Daw, who produces about 223ha of processing potatoes near Rugeley, Staffordshire, with his father, James, says there were several reasons it was scrapped on their farm.

At the time, the business was expanding its potato enterprise and introducing varieties that did not benefit from chitting for different markets such as crisping.

Intensive process

It was also a very labour-, energy- and time-intensive process, with up to six people busy filling and stacking trays during the winter time with an output of 10t a day.

“It was an all-hands-on-deck job for two days, as well as sorting halogen tubes for lighting and gas burners for heat in a big shed. Then, at planting time, all the trays had to be emptied into the planter individually and restacked,” says Mr Daw.

With the farm’s potato area expanding, the drive for greater efficiency won out and there was a shift to just-in-time delivery of seed in bulk bags ahead of the spring planting period and handling seed in 1t, 6ft x 4ft potato boxes.

However, a switch to growing a proportion of their crop for McCain’s production of McDonald’s French fries saw chitting come back on to the radar.

The farm was also working closely with McCain’s agronomist Matt Smallwood, who proved in many trials – including some on the Daw’s own land – that there was a significant boost to marketable yield from chitting the variety Pentland Dell, offering more tubers in the valuable greater-than-90mm size fraction than unchitted seed.

In 2015, James made the call to start chitting again, though Sam was less keen, remembering the laborious task from ***years*** before when using traditional small chitting trays, hand-stacked on pallets.

He looked for alternatives, but nothing caught his eye. Alongside the traditional 75cm x 45cm x 15cm trays, he found a larger tray roughly the size of a pallet that can be lifted and moved by a telehandler.

However, there was still the problem of having to handle and empty each tray individually.

Steel crate

The only other ready-made option was a steel mesh potato crate, which uses a steel frame roughly the size of a potato box that is divided into compartments by steel mesh.

About 500kg of seed is poured into the compartments and stacked in the chitting shed, with the mesh construction allowing light and air around the seed to encourage the chit. A box tipper can then empty the crate directly into the planter.

“The concern I had with this system is that emptying the seed against the mesh could knock the chits off.

“Being gentle is crucial to any system and you don’t want to lose any of the chits, as all the benefit will be gone and it could also open up a spot for disease to get in.”

With an idea of what he wanted, Mr Daw went about designing his own system. The objective was to produce something that handled large quantities of seed in one unit, could be moved around with current kit, allowed uniform light around the tubers in store and was easy to empty.

Registered design

The farm’s seed store was designed to fit 6ft x 4ft potato boxes that are moved with the forklift’s pallet tines or box tipper – the quickest and easiest way of handling and emptying them – so it made sense to integrate the new tray system into the current layout.

After making templates and a prototype, a load of pre-cut steel and timber was ordered and the farm’s sprayer operator and talented welder, John Bibb, spent the winter in the workshop, welding and bolting it all together.

Now a registered design with the “Mega-Chit” trademark, Mr Daw’s invention comprises four large wooden-slatted and galvanised steel-framed trays, which make up a potato-box-sized stack.

All the trays interlock to ensure they are strong and stable and can all be emptied together. Each tray carries about 100-125kg of seed depending on seed size, with each stack holding 400-500kg and piled in store four high.

The bottom trays are slightly taller and have pallet tine channels with locking bars to keep the stack steady on rough ground and there is an option to build in LED lights into the underside of each tray to help with light dispersal during the chitting process.

These are simply plugged into a central electric distribution board connected to the mains and the LED lights produce no heat, helping to maintain the desired temperature within the chitting store.

Inside the trays is quadrant beading in all corners to help the seed run out when tipping in to the planter, which is achieved by removing the end slat of each tray before engaging the box tipper above the hopper.

Time saver

Mr Daw says the beauty of the system is that the seed arrives in bulk bags in December and it takes five men and a loader just half a day to tray up 30t of Pentland Dell seed.

The rest of the chitting procedure can then co-ordinated by one man and a loader, with the seed put into cold store until February, when it is moved into a chitting store.

It is then loaded on to flat trailers and taken out to the planter, emptied and brought back to the yard ready for the following season.

“The stacks are only taken apart once a ***year*** when we fill the trays and that’s it. With our system, it is clear to see the benefits, as you are saving on labour and time and minimising damage to the seed, while handling larger quantities of seed with ease.”

Mr Daw says he has already had a lot of interest from other growers and they are now planning to start producing the Mega-Chit system commercially.

“We even had calls to put in orders, but haven’t been in the position to turn out the numbers.

“We are in final talks with a leading potato equipment supplier about manufacturing the system for us and hopefully we will be able to start taking orders for planting 2019 later this ***year***.”

JOURNAL : Farmers Weekly

There are many different establishment systems on farms across the UK, but Keith Challen had to look much further afield – to Eastern Europe – to find the drill and cultivator that met his requirements.

Selecting a new drill and cultivator often involves going round various machinery shows until you see one you like the look of, then going back home to work out how it will fit within your system.

Mr Challen, who manages 1,200ha of heavy clay soils in the Vale of Belvoir, turned the process on its head. He started with a blank piece of paper and listed the features he wanted.

See also: Video: Cultivating potato tramlines cuts water and soil losses

Only then did he start looking at the drill and cultivator systems on offer.

Strategic review

The change in establishment system was the result of a strategic review at the Belvoir Farming Company after the 2015/16 cropping season, as it became clear that the existing system was unsustainable.

“We had blackgrass, too many men and too much kit. It didn’t look like it would fit the post-Brexit world,” Mr Challen says.

Part of the problem was the establishment system, based on two 7.2m Simba Freeflow drills pulled by two Quadtracs. Cultivations consisted of one pass with the Simba Solo, followed by one to two passes of a Simba Cultipress.

“We were moving lots of soil and burning too much fuel,” Mr Challen tells Farmers Weekly.

In addition, operating on the clay soils the Freeflows were severely limited by the weather. For example, once it had rained in October he could no longer drill that autumn.

“We had one of the heaviest drills on the market at that time,” he recalls.

This setup did not fit with the need to drill wheat later to tackle the growing blackgrass problem.

“What we needed was a system that was much more flexible, allowing you to drill rapidly and when you wanted to.”

Drill choice

For the drill, Mr Challen wanted something that was wide (to fit the 12m controlled traffic farming system), reasonably light and with very low soil disturbance.

It also needed to place both seed and fertiliser and to have a big hopper so that frequent filling did not hinder progress.

Then he went to the market and found three disc drills that were wide, light and caused minimal soil disturbance. However, only one of these placed nutrition – and that was the Amazone Citan 1200, built for Eastern Europe.

“We approached Amazone and bought a 12m machine, largely based on a brochure and a Youtube video,” he says.

“We did see the coulters at the UK Amazone factory and they also had a 6m version, but with different coulters and hopper.”

Mr Challen saw enough to know it was the drill that he wanted – and it has proved itself in the season since its arrival in spring 2017.

One feature he particularly likes is the angled tines on the rear. Many drills have points that go down and move soil, which stimulates blackgrass germination.

“We didn’t want this so the tines have angled points that move the soil sideways, thus avoiding blackgrass germination. It means you can go late and cover seed without causing a blackgrass flush.”

Then Mr Challen wanted technology. “Our fields have been soil-mapped for conductivity and I wanted to vary seed rates accordingly.”

However, being built for the prairies of eastern Ukraine, the drill did not have this feature. Therefore, he approached Trimble and the company retrofitted a system that can reliably vary the rate.

The result is the Citan drill can drill much later. “I can do 200 acres in an afternoon. This is the same area that two Freeflows would struggle to do in a whole day.”

This greater work rate means that if it does not look like a good drilling day, he is happy to leave it, without the worry of getting on with the drilling.

“The right thing to do today may be nothing. Just wait for more suitable conditions,” he says.

Cultivator

He admits he has cultivated too deep in the past. “About seven ***years*** ago, we were running a min-till system, but working to a similar depth as a plough.”

He likes the idea of direct-drilling, but is not convinced it can work on his land. Not incorporating residue would lead to his clay soils going anaerobic, causing problems.

He believes regular light cultivations are the answer to incorporating residue, as well as helping control blackgrass and slugs.

The cultivator needed to be 12m wide, again to fit the controlled traffic farming system, and Mr Challen wanted to move soil.

However, he knew from experience that smearing can be an issue, so it would need to have narrow points. He also wanted some sort of consolidation at the rear.

Initially, he struggled to find anything that met his requirements.

“I went on the internet and spent weeks looking, and eventually saw one on Youtube in the Czech Republic and discovered there was a UK dealer.

The Farmet Phantom has more than 100 narrow-tipped points and high-strength breakout springs on top, with depth control managed by lots of depth wheels and a packer.

Mr Challen tried a 12m demonstrator Farmet Phantom on three occasions in 2016. “It performed well and I was able to manage the depth to exactly 50mm.”

He runs it straight after the combine. Some fields may receive up to three passes in the autumn, depending on blackgrass and moisture.

“We can now do 300 acres in a day with a Quadtrac. Before we had two Quadtracs with Simba Solos, each doing 100 acres in the same time.

One key benefit has been the fuel savings. “Diesel costs have fallen by £50,000 and we managed to sell one of the tractors, thereby reducing fixed costs.”

Straw management

The final part of his establishment system overhaul was the Canadian-made Redekop straw chopper on the Case Axial-Flow combine.

“We are seeing more crop residue with high-yielding crops and the greening effect of fungicides.”

However, the previous chopper was proving to be not up to the job of evenly spreading residue across 12m.

If you look at a piece of straw, it turns black from the two cut ends as it breaks down, he says.

But if it is lacerated lengthways, the bacteria and fungi can enter the piece along its length and break it down much more quickly.

Trials with the new chopper showed that straw broke down more rapidly, with residue gone in nine weeks, compared with 16 weeks using the previous chopper.

“We are now also avoiding the bands of straw we used to see which acted as the ideal slug habitat.”

The benefits for the following crop are fewer slugs and less nitrogen lock-up. “Slug pellet use has halved since making the changes,” he says.

Cultivation system at a glance

There are three key elements to Keith Challen’s establishment system:

Drill: 12m Amazone Citan drill with Trimble variable seed system

Cultivator: 12m Farmet Phantom

Straw chopper: Redekop combine-fitted straw chopper

Benefits

Halved slug pellet use

Diesel costs slashed by £50,000

More timely cultivations

Increased work rates

Lower labour requirements

JOURNAL : Farmers Weekly

Mitsubishi has unveiled a garish special edition of its L200 pickup that will be produced by its Special Vehicle Projects (SVP) division.

Only 250 of the special edition Barbarian SVP II will be produced, and they are designed to stand out from the crowd with love-it-or-loathe-it orange details.

Most of the mechanicals are the same as the standard version, including the all-aluminium 2.4-litre turbodiesel engine and Super Select 4WD system that allows drivers to seamlessly switch between two- and four-wheel drive at speeds up to 62mph.

Gearbox options extend to a manual six-speeder or a five-speed automatic with steering-wheel paddle shifters.

On top of the L200 Barbarian Double Cab’s standard spec, the new special edition adds 17in bespoke black and orange alloy wheels with BF Goodrich all-terrain tyres, aggressive wheel arch extensions, a new SVP grille and roof rails finished in black and orange. Other additions include load bed illumination and a spring-assisted tailgate with soft-opening damper.

See also: Pickup test: 6 farm trucks compared

The interior has a similar colour scheme and standard kit includes rain and dusk sensors, keyless operation, Bluetooth, bi-xenon headlights with integrated LED daytime running lights, cruise control and a reversing camera.

The Mitsubishi L200 Barbarian SVP II is available to order now, with the first deliveries beginning in May, and is priced from £29,830 (ex VAT) for both grey and black versions.

JOURNAL : Farmers Weekly

To take his nematicide application to another level of precision and safety, one Lancashire spud grower has modified his planting system to ensure every granule is placed exactly where it needs to be.

Farming just south of Ormskirk, Lancashire, Andrew Webster is in the middle of an intensive root crop and brassica vegetable growing area, which brings several pest problems across his 182ha of owned and rented land.

Free living nematodes and wireworm can be an issue in some ***years*** and on some sites, but the major threat to his 73ha crisping potato enterprise is potato cyst nematode (PCN).

See also: 2017 Farm Inventions competition: Complex category

To combat the issue, Mr Webster is extending cropping intervals by sourcing cleaner rented or swapped land to supplement his own.

There has also been a focus on improving field hygiene, with more vigilant control of volunteer potatoes and weed hosts throughout the rotation, minimising the risk of PCN being propagated in other crops.

With PCN populations now reducing – most of his recent samples show just 0.5–1 egg per gram of soil – the name of the game is preventing population explosions, which are more severe when the pest is at low levels.

Farm Facts – AW & MA Webster

182ha owned and rented land

Soil types – mixed (sands, peat and clay loams)

Cropping – potatoes, winter and spring wheat, oats, fodder beet and grass

Potato enterprise – crisping varieties produced for grower group Mercian

Staff – Andrew, wife Margaret, sons Chris and Matthew plus seasonal workers when required

Inaccurate method

As part of his integrated approach, Mr Webster is using granular nematicide Nemathorin (fosthiazate) to stop multiplication but, in the past, his application hasn’t always been as accurate as it could be.

“We were putting it on with our Pearson Megastar stone separator, as it fitted into our system at the time, but it didn’t always mix the product through the soil properly.

“It can also allow soil to ride over the stars without breaking up in certain conditions, so if you aren’t careful the product can be chucked out the side by the cross conveyor,” says Mr Webster.

So, when the farm was asked to host the North-West Potato Day in 2014, Mr Webster chose nematicide application as one of the discussion topics and trials were conducted using various incorporation methods alongside his own to uncover any differences.

The farm’s standard application method using the destoner wasn’t the worst method of applying the nematicide in the trial (see chart), but was significantly less effective at preventing multiplication than incorporating nematicide with a bed tiller after the destoner and pre-planting to a depth of 15cm.

Mr Webster says the results “kicked him up the backside” and made him realise he had to improve his method of applciation.

“We are spending a lot of money on chemicals, so we need to make sure we are getting the best out of them by following label and stewardship guidelines,” he adds.

Minimising dilution

If nematicides such as Nemathorin are applied too shallow, the root zone isn’t protected from nematode attack and, conversely, if too deep, the excess soil dilutes the product and reduces its efficacy.

The Nemathorin product label recommends a broadcast overall application incorporated to 10-15cm for the best results, so Mr Webster went about finding a way of using the bed tiller method and achieving the 15cm depth as consistently and accurately as possible.

He soon uncovered that no manufacturer offered an auto-depth control system on bed tillers, with most using a depth wheel that runs in the wheeling.

However, wheelings can vary significantly in depth after a pass with the destoner, depending on the amount of stone and clod in the soil, and would result in uneven application of the nematicide.

After some head scratching, Mr Webster found inspiration for automatic depth control on his self-propelled Agrifac beet harvester, which uses a potentiometer linked to the lifting shares to automatically keep the front at the desired depth.

[*https://infogram.com/trial-shows-nematicide-application-with-a-bed-tiller-keeps-pcn-egg-counts-low-at-harvest-1h0n25xolzoz4pe*](https://infogram.com/trial-shows-nematicide-application-with-a-bed-tiller-keeps-pcn-egg-counts-low-at-harvest-1h0n25xolzoz4pe)

Trailed Implement Control

He approached Massey Ferguson to see if a potentiometer could be positioned on a bed tiller and operated by the Trailed Implement Control (TIC) system on the Massey Ferguson 6616 Dyna-6 tractor used on his potato planter.

The TIC system essentially works like the draft control on a three-point linkage to keep trailed cultivation implements at a set depth via the tractor’s remote hydraulics.

Although the company had no experience in doing so, its engineers thought it was possible and it provided him with the cabling and control box to give it a go.

Using his existing Grimme bed tiller on the link arms, he placed a potentiometer on the veg hood, which follows the contours of the bed, and piggybacked his trailed Grimme GL 32T planter behind.

In theory, the TIC should have controlled the depth of the bed tiller using the hydraulic ram and wheel assembly on the veg hood.

However, Mr Webster says once the TIC was engaged, it locked the link arms off, so while the rear of the tiller was adjusting itself to the desired depth, it couldn’t keep itself parallel to the ground and manual adjustment of the link arms was required to keep everything in sync.

“The concept was there, we just needed to work out how we were going to get it to work automatically and the answer was to go fully trailed,” he adds.

Cut and shut

To do so, Mr Webster asked if Grimme could build a bed tiller into his trailed planter, but was quoted nearly £11,000 – more than value of the bed tiller and planter combined.

Instead, he acquired a Dowdeswell Rotaspike 130 from Shropshire and essentially cut the drawbar off the planter, sat the bed tiller in its desired position up front and built a carrying frame around it.

The drawbar – complete with its original hydraulic steering mechanism – was connected to the bed tiller via a parallel linkage and a depth-control potentiometer sits at the front of the bed tiller.

This was then connected to a skid that rides on the top of the destoned bed and is wired into the TIC system, which in turn adjusts the depth of the bed tiller via a spool valve connected to a vertical lift ram on top of the machine.

While building the bed tiller into the planting train, Mr Webster also decided to remove the furrow openers from the planter and instead attach them to the Rotaspike.

This ensures both are working at an identical depth, preventing excess soil being disturbed in the bed and diluting the nematicide and, at the same time, ensuring seed is in the heart of the treated zone.

“It was all built bit by bit and the main issues were getting the drawbar geometry correct and enough room for the pto shaft and gearbox at the front.

“If you want to adjust the depth, you can do so just by turning the link arm control on the armrest of the tractor – everything is in sync.”

Safe working

Nematicides are under threat of further regulation or withdrawal due to their inherent toxicity, so demonstrating they can be used responsibly and safely is essential to protect the environment, operator and consumer and ensure their approval is maintained.

These messages are being communicated to growers via The Nematicide Stewardship ***Programme*** and Mr Webster believes his planter modification ticks many of the NSP boxes.

It not only uses technology to ensure his nematicide is applied accurately, but guards around the two Horstine nematicide applicators’ outside fish-tail outlets prevent wind blowing the product off target.

Also, a platform built above the bed tiller – made from steel mesh flooring and reached via a ladder – allows the operator easy, knee-level access to the hoppers mounted on the carrying frame, cutting the need for lifting product containers at height.

“It’s essential we use these products wisely, as we can’t afford to lose them,” says Mr Webster.

JOURNAL : Farmers Weekly

The most expensive farmland in the EU is in the Netherlands, according to official statistics.

Eurostat, the EU’s statistics agency, has released figures which show the national average price of arable land in the Netherlands in 2016 was close to 63,000/ha (£54,800/ha).

Other countries with farmland more expensive than the UK include Italy and Luxembourg.

See also: Buying farmland abroad: Prices, benefits and risks

The UK comes in fourth position on the league table with the average price of arable land in 2016 estimated at 25,742/ha (£22,405/ha), with the highest regional price paid in the south east of England at 28,837/ha (£25,100/ha).

Within some member states there were regions with farmland selling for even higher prices than in the Netherlands – but for the country as whole the average price was lower.

For example, the most expensive region in the whole of the EU was Liguria in Italy with an average price of 108,000/ha (£94,000/ha).

Similarly, the price of arable land in the holiday hotspot of the Canary Islands, part of Spain, was also over 94,000/ha (£81,800/ha).

Cheapest land

Arable land was cheapest in Romania, with a hectare of arable land costing an average of 1,958/ha (£1,704/ha).

Data was not available for Germany, Belgium, Cyprus, Malta, Austria and Portugal.

[*https://infogram.com/eu-farmland-prices-1hnq41xnpvrp23z*](https://infogram.com/eu-farmland-prices-1hnq41xnpvrp23z)

From the data available, the strongest growth in land prices of arable land between 2011 and 2016 was seen in the Czech Republic where prices tripled from 1,856/ha to 5,463/ha (£4,755/ha).

Over the same period the price of arable farmland in Lithuania, Estonia, Latvia and Hungary also doubled.

Rental values

Mirroring the variation in arable land prices, annual rental prices of one hectare of ***agricultural*** land (arable or permanent grassland) also vary widely between member states and regions within member states.

Annual rents were most expensive in the Netherlands at an average of 791/ha (£688/ha), but the highest regional average in Flevoland, Holland, was almost twice the national average at 1,536 (£1,337/ha) for the ***year***.

Renting ***agricultural*** land was cheapest on average in Latvia 46/ha (£40/ha), although the cheapest regions in the EU for renting were Mellersta Norrland and -vre Norrland in Sweden which were both 28/ha (£24/ha).

JOURNAL : Farmers Weekly

Officials in Northern Ireland have agreed to ask the European Commission if it will give farmers a derogation from the three-crop rule this ***year*** because of problems caused by the weather.

The Ulster Farmers Union has been pushing for such a move, arguing that the relentless wet weather makes meeting the crop diversification rule under the Basic ***Payment*** Scheme (BPS) “near impossible” this ***year***.

Field conditions

The union has pointed out that many farmers were unable to plant winter crops due to poor field conditions and delayed planting of spring crops now leaves them with very few options.

See also: Cold, wet spring conspires against farmers

UFU president Barclay Bell said: “In many areas, ploughing hasn’t even started and it could be mid-April before any drilling is carried out.

“This issue needs to be addressed urgently to allow farmers to make suitable arrangements.

"We are calling on Daera to look at the possibility of seeking a derogation for this ***year***.”

Flexibility for farmers

A spokesman from the Department of ***Agriculture***, Environmental and Rural Affairs (Daera) confirmed on Tuesday (10 April) that it was prepared to seek flexibility for farmers who were struggling to meet the rule.

“The department will write to the commission to request a derogation from the three-crop requirement in Northern Ireland in 2018 due to the adverse weather conditions, the consequences of which have meant that sowing of arable crops has been significantly hampered,” said a statement.

The three-crop rule first came into force in 2015 and applies to farms with more than 30ha of arable land.

Farmers have to sow three crops on the farm and meet greening rules if they are claiming a BPS ***payment***.

JOURNAL : Farmers Weekly

With less than a ***year*** to go until the UK officially leaves the EU, the British beef industry appears to be in a great place to take full advantage of this monumental shift from normality.

The UK is currently only 80% self-sufficient in beef – so this, combined with the new ability to make our own trade deals with countries around the world, gives the UK beef sector huge potential to significantly grow its markets both at home and abroad.

Our standards of animal welfare, traceability and environmental protection are unbeatable across the globe, so this will no doubt help us to develop a credible customer base globally.

See also: Read more of Josh Dowbiggin’s columns

However, can we guarantee the same high standards for eating quality as we can for production methods?

We already know that we have great standards behind our product, but how can we expect to be a strong player in the beef market globally if the actual product itself does not always have the consistent eating quality that we like to claim?

The UK currently uses the same and arguably old-school classification system that it has for the past 40 ***years*** and although there is no doubt that the Europ grid system was once fit for purpose, it now appears to be hindering us rather than helping us.

Grading tweaks

Domestic beef consumption is currently falling at around 4% annually and, although there are several reasons for this, I believe the biggest factor is inconsistency of product.

If you watch consumers make their way down the meat aisle of a supermarket, it takes them considerably longer to choose a steak than it does to choose a pack of chicken breasts, and this is because of the variability in the steaks on the shelf.

There is also an inconsistency in consumers' understanding of what makes a great-tasting, tender and juicy steak. For example, some actively look for a well-marbled steak, while others actively avoid marbling in an attempt to avoid fat.

Apparently it takes up to three months for a consumer to purchase beef again after a bad eating experience.

To maintain its reputation as the best protein on the market, the beef industry must ensure that every pack of beef on the supermarket shelf or butcher's counter gives a quality eating experience every single time (or at least an indication of expected eating quality on the packet).

To achieve this, I believe it is time for our grading system to have a quality grade element, similar to the systems used in the US, Canada and Australia.

By adding measurements known to be signs of eating quality to our grading system, such as marbling, we can incentivise the beef industry to produce animals that are guaranteed to have better tasting meat.

Great steak

If we could create a quality grade element that a consumer would recognise, similar to the system used in the US, we can both regain the trust of the consumer and teach them about what makes a great tasting steak.

There is no doubt that the grading system must retain a yield grade element to it in order to keep the industry efficient, and if the grading system still works on a pence per kilo basis this will still be the case.

But it's time to recognise that premium cuts make up a large part of the carcass value of a beef animal and as a result, it's now more important than ever to guarantee consistent eating quality for the consumer.

Yes, maturation and cooking technique can also help to make a great eating experience with beef, but you can’t make good beef from a bad animal, so changing the current system is a vital next step.

Lancashire lad Josh Dowbiggin, 21, is in his final ***year*** of studying ***agriculture*** at Harper Adams University. He runs a small flock of Easy Care ewes alongside his Ghyll Beck Hereford Stud business, importing and marketing Hereford semen and embryos from around the world.

JOURNAL : Farmers Weekly

The phasing out of some pesticides is resulting in a resurgence of the break crops grown on UK farms.

They can be a good fit within a reseeding ***programme***, but a downside is that they take fields out of grass production.

However, with many farms not achieving their yield potential, grazing lost to catch crops can be balanced if steps are taken to improve overall yield per hectare, says independent grassland and forage specialist Charlie Morgan.

See also: Forage crops helps add value to Scots beef and sheep farm

Many farms are only yielding 5t DM/ha but have the potential for 10-12t DM/ha, he warns.

“This means there is the potential to double the yield, which means more land is available to grow these crops.”

But with multiple catch crop varieties on the market, which ones should sheep farmers opt for?

“The three main questions farmers have to ask themselves is when do I want to graze it, what do I want it to feed and when will the field become available for sowing,’’ advises Mr Morgan.

Here we examine the different options.

Note that growing costs will vary according to whether the seed is drilled or broadcast.

See a table comparing forage rape, hybrid rape/kale, stubble turnips and fodder beet (PDF)

Top tips for grazing catch crops

It is essential that sheep graze both the leaf and stem of forage crops or the value of protein in the leaf will be lost. The leaf is where the protein is, but the stem holds the energy so protein will go straight through the animal if it doesn’t graze the stalk to capture it.

Aim to graze each stem to 12cm (4 inches); this also provides the opportunity for re-growth if back-fenced. Back-fencing can be used if water and fibre sources are accessible.

Give sheep-grazing forage crops a trace element bolus or drench, because what they provide in feed value they lack in trace elements.

Strip grazing catch crops is key to achieving a good utilisation rate – limiting access initially allows sheep to be introduced gradually to their new diet.

Grazing smaller blocks reduces trampling and wastage but, on very wet days, allow sheep access to larger areas to reduce stocking density at the feed face and lower the risk of soil damage and run-off.

If the crop is planted on sloping ground, graze the field from the top down to minimise risk of soil run-off; multiple access points will reduce poaching at runback sites.

Fields used for growing catch crops should be those with lighter soils, good drainage and not be located near watercourses.

On heavier soils, it can be advisable to direct drill the seed into previously sprayed off grass. The decaying sward creates a base to the crop. The roots, although dead, will help as an anchor to the soil, and the firmer surface will reduce the poaching impact.

Combining different varieties as an insurance

An insurance policy against a crop under-performing is to grow a combination together – for instance, forage rape can be sown with stubble turnips and hybrid kale.

“The conditions in the ***year*** of growing might not be favourable for rape but favourable for turnips, so blending these together provides a safety net against one of the crops failing or underperforming,” explains Mr Morgan.

One option is sowing Italian ryegrass with rape. This can be sown between April and September and will, therefore, be fit to graze in as little as 60 days.

If sown early enough, it can be grazed from July in the ***year*** of planting through to winter and the following spring.

“It is a versatile crop that provides grazing for finishing lambs and winter grass for ewes and lambs and will also provide a crop of silage,” he adds.

JOURNAL : Farmers Weekly

A Perthshire gamekeeper has developed a new run-through stoat trap that conforms to the Agreement on International Humane Trapping Standards (AIHTS) that are due to come into play from 1 January 2019.

That means Darryl Elliot’s device can be used to replace current stoat traps that do not meet the standards laid out by a branch of Defra – the Animal and Plant Health Agency – and it will be included in the Spring Traps Approval Order that is due to be announced later this ***year***.

The Tully Trap will be legal to use once it has been included in the order, while many systems currently used for trapping stoats will be banned once the AIHTS is implemented.

See also: A guide to kit for controlling rats, mice and squirrels

The galvanised trap is designed to be the same width and height as common small vermin traps, which means it can easily be swapped into existing locations and will fit into most Fenn mark 4 trap tunnels.

The central baffle means the stoat has to put its feet on the base plate and is always in the strike zone of the arms for the highest possible catch rate.

JOURNAL : Farmers Weekly

Farmers and rural drivers are being urged to take care on country roads peppered with potholes caused by bad weather and lack of maintenance.

Rural insurer NFU Mutual has raised concerns about suggestions that some rural roads are in such a bad state they could be closed altogether due to lack of funding.

Motorists are facing “huge problems” because of poorly maintained roads, a higher risk of accidents and a lack of gritting during the winter months, said NFU Mutual motor insurance specialist Ian Flower.

See also: A guide to fixing pothole-ridden farm tracks

“The deteriorating state of rural roads has been exacerbated by the recent, prolonged freezes,” he warned. “Further flooding also poses an additional hazard as many deep potholes are disguised.”

Figures from NFU Mutual suggest a 48% increase in the number of pothole claims from 2015-17, with the total value of claims almost doubling over the same period.

Costly weather

More motorists are thought to be seeking recompense directly from local authorities, while others might shoulder the costs themselves rather than claim on their car insurance.

Many rural councils are under increased pressure to deal with road maintenance.

Earlier this ***year*** the Local Government Association called on the government to tackle the disparity in funding between national and local roads.

The Association said £1m would be spent per mile on strategic road networks such as motorways from 2015-20 – compared to just £21,000/mile for local roads.

There are also concerns that deteriorating rural roads will make access for the emergency services harder and response times longer – potentially putting lives at risk.

Predominantly rural areas have a fire and rescue service incident response times of 10 minutes 37 seconds compared to seven minutes 43 seconds in urban areas.

‘Arteries of the countryside’

Jeremy Atkins, an NFU Mutual senior agent in Devon, said rural roads were the “arteries of the countryside” and it would have serious implications if they became unusable.

“Other rural road users such as cyclists and horse riders are also at risk,” he said.

“They may need to take sudden avoiding action when they encounter a pothole or may ride, unsuspecting, into deep potholes which are filled with rainwater.”

The government announced last month that it was giving a further £100m to councils to help repair potholes and protect local roads from severe weather.

Transport secretary Chris Grayling said the money would help repair almost 2m potholes as well as help protect the roads from any future severe weather.

Government funding

This was on top of £75m in government funding already given to councils from the Pothole Action Fund this ***year***, as well as an extra £46m or highways authorities announced before Christmas.

Mr Grayling said: “We have seen an unusually prolonged spell of freezing weather, which has caused damage to our local roads.

“We are giving councils even more funding to help repair their roads so all road users can enjoy their journeys without having to dodge potholes.”

JOURNAL : Farmers Weekly

More than 1,000 farmers took part in this ***year***’s Big Farmland Bird Count, recording 121 species across almost 1m acres.

The participation level is a record, according to the Game & Wildlife Conservation Trust (GWCT) which organised the fifth annual count between 9-18 February.

Farmers from every county in England took part and there were also responses from Northern Ireland, Scotland and Wales.

See also: Wild bird project – a blueprint for future farm support

Overall, almost 200,000 birds were counted, including 25 red-listed species – three more than the count in 2017.

Top five most counted

Starling 34,129

Wood pigeon 30,740

Fieldfare 17,019

Rook 9,744

Chaffinch 8,080

These red-list birds are categorised by the RSPB as the highest conservation priority, needing urgent action.

Five of the red-list species – starlings, house sparrows, fieldfares, song thrushes and yellowhammers – were seen in such significant numbers they were in the top 25 most-commonly seen species recorded.

And two red-list birds, the starling (about 34,000 sightings) and fieldfare (more than 16,000 sightings), were in the top three most-counted species.

The top five most abundant species were starlings, wood pigeons, fieldfares, rooks and chaffinches, the same top five as last ***year***.

A total of 99,712 of these species were found, making up nearly 50% of the overall number of birds recorded – a pattern similar in previous counts, according to the GWCT.

Top 10 most commonly seen (% of farms)

Blackbird 88%

Wood pigeon 80%

Robin 77%

Blue tit 74%

Pheasant 72%

Carrion crow 68%

Chaffinch 68%

Buzzard 63%

Great tit 55%

Magpie 55%

Environment

The GWCT also asked participating farmers about their involvement in environmental projects and what they did to encourage farmland bird species to thrive.

“From the data collated we can see that 50% of farmers have been helping farmland birds in the recent cold snap,” said bird count organiser Jim Egan

“This is critical in getting farmland birds, particularly those on the red list, through the winter so they are fit and healthy to breed in the spring,” Mr Egan said.

He also praised farmers for providing insect-rich habitat to help provide food for breeding birds through the spring and summer months.

Passion

The main sponsor for the initiative was agrochemical company BASF.

The company’s environmental and stewardship manager Mike Green said: “The 2018 count has shown the interest, skill and passion of farmers to record the bird biodiversity they support on their farmland, with some in their fifth ***year*** of taking part.

“This ***year***’s data confirms, again, that a wide variety of bird species, including some red-listers, are using the full range of habitats available on farm.”

He added no significant changes in bird numbers had been seen over the past two counts.

Why count farmland birds?

The Big Farmland Bird Count was launched in 2014 to highlight the positive work done by farmers and gamekeepers in helping to reverse the decline in farmland bird numbers.

The count offers a simple means of recording the effect of any conservation work being instigated by farmers and gamekeepers on their land.

Who took part?

The average farm size was 405ha (1,003 acres)

Farms included:

69% arable cropping

52% beef or sheep

12% field vegetables

Dairy farms, horticulture units, poultry producers and pig producers also took submitted counts.

53% were in agri-environment schemes

41% provided extra feed for birds

JOURNAL : Farmers Weekly

Security camera specialist Reolink has unveiled a new wire-free surveillance kit designed for use on farms.

The Go-branded rig includes a 1,080p rechargeable HD camera with a 130deg viewing angle that transmits footage though a 3G or 4G LTE mobile network.

That makes it handy for monitoring remote locations, particularly in areas with limited or no wi-fi connection, and footage can be viewed through any connected smartphone.

It is weatherproof and powered by a long-life battery that can manage months of use on one charge, according to the manufacturer, and can be coupled to a trickle charge from a separately sold solar panel.

See also: On test: Combine reversing cameras – which is best?

It can stream and record up to 1,080p HD quality day and night, and captures night vision videos with a range of up to 10m. There is also a built-on movement sensor, which sends alerts when motion is detected to a phone or email address.

Motions are also recorded to a micro SD card and two-way audio allows users to listen and talk back through the speaker and microphone, or use a pre-recorded message to deter intruders.

Prices are expected to be about US$149.99 (£106) when it goes on sale online. The solar panel is an extra $29.99 (£21).

JOURNAL : Farmers Weekly

A Welsh organic livestock farm has increased suckler cow numbers by 50% by splitting fields into paddocks and rotationally grazing the herd.

Gwyn and Delyth Parry converted their system to organic in 2008 and, in addition to 500 Welsh ewes, they keep a herd of spring-calving black Limousin suckler cows.

They aim to finish the offspring off grass by 18 months.

See also: Beef farmer adopts dairy mindset to overhaul grazing

There had been a set-stocking grazing system in place for many ***years*** but, since 2015, the Parrys have experimented with rotational grazing.

Last ***year***, to measure the full potential of the system, 17 paddocks of equal size were created in three fields covering 5.28ha during a Farming Connect trial.

Farm facts

283ha farmed, 223ha owned and 61ha rented on long-term tenancy agreement

All land part of Glastir Organic scheme

500 Welsh ewes

90 suckler cows

By adopting this system, increased grass growth and utilisation has given the couple the confidence to increase cow numbers from 60 to 90, without acquiring more land.

Benefits and production

Mr Parry, who farms at Orsedd Fawr, a Farming Connect Demonstration Farm near Pwllheli, says the system also allows more control over input costs.

“By measuring grass and getting the animals to graze the paddocks more efficiently, we are growing better quality grass and more of it,” he says.

The Parrys’ eldest son, Eifion, who is studying ***agriculture*** at Glynllifon College, measures the grass weekly with a plate meter.

[*https://infogram.com/orsedd-fawr-1h1749dod8oq6zj*](https://infogram.com/orsedd-fawr-1h1749dod8oq6zj)

Paddocks are stocked according to the time of ***year***, peaking at 2,500kg liveweight/ha by mid-June. Cattle are moved to fresh grazing every two days.

Over the 2017 growing season, the farm produced 694kg of liveweight per hectare despite a high level of rainfall from September onwards.

Changing breeds

There has also been a change in breeding policy. The Stabiliser, a breed recognised as a good converter of grass into meat, was introduced into the herd three ***years*** ago and the first heifers are calving this spring.

Turnout in 2017 was done in stages to match grass growth, with stocking rate ranging from 4.5 cattle per hectare to 5.6 over the grazing season.

The aim is to finish all cattle off grass by 18 months but, in 2017, a fluke burden resulted in only a small number achieving that target.

Fluke burden impact on weight gain

Despite excellent grass covers, performance in the latter part of the grazing season was disappointing.

FEC analysis is regularly carried out and this detected rumen fluke and lungworm early in the grazing season.

Despite treatment, traces of immature fluke were detected in animals when they were slaughtered towards the end of the summer, which could be a reason why some didn’t perform as well as expected.

The average weight gained over the 180-day grazing period was 158kg, with some achieving 190kg, but others gaining only 114kg. Last ***year***, cattle were housed on October 27.

From weaning at around 180 days, the cattle are weighed monthly and the Parrys noticed that, in November and December, the daily liveweight gain (DLWG) of this ***year***’s calves was 200g below that of the previous ***year***.

“We did faecal egg counts and those were positive for fluke. We treated them accordingly and, sure enough, the daily live weight gain increased to what we would expect,” says Mr Parry.

Nutrition at housing

To get the youngstock off to a good start, concentrate inputs were doubled at housing this winter. This was fed alongside homegrown grass and red clover silages.

With the farm’s organic concentrates costing £380/t and 9t fed to 78 cattle, it is a significant cost at £43.85 a head, but Mr and Mrs Parry say this is an investment worth making to capture higher returns for selling the cattle at finishing weights instead of as stores.

“There is a short window to get the cattle finished on grass so there is no margin for error,” says Mr Parry.

“If we didn’t give the cattle more concentrates at that stage, we would not get the growth rates they are capable of.”

Poor weather this spring delayed turnout until March 19, more than a week later than in previous ***years***.

“We have always turned out early because the land is quite free-draining in parts, but what has changed is that we can keep more cattle because we are growing more grass with rotational grazing,” says Mr Parry.

JOURNAL : Farmers Weekly

Rural businesses are being put at a competitive disadvantage by broadband speeds that are three times slower than that of nearby cities, analysis of Ofcom data has shown.

The analysis was carried out by business accountants Grant Thornton for the County Councils Network (CCN), which represents the 37 local authorities in England.

See also: CLA slams mobile phone sector for abandoning rural areas

It revealed that more than two-thirds (72%) of England’s counties fell below the national average download speed of 45Mbps while 27% had average speeds below Ofcom’s definition of superfast 30Mbps.

In total, 169 areas in England have broadband speeds below the national average and more than 80% of those are in rural areas, CCN said.

Of the 79 areas in England, which fail to reach Ofcom’s definition of superfast, all but four are based in rural counties.

Discrepancies

Regional and local breakdowns showed huge discrepancies in average speeds. The highest speed in England was 102.9Mbps in York, while the lowest average speed is 21.8Mbps in rural West Devon.

Further research showed that some rural areas had average download speeds more than three times slower than a city just a few miles away.

For example, while York averaged 102Mbps, rural Ryedale, which shares a boundary with the city, averages just 25.8Mbps.

And in the Derbyshire countryside, average speeds were 31.6Mbps – not much more than half those seen in Derby city at 59.3Mbps.

Gifting cities

The results prompted county council leaders to warn the government that it was gifting city businesses with an advantage over their rural counterparts and competitors.

CCN said: “These latest figures show that a lack of investment in digital infrastructure in counties and a continuing focus towards cities in the government’s Industrial Strategy and post-Brexit policy could leave counties continually lagging behind urban areas.

“There is a real risk [rural areas] will not be able to attract the businesses of the future as England moves towards a greater prominence of financial, tech, and communications sectors.”

It argued that counties should have similar powers to drive forward local economic growth as city region metro-mayors, working as "strategic authorities" alongside Local Enterprise Partnerships, and should get a fairer share of infrastructure investment, which is currently skewed towards urban areas.

Steps forward

Philip Atkins, County Councils Network vice-chairman, and leader of Staffordshire County Council said: “The government’s commitment to provide superfast broadband to as many areas in England as possible has resulted in some significant steps forward in rural connectivity in the past few ***years***.

“But these figures show that businesses in shire counties and rural areas are being left at a competitive disadvantage.

“It cannot be right that in some areas, businesses and residents in a city less than 10 miles down the road from a rural county benefit from average download speeds more than three times faster.

“While the government has announced investment in this area, we remain concerned that digital infrastructure in counties isn’t getting the attention it desperately needs.”

JOURNAL : Farmers Weekly

US regulators have ruled crops altered using gene-editing techniques do not need to come under the same restrictions as genetically modified organisms (GMOs).

Although there has not yet been a decision taken on the issue in Europe, scientists in the UK have greeted the US department of ***agriculture***’s (USDA) move with relief.

Ahead of the ruling, UK researchers here had been concerned the USDA would place gene editing within the same lengthy regulatory process as GMOs.

And they feared such a move would sway the EU Commission towards adopting a similar stance.

See also: GM crops ‘not the answer’ to UK food security

Now though there is renewed optimism, especially after the European Court of Justice suggested in January that the simpler gene-editing technology was different to full modification.

Huw Dylan Jones of Aberystwyth University said GMO research had been frustrated for ***years*** by regulatory constraints and dogged by a negative association with the public.

“The USDA decision sends a clear and positive message to the EU that gene editing should be treated differently,” Professor Dylan Jones said.

He explained that gene editing involved making only small changes or cuts in a plant’s genes.

“Gene editing makes use of traits that are already present within the same plant species so it is more like conventional breeding,” he explained.

The advantage is this form of breeding could speed up the selection and development of a desirable trait.

This could lead to savings in seed production costs which could be passed on to the farmer, he suggested.

Possible benefits

Among the farmers who could benefit are upland livestock producers who use tough ryegrass swards.

Gene editing work on these species has already focused on early seed shatter – an issue that causes heavy losses during production and adds to costs.

“With cereal crops, we have bred out early seed shatter over thousands of ***years***. But in ryegrass production growers either have to harvest seeds before they mature or use expensive recovery methods,” Prof Dylan Jones said.

“Now we have located the gene responsible in ryegrasses for early seed shatter, we can alter it simply to hold on to the seed longer,” he added.

Other traits which could be bred more quickly are pest resistance, heat and drought tolerance and nutritional benefits.

For example, in oats the genes could be altered relatively simply to boost beta-glucan production - a soluble fibre known to reduce cholesterol levels.

How does gene editing differ from genetic modification?

In simple terms, genetic modifications are created by introducing DNA sequences from other species.

But gene-editing only changes a plant’s existing genome by locating it and making a small alterations through cutting and splicing the DNA sequence.

Gene-editing is simpler and less expensive.

Continuing opposition

Despite the call to see gene editing as a conventional or non-GMO technique, organic promotion body The Soil Association has said it will continue to oppose its introduction.

Policy officer Honor Eldridge said gene editing was “exactly the same as with other GM crop breeding” and was banned from organic ***agriculture***.

In a statement released by the organisation, Ms Eldridge said: “The position of the organic movement, which is represented by International Federation of Organic ***Agriculture*** Movements is clear. All new genetic engineering techniques should be, without question, considered as techniques of genetic modification and all resulting products should be considered to be GMOs.”

She added the UK government should continue to exclude GMs beyond Brexit.

“No trade deal should be agreed that could allow GM to enter into UK ***agriculture*** or allow GM food into the UK market

“As a result, all products produced using gene-editing techniques have to remain traceable, labelled, subject to a risk assessment and to the precautionary principle,” Ms Eldridge said.

JOURNAL : Farmers Weekly

The delayed spring will cost the farming industry in Scotland an estimated £5m/week in additional straw costs, according to a straw and forage availability report produced for the Scottish government.

The report, prepared by SAC Consulting, highlights the significant financial impact the combination of high prices and poor weather has had on the livestock sector, with many producers now struggling to find affordable fodder for their stock.

It also acknowledges that many arable farmers have lost significant income if they were unable to bale their straw last summer.

See also: Sit tight and wait for better weather, urge advisors

Spot market straw prices in Scotland have risen about £50/t since harvest 2017 due to weather-related impacts on supply and demand, says the study.

Current prices are about £130/t delivered in the Central belt with more remote areas in the West and North paying another £15-£20/t and the islands more again.

However, researchers point out that the average straw price paid by many livestock producers over the season would be lower than the spot market suggests due to significant purchases on long-term agreements.

Gross margin

Overall, it estimates that a 110-cow upland suckler herd may have incurred additional costs of about £8,000 this ***year*** due to higher straw use – because of the extended housing period – and higher straw prices.

This leads to a potential reduction of 19% in beef enterprise gross margin.

[*https://infogram.com/copy-copy-nfu-broadband-and-mobile-member-survey-findings-1h1749do31ll6zj*](https://infogram.com/copy-copy-nfu-broadband-and-mobile-member-survey-findings-1h1749do31ll6zj)

The report estimates that every additional week added to the length of the winter housing period could require an additional 36,000t of straw, which at an assumed price of £140/t, would lead to additional costs of £5m/week.

The research team puts forward options for farmers to consider to reduce their reliance on straw in future ***years***.

Future options

Increased use of alternatives to cereal straw such as sand, woodchip, rapeseed straw and energy crops is one possibility.

But the report also urges farmers to look at other options such as greater use of slatted housing, more outwintering of stock aided by shelterbelt establishment and increasing growth rates to finish stock earlier.

NFU Scotland president Andrew McCornick said: “This report from SRUC is a significant part of the puzzle in terms of how we look to adapt to poor weather and will certainly be something we will look to in the future to advise members.

“Unfortunately, it is very little solace to members right now, who are battling through tough conditions and are having to spend more and more money just to keep livestock alive and well.”

JOURNAL : Farmers Weekly

J&R Millington of Whitchurch, Shropshire, has been appointed as a dealer for Czech-made Tatra Trucks and hopes to sell the four- and six-wheelers into the ***agricultural*** market.

Tatra has a strong heritage in trucks and specialises in off-roaders for ***agriculture***, forestry and mining, which are mostly powered by Paccar MX11 or MX13 engines that range from 360hp to 510hp.

Gearbox options include a manual ZF, or the choice of two automatics – a ZF AS-Tronic or an Allison-sourced set-up.

See also: Forager makers aim to raise milk yields with long-chop maize

All sorts of ag-related implements can be fitted on the back, the most common of which are rear discharge muckspreaders, lime spreaders, tippers and tankers.

They can also be used as tractor units for pulling different trailers.

The price for a 4x4 chassis cab starts at roughly £86,750 and for a 6x6 chassis that climbs to £97,500.

JOURNAL : Farmers Weekly

Like the rest of the country, we’ve been in cold storage for the last month and little has been done out on the land. March in the Moray Firth area was wetter than average, although nothing like as wet as down the east coast of Scotland, where up to 150mm of rain fell in March, and April has continued to be wet.

Soil temperatures are also well below the March average of 5.5C by about 2C. The only places enjoying the weather are the ski resorts, which are having a great time.

See also: Video: Spud planting races to catch up after late start to season

There’s been little action drilling spring cereals, let alone any planting of potatoes. A couple of growers have made attempts to get ware planted and there’s been a limited amount of deep ridging and destoning of land for salad crops, but progress has been slow.

Some potash fertiliser has been applied to ploughed land.

Currently the most pressing issue is movement of seed. With everything on hold in England and stores full of seed down there, seed growers in the north are also having to hold stock and stop dressing new orders.

This means that there’s going to be a severe bottleneck later in April trying to get haulage to go south. Also, the effect of storing seed in 1.25t bags over extended periods won’t do the 2018 crop any favours.

Decanting bags into boxes is the ideal solution, but that’s difficult when space and time are limited. Priority is best given to the varieties with the highest blackleg risk and to try to make sure they are kept in the best available storage with temperature controlled and good air movement if possible.

JOURNAL : Farmers Weekly

“Try farming without women and see how far you get.” Exmoor hill farmer Charmain Dascombe makes short work of anyone who believes women should stay behind the scenes in ***agriculture***.

She wants more women to be formally recognised for the essential work they do on farms right across the country.

A fifth-generation Somerset beef and sheep farmer, Charmain lives with her husband and children on the east side of Exmoor and has fields on Dunkery Beacon, the highest point of the National Park at 520m above sea level.

See also: Survey shows changing role of women on farms

On top of raising three children and teaching at a local college, she runs the farm accounts, knuckles down with lambing, calving and TB testing and, perhaps most crucially, keeping everyone well fed.

Growing up on a large sheep farm, Charmain had a lot of experience with ovine challenges, such as lambing, while her husband David had only farmed a beef suckler herd and finished cattle.

When they decided to introduce sheep into their farm business about five ***years*** ago, it was Charmain who took the lead and helped her husband adjust to being a sheep farmer. They have since increased their flock to 600 Exmoor mule ewes, an achievement she is especially proud of.

Recognition

She says the election of the ‘NFU’s first-ever female president, Minette Batters, earlier this ***year*** was an exciting moment for the farming industry.

“I think this is really encouraging for women in the future. Women and the contribution they make are really starting to be taken seriously in ***agriculture***.

“Most family farms wouldn’t be able to function without women as they can’t afford to employ help to do the jobs they do.

“Unfortunately, often women still aren’t recognised in the family business in a professional role. If they’re not recognised as a partner or director, they can’t be involved in business or legal decisions, which is frustrating when you are contributing a lot to the running of the farm.”

Charmain has met plenty of like-minded women after becoming part of the Exmoor Hill Farming Network’s Women in Farming group.

Members meet up at monthly gatherings, usually visits or talks, to share ideas and information. Today, the group has 175 members all rooted in ***agriculture***, although many also have other jobs, ranging from nurses to accountants, teachers and artists.

“I have seen members blossom through the group by gaining confidence and learning new skills,” says Charmain.

“We are fortunate to have a brilliant network officer, Katherine Williams, and chairman, Dave Knight, working tirelessly.”

See also: Young ***agricultural*** engineer calls time on gender stereotyping

Charmain has completed bookkeeping and first aid courses through the network, which, as well as helping with her work on the farm, has given her extra confidence to try other courses and gain additional qualifications for her job.

Uniting women

The social element of the group is also a big draw for its members, providing a small break away from the farm, children and partners for a while.

Williams says bringing people together is the group’s major strength.

“Before the group was set up, women were tending to shy away, stay at home and not be seen. Many of these women are the backbone of the farming enterprise at home.

“They’re often helping make the decisions while juggling children and working elsewhere to support their farming businesses. The group gave them an opportunity to come out, meet people, share ideas and ask questions.”

The network is funded by the Exmoor National Park Authority and its chief executive, Sarah Bryan, says one of the biggest achievements is its inclusivity.

“It has encouraged people who don’t always come forward, like women, to get involved. Women have always played a vital role in the management of farms, but their voice has not always been heard – now that is starting to change.”

JOURNAL : Farmers Weekly

New tractor registrations in March fell by almost 7% compared with the same month a ***year*** ago, according to the ***Agricultural*** Engineers Association.

The organisation said that March traditionally saw the highest sales of the ***year***.

See also: Video: What next after Brexit boom for farm machinery sales?

While 2018 looked to be no exception, the sale of 1,650 units over 50hp was 6.8% below last ***year***’s level.

The drop makes March the second month in a row that sales have been down ***year***-on-***year***, with February’s 584 registrations 6% below the equivalent 2017 figure.

The total figure for the ***year*** so far, at 2,932 tractors registered, is also down by 3% compared to January-March 2017.

However, Stephen Howarth, ***agricultural*** economist at the AEA said the slowdown had been expected because a change in legislation introduced on 1 January 2018 meant many buyers opted to register tractors before the deadline.

At the end of last ***year***, Mr Howarth had predicted that the new rules would then lead to some suppression of the number of registrations in the early months of 2018.

JOURNAL : Farmers Weekly

The Ulster Farmers Union is to challenge a recent change to the process under which farmers can appeal any reductions or penalties applied to the money they receive under various CAP support schemes.

The move follows the introduction of a new appeals system by the department of ***agriculture***, environment and rural affairs (Daera) on 1 April.

This effectively did away with the old two-stage appeals process, involving an independent panel of experts, replacing it with a single-stage process, involving a specialist team of officials within the single ***payments*** branch of Daera.

See also: The land market in your area - Northern Ireland

The guidance booklet outlining the new procedures makes clear that this team will be separate to the officials who made the original decision to recover money, which they believe was incorrectly paid out, or to challenge the eligibility of land entered into a scheme.

“Farmers will not incur any costs associated with a review of decision procedure, whether successful or not,” said a statement.

Slap in the face

But this has not satisfied the UFU, which is seeking a judicial review to challenge Daera’s decision to move to a single-stage review process.

“We don’t have any faith in a single stage-review,” said UFU president Barclay Bell. “Scrapping the right to independent appeal is a slap in the face for fair play and public accountability.

“The abolition of the right to an independent appeal essentially gives Daera absolute control.”

The UFU notes that nine organisations responded to Daera’s consultation on this issue last ***year*** – and all opposed the move to a single-stage process.

According to Mr Bell, the fact this was ignored shows that “without a minister to keep officials in check, Daera has become a law unto its own”.

“I can’t remember the last time I heard of a farmer winning a first-stage appeal,” he added. “It’s an approach that stacks the deck in favour of Daera.”

The UFU believes that, in some cases, the sums of money involved will be substantial and could be make or break for farming families.

What sort of schemes does the review process cover?

Basic ***Payment*** Scheme (BPS)

Greening ***payment***

Young farmers’ ***payment***

Agri-environment schemes

Less Favoured Areas Compensatory Allowance Scheme (LFACA)

Areas of Natural Constraint Scheme (ANC)

What sort of decisions may be subject to reviews?

Penalties applied that result in a reduction or non-***payment***

Ineligibility of land or other works found during an inspection

Cross compliance breaches identified at inspection

How should a review be initiated?

Contact the Review of Decisions team on 0300 200 7848 or [*reviewofdecisions@daera-ni.gov.uk*](mailto:reviewofdecisions@daera-ni.gov.uk) and ask for an application form. Return the form within 60 days of the date on Daera’s original decision letter.

JOURNAL : Farmers Weekly

A farmer’s son from Buckinghamshire is documenting 12 months in farming, showcasing what life is really like on one of Britain’s small family farms.

Since the start of the ***year***, Rufus Denne has been sharing one short film each month, following his mum Sarah’s daily life on the farm.

Based in a village sandwiched between Oxford and Milton Keynes, Sarah has been farming since she was 14 and today runs a 60ha farm with 150 sheep, 75 cattle, chickens and geese.

 See also: How a Dorset dairy farmer won the Cheltenham Gold Cup

“She's brilliant, hilarious and the hardest worker I know,” says 28-***year***-old Rufus, who left the family farm to study marketing at Plymouth University and is now living in London running his own digital marketing start-up.

“One of the real joys of doing these videos has been finding a hidden talent in mum – she’s so good on camera.”

So far three episodes of the miniseries have been released on YouTube, with the most recent edition following Sarah as she works tirelessly through the lambing season.

Watch the third episode below.

The beautifully shot episodes are intended to be as entertaining as they are informative, particularly for those who have little or no knowledge of what farming is about.

Playing a supporting role to his mum, Rufus asks the occasional simple question for the benefit of less clued up viewers – things like: “Why do you dock lambs' tails?” and "Why do you carry them by their legs?”

While there’s an abundance of vegan activist-fuelled anti-farming videos online, there’s no direct agenda to push back on this tirade.

Instead, Rufus and co-creator Josh are keen to showcase what life is actually like, month by month, on a small family farm.

“It’s an amazing profession, but most people have no idea. I don’t want to be pushy at all, I want to leave people to make up their own minds,” he explains.

“Farmers don't get enough recognition for the work that they do. Vegan movements are portraying farmers in a bad way, but they work really hard to make sure that their animals are healthy and safe.

“We’re not ignorant to factory-farming, but it’s not a world most of us grow up in or really understand.”

Daily grind

One of the most heart-warming aspects of these episodes is the emphasis it puts on Sarah’s captivating character and the devotion she shows to her livestock.

“I honestly didn’t know how this would all go. But being around mum and seeing her passion – it’s contagious.”

January’s episode follows Sarah in her daily grind to feed and bed up her livestock in miserable weather, and she also introduces a soulmate to her beloved African goose.

Lambing starts extra early in February’s update, as Sarah deals with the repercussions of her rams making a fleeting visit to the ewes in September.

To watch all episodes in this British Farming mini-series and to find out more about the project, go to Rufus’ website.

JOURNAL : Farmers Weekly

Sugar beet drilling is racing ahead between the rain showers on light land with one Suffolk Brecklands estate looking to catch up from its latest start in more than a decade after heavy spring rainfall.

The beet drill was gobbling up the hectares on the large Euston Estate over the past few days sowing beet seed into blowaway sandland with a hoped-for finish date by the end of this week.

Many beet growers are desperate to start drilling after the cold wet spring, especially as last ***year*** the crop nationally produced record average yields of more than 80t/ha of beet.

See also: Grower shares his sugar beet establishment tips

Farm manager Matthew Hawthorne said the drilling team was starting one month late this ***year***, but he was not panicking as the seed was going into warm and moist soil for his sugar beet crop worth £400,000.

“These are ideal conditions but not an ideal date, and we would hope to be finished by the weekend,” he told Farmers Weekly.

Watch the video report below:

The estate has 245ha of sugar beet to drill and Mr Hawthorne is juggling his fields to keep the drilling team busy even with the occasional rain shower.

Late start to drilling

Sugar beet drilling normally starts in the first week of March on the estate, and when the drill finally started on 5 April it was the latest start since Mr Hawthorne came to the estate in 2006.

“In ***calendar*** days we have lost a month, but in real term it is probably two weeks as we are drilling into very good conditions,” he said.

Sugar beet seed will germinate at a soil temperature of 3C, but Mr Hawthorne threshold’s is 6C and drilling last week the soil temperature was up to 9C, which hopefully will get the crop off to the best possible start.

On the very lightest 80ha of sandy land destined for beet, winter barley seed is drilled at the start of March as a cover crops to stop soil blowing away at drilling and losing both the beet seed and top soil.

Barley emerged

This season, the barley is strongly emerged rather than typically just poking through the soil at beet drilling, so he is having to adapt his policy for nitrogen and pre-emergence herbicide applications.

Normal practice is to apply a pre-emergence herbicide mixed with liquid nitrogen in a spray, but he feels the nitrogen may scorch the well-grown barley this ***year***, so he will split the applications and apply the nitrogen separately through dribble bars.

This barley is later killed off in mid-May with a graminicide when the sugar beet is at the four-to-six true leaf stage and as the barley starts to compete with the sugar beet for valuable moisture.

He hopes the crop will grow quickly and not delay harvest as he is always keen to get winter wheat drilled after beet on the 4,200ha Euston Estate, some three miles south of Thetford.

Good soil conditions

Nick Morris, crop expert at British Sugar, said good establishment in good soil conditions is more important than drilling date.

“I am not too concerned about the delay in drilling date as I am more concerned about the crop going into the ground in good conditions,” he said.

Mr Morris added that some very early drilling had started the weekend before Easter, but was halted over the bank holiday weekend and only got going again in the first week of April.

The aim is to get to leaf area index of three as quickly as possible – that is 3sq m of leaf on 1sq m of ground to give good light interception as soon as possible, he said.

Mr Hawthorne’s aim is to see the sugar beet plants joining in the rows at the start of the June, and across the rows by the third week of June.

Last season, the sugar beet crop yielded on average 77t/ha and was close the the estate’s record, and this ***year*** he hopes to meet the  budget targeted yield of 70t/ha.

The sugar beet team – including drill man Ian Denny and Pete Matsell on cultivations – was rapidly drilling to try and finish by the end of this week.

Record yields

Sugar beet yields reached a new record high nationwide last ***year*** of more than 80t/ha helped by favourable weather with plenty of rain through the summer and autumn.

As the British Sugar lifting campaign closed just before Easter, the final average yields from the nation’s 3,500 growers was put at 83.4t/ha beating 2014’s previous record of 79.8t/ha.

Some 8.9m tonnes of beet were processed by British Sugar’s four factories from more than 105,000ha of sugar beet, producing 1.38m tonnes of sugar. The record crop was in 2014, when the group produced  1.45m tonnes of sugar from 116,000ha.

The four plants – Cantley and Wissington in Norfolk, Bury St Edmunds in Suffolk and Newark in Nottinghamshire – have now stopped received any more beet.

British Sugar’s Mr Morris said yields had increase 25% over the past 10 ***years*** and ***year***-on-***year*** rises were likely to continue due to better genetic and improve growing techniques.

JOURNAL : Farmers Weekly

An advertising watchdog has rejected a complaint by animal rights activists against a campaign to promote British pork.

Vegan group Viva! and two members of the public challenged the AHDB Love Pork claim that pork medallions are “low in fat”.

The claim was made last autumn as part of a Love Pork marketing campaign.

See also: How pig farmer lowered production costs by 3.8p/kg

The Love Pork website promoted “pork medallion midweek meals” stating “pork medallions are quick and easy to cook”.

The website added: “High in protein and low in fat, they make a deliciously healthy midweek meal that the whole family will love.”

Independent tests

AHDB provided documentary evidence – including independent test results – to show the claim “low in fat” met advertising rules and was therefore permissible.

It provided independent results showing that pork medallions contained on average just 0.17g of saturated fat – well below the maximum limit of 3g of fat per 100g to be considered low in fat.

The Advertising Standards Authority (ASA) considered the evidence, which included 27 pork medallions trimmed of fat sent to an independent UKAS accredited body for testing.

Rejecting the Viva! complaint, the ASA said the tests were “sufficiently robust” and AHDB had not breached any UK advertising codes.

The announcement was welcomed by AHDB Pork strategy director Angela Christison, who described the ruling as “fantastic” news for the industry.

“We are very pleased with the ruling made by the ASA today,” she added.

Robust findings

“We are delighted that the results from our research have been upheld and consumers can make healthy choices knowing the findings are robust.”

Ms Christison said AHDB had worked closely with Trading Standards before the campaign to ensure its claims around health and nutrition were accurate.

“Shoppers can be confident that industry is working in the best interest of consumers,” she said.

The advertising campaign was launched in September last ***year***, following research which showed consumer perception of pork was that of a fatty, old-fashioned meat.

An initial evaluation showed an 8% increase in volume sales over the autumn campaign period compared with the same time the previous ***year***.

The third pork medallion midweek meal advertising campaign will hit TV screens this September.

JOURNAL : Farmers Weekly

The NFU has urged farmers to scrutinise water bills, after it emerged some companies had failed to include key ***agricultural*** discounts on invoices.

Paul Hammett, the union’s water resources national specialist, said some farmers had received far higher water bills than they should have.

See also: The new water rules for farmers in England explained

The issue surrounds charges for wastewater entering sewerage connections, Mr Hammett explained.

“Invoices have separate charges for water consumed from the mains and the ensuing waste water that then leaves the property via the sewers.

“But, unlike urban properties, farms use water for commercial purposes like washing down parlours, supplying animal troughs or irrigating crops, so less ends up in the sewer,” he said.

Waste water rebate

Where businesses have demonstrated this is the case, most sewerage companies allow customers to apply for a rebate of waste water charges, known as a non-return to sewer (NRTS) allowance.

However, an increasing number of farms have reported this discount has been missed off and their bills have been at the full rate.

Water supply market

Mr Hammett explained the problems had arisen since the water supply market was opened up from the regional water suppliers to retail companies in April 2017.

“Since that date commercial farms have been able to choose the company that provided their water retail services.

“But some of the data ***transfer*** in this new competitive water market has not been as accurate as it should have been,” Mr Hammett said.

The NFU has been working closely with the Consumer Council for Water and has identified that some information about NRTS allowances did not migrate from water companies to retailers, he said.

“This has led to some farms getting waste water charges which were higher than expected or which shouldn’t have applied at all,” Mr Hammett added.

The two organisations are now trying to resolve these issues and have urged farmers to scrutinise water bills and contact their water retailer if errors are found.

JOURNAL : Farmers Weekly

Farmers looking to change their establishment system are attracted by the promises of improved weed control and cheaper cultivations; however, getting it wrong can prove to be a costly mistake.

In the UK, cultivations are divided into two broad categories – inversion and non-inversion tillage– with the latter group encompassing a range of techniques, from deep sub-cast drilling to min-till, strip till and direct drilling.

For Hutchinsons technical manager, Dick Neale, it’s important to understand what you are trying to achieve before you change your cultivations policy, as it can be expensive and will have implications for farm workloads, budgets and horsepower requirements.

See also: How a US arable farmer doubled his soil organic matter

“The two reasons most frequently given for looking at an alternative approach are weed control and cost control,” he says.

“But it’s fair to say that soil health is also becoming more important.”

A good starting point is for growers to recognise that all cultivations, whatever their depth, may damage the soil and could have a detrimental effect on its structure, he says.

“That doesn’t mean you shouldn’t cultivate,” he says. “But it does mean that you should go lightly and think about any effects on the soil. Good soil aggregation is caused by nature, not metal.”

He also says that it is not always a good idea to lock yourself into doing things in one way.

“We know that grassweeds can adapt to whatever system is in place. Cultivations can be used to disrupt their life cycle, in the same way that spring cropping can.”

Cultivations – key messages

Get the basics right first, for example, drainage

Don’t be afraid to change but do your research

Carefully cost out the options – time, fuel, depreciation, etc

Consider residue management

Understand horsepower requirement

Know if current soil conditions limit your options

Be patient – wait for the right conditions

Aim to improve soil structure and health

Ploughing

If you have to plough, aim to use as little disturbance as possible, he suggests. “Ask yourself what’s the minimal depth you can get away with. If you only need to go eight inches deep, stick to that.

“Shallow ploughing without a huge horsepower machine forcing it through is better, as high horsepower has the potential to do damage.”

Ploughing can be required for rotational reasons or as a reset button, he adds, but most growers are reducing their ploughing commitment or phasing it out altogether.

“Some soils have to be moved, so do what you need to control weeds and make a good seed-bed. As ploughing usually involves a sequence of operations to produce a seed-bed, the cost is higher, as is the labour and machinery requirement.”

Min-till

Mr Neale’s preference for most situations is for surface tillage – where any cultivations are limited to the top 5cm of soil.

Having worked with Cousins to develop the Surface Pro cultivator, he points out that blackgrass seeds only germinate in the top 5cm of soil, so the machine stimulates weed seed germination before the crop is sown, but doesn’t pull up seed from lower down the soil profile or destroy soil structure.

“It’s a very versatile system,” he says. “Although it was designed with the blackgrass problem in mind, it also conserves moisture and manages crop residues. If needed, the tines can be raised, so that it works as a press.”

Other min-till systems operate at a range of depths, with the majority cultivating to 10-20cm, incorporating straw residue into the soil as well as retaining some of it on the soil surface.

“Min-till comes in a number of different guises. It is flexible and it allows you to make use of cultural controls, but it does require better management.”

Strip tillage

Strip tillage – where strips are created in the autumn or spring for drilling – often allows field operations to be completed in one pass.

It breaks up the soil where the roots go, causing mineralisation to occur and helping with soil drainage. Crop residue remains on the surface, where it has a role in retaining moisture, reducing erosion and helping to build organic matter.

Despite leaving some of the field undisturbed, it does move soil in the zone around the seed.

“Strip-till drills are good for soil structure, but they aren’t the answer where there’s a blackgrass problem,” says Mr Neale. “The soil disturbance needed for drilling causes them to germinate.”

Direct drilling

Enthusiasts claim that you can’t improve soil structure and health without moving to a no-till approach, which involves following the principles of conservation ***agriculture***.

Those principles are minimal soil disturbance, residue cover and crop rotation, which when used together are claimed to bring blackgrass under control, improve yields and help with soil water management.

For many farmers, it takes between three to five ***years*** to move to a no-till or direct drilling regime, as soils adapt and change from a man-made soil structure to a natural one. In this time, there is often a yield dip.

However, there isn’t the drainage or nutrient release advantage and it does put growers more at the mercy of the weather.

“Direct drilling only works the soil to the depth that the seed is being placed,” says Mr Neale.

Pros and cons of the four different types of establishment systems

System

Advantages

Disadvantages

Ploughing

Suited to poorly drained soils

Good incorporation

Disease and weed control

Allows good seed-beds

Clean start

“Free” slug control

Loss of soil structure

Risk of soil erosion

High soil moisture loss

Time consuming

Highest fuel and labour costs

Beware compaction layer

Skill requirement

Min-till

Reduces number of passes

Incorporates crop residue

Maintains soil moisture

Quicker than inversion tillage

Flexible

Allows stale seed-beds

May work soils too deep

More kit required

Loss of organic matter

Better management needed

Strip-till

Helps with soil drainage

Works well with oilseed rape

Disturbs soil zone only

Soil moisture retention

One to two pass technique

Entry for direct drilling

More management required

Grassweed control

Timing more critical

No-till

Minimal soil disturbance

Reduces fuel and labour

Quicker

Less machinery needed

Increases soil organic matter/biology

Reduces pesticide and N use

No mineralisation occurs

More weather dependent

Yield dip likely in first ***years***

Slug numbers may escalate

Fewer working windows

More management required

No soil loosening

JOURNAL : Farmers Weekly

This time What’s in your Shed sees Devon farmer Richard Cross pick out the best and worst of his machinery fleet.

Oliver Mark asks the questions about favourite kit, oldest machines, what's on the wish list, and more.

See also: Take a trip around the UK with our What's in Your Shed? map

Farm Facts: Huntsham Barton, Huntsham, Tiverton, Devon

Farmed area: 345ha

Cropping: 270ha grass, 36ha oats, 36ha barley

Livestock: 120 suckler cows, 70 ewes

Staff: Richard full-time, son Robbie part-time

How did you get started?

My father took on the 121ha dairy farm in 1967. Once I finished college I bought some machinery and started contracting and we gradually grew the home farm to the 345ha it is today. We’re unlikely to get much bigger, though – we’ve got enough to do already.

How brand-loyal are you?

I don’t really stick to any particular brand – it’s more important that I don’t have to travel too far for spare parts.

We ran Fords in the early ***years***, swung to Deeres during the 40- and 50-series phase, and have also dabbled with Masseys more recently.

I had a Claas Arion on demo last ***year***, but ended up buying the Massey 6470 instead – I quite like the MF tractors because they’ve got a smaller door and rear quarter windows that open to save fogging up during the winter.

Favourite dealer?

All the main tractor dealers are helpful and, more importantly, within half-an-hour’s drive from the farm.

For the combine spares I use Rodney Cowle who is west of here, Coles Combines at Shaftesbury or Combine Fabrications in Newark for reconditioned sieves.

In the shed

Tractors: MF 6470 with Chilton loader, 6465 and 35, Ford 8340, 7740, 7600 and 4600

Combines: MF 31 XP, New Holland 8050

Sprayers and spreaders: GEM trailed with 21m booms, Blaney 3m weed wiper, Lely Superbowl fertiliser spreader

Grassland: Lely 280MC mower conditioner, Lely 6-star tedder, Lely Rotund, Claas Variant 365 baler, Major 8ft topper

Drills: Amazone RPA-D 3m combi, home-made 3m drill

Cultivation equipment: -verum 4F Plough, Opico Varidisc, Eddlington 6m rolls

Digger: JCB 8050

Favourite piece of kit?

I’ll happily work with most machines, provided they’re reliable. I always used to enjoy foraging with our Mengele SH25, but the Deere 3050 we ran in front of it was too powerful.

We’d tweaked it up to 125hp (originally closer to 90hp), which meant we had the power, but the header and feed rollers would block up at the first sign of a lump.

Least favourite?

It has to be the plough – it’s slow, tedious and the finished product is a bumpy field. I’ve always thought it’s such a laborious way to get a crop sown.

We haven’t ploughed regularly since the 1990s when we invested in a set of Opico Vari-Discs. Almost immediately the ground was much firmer for getting on the fields to spray herbicides in the autumn and fertiliser in the spring, and smoother to collect bales at harvest.

We’ve still got a four-furrow -verum, but it only gets a run out once a season – usually after muckspreading.

Oldest working machine?

We rely on a few old-timers, including an old Massey 35X that runs the log splitter. My father bought it new when he was working at a Somerset farm back in 1966 and, when that farm came to sell it 12 ***years*** ago, we bought it for £1,000. It still runs, but could do with a proper refurbishment.

We’ve also got an old 8ft MF chisel plough from the 1970s, which is out every spring to rip up the stubbles.

How long do you keep them?

It depends on how reliable they are. The only thing I consistently change is the mower because it gets a lot of use.

I’m pretty relaxed about the tractors and some of them I probably keep longer than I should. The main tractor clocks up 800 hours/***year*** and needs to be reasonably new as I rely on it for feeding.

What’s next on your wish list?

A gravel trailer for backfilling after drainage work. At the minute, I use a 5t JCB digger, but filling the trough is a slow old job.

New models cost about £8,000, but I might go halves on a second-hander with my neighbour. I’ve also thought about making one out of an old feeder wagon, as it’s already got the conveyor and hopper, and would be a lot cheaper than buying a ready-made one.

Most embarrassing mistake?

My father sent me off to pick up a 6t T&F silage trailer that he’d just bought (it was quite big at the time). As I was flogging it up the hill to the farm I caught a low tree and bent the back-end out of shape.

I managed to straighten it out and weld it up while my father went for a drive to cool down, but it was never quite the same.

My son Robbie has had his fair share of prangs too, including throwing a fencing stake through the tractor window and smashing the combine windscreen a couple of ***years*** ago.

Most expensive repair bill?

One of our old Ford 8340s had a major problem with its Synchro Shift gearbox. The clutch packs failed big time and it also broke some of the gears.

We sent it off to the local New Holland dealer who fixed it. I paid the £3,500 bill, drove it home and put it on a set of discs, but no more than 10 hours later it lost drive.

The same thing had happened again and, because I’d told the dealer to use a couple of second-hand parts to keep the cost down, there was no warranty or protection.

In the end, we had to flog it in non-working condition to a buyer in South Africa for £6,000 when it was worth at least £10,000.

I don’t learn, though – every 8340 I’ve had has suffered gearbox gremlins, but I still quite like them.

Best invention?

I’ve knocked up a few machines that have saved me a load of time, including a cow catcher with hydraulic gates that fits to the loader tractor.

But I’d say my best invention is the one-pass, strip-till drill I built last winter, which is based on an old 3m-wide Taskers Tillage Train with an Accord seeding unit mounted on top.

I’d had a Claydon drill on demo, but we found it blocked up a lot in fairly trash-free fields and came to the conclusion that it’s better off running in fields with chopped straw. So I went about making my own version, with similarly wide points to disturb strips of soil and a metering system run off a fold-down land wheel.

It was far cheaper than buying anything off-the-shelf – the old drill and tillage rig cost £1,000 and the rest of the bits were another £2,500. At some point I need to add an auger to feed the hopper so that it’s easier to fill – it’s a bit high for the tractor loader at the minute.

Best workshop tool?

Like most people, I’d come to a halt pretty quickly without cutting and welding equipment. Next on the list is a decent pillar drill or a mag drill.

Favourite/least favourite job?

I enjoy all the jobs I do, except ploughing.

Everyday transport?

It depends how far I’m travelling. I’ve got a 2001 VW Passat for nipping around locally, but it leaks a lot of oil. We also have two 51-plate Ford Rangers for farm use – one is road-worthy and the other is kitted up for carrying around fencing materials.

Best tractor?

John Deere’s 3050 – it just never went wrong. We first had a 3040 in 1985 and replaced it with the 50-series, which we kept until 1997 when it was traded in for a Ford 8340.

It had no real stand-out features, but was reliable, comfortable and quiet. I wish I’d kept it and would quite like to buy it back if it’s still in good nick.

Worst tractor?

The Ford 6610 was a gutless machine, especially without the turbo. I ran one from 1990 to 1995 and it was all right to drive, but simply couldn’t hack hard work.

Biggest machinery bargain?

Probably my 12m Allman sprayer. I bought it for £500 from a contractor in 1992 and only relegated it to back-up a couple of ***years*** ago when I picked up a 21m trailed Gem off ebay.

The other bargain has to be our 8t Richard Western silage trailer. I paid £3,500 for it new in 1995 and it’s still worth the same now.

Least favourite machine?

I just can’t get along with Amazone fertiliser spreaders. We got a brand new model in the 1990s, as the local dealer was doing a good deal on them, but all the farmers around here that bought one disliked it.

In the end, I replaced it with a more upmarket second-hand version, which was also a nightmare. The crops were stripy and I found changing the discs for border spreading a faff.

Since then we’ve had Lely Superbowls – they’ve always dished out an even spread and just tilt for border control spreading.

Any classics?

Most of the old Fords are pretty desirable now. The 7600 is quite rare these days – I paid £4,000 for it, but it’s probably worth £5,500 now.

JOURNAL : Farmers Weekly

Strip tillage offers farmers the best of both worlds – a tilled strip offering a good tilth moist, friable, well-draining seed-bed along with some of the benefits of zero tillage. Louise Impey catches up with a farmer contractor seeing the benefits.

Strip tillage plays an important role in the cultivations policy on a Bedfordshire farm and contracting business, where it is used across a significant amount of the 1,500ha of cropping.

Now in his fifth season with a Mzuri Pro-Til 4 drill, grower Philip Woods uses it to establish oilseed rape, winter beans and linseed, as well as for most of his spring drilling. Winter wheat crops going in behind linseed and beans also work well.

The low-disturbance, targeted tillage practice, which only cultivates a narrow band of soil and retains crop residues, has been successful in most situations.

It helps contribute to better soil health, lower establishment costs and the expansion of the contracting side of his business.

See also: 6 options for 6m mounted tine drills

As well as moving less soil, Mr Woods has been taking other steps to improve soil structure and raise soil organic matter levels.

The farm’s rotation has been stretched, while the use of compost after harvest and the fitting of low-ground-pressure tyres and rubber tracks to the farm’s machinery are also helping.

Looking ahead, bringing sheep into the arable rotation at DH Woods & Son is being considered, with Mr Wood's son, David, looking into the soil fertility benefits and practical requirements.

Resilient soils

“There’s no doubt that our soils have become resilient and are more load-bearing now,” says Mr Woods.

“Leaving them alone and letting them recover is working. We never see puddles anymore, earthworm numbers are high and infiltration rates have really improved, even on our heaviest land.”

Having a one-man, one-operation drilling and cultivating system has simplified management and increased output across the five farms he is involved with, also allowing accurate placement of the seed and helping with pest and weed control.

“We’re still learning, but the drill suits the way that we farm here and only cultivates a narrow strip of soil, leaving the remainder undisturbed," he says.

"We change coulters for different crops – our oilseed rape is drilled in very narrow one-inch bands but, with wheat, we use the wider 4.5-inch coulter."

He also uses a straw rake after the combine and in front of the drill, to make sure that the residue is spread evenly and doesn’t affect the following crop establishment.

"Chaff is just too light to spread across 12m, and where it forms lines, it can encourage slugs and lock up nitrogen.”

Flexible system

Farming 344ha from his family farm base at Lynchfield Corner Farm in Kensworth, as well as a further 1,150ha on four other adjoining farms as PR Farming, Mr Woods points out that maintaining some flexibility in the system is important, as conditions are key to its success and his customers may have particular requirements.

“Using one drill for all of the crops, across all of the farms with a range of soil types, isn’t possible. What works on one farm might not suit another, especially if it is very wet or there is a grassweed challenge.

“Doing things in the same way every ***year*** isn’t always a good idea either. Having a cultivations rotation, as well as a crop rotation, seems like a sensible precaution. The pesticide options available to us are shrinking.”

Stale seed-beds

For this reason, he will use preparatory passes if necessary and make good use of stale seed-beds, especially after oilseed rape, to deal with volunteers and blackgrass.

“Wheat crops can struggle after rape if we only do one scratch in July, so we plan to take out two flushes of weeds before drilling and produce a very firm seed-bed, so that slug damage is limited. In the same way, we have to lightly cultivate after hybrid barley, or else it germinates in the following rape crop.”

With wheat after beans or linseed, however, it’s a very different approach. “In that situation, as soon as the beans or linseed are off, we turn round and do a shallow scratch, before strip drilling straight into that.”

Oilseed rape

Oilseed rape establishment with the Mzuri drill is straightforward and crops get off to a flying start, helped by some di-ammonium phosphate fertiliser, which is placed under the seed.

With over 280ha of oilseed rape to get in the ground, it takes around 12 days to complete the operation, which starts in the first week of August.

“It’s warmer then, so we can see cotyledons within 24 to 48 hours,” says Mr Woods. “We get slug pellets down the same day, so that it grows away unchecked.”

Broad-leaved weed numbers in the rapeseed are lower, as most of the soil is not being disturbed, so a pre-emergence herbicide is not necessary.

Slug pellet use has also been reduced, while companion crops are being investigated, with some berseem clover being drilled in one area of the rape.

“We do get [cabbage stem] flea beetle, so rapid establishment is essential. There’s a range of drilling dates across the farms, which adds to the challenge.”

Spring crops

Spring crops are drilled a bit later than they would be with a conventional drilling system, so that the soil has time to dry out and warm up, he reveals.

“You have to be patient in the spring and be prepared to go later. Moving the soil dries it out, so if that’s not taking place you have to react accordingly.”

The upside is that spring crop establishment doesn’t suffer in a dry ***year***. “You never need a good rainfall event with a Mzuri. The residue conserves soil moisture, and also protects it from erosion and supplying organic matter.”

A whole-farm approach to improving operations is in place, with efforts to raise yields and improve efficiencies working alongside soil and environment protection.

As such, ploughing was abandoned back in 2000, when Mr Woods moved to non-inversion tillage and a cultivator drill, before progressing on to strip tillage in 2011/12.

“As our soils continue to improve and re-structure naturally, there may be scope to use an even lower disturbance disc drill for our rape establishment,” says Mr Woods.

“Soils have to be in the right condition for it to work, so we will monitor our progress and look for ways to keep moving forwards,” he says.

Establishment system at a glance

Mzuri Pro-Til 4 drill with coulters for different crops

Straw rake to evenly spread residue

For situations that don’t lend themselves to strip tilling, a Simba Solo cultivator and Cultipress is used for wheat (mainly after oilseed rape for volunteer and grassweed control) and he also has two 6m Horsch Sprinter drills.

Benefits of strip-till:

Better soil health

Reduced establishment costs

Soils become more resilient

Simplified establishment

Eliminated need for pre-emergence herbicides in oilseed rape

Spring cropping not suffer in a dry ***year***

Challenges:

Straw management

Spring drilling – need to go later

**Load-Date:** April 13, 2018

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ICIS Chemical Business

June 15, 2018

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**Section:** NEWS IN BRIEF

**Length:** 17838 words

**Byline:** Will Beacham

**Body**

Americas

Helm, Proman, Southern Chem methanol to form JV

Helm, Proman and Southern Chemical Corporation are to fold their regional methanol marketing operations into a joint venture company, the producers said. The companies are to restructure their methanol marketing networks and related subsidiaries into an entity to be known as Helm Proman Methanol AG, to be headquartered in Wollerau, Switzerland, from its launch date of 1 July this ***year***. Aside from the Switzerland headquarters, the joint venture company will operate from two other offices, in Houston and Singapore.

ACC highlights plastics recycling commitment

The American Chemistry Council (ACC) repeated its commitment to reducing ocean waste following G7 Summit talks, which included an ocean plastics reduction charter signed by five of the G7 countries. Canada, France, Germany, Italy the UK (and the EU) signed the Ocean Plastics Charter, an annex to the Charlevoix Blueprint for Healthy Oceans, Seas and Resilient Coastal Communities. The US and Japan declined to sign the charter annex. The ACC stressed the need for teamwork between ACC stakeholders and government bodies, including G7 members.

BASF invests in waste gas treatment firm

BASF is investing in carbon recycling firm LanzaTech, it said. The New Zealand-founded biotech firm has developed technology for fermenting waste gases and sequestering carbon. It allows ethanol to be produced from residual gases containing carbon monoxide and hydrogen. LanzaTech technology is currently being used to treat waste gas streams from steel plants in China and Belgium. The ethanol produced from its microbial technology can be used as a raw material for fuels or chemicals production. LanzaTech has raised more than $250m of capital to date.

Cal Dooley delays ACC CEO retirement to 2019

American Chemistry Council (ACC) CEO Cal Dooley will delay his retirement through 2019 to help the chemical and plastics industry’s leadership in reducing and eliminating plastic waste, the group said. Dooley was set to retire at the end of this ***year***. His retirement was announced in April. The new decision comes as the ACC pushes its commitment to recycling. The search for his replacement will pick back up in mid-2019, the ACC said.

Ethanol groups slam EPA, demand clarity

A panel of representatives from the ethanol industry slammed the US Environmental Protection Agency (EPA) and its leadership under administrator Scott Pruitt, alleging that the regulator has favoured oil refiners and misled on renewable fuel policy. Ethanol groups have sought changes to allow ***year***-round blending of 15% ethanol (E15). Although President Donald Trump said he supported such a measure, the EPA has yet to put the change into effect. The impasse comes as farmers continue to struggle in a difficult market.

Plains, ExxonMobil plan pipeline JV

Midstream energy infrastructure company Plains All American Pipeline plans to form an oil pipeline joint venture (JV) for Permian basin oil with ExxonMobil, it said. The companies have signed a letter of intent to create a JV to construct a pipeline to transport crude oil and condensate from multiple locations in the Permian basin to the Texas Gulf Coast, Plains said. The proposed common carrier pipeline would be designed to ship more than 1m bbl/day of crude oil and condensate.

Firm cuts GDP forecast for Argentina

An economics data firm lowered its forecast for economic growth in Argentina as the country sought help from the International Monetary Fund (IMF). Argentina and the IMF reached a preliminary agreement for a $50bn credit line that will help keep the country’s economy afloat while it adopts reforms intended to put its finances in order, according to FocusEconomics, which surveyed panellists for its monthly LatinFocus Consensus Forecast. As part of the agreement, Argentina will reform the charter of its central bank, reduce currency interventions and achieve a primary fiscal surplus by 2021, FocusEconomics said.

SNC wins work for refinery project in UAE

SNC-Lavalin has won a contract for the basic engineering and subsequent design and delivery of a 100,000 bbl/day advanced topping refinery in the United Arab Emirates (UAE), the Canada-based energy, chemicals and infrastructure major said. The contract was awarded by Florexx International Investments, a Dubai-based renewable energy investment and development company. Under the deal, SNC will carry out the initial basic engineering, master planning, and process technology evaluation and selection.

Dow to nearly double global glycol ethers

DowDupont plans incremental investments to nearly double its global glycol ethers capacity over the next several ***years*** to meet increasing demand, it said on 14 June. The company said it would increase production capacity of select p-series and performance glycol ethers product lines, including DOWANOL-brand glycol ethers, through a series of seven debottlenecking and incremental expansion projects. These phased investments will begin in 2018 and are expected to continue over the next several ***years***. The first increments of the new capacity will become available by end of 2019. The company did not disclose how much money it plans to invest or the capacity.

Phillips 66 to add NGL capacity at Texas

Phillips 66 will invest up to $1.5bn at its Sweeny production hub, in Old Ocean near Houston, to build two 150,000 bbl/day natural gas liquids (NGL) fractionators, along with additional NGL storage and pipeline infrastructure, the US refining and chemicals company said. The company has already secured supply agreements for Y-grade NGL feedstock, including an agreement with DCP Midstream, which has an option to acquire up to a 30% ownership interest in the new fractionators. Commercial operations are expected to begin in late 2020.

europe

UK manufacturing, construction decline

UK manufacturing sector output fell in the three months to April as a result of a slump in export and domestic demand, while construction output declined to its lowest in over five ***years***, the country’s Office for National Statistics (ONS) said on 11 June. Manufacturing sector productivity fell 0.5% compared to the prior three-month period, while construction slumped by 3.4%, the sharpest fall since August 2012 as a result of declines in both maintenance work and new orders.

BASF starts up Swiss plastics additives

BASF has started up a facility in Kaisten, Switzerland, for plastic additives, the German chemical major said on 11 June. Capital expenditure (capex) details were not disclosed. The facility will include a compounding extruder, lines for stretch film and tape and an injection-moulding unit. “[The injection-moulding unit will be] capable of simulating the polymer production and processing technology. The facility can combine intelligent process automation and expertise that will increase the quality of plastics produced,” said BASF.

Level playing field for CO2 pricing – VCI

Carbon dioxide pricing should be standardised globally to allow a level playing field in emissions reduction targets and to allow the potential for a global emission trading market, according to the chief of Germany-based chemicals trade body VCI on 11 June. A competitive and uniform market for CO2 emissions pricing across the G20 body of countries – collectively representing 80% of global carbon pollution – should be instated to aid in the reduction of greenhouse gases, according to VCI chief Utz Tillmann.

German investors slump to six-***year*** low

German investor confidence weakened in June as sluggish economic demand and fears over the new Italian government exacerbated global trade tensions to drive business outlook to its lowest ebb in nearly six ***years***, research group ZEW said on 12 June. The agency’s metric of German economic sentiment slipped by 7.9 points in June compared to the previous month to stand at minus 16.1 points, compared to a long-term average of 23.3 points, the most bearish score since September 2012.

Evonik, Siemens partner for chemical data

Siemens is to collaborate with Evonik on creating a single integrated data model for the life cycle of chemicals production assets, the Germany-headquartered manufacturing conglomerate said on 12 June. The goal of the collaboration is to combine data amassed by Evonik covering the product development, equipment planning, operation and decommissioning of chemicals production assets amassed by Evonik into the Comos engineering platform.

Dutch trade group appoints new chairman

The Association of the Dutch Chemical Industry (VNCI) has appointed Bernard Wientjes as its new chairman to replace the outgoing Mark Williams, it announced on 12 June. Wientjes (pictured right) is a former entrepreneur and former chairman of the Dutch employers’ federation VNO-NCW. Alongside his new role at the VNCI, he will remain chairman of Taskforce Bouwagenda, which is in charge of the Netherland’s building agenda, and also continue in his role as chairman of KMPG’s supervisory board.

Clariant partners with Hydrogenious

Swiss specialty chemicals major Clariant has formed an alliance with German clean-energy company Hydrogenious Technologies on storing and transporting large amounts of clean hydrogen generated from renewable energy sources, the companies said on 12 June. Hydrogenious has developed technology to improve the safety, scalability and convenience in hydrogen storage and transportation by chemically binding hydrogen molecules to liquid organic hydrogen carriers (LOHC), and Clariant supplies catalysts to support the process.

AkzoNobel builds demo plant for ethylene amines

AkzoNobel Specialty Chemicals has started building a demonstration plant for new ethylene amines technology in Sweden, the Dutch firm said on 13 June. The facility “marks the next step towards commercialization of the patented technology”, AkzoNobel said in a statement. The range of ethylene amines targeted by the new technology platform includes diethylenetriamine (DETA) and triethylenetetramine (TETA), which are key building blocks in applications such as epoxy curing, lube oil additives, and oil field chemicals.

Petrochemicals to drive oil demand growth – IEA

Vopak opens new rail infrastructure at Antwerp port terminal

Vopak has opened a new loading station for block trains at its terminal in Antwerp, Belgium, increasing the capacity to handle tank wagons by 400%, the Dutch tank storage firm said on 14 June. The product group most frequently treated at the terminal is acetyls, which are raw materials used in numerous end products. In total, Vopak has 107 tanks at the terminal, with its total capacity standing at 202,000 cubic metres (cb

Germany GDP growth forecast slashed

Germany’s DIW Berlin economic institute has cut its 2018 growth forecast for the country’s economy to 1.9%, from 2.4%, because of the trade tensions with the US, it said on 13 June. Also weighing on Europe’s largest economy is uncertainty within the eurozone, primarily from Italy, it said. The trade tensions impact global investment activity, and this in turn is putting a brake on Germany’s exports. The conflict with the US could escalate, with US tariffs on German car exports.

asia

Sanfangxiang’s China PET to start up in Q3

Sanfangxiang’s new polyethylene terephthalate (PET) bottle grade plant is expected to start up in the third quarter, according to market sources. The plant’s capacity is 500,000 tonnes/***year*** and is located in Jiangsu, Jiangyin, China. Estimated start up of the plant had been postponed multiple times due to delays in complete construction of the facility.

Jurong Chem to start up EO in H2 2018

China’s Jiangsu Jurong Chemical is planning to start up its 200,000 tonne/***year*** ethylene oxide (EO) plant in the second half of 2018, according to market sources. The plant in Taixing, Jiangsu province is likely to come on-stream between September and the fourth quarter, sources said. The new downstream capacity is expected to boost China’s import demand. Jurong Chemical will require 160,000 tonnes of ethylene annually, based on full operations.

Nigeria, Morocco eye big natgas pipeline, ammonia

Nigeria and Morocco have agreed to study the feasibility of a 5,660km (3,517 mile) natural gas pipeline, and have signed a memorandum of understanding (MoU) on an ammonia project in Nigeria. The pipeline would provide Nigerian gas to countries in West Africa, with extensions to Morocco and Europe. It would be phased in over 25 ***years***, based on increasing needs of the countries crossed.

Hengli to trial Dalian PTA line in Q4 2019

China’s Hengli Petrochemical is scheduled to start trial operation at its 2.5m tonne/***year*** No 4 purified teprephthalic acid (PTA) line at Dalian Changxing island in the fourth quarter of 2019. Ground construction of the CNY2.9bn ($453m) line is expected to be completed by the end of 2018. The company currently operates three PTA lines with a combined capacity of 6.6m tonne/***year*** at the same site.

India March LLDPE exports surge 413%

India exported 35,723 tonnes of linear low density polyethylene (LLDPE) in March, substantially 413% higher from a ***year*** ago, according to the latest trade data. From April last ***year*** to March 2018, 228,913 tonnes of LLDPE were exported from India, the data showed. Polyethylene (PE) is the most widely used plastics in the world, primarily found in packaging such as plastic bags, plastic films and geomembranes.

MIDDLE EAST

Siluria licences natgas-to-olefins to Aramco

US Siluria Technologies has agreed a “multi-plant technology license” under which its natural gas-to-olefins technology will be integrated with Saudi Aramco’s high-olefins cracking process technology. Siluria’s technology, based on oxidative coupling of methane chemistry, converts methane-containing off-gases to higher value chemicals. Saudi Aramco added that it sees the technology as a “strong fit” in certain plant configurations.

JOURNAL : Farmers Weekly

Good variety selection, improved soils and the use of seed dressings has paid off for Kent grower Terry Metson by keeping take-all at bay and lifting his second wheat yields to match those of his first.

The arable farm manager for FGS Agri farms 809ha around Pluckley on soils which range from pure sand to loamy clay, and is achieving around 9-9.5t/ha for both his first and second wheat crops.

Despite a fairly serious blackgrass problem across the mainly rented land, wheat remains an integral part of the rotation, which consists of two wheats and then a break crop of either oilseed rape, beans, maize or spring oats.

This is largely due to Mr Metson successfully managing the risk of take-all, the soil-borne fungus which is endemic across the UK and can cut yields by as much as 50%.

See also: The 9 foundations of second wheat success

Variety selection

His approach has three key elements: variety selection, soil management and the use of seed dressing. This season Mr Metson is growing two varieties which have a proven track record as second wheats – Skyfall and Zyatt.

While data is somewhat limited on second wheat performance, some have been shown to consistently deliver as second wheats and this should be the deciding factor, not their performance as first wheats.

A good second wheat will be a vigorous grower in the autumn to build root architecture which can cope with a dry season later on.

This early growth is crucial as root function will be impeded by the fungus as levels in the soil increase, leading to necrosis of the roots and limiting water and nutrient uptake.

Mr Metson also tries not to exacerbate the take-all problem with his first wheat varieties.

KWS product development manager John Miles says that while the theory is still in academia, there appears to be a relationship between how first wheat varieties cope with take-all themselves and the level of the fungus being built-up in the soil, which will affect the following crop.

He says farmers want low-end take-all build-up. This season Mr Metson is growing Zyatt, Crusoe and Bassett.

Soil and nutrition

While the right variety is a crucial, soil condition is the most important factor for a successful crop, he says.

Drilling later on better land with improved drainage, rather than drilling early on marginal land which is compacted and a bit wet, is the key to limiting take-all.

Therefore to improve soil condition he is applying organic matter in the form of paper waste.

Two types are being incorporated, one with a high carbon-to-nitrogen ratio, and the other with more phosphate, more nitrogen and less carbon.

The farm has also just started applying anaerobic digestate from food waste, which has the potential to halve nitrogen use.

Feeding the crop at the right time is also important, with 50kg/ha applied in the middle of February to stimulate rooting and offset the disease.

An early dose of nitrogen followed by a main application later in the season avoids leaching losses due to root inefficiency.

However, the wet and cold conditions this season meant crops received this early application two weeks late, but would have been unlikely to be able to use it effectively any earlier.

The mild autumn and wet conditions experienced this ***year*** mean lazy rooting could be a problem and could affect how nitrogen is taken up by crops.

In the past it was traditional to plough in front of a second wheat, but now Mr Metson tries not to plough as part of his efforts to control blackgrass by exhausting the seed in the top few inches of the soil.

A Sumo Trio one-pass disc and press cultivator is instead used to achieve good consolidation around the roots to get the crop growing.

“The ground here isn’t the kindest,” his Agrii agronomist Neil Harper says. “We would like to be lower-disturbance if we could, but we need to incorporate organic matter as all the straw produced is baled and sold.”

The move away from ploughing and rolling is achieving better seed beds with a lot less work and cost, as the take-all fungus is less able to move through the soil as easily as it does through ploughed land.

Seed treatment

Although the combination of the right variety on properly managed soils is keeping the lid on take-all, Mr Metson always uses seed dressing Latitude (silthiofam) to protect roots in the autumn during this important growth stage.

With the same fungicide ***programmes***, this seed dressing insurance is the only additional input for second wheats on the farm.

“I treat all my second wheats with Latitude,” he says. “It’s a valuable insurance policy and has to be done. Take-all is always there ready to bite you.”

David Leaper, seed technical manager at Agrii, says: “Every other ***year*** we see a high infection. Take-all is endemic and will always build-up, but Latitude has the potential to recover half of the lost yield whatever the variety.”

This season the crop is looking much better than expected given the difficult weather. The benefits of using Latitude could be particularly evident this season as hot weather, such as that experienced recently, could see untreated crops burn out.

Although an additional cost, Latitude is helping Mr Menton aim for the top of the market by protecting the quality of his wheat and allowing him to take advantage of local outlets for milling wheats.

Around 75% of both his first and second wheats make milling wheat protein specification. “With Brexit we need to be growing crops with value and that we have a market for, and that’s milling wheats,” he says.

5 tips to keep on top of take-all

1. Improve soils

Move away from drilling early on marginal land. Instead ensure drainage is good and seedbeds are well consolidated after ploughing by rolling to enable roots to get a good start before the winter.

However, there is a difference between compaction and consolidation.

This season, heavy rain will have brought on compaction due to sitting water, so take the opportunity to map out those areas and improve them before next season.

2. Variety selection

Grow a variety which is proven as a second wheat, although data is somewhat limited.

Good second wheat varieties should be able to grow vigorously from an October drilling date to establish good root architecture which will cope in drier conditions later in the season.

Also look to grow a first wheat variety which can cope with take-all on its roots as this can help keep levels in the soil low.

3. Drill later

Early sowings exacerbate the disease due to the warmer soils and present a longer potential period for infection, so delay until October.

While the take-all risk will be reduced, root structure also has the potential to be reduced. In a dry season poor roots will result in a yield penalty, but this can be negated using a seed dressing.

4. Manage other hosts

Short-term grass leys contain beneficial organisms which can protect a following second wheat, but take-all will increase drastically after a long-term grass ley.

Also be aware of including host species in cover crops, and the effect of grassweeds and cereal volunteers on maintaining the level of the fungus in the soil during the rotation.

5. Use a seed dressing

With take-all endemic in UK soils and very weather-dependent – favouring a dry autumn and winter, followed by a wet spring, growers should be prepared to invest properly in the crop to ensure good results.

It has the potential to recover up to half of the lost yield and will protect quality, allowing growers to target the milling premium.

JOURNAL : Farmers Weekly

A man in his 40s has died after becoming trapped by farm machinery in Northern Ireland.

Emergency services were called to Moughley Road, in Lisnaskea, just after 12pm on Monday 11 June.

But the man, named locally as Gerry Collins, could not be saved and was pronounced dead at the scene.

See also: Machinery still the biggest cause of deaths on farms

In a statement, the Northern Ireland Ambulance Service (NIAS) said: “We received a 999 call at 12:02pm on Monday afternoon, following reports of a farm incident in Lisnaskea.

“NIAS dispatched two rapid response vehicle paramedics to the incident. No one was taken from the scene.”

According to local reports, the fatal incident involved a slurry mixer. The NI Health and Safety Executive is investigating.

‘Horrific and tragic’

Arlene Foster, Democratic Unionist Party leader and Fermanagh and South Tyrone representative, expressed her condolence’s to Mr Collins’ family.

She said: “This a horrific and very tragic accident and I wish to extend my sympathies to the family of the man killed as a result.

“Sadly another farming family has been plunged into grief and they are very much in our thoughts at this devastating time. The man was well-known within the farming community and his character will be greatly missed by all who knew him.

“This is a very busy period for our farmers. However, one death on a farm is one too many and this incident has brought into focus the grim dangers that can exist while working with farm machinery.”

Scots digger fatality

Meanwhile, health and safety chiefs are investigating the death of a man following an accident with a digger on a farm in Aberdeenshire.

The 68-***year***-old man suffered crush injuries and died following the incident at South Waulkmill Farm, in Newmachar, on Thursday (7 June).

JOURNAL : Farmers Weekly

After ***years*** of exclusion, ***agricultural*** contractors finally have the opportunity to unlock potential funding in post-Brexit ***agricultural*** policy.

This is the message from the National Association of ***Agricultural*** Contractors (NAAC), which has been lobbying the government to try to get contractors the recognition it believes they deserve.

“There has been a lot of dramatic reporting about the Defra ‘Health and Harmony’ consultation being a once-in-a-lifetime opportunity – but for contractors it really is just that,” says Jill Hewitt (below), NAAC technical and political adviser.

See also: NAAC farm contractor charges 2018-19

“For ***years***, contractors have been specifically excluded from ***agricultural*** funding under EU law and therefore unable to access grants for capital investment, upskilling or innovation.

However, in the current Brexit negotiations we have the opportunity to make a positive change and it is important that we take the initiative.”

The NAAC is not only seeking access to capital grants, but also for formal recognition of ***agricultural*** contractors within legislation, policy making and across the industry.

“An estimated 91% of farmers now use a contractor and many rely on their services either providing specialist operations or for whole farm management.

'Farmers without land'

“Contractors have effectively become ‘farmers without land’, offering advice, skilled labour, high-capital-cost machinery and professional services to land owners,” Ms Hewitt says.

“They must not be forgotten in the new ***agricultural*** landscape and the NAAC will be working to ensure that the future of ***agriculture*** firmly embraces professional contractors.

“Their services can bring out-of-reach capital investment into reality for many farmers – technology that may have been unsustainable for one farmer alone."

Farmers have been given access to high-tech, expensive machinery through contractor investment while contributing to the government’s targets to reduce ammonia emissions in particular.

However, for contractors to invest, the NAAC insists that they must have equal opportunities, recognition and access to ***agricultural*** funding and training to have the confidence and incentives to take calculated risks, push the boundaries and introduce new technologies that can propel the farming industry forward.

JOURNAL : Farmers Weekly

The NAAC recently published its contracting price guide for 2018, but has put out a stark warning that businesses cannot afford to be complacent and simply rely on these national averages.

The cost of every operation varies according to soil type, condition and customer size – as well as the machinery and scale of the business – so it is vital that contractors really get to grips with what each job costs them to perform before working out their charges.

Equally, with an estimated 91% of farmers using a contractor, the NAAC insists that its guide prices should not be seen as a tool to beat contractor prices down but as a national average to assist the industry in making sound business decisions for both contractors and farmers.

Read and download: NAAC Contracting Charges Guide 2018

This ***year***’s guide is based on 50p/litre for red diesel, but the price has already shot up to nearer 60p/litre. This needs to be taken into account, said Mr Baker.

“While this may appear to be scaremongering, it should be considered that labour, insurance, maintenance and servicing costs are also continuing to rise and it is no longer possible for contractors and their customers to bury their heads in the sand,” he added.

“The industry needs to work together to ensure the contracting sector can run professional, safe and efficient operations, providing skilled labour, specialised machinery and professional services to land owners in a post-Brexit era.”

JOURNAL : Farmers Weekly

Adding ballast to a cultivation tractor is a time-honoured method of delivering maximum grip and making the most of the ponies it has to offer.

Traditionally this has come in the form of front-end weights, tyre ballasting or wheel weights. But the setback with all these options is that they’re fairly time-consuming to add and remove – a front linkage-mounted block is the only one on the list that’s vaguely convenient.

As a result, extra weight is often carried around when it’s not needed, which has a serious effect on tyre wear, fuel economy and ride comfort.

But in a bid to make the ballasting process easier, John Deere has teamed up with French implement maker LaForge to build the EZ Ballast system, which is now an option on 7R-series tractors built after 2011.

See also: How to fit a fertiliser kit to a John Deere drill

How does it work?

The system consists of a 370kg frame with hydraulic hook arm mounted on the tractor and the 1.7t weight itself.

To connect it, the operator starts by driving the tractor over the centre of the weight. Once the block is between the wheels, they lower the hydraulic hook arm and continue forward slowly until the hook slots into it. The block is then raised into the belly of the tractor, before hydraulic locks secure it in place.

With a little practice, the whole process can be completed in less than a minute, with removal involving a simple reverse of the procedure. Adding the system reduces ground clearance by about 2.5cm, although tyre pressures can alter this figure.

Clearly this convenience comes at a price, with the frame and weight combo costing 11,500 (£10,275), plus assembly. That’s roughly £6,275 for the frame and £4,000 for the weight. To make it more affordable for those running several 7Rs, Deere says each tractor can be equipped with the frame and the weight can be switched between them.

As a comparison, Deere’s price list quotes two 900kg wheel weights, including the two adapter plates (weighing an additional 70kg a piece), at 6,068 (£5,421).

The test

To find out if EZ Ballast is worth the extra outlay, our friends at German magazine Top Agrar put it to the test.

They took a John Deere 7310R and a 4.6m Kockerling Vector cultivator into a dry clay field and tried out eight different options, from no ballast at all to a full 5.3t loading of wheel weights, front-end weighs and the EZ Ballast system.

To measure the pulling power of each setup, the Vector cultivator was fitted with hydraulic pressure cylinders in the drawbar. Meanwhile, a GPS system was on hand to accurately measure tractor speed and wheel slip.

The 7310R was driven as close as possible to its power limit at all times, with the cultivator being pushed down to depths of up to 17cm.

Below we run through the results from each of the ballasting combinations tested:

Unballasted

The tractor on its own weighed 11,770kg. However, this included the basic supports for the wheel weights (140kg) and the 370kg mounting frame for the EZ Ballast system.

With this setup, the tractor’s weight distribution was split 42% to the front and 58% at the rear. Pull forces on the cultivator were the lowest and wheel slip was the highest of all the setups tested.

Front weight only

John Deere supplied its large 1.8t front weight and adding this increased the front axle load by 2.8t to 7.7t.

Consequently, rear weight distribution dropped from 58% to 43%, which improved traction and dropped wheel slip by 5%.

However, due to the bigger-than-normal front weight, the permissible front axle load was exceeded by 1.2t, which is less than ideal.

Wheel weights only

Adding wheel weights increased the total weight by 1.8t over the standard tractor.

This shifted the weight distribution to 37% at the front and 63% on the rear, and due to the load bearing point, they had no influence on the front axle load.

Of all the ballasting options they had the lowest effect on traction, partly due to the already high rear axle load of the tractor

EZ Ballast only

With EZ Ballast, the weight increased to almost the same level as the wheel weights, but the central load point meant it had the same weight distribution as a tractor without any weights.

At slower speeds the tractor with EZ Ballast offered 2% less wheel slip than the wheel weights, but as the speed increased, the two variants were more evenly matched.

Front and wheel weights

The tractor weight increased to 15.4t, with an almost 50/50 distribution. Performance was equal to the front weight-only option, with wheel slip only dropping by 1%. However, the wheel weights had no lifting effect, so the front axle was still overloaded.

Front weight and EZ Ballast

The front axle load increased further and peaked at 8.5t due to the central attachment point of the EZ Ballast.

We reckon that with this setup, the front weight can be at least 1t lighter or dropped off completely during faster pulling work to protect the front axle and improve the ride. We found this combination was a better option than the wheel weight and front weight pairing.

EZ Ballast and wheel weight

This setup would rarely be used as there is no weight on the front axle to offer any grip. For this reason, wheel slip increased slightly.

EZ Ballast, front and wheel weights

The maximum ballast of 5.3t will be very uncommon. Although the slip dropped to the lowest value, it’s difficult to justify this as a viable option for ballasting a tractor.

Verdict

The EZ Ballast can definitely replace the time-consuming wheel weight option as it offers similar traction (and a little more in places) and only takes a minute to hook on and drop off.

Although the front weight-only option performed well in traction terms, it considerably overloaded the front axle. Therefore, using a smaller version in combination with EZ Ballast would probably be the ideal, albeit expensive, setup.

After the traction tests, we cultivated more land with the EZ Ballast and front weight combination versus wheel weights and front ballast.

EZ Ballast came in slightly ahead, only having 8.6% wheel slip, drinking 15.8 litres/ha of fuel, and covering 3.3ha/hour. Meanwhile, the wheel weight option slipped a bit more at 9.3% and guzzled 16.7 litres/ha of diesel. It was similar in terms of area covered at 3.2ha/hour.

That said, we think the system could be more useful for the 6R-series tractors, which would undoubtedly benefit from a bit of extra belly weight to help get the power down.

In a nutshell

The EZ Ballast takes less than a minute to hook on and drop off from the cab

It costs £4,854 more than wheel weights, but the extra capital cost might pay off in the long term due to reduced diesel use, wear and set-up times

In terms of getting the power down and saving fuel, there is little difference between classic ballasting and the EZ Ballast system

EZ Ballast is only available for 7R-series tractors, but we can see it would have benefits for the 6R-series in the future

JOURNAL : Farmers Weekly

More than 270,000 people flocked to see what makes British ***agriculture*** world-class, in what was a spectacular coming together of farmers and the public at large for Open Farm Sunday (OFS).

As many parts of the British Isles basked in sublime sunshine, more than 350 farms welcomed visitors with a range of informative tours, exciting activities and scrumptious produce to taste and take home.

Now in its 13th ***year***, the day saw all types of producers get involved, from large arable estates in East Anglia to mixed units in deepest Wales, as well as city farm parks, hop gardens and vineyards nationwide.

See also: Open Farm Sunday – why you should get involved

The nation-wide celebration of ***agriculture*** provides farmers with the ideal opportunity to show the public what makes British farming world-class and helps improve consumers’ understand of where their food comes from and how it is produced.

Run by Linking Environment and Farming (Leaf), this is of the biggest events in the farming ***calendar*** and is the industry’s annual open day.

Leaf chief executive Caroline Drummond said: “OFS continues to go from strength to strength and yet again we have seen how by working together, the industry can really make a vital difference enabling the public to engage with farming.”

While numbers were are still being finalised, it’s thought OFS enjoyed a similar level of attendance and number of host farms compared with the past two ***years***.

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Here we share a selection of photos from farm open days across the the UK.

JOURNAL : Farmers Weekly

A few months ago, I wrote an article detailing my thoughts on the importance of one’s degree when seeking employment.

In the months following the article, numerous people have asked me: what are employers actually looking for?

Unfortunately there is no set answer to this question, but there are a few constants that will impress any employer, whatever the role.

See also: Read more of Josh Dowbiggin’s columns

Be a grafter

In many ways, hard work and determination are the top traits that employers will be looking for. If you can show that you will always go above and beyond the norm in the workplace, you are sure to impress.

Being a grafter isn’t just about long hours or physical work. It is crucial that you have the right approach to work and show a willingness to learn.

No one can be perfect at everything, but showing an interest and being keen to expand your knowledge and skills set is a big win for you and your employer. Anything can be taught, but only to someone who wants to learn.

You might argue that it is hard to demonstrate these skills in an interview situation, but if your CV and references are full of examples to show that a bit of hard graft is in your nature, that won’t be missed by the employer.

Stand out from the crowd

It is also really important that any application you present doesn’t just get lost in the paper pile. When employers or recruiters are reading through CVs, they haven’t got all day, so it helps if your application stands out, and quickly.

Make sure your CV is bright and bold. If you can get their attention quickly, they will read into the detail. If you don’t, they might just fling it back on the pile.

The next step in standing out from the crowd is in the content of your application. As harsh as it may sound, being chairman of your local YFC club might not always be enough.

Make sure you are seen to be seeking every opportunity to experience different things outside your comfort zone.

This could be travel, building your own small business or starting a new initiative in your local community.

Show that you are comfortable in positions of leadership or responsibility. If they detect a “don’t ask, don’t get” attitude, it’ll be hard not to be impressed.

Communicate the right way

For some employers, being a good communicator is essential, and they will be assessing your qualities in this area from the get go.

Someone who is confident no matter who they are speaking to, approachable to all and knows how to listen is appreciated in any business.

At the same time, there is a fine line between confidence and arrogance – a line I have previously been accused of crossing. This can be a hard one to get right, but I find the key is knowing your audience.

Don’t be afraid to be open and honest with people, but also appreciate the views of others in the workplace. It is important that you recognise who you are speaking to, especially with superiors, so make sure you have your say while also giving time for others to have theirs.

If you can nail these three opportunities to shine through in your application and interview, you will already be one step ahead of the pack.

JOURNAL : Farmers Weekly

Poll Dorset breeder Graham Langford abandoned the show ring in favour of focusing on Signet recording. He credits the move with increasing the value of his prime lambs by £5 a head.

He said this has been achieved by focusing on commercial traits to accelerate genetic gain and producing sheep that are more functional.

Michael Priestley visited him at his farm in Devon to find out what prompted the move and how it’s changed the flock’s breeding policy.

Great Garlandhayes Farm facts

53ha over three holdings

130-head pedigree Poll Dorset closed flock (it isn’t closed if replacements are bought in)

Lying at 245-310m above sea level (800-1,000ft)

Supplying prime lambs through Waitrose scheme

Carcases typically 18-20kg at R2 or better

Signet recorded and EID tagged since 2000

Lambs outdoors

Signet figures show rams have the potential to pass an additional 2.88kg onto lamb scanning weights compared with 15 ***years*** ago, which at £2/kg liveweight is worth over £5 a head to the prime lamb.

This represents a major step forward in performance since Mr Langford and his wife Anne, at Great Garlandhayes Farm in Clayhidon, Devon, starting breeding Poll Dorsets in 2000.

Based on the edge of the Blackdown Hills, the Blackdown flock is targeted purely at the commercial autumn lamb market, although Mr Langford explains this wasn’t always the case.

See also: How a young breeder manages 90 pedigree ewes and full-time job

Why he stopped showing

In the early days, the flock competed on the show circuit, winning championships at the Dorset, Devon County and Bath and West shows. But the Langfords believe the show ring was hindering genetic progress.

“I am not anti-showing, but I found it difficult to meet show requirements and maintain on-farm functionality,” explains Mr Langford.

[*https://infogram.com/great-garlandhayes-flock-indices-1hnq41xd5g9k23z*](https://infogram.com/great-garlandhayes-flock-indices-1hnq41xd5g9k23z)

“Pedigree showing was a great way to get to know people and I enjoyed it, but eight ***years*** ago I stopped and since then the maternal progress of the flock has been more consistent.”

Mr Langford believes that concentrate feeding and breeding for larger heads and wider shoulders for the show ring is irrelevant for the commercial sector. Instead, he is focusing on reducing intervention at lambing and producing parts of the carcase that the market wants.

“There is little money in a shoulder joint,” he explains. “And the market for very large legs of lamb has gone, so a longer, more balanced conformation is preferred.”

Since ceasing showing, the flock has grown a reputation among commercial, early lambing flocks, with six regular customers across the region all targeting the early-lambing market.

High-index performance-recorded rams are bought and sold through the Centurion Group of Breeders, a discussion group and sire reference scheme, which Mr Langford helps co-ordinate.

Breeding ***programme***

Teaser rams are put in at the end of March for 14 days, before ewes spend 35 days with the ram in five tupping groups at 20-30 ewes per ram. This usually sees 80-90% tupped in the first cycle.

After shearing and scanning in late June, any empty ewes (8-10%) go with rams again in July to lamb in November, although their progeny is then only kept for meat production.

September lambers usually scan at 150-160% with a 175-180% lambing overall and 3-4% empty rate.

Tups are matched to females to improve traits like litter size, fat depth and muscle depth. Fat depth is currently a little low and rams are being matched to improve that trait, says Mr Langford. Two ram lambs are usually retained for use, as lambs, each ***year***.

“I do not breed my ewe lambs as it brings huge management involvement and I want to choose my replacement ewes as shearlings,” he explains.

Sheep are culled according to milking ability, udders, lameness (third intervention) and fertility. Lameness is managed by keeping scald at bay, liming the floor when sheep are worked and treating cases with an alamycin injection in the foot, and a modern view is taken not to routinely trim feet.

Benefits of recording

As well as weight-gain improvements worth £5 a lamb, Mr Langford’s Signet figures show a 10% increase in female prolificacy since 2004.

Ewes are also milkier, producing 1.4kg more milk since 2003. Meanwhile, birthweights have become more consistent at around the 4-4.5kg mark, whereas during the show ***years*** weights of up to 9kg were not uncommon.

Mr Langford explains he was focused on figures from the outset of establishing the flock.

“You can’t manage what you don’t measure,” he says. “I will look at a ram’s index before I look at phenotypic characteristics, like appearance or shape of the animal. I think most farmers tend to do it the other way around.”

2018 Signet evaluation

Terminal index

Maternal index

Breed average

280

237

Blackdown flock

375

296

Management overview

Grassland management

Fields are small (2-3ha) and rotationally grazed. No fertiliser is used. Instead fields are spot-sprayed only.

Most fields are very old swards that are being slowly improved by drilling with spring barley for a local dairy farm, following with a grass mix of festuloliums (ryegrass/fescue), trefoils, sheep parsley, cocksfoot, timothy, plantain and burnet.

Concentrate feeding

No breeding stock receive anything other than forage when growing. Prime lambs are built up to 0.5kg a head/day post-weaning on a 18% crude protein starter nut.

A breeding ewe nut is fed to breeding ewes in late gestation at 0.4-0.5kg a head/day to help colostrum production.

Health plan

Flooring is limed and stock are footbathed with zinc sulphate every time sheep are worked (3-4 times/***year***). All pastures are rested for 14 days to allow the scald (fusobacterium necrophorum) to die.

No abortion vaccine is currently used, only a clostridia vaccine. Antibiotics use is restricted to lameness cases (alamycin) and 1-2 joint-ill cases a ***year*** are treated with a long-acting antibiotic.

Lambing

Late summer, outdoor lambing minimises intervention and antibiotics. Only 3-4% of sheep require lambing assistance as average birthweights for twins are 4-4.5kg with a lamb mortality figure of typically about 5%.

Once lambed, ewes are brought inside for 24-36 hours and lambs are tagged and tailed. All ram lambs are kept entire.

September lambs are weaned at Christmas, and November lambs are weaned in January at 12 weeks old. DLWGs of 300-450g a head are typical, with the first lambs sent to Jaspers at Launceston on a Waitrose contract at 14 weeks old.

Centurion Group of Breeders (CGB)

A discussion group and sire reference scheme formed in 1990

10 breeders contributed 10 sheep each to be bred to a high index ram each ***year***

Holds an annual spring sale at Sedgemoor

Backed by the Universities of Exeter, Warwick, Nottingham and Sheffield and working with Cornell, the CGB aims to find gene markers for the sheep that consistently lamb in the autumn and which are prolific.

JOURNAL : Farmers Weekly

British farmer-owned co-op First Milk has announced a 1.2p/litre farmgate price increase from 1 July.

The rise means First Milk’s 900 producers will receive 27.2p/litre for standard liquid litres with a constituent content of 4% butterfat 3.3% protein.

See also: 6 key factors influencing dairy herd profitability

For ease of comparison, the rise will take the processor’s manufacturing standard litre to 4.2% butterfat, 3.4% protein.

July will be the first month that First Milk price has increased its pricer since November 2017, since which the co-op has seen four holds and three drops.

This latest rise means the majority of major UK dairy processors have increased milk prices for July, with Muller, Meadow Foods and Dairy Crest announcing higher ***payments*** in recent weeks.

[*https://infogram.com/first-milk-july-1hnq41l9ylop23z*](https://infogram.com/first-milk-july-1hnq41l9ylop23z)

Strengthening dairy commodities markets and improved business performance were given as reasons behind the 1.2p increase, according to First Milk vice-chairman and farmer director, Jim Baird.

“We have strived to deliver as much stability as we can to our members during the most recent period of volatility,” said Mr Baird.

“As always, we are focused on maximising member milk price, and will continue to pass on any further increases as soon as we can.

Production capacity increase

Mr Baird added First Milk had recently started a £6.5m investment project at its Haverfordwest creamery that will expand the facilities’ capacity by 20%.

He added: “We are well placed to utilise additional milk from our farmers, who are able to grow their businesses without restriction, encouraged by our production bonus and with the security of an evergreen contract.

“In addition, we have been proactively taking on new members and suppliers across the country, with additional milk volume coming through in the ***year***.”

Other July milk price moves

Liquid litres (4% butterfat, 3.3% protein)

Yew Tree Dairy  1.5p to 28p/litre

Sainsbury’s Dairy Development Group   0.36p to 28.48p/litre

Pensworth   1.2p to 27.2p/litre

Muller   1.25p to 28p/litre

Meadow Foods  1p to 28p/litre

Manufacturing litres (4.2% butterfat, 3.4% protein)

Belton Farm   1p to 28.25p/litre

Dairy Crest   0.65p to 28.65p/litre

Glanbia   1.5p to 28p/litre

JOURNAL : Farmers Weekly

There is a wide range of establishment methods for oilseed rape and the most suitable technique will depend on soil type, soil conditions, prevailing weather and likely weed and slug pressures.

As well as selecting a method that suits soil conditions and availability of machinery, costs can influence choice.

In recent ***years***, low-cost, one-pass establishment systems have become popular, even though any potential savings can be lost if establishment is patchy or the crop fails.

See also: Why strip-till is key part of one farmer’s cultivations approach

Oilseed rape and soil compaction are not a good combination, which is why establishment systems that include a deep loosening leg are in demand – whether that’s done as a separate pass or is part of the drill being used.

Either way, in dry conditions seed should be sown as soon as possible after cultivations to minimise soil moisture loss and ensure that the seed germinates.

Rolling after sowing is advised in most situations, to retain moisture and reduce slug risk.

With techniques where crop residues are being retained, a straw rake may be required to uniformly spread the residue.

Uneven distribution of large amounts of trash can be a problem – both with its effect on germination and its ability to harbour slugs.

Otherwise, the aim of any cultivations prior to establishment is to:

Correct compaction

Maximise seed-to-soil contact

Sow seed at 2-3cm depth

Retain soil moisture

Limit weed numbers

Reduce slug risk

Autumn nitrogen, applied up to a maximum of 30kg/ha in Nitrate Vulnerable Zones, is often used to boost early crop growth, especially where minimal soil disturbance means that no mineralisation is taking place.

1. Broadcasting

Broadcasting is a quick and cheap option, as seed is spread into standing cereals, often via Autocast.

It can be a high-risk option, as it may cause poor and uneven establishment. The main threat is that chopped straw or trash is not distributed evenly, forming a dense mat, which can impede the seedlings.

As a result, slug damage can be higher than with other systems.

In addition, broadcasting does not allow the use of treated seed or pre-emergence herbicides, as the seed is not covered.

Seed rates tend to be higher than with other methods, to compensate for the variability in establishment achieved.

However, it can be done when the ground is too wet to allow deep cultivations. There is very little soil moisture loss, a benefit in dry ***years***, and the long stubble left acts as a deterrent to pigeons. Broad-leaved weeds are unlikely to be a problem.

2. Direct drilling

A less risky technique than broadcasting in most seasons, direct drilling can work well where there is little or no surface tilth present and soils are well structured.

A low-cost, one-pass technique, it minimises soil moisture loss and new drill technology allows accurate placement of seed and good slot closure. Fertiliser can be applied at the same time.

Again, uneven trash distribution can be a risk to good establishment, so a stubble rake may be necessary.

Weed numbers tend to be reduced, due to minimal soil disturbance, so pre-emergence herbicides are often not required.

The use of companion crops is becoming increasingly popular with direct drilled crops, where they help to improve rooting, confuse pests and recycle nutrients.

The companion plants are either killed by winter frosts or taken out with a targeted herbicide.

3. Strip tilling

Strip tillage is a low-disturbance tillage practice where only a narrow band of soil is cultivated to produce tilth. The remaining soil is left undisturbed, with crop residues retained on the soil surface.

A popular technique for establishing oilseed rape, strip tillage allows the seed to be placed accurately and most systems have the facility to put a band of fertiliser underneath the seed.

Another one-pass system, it is quick and brings costs down. Drill technology has improved in recent ***years***, increasing the consistency and reliability of the system as well as allowing wide or conventionally-spaced rows.

Uneven crop residue distribution is a potential problem, both for establishment and pests. Leaving a longer stubble can help to deter pigeons.

4. Subcasting

Subcasting places seed in soil disturbed by widely spaced tines, such as those on a subsoiler.

It works well in drier soil conditions and where there is compaction, but often runs into difficulties in wet soils due to slotting and poor drainage.

It allows seed to be placed into a prepared seed-bed at less than 5cm deep and can cope with crop residues, as the legs are widely spaced.

The depth of the pass will depend on soil conditions. It is essential to roll afterwards and a broad-leaved weed herbicide is usually required.

5. Non-inversion tillage

Non-inversion tillage offers the greatest flexibility and deals with any surface compaction.

It is suitable for most soils and conditions and makes use of either disc or tined cultivators, often with a seeder unit attached.

This means it can be a single-pass operation or drilling can be done with a cultivator drill in a separate pass.

Whichever way it is done, consolidation is important for good seed-to-soil contact. It will also help to reduce slugs.

Pre-emergence herbicides will be required in most situations.

6. Ploughing systems

Ploughing can produce an excellent seedbed, providing secondary cultivations achieve good consolidation and retain soil moisture.

However, it is expensive to perform and time-consuming, so tends to only be used as a last resort before oilseed rape or where grass weed numbers are too high.

It is an effective method of reducing compaction and can help improve crop rooting.

Tight turnaround times and high costs mean that it is used infrequently before oilseed rape drilling – especially as it also leads to soil moisture loss.

Pros and cons of five different OSR establishment techniques

Technique

Cost

Pros

Cons

Broadcast into standing crop

£

Quick

Cheap

Retains soil moisture

Works when wet

Seed not covered

Uneven establishment

Higher risk

Direct drill/Strip-till

££

One pass

Low cost

Retains soil moisture

Slug risk

Residue spread

No mineralisation

Sub-cast

£££

Less soil compaction

Retains soil moisture

Copes with trash

Some sowing depth variability

Weed control

Min-till

££££

Flexible

Less soil dependent

Reduces surface compaction

Risk of soil moisture loss

Ploughing

£££££

Deals with soil compaction

Better weed control

Better crop rooting

Slug control

Time consuming

Expensive

Soil moisture loss

Farm trial findings

Establishment costs can be reduced without compromising the output or profitability of oilseed rape growing, according to farm trials conducted in Herefordshire.

Seven different establishment methods were compared side-by-side in 24m-wide blocks of Elgar on Russell Price’s farm near Ledbury last ***year***, with all of the methods including a deep loosening leg as either a separate pass or an integral part of the drill.

Costs ranged from £131/ha down to £54/ha – with the cheapest system representing a £77/ha saving over the most expensive regime.

“It was interesting to note that the second cheapest system was the highest yielding,” says Mr Price, who is one half of the joint AHDB Hereford Monitor Farm. “That was reassuring, as it’s the system we favour on this farm.”

He adds that the best performing blocks of oilseed rape weren’t the most pleasing to look at.

“If we’d judged them on cosmetics alone, then the more conventional establishment systems looked the best.

“Although they all yielded well, the direct drilled plots based on the DTS concept came out on top at 5.68t/ha. Our thinking is that it’s all down to the strength of the root.”

There was very little difference between the Sumo and the Mzuri, he notes, although the Mzuri’s 60cm-wide row spacing wasn’t as good in terms of yield as 30cm-wide rows.

Mr Price adds that while the findings were of interest, he is wary of reading too much into them after just one ***year*** of results.

“In another season, things might have been different. It’s one of the issues that oilseed rape growers are up against.”

The trial is being repeated this ***year***, with two further drills joining the line-up to be assessed.

Costs and yields of eight different approaches being trialled at Town Farm

Primary

Secondary

Tertiary

Cost £/ha

Yield t/ha

Subsoil

Power harrow combination

Roll

123

5.164

Single Pass Min Till

Power harrow combination

Roll

131

5.041

Single Pass Min Till

Min till cultivator drill

Roll

112

5.016

Subsoil

Min till cultivator drill

Roll

104

5.164

Subsoil

Sumo DTS

Roll

118

5.090

None

Sumo DTS

Roll

 67

5.683

None

Mzuri (narrow leg spacing)

Roll

 67

5.213

None

Mzuri (wide leg spacing)

Roll

 54

4.649

JOURNAL : Farmers Weekly

Sheep mortality hit its highest level for five ***years*** and possibly since records began in 2011, according to data from the National Fallen Stock Company (NFSCo).

Unseasonably cold and wet weather meant adult sheep mortality rate during the 2018 season hit a five-***year*** peak, 10% higher than the annual average at 150,000 head.

See also: 9 tips for minimising lamb production costs

Losses of lambs were 30% up on the UK average at 250,000 head – excluding animals recorded on a volume basis.

These animals, collected on a weight or volume basis increased by 10% more than the UK average over the past seven ***years***.

[*https://infogram.com/lamb-losses-by-month-1h9j6q8y1dkv6gz*](https://infogram.com/lamb-losses-by-month-1h9j6q8y1dkv6gz)

Since 2011, 69% of all lamb losses occurred between March and May, with 35% of animal mortality coming in April alone.

NFSCo, the not-for-profit community interest company responsible for the co-ordination of fallen stock collection and disposal in the UK added, that despite shortcomings in the accuracy of sheep mortality data, it was still the most reliable indicator available for animal losses.

“The data from this ***year*** show the 2018 lambing season was certainly the worst season since 2013, and probably ever, even factoring in a large allowance for the shortcomings of the data,” according to NFSCo chairman, Michael Seals.

“Lambing time was an extremely challenging time for sheep farmers and for the 100 or so collectors who NFSCo works with, and who worked hard to maintain their excellent service levels during some of the worst weather the UK has seen in ***years***.”

This spring’s adverse weather kicked in on 23 February when the “Beast from the East” rendered many areas of the country inaccessible due to strong winds and snow drifts.

Cold and rainy weather continued throughout what became the wettest recorded March for a decade.

Deserved respite for sheep farmers

“The beautiful weather we are experiencing now make it easy to forget the atrocious conditions experienced across the country during lambing time and this is a deserved respite for our sheep farmers,” said National Sheep Association chief executive Phil Stocker.

Mr Stocker commended the work of NFSCo and its contractors in the face of the alarming losses and significantly higher costs placed on our sheep farming businesses.

“If it wasn’t for the current strong finished lamb prices, sheep farmers would be desperate and there will be many individuals that have not benefited directly and are not out of the woods yet,” added Mr Stocker.

JOURNAL : Farmers Weekly

A nationwide series of roadshows highlighting the threat of scab in UK sheep flocks will take place later this summer.

The roadshows will feature sheep disease specialists, consultants and dipping contractors and are open to farmers, vets and any suitably qualified persons (SQPs).

See also: Farmers Weekly academy on scab in sheep

Each regional event will feature different speakers who are all experts in sheep scab control.

Speakers include:

Peter Bates (specialist veterinary entomologist)

Lesley Stubbings (independent sheep consultant)

Neil Fell (nationwide mobile plunge dipping contractor)

The speakers will discuss the sheep scab parasite, the effect of the disease and control options, including mobile plunge dipping.

There will also be an update on resistance to sheep scab treatments and a forum to share ideas on how to tackle the disease.

All of the events have been organised by animal health product manufacturer and distributor Bimeda UK.

The firm is urging anyone who would like to attend to register with the appropriate regional contact (see table below).

Sheep scab awareness events

Date

Time

Venue

 RSVP date and contact

24 July

10:30am

Penrith Auction Mart, Cumbria

17 July  [*mmarron@bimeda.com*](mailto:mmarron@bimeda.com)

25 July

10:00am

St Boswell’s Mart, Scottish Borders

16 July [*rwalker@bimeda.com*](mailto:rwalker@bimeda.com)

26 July

10:00am

Lochter Activity Centre, Aberdeenshire

16 July [*ewalker@bimeda.com*](mailto:ewalker@bimeda.com)

31 July

11:00am

Hereford Market

23 July [*fmoore@bimeda.com*](mailto:fmoore@bimeda.com)

1 August

11:30am

Launceston Rugby Club, Cornwall

18 July [*dmead@bimeda.com*](mailto:dmead@bimeda.com)

2 August

6:00pm

Ruthin Farmers Auction Co, Denbighshire

26 July [*rmallet@bimeda.com*](mailto:rmallet@bimeda.com)

JOURNAL : Farmers Weekly

New-season lamb (NSL) numbers are starting to build, but levels are well down on the same point last ***year***, which could underpin a buoyant market through June.

Rebecca Oborne, AHDB analyst, said more spring lamb was starting to come on stream, but the throughput was still almost one-third (23,000 head) down on the same week in 2017.

See also: Slaughter figures suggest cull ewes are returning to farms

“We are finally seeing more of new season than old season come through to markets but we’re still very behind ***year*** earlier levels,” she said.

“In the ***year*** to date, we have had 24% less NSL though than last ***year***, which is just under 80,000 head.”

Ms Oborne said it was at this point last ***year*** when prices started to ease back – dropping by a total of 37p/kg over a four-week period – but it could now be a couple more weeks before a significant number hit the market.  “As the numbers aren’t yet available, it is probably going to support prices for another couple of weeks.”

Auctioneers’ view

Auctioneers report that trade for lambs remains strong because of short supplies, but some are warning that farmers in a position to sell now should do so because of the uncertainty about future pricing.

James Sealy of Newark Market in Nottinghamshire said no one could have predicted how high hogg prices were going to go in March/April May and it was anyone’s guess what was going to happen.

All of his farmers were telling him their lambs were two to three weeks behind last ***year***, but he pointed out he had seen NSL supplies build quickly over the past month, from 200 to 500, to 1,000 and then to 1,500.

“My advice for farmers is if they are fit, they want selling.”

Mr Sealy said he had sold 1,624 spring lambs on 9 June which achieved an SQQ average price of 259.30p/kg.

He had also sold 2,030 hoggs which averaged an SQQ of 183.37p/kg. “There were buyers for them, but at a price.”

Jonathan Evans, selling at Welshpool market in Powys on Monday (11 June), said he had seen 3,200 spring lambs go through the ring with prices averaging 259p/kg, which was similar to the week before.

“There’s not the numbers of sheep there to knock the trade back, but there is going to come a glut at some point.”

Will Alexander said the trade at Gisburn market in Lancashire on Thursday (7 June) had been good with prices for spring lambs averaging 268p/kg, which was 6-8p/kg higher than the week before.

“Good lambs are ranging from 280-316p/kg, with good quality butchers’ lambs going for 300p/kg and above. “The more commercial lambs are 250 to 280p/kg.”

According to the Beeston Castle in Cheshire’s market’s report for its spring show and sale on 7 June, 497 NSL were sold making an overall average of 269.3p/kg.

In total, 15 pens made more than 300p/kg and 24 pens grossed more than £120 a head. Old season lambs made a top price of 220p/kg, but averaged 183.1p/kg.

AHDB price update

Figures from AHDB show the SQQ liveweight price for spring lambs in the week ending 6 June rose 2.29p to 260.35p/kg.

In contrast, the old season lamb SQQ fell for the sixth consecutive week, down 8.31p on the week, to 186.17p/kg. This is the lowest the quote has been since the third week in January.

The average deadweight price in the week ending 2 June dropped sharply, by 52.2p, to 537.9p/kg, but is still 31p/kg higher than at this point last ***year***.

JOURNAL : Farmers Weekly

Pests are particularly troublesome during establishment, as small oilseed rape plants are very vulnerable to attack and severe infestations can wipe out parts of a field.

All too often, oilseed rape is emerging in dry conditions, which slows growth and gives pests more time to inflict feeding damage.

An integrated approach to pest control, using more than one technique, is the best way to minimise attacks and ensure crops survive the early onslaught.

Neonicotinoid-treated seed cannot be planted, following the EU’s ban on such products on all outdoor crops.

See also: Oilseed rape variety proves its worth in charlock-infested field

1. Slugs

Germinating oilseed rape is extremely vulnerable to feeding by slugs, with the grey field slug being the most common problem.

The most damage is done to seedlings, as the growing point of a germinating oilseed rape shoot is above the ground. Plants remain susceptible right up until the four-true-leaf stage.

As a result, oilseed rape crops should be monitored regularly for slug damage. Estimating the size of the slug population present should be done in the field with refuge traps, placed before cultivation when the soil surface is damp.

These traps should form a cover of about 25cm in diameter, with a small amount of bait (such as chicken layers’ mash) underneath each one.

Nine traps should be set out in a W shape across each field where it is less than 20ha – increasing to 13 on the biggest fields.

Traps should be left overnight and examined early the following morning, before it warms up. If no slugs are found, trapping should continue until crops are beyond the vulnerable stage. If there are four slugs per trap, there is a risk to the following oilseed rape crop.

Risk factors

Moisture and temperature – the activity, survival and reproduction of slugs are dependent on temperature, moisture, light and soil structure. Slugs are active between 5-20C.

Soil type – slugs are more abundant in heavy soils

Previous cropping – slug damage is greater after leafy crops, where soil conditions are moist.

Crop residues – crop residues and farmyard manure applications provide slugs with a source of food and shelter.

Cultivations – open cloddy seed-beds allow slugs easy movement and provide more shelter. Direct and delayed drilling often increase the risk of slug damage.

Cultural control

Seed-bed preparation and quality has an important role to play in the control of slugs.

Cultivations will increase slug mortality, while firm seed-beds reduce the pest’s activity by making it harder for them to move around.

A fine, consolidated seed-bed is essential for the protection of seedlings. It enables the seeds to germinate quickly and the plants to grow rapidly through the vulnerable establishment stage.

Chemical control

Applications of slug pellets are used to control slugs. These should always be used in conjunction with cultural control methods.

Pellets have to be ingested by slugs to cause death, so their palatability and durability in field conditions matter. Large slugs need to ingest more of the active substance than smaller ones.

Broadcasting is the best method of pellet application, especially when it is used in combination with fine, firm seed-beds. This action should be done as soon as possible after drilling. Pellets mixed with seed at drilling are less effective in fine seed-beds because they are not available to the slugs.

There are two active ingredients used in the manufacture of slug pellets:

Metaldehyde – a selective molluscicide which acts on slugs by inducing excessive secretion of mucus. Metaldehyde pellets are subject to best practice restrictions and guidelines, as the active ingredient is often detected in water above EU standards. For more information on the latest guidance, visit [*www.getpelletwise.co.uk*](http://www.getpelletwise.co.uk).

Ferric phosphate – an alternative to metaldehyde with no restrictions on its use, ferric phosphate can also be used in organic production. Once eaten. slugs quickly stop feeding and die within three to six days, often going underground.

As a result, the effectiveness of treatment should be measured by the decrease in feeding damage, rather than by counting dead slugs.

2. Cabbage stem flea beetle

Cabbage stem flea beetle is widespread in the UK. The adult beetles are about 5mm long, shiny black in colour with a hint of green/blue.

These beetles migrate into crops during emergence and feed on the growing point, often destroying the plant.

They then bite “shotholes” in the cotyledons and early true leaves. Eggs are laid at the base of plants in the soil, with newly hatched larvae boring into the leaf petioles and later into the main stems.

Risk factors

Air temperatures above 16C are favourable for adult beetle migration, so a warm autumn will favour egg laying and early hatch.

Slow growing crops, due to a lack of soil moisture or a cloddy seed-bed, will be less vigorous and are more prone to being eaten.

Monitoring

The numbers of adult beetles emerging from the soil in the summer can be monitored to assess the risk.

Checking beetle numbers in the previous crop’s harvested seed, looking for signs of damage to volunteer oilseed rape plants and using water traps to check for numbers of active beetles are all effective.

Without neonicotinoid seed treatments, the only control option for growers is the use of pyrethroid sprays. However, resistance to the pyrethroids in flea beetles has been confirmed, so they often provide little or no control.

Where they are to be used, pyrethroid sprays should only be applied where there is evidence of high pest pressure or if thresholds are exceeded.

Where adults have eaten over 25% of leaf area at the cotyledon-two leaf stage or over 50% of leaf area at the three-to-four true leaf stage should sprays be used at full recommended rates.

3. Pigeons

Pigeons can appear all ***year*** in large flocks, posing a particular problem in the winter.

Pigeons graze on developing oilseed rape crops and will often strip leaves right down to the main veins. Where meristems are damaged, the plant compensates by producing additional lateral shoots from the base.

Damage can be uneven across a crop, causing patchy spring development and inconsistent plant height and maturity.

The best form of control is a well-established, vigorous crop, which limits their ability to land and feed. If crop establishment is patchy, a combination of shooting and the use of bird scarers can be used to reduce feeding.

4. Other Pests

Peach-potato aphid, or Myzus persicae, is the main vector of turnip yellows virus, which can decrease yields by 30%.

Aphids arriving in oilseed rape crops in the autumn transmit the virus, so a well-timed spray can be used to control them.

There are recommended varieties with resistance to turnip yellows virus, so these can be grown where high levels infection are expected.

Leaf miners can infest the first developing true leaves, causing unsightly mines. They do not justify insecticide treatment.

Rape winter stem weevil adults lay their eggs on petioles close to the stem, with the larvae then feeding within the stems over the winter. There are no thresholds for this pest, which only affects local areas.

The role of companion crops in pest control?

There’s plenty of anecdotal evidence to suggest that companion crops have a role in keeping pest numbers down and reducing the need for insecticides.

Whether that’s due to a dilution effect, or that they confuse pests, remains to be seen. They may also have a barrier effect, preventing pests from getting to emerging rape plants – such as limiting the landing sites for pigeons.

Under severe pest pressure, they are unlikely to be a total solution. But for a very low cost and minimal effort, they are already providing benefits on many farms.

JOURNAL : Farmers Weekly

Arable farmers have driven an increase in sales of new tractors and ***agricultural*** equipment this ***year*** after strong grain prices helped improve profitability.

Figures released by the ***Agricultural*** Engineers Association (AEA) show there has been a 5% rise in new tractor registrations in the ***year*** to date compared with 2017, with the biggest increase in sales coming from tractors over 180hp.

A total of 1,222 tractors over 50hp were registered last month, as wheat prices stood more than £10/t higher than the previous ***year*** and milling wheat some £20/t higher.

See also: Ultimate guide to buying a tractor 2018

This was the highest May sales figures since 2014 and brought the total tractor registrations for 2018 to a healthy 5,343.

Tractor sales are a key benchmark of the health of the ***agricultural*** economy as they closely track farming income, said AEA economist Stephen Howarth.

Last ***year***’s improvement in dairy farm profitability was mirrored by an increase in registrations of new tractors between 120-180hp, as well as an increase in sales of grassland equipment.

But this ***year*** the biggest improvement in sales has been from tractors over 180hp, suggesting it is the arable sector that is the most willing to invest in machinery, with sales of arable equipment also improving.

The increase in sales comes despite an increase in the price of tractors, with manufacturers blaming the weak pound and legislation changes, although some customers are questioning if increases have gone beyond these justifications.

The most recent price-affecting rule changes were the European “Tractor Mother Regulations” which came into effect on 1 January 2018 and set higher safety standards for all new tractors in the EU.

Mr Howarth said this meant dealers rushed to register 600-700 new tractors last December before the rules came into effect in order for them to fall outside of the legislation’s scope.

Despite being registered in 2017, many of these will have been sold in 2018 and will have been in addition to the rise in registrations this ***year*** meaning the growth in sales will be higher than the official estimate of 5%.

Second-hand market also strong

Demand in the second-hand tractor market also shows no sign of abating according to Simon Wearmouth, partner at Brown & Co, despite an increase in machinery auctions happening across the UK.

He said additional throughput in the tractor and equipment market have not dampened the value of good-quality items because more farmers are looking for a decent second-hand kit rather than buying a high-priced new machines.

However, the profile of overseas buyers was changing despite the value of the pound still making second-hand kit an attractive option for customers with euros in their pocket.

Mr Wearmouth said they were seeing fewer eastern European customers coming in for poorer-quality kit than a couple of ***years*** ago when many machinery yards were practically cleared out, but the demand for higher-quality equipment was still strong.

JOURNAL : Farmers Weekly

The future of the agri-food sector after the UK leaves the EU was under scrutiny in Parliament on Wednesday (6 June) as, Liam Fox’s number two, Greg Hands MP appeared before the Environment, Food and Rural Affairs select committee.

The international trade minister was quizzed on prospective reductions to UK food and welfare standards, the prospects for the British sugar industry, future free trade arrangements, tariff rate quotas (TRQ) and the performance of his department.

Here’s what he said when asked:

Will the UK lower food standards as part of a free-trade deal with the likes of the US?

Where does the UK stand in terms of negotiating free-trade arrangements?

How are discussions going over the division of trade-rate quotas post-Brexit?

How will Brexit influence the UK sugar beet industry?

Is the Department for International Trade prepared for Brexit?

See also: US leads opposition to UK-EU post-Brexit import quota plan

Will the UK lower food standards as part of a free-trade deal with the likes of the US?

What Mr Hands said: “The government is absolutely clear that we will not be lowering any of our food standards, animal welfare standards or environmental standards as we leave the EU.

“One of the reasons why the food and drink sector is such an exporting success is precisely because people recognise the quality of our food and drink so it would be perverse for us to do anything to bring into question people’s liking of the quality of UK food and drink.

“I think a lot of sectors are really looking forward to having our trade deals and to export more food and drink in the future.”

However, Mr Hands repeatedly refused to directly answer whether food produced under lower welfare standards than in the UK, such as chlorine-washed chicken would be allowed to enter under a free-trade arrangement.

He eventually conceded: “Any imported products would have to meet UK standards. Whether it be in ***agriculture*** or in anything else.”

Where does the UK stand in terms of negotiating free-trade arrangements?

What Mr Hands said: “We have set up 14 trade working groups involving 21 countries, however not all of these countries will lead to a free-trade agreement.”

Mr Hands also confirmed the UK can negotiate, sign and ratify new trade deals after March 2019 but cannot bring these into effect before 1 January 2021.

He added there are no trade working group with any Mercosur nations.

“A lot of these working groups coincide with countries that have TRQ’s such as Australia and New Zealand so you can see the read across to where future free-trade deals might be going,” said Mr Hands.

How are discussions going over the division of TRQ’s post-Brexit?

“TRQ’s will remain in place between the UK and the EU until December 2020.

“I’m optimistic that UK would come to a positive conclusion with the World Trade Organization (WTO) over TRQ’s.”

Mr Hands admitted the entirety of some our TRQ’s such as lamb from New Zealand or sugar from Brazil could still come to the UK following Brexit.

Last September, the US, Argentina, Brazil, Canada, New Zealand, Thailand and Uruguay wrote an open letter stating they would not accept any splitting of current TRQ’s between the UK and the EU.

“WTO is an organisation that by its very nature believes in free trade,” said Mr Hands.

“The same members who have an interest in some of those TRQs are the same countries welcoming the UK in becoming a stand-alone member of the WTO.

“But it’s a negotiation that is ongoing and in common with all negotiations that are ongoing it’s difficult to provide a running commentary and it’s difficult to provide absolute certainty.”

See also: Why an EU trade deal could hurt beef prices after Brexit

How will Brexit influence the UK sugar beet industry?

What Mr Hands said: “Exiting the EU presents opportunities for the sugar industry and it is down to the government to enable an innovative and productive sector that is competitive at home and overseas.”

Mr Hands reiterated the UK’s long-standing commitment to reduce poverty through trade with developing sugar-cane-producing nations.

“Removal of EU sugar beet quotas in October 2017 is allowing British growers to move towards competing on a level playing field with other producers around the world.

We are rising to the occasion Greg Hands, MP

“The government committed to help the industry to further develop its competitiveness.”

Is the Department for International Trade prepared for Brexit?

What Mr Hands said: “We are rising to the occasion. The department has gone from 50 to 500 staff working in the trade policy group.

“The department that is battle ready for those negotiations in March 2019.

“It’s not just about trade deals, we can do a lot about reducing trade barriers outside of trade deals.

JOURNAL : Farmers Weekly

Valtra has finally let its heavyweight S-series loose on the 400hp tractor scene and, armed with lorry loads of torque, a proven driveline and a redesigned cab, promises to unsettle a few of the traditional high-horsepower campaigners.

It was back at the tail-end of 2013 that Valtra announced the launch of its fourth generation 270hp-390hp S-series tractors, but we’ve had to wait until now to see any production machines in the flesh.

Issues with previous incarnations of its flagship tractor range meant the Finnish company insisted on ironing out any gremlins before bringing them to market, which is sensible stuff; except the process has taken nearly five ***years*** to complete.

However, there have been some upsides to the delay – during that period the company has added a new armrest, joystick and touchscreen computer that have the potential to position the S-series up there with the big boys.

With its sleek lines, curvy cabin and angular LED lights, the S394 certainly has the looks, but it’s what’s under all that trim that counts.

Muscle is provided by an 8.4-litre AgcoPower (Sisu) six-pot that can generate up to 1,600Nm of torque. That power is put to the ground by a Fendt stepless Vario gearbox.

So the driveline is pretty well-proven (some might say the Finnish power-plant is a better bet than the Deutz motor used by Valtra’s green-liveried Agco stablemates) but what about the rest of the tractor?

See also: On test: JCB's 419S loading shovel brings extra muscle

Shared platform

Like previous second and third-generation S-series models, this latest version uses a common platform shared with Massey Ferguson’s largest 8700 tractors.

Built at MF’s factory in Beauvais, France, these high-horsepower prime-movers have the same cabin, albeit kitted out with different trim and controls.

Two critical things set the Valtra apart – it’s on offer with the Finnish-firm’s TwinTrac reverse-drive system and has the company’s new SmartTouch armrest.

With this in mind, we thought it best to put the new tractor to the test in probably the most common reverse drive application – with a set of triple mowers.

While FW’s test team might know their onions when it comes to what’s going on in the wacky world of farm machinery, we’re certainly not experts in operating this kind of kit, so we thought it best to take the big Valtra to some men that are.

Reverse-drive debut

It was back in the early 1990s that Somerset contractors Robert and Colin Targett started experimenting with the idea of reverse-drive mowers. Initially, they adapted an old MF combine chassis to create a self-propelled mowing rig.

It had three mowers arranged to cut 6.7m (22ft) and proved the concept had merit. But more output was required, so the next step was to find something with a bit more muscle.

Wanting to retain the visibility benefits of having the cab right over the top of the mowers and keen to keep dust and debris away from the radiators, the Targetts decided a conventional tractor running backwards was the best solution.

They bought a 177hp Massey 8150 and sent it off to a specialist on the French-Swiss border who relocated the diesel tank, cut a new footwell in the back of the cab for the reverse drive pedals and fitted a secondary steering column which also carried the necessary switch gear for the Dynashift transmission and rear linkage control.

That did a few seasons’ work, first with a set of Claas Corto triple drum mowers and later with a set of Disco mower conditioners.

The modified Massey was eventually replaced by a Fendt 926 with a factory-fitted swivel seat and steering column.

Since then, there has been a succession of Fendts fulfilling the reverse-drive role, the current one being a 2017 930.

Throughout that time the main man in the seat has been Dave Birch. There can’t be many people in the UK who’ve spent more time going backwards in a tractor – each ***year*** he knocks down some 3000ha of grass using the firm’s Claas Disco 8600 mowers in reverse. Who better to put the 405hp S-series to the test?

Silage season

It was towards the end of first cut silage that the S394 arrived at the Targetts’ Somerset HQ.

With the 630-litre diesel tank brimmed and 60-litres of AdBlue on board, it was hitched up to the business’s Claas mowing outfit.

We were pleasantly surprised to see that the tractor’s touchscreen computer recognised the mowers almost immediately after plugging the Isobus cable into the Valtra’s socket.

All looked good, until it came to working out how to hoist each of the three beds in the air independently. Usually this task is fulfilled by joystick buttons assigned to the individual Isobus functions.

Unfortunately, the S-series doesn’t yet have this functionality – Valtra promises a software update will be ready for August – so we were left with operating the mowers as one on a spool-valve.

The alternative option was to lift them individually by tapping the appropriate icon on the screen. That’s all good until you realise that the Isobus screen is only accessible by flicking through the display pages – it cannot be assigned to one of the quarters on the four-way split home screen. Again, the Finns say they’re working on this.

In the field

With workarounds found for each of these issues, we set out for the field. Default start-off setting for the transmission finds the pedal as the master control, so a bit of right boot sets it moving and the tractor’s computers work out the right gearbox ratio and amount of throttle according to load.

Given the S-series’ 12t working weight, it’s quick to accelerate to its 50kph top speed – a sign of things to come from the gutsy Sisu six-pot.

Knocking the lever to the right and holding it there for a couple of seconds activates the cruise control. With no real load on the engine, the stepless box quickly closes down the swash-plate pumps and eases over from hydrostatic to mechanical drive.

This does away with that trademark Vario whine and means you can settle back into what has to be one of the most comfortable, quiet cabs in the high-horsepower game.

With 2,300kg on the nose and the triples stacked on the back, it feels pretty stable on the road – the combination of hydro-pneumatic cab suspension, front axle springing and a Grammer Evolution active seat make for a particularly smooth ride.

The cab suspension settings can also be altered in the touchscreen computer.

Once in the field it’s then a case of swinging the seat around into reverse-drive position.

Even with the main steering wheel flipped right up, it’s a bit of a faff to get the armrest and computer display around without clashing.

Once swiveled, the central driving position faces directly out over the mowers with a much smaller column, shuttle and wheel nestled between the driver’s knees. (Unlike the Fendt that takes everything – including the main steering wheel – around with it).

It scores well for visibility, with the rear screen curving around to the B-pillars, allowing a look at the outer tips of the 8.6m-wide mowers. Whether that would be the case with a 9.5m set, we’re not so sure.

Mowing duties

It’s immediately clear that the triples we’d got hitched on were never really going to test the Sisu motor to the limits even in heavy, waxy crops of ryegrass.

Usual mowing speed for the Targett 930 is 13-14kph, but we got the big Valtra up to 17-18kph before there was any discernable dip in engine note.

Even then, pto revs barely flicker, which isn’t surprising given it has a 90hp advantage on the Fendt and max torque comes in at a whopping 1,600Nm in boost, compared to the 930’s modest 1,278Nm.

Although not necessarily to be relied upon, the tractor’s fuel readout suggested the S394 was burning between 44-47-litres an hour. That’s a pretty close match to consumption rates for the Bavarian prime-mover usually employed for the job.

In the cab

Driving controls are all pretty familiar, particularly the shuttle stick.

The main joystick is well thought out so, rather than standing upright, it sits horizontally and falls more naturally to hand.

Rockers for linkage, two spools and the shuttle are closely grouped but could do with a bit more differentiation to avoid any accidental mix-ups.

Cruise control is activated by knocking the stick to the right, but there’s one annoying feature here – preset speeds are lost every time the driver leaves the seat.

One way to reinstate them is to go into the transmission settings page on the touchscreen. This same menu page has a slider for engine droop settings, biasing the transmission towards maintaining engine revs for pto type work or for maximum speed with minimal revs for transport.

Guidance

Steering is handled by a Trimble box on the roof, running through the SmartTouch display. It’s dead easy to set up, with an “idiot-proof” Go setting that just requires you to input implement width and A/B way-markers.

Without an active sim card for a mobile correction signal, we were running on bog-basic Egnos.

This was generally fine, but missing every other bout for lazy, wide-swinging headland turns meant satellite drift became a problem as we made our way back up the field.

Paying the circa £600 for mobile correction is well worth it in our book.

While on the subject of steering, initially we struggled to pull the tractor around in a tight arc. It wasn’t until we applied a little bit of extra welly for that last turn of the wheel that the turning circle improved.

Steering with the rear-facing wheel is free and easy for almost the entire length of the ram stroke but requires that bit of extra forearm force to get it to round to the stops.

Likes and gripes

Likes

Quiet cab

Easy to navigate touchscreen

Heaps of power

Smooth on the road

Good visibility

Gripes

Gearbox loses cruise speed presets when operator leaves the seat

Can’t run Isobus as part of split screen or assign Isobus controls to joystick

Awkward to swing seat round to reverse-drive position

Vital statistics – Valtra S394 TwinTrac

Rated power

380hp

Max power (with boost)

400hp (405hp)

Max torque (with boost)

1,540Nm @ 1500rpm (1,600Nm)

Engine

8.4-litre AgcoPower (Sisu) 6-cylinder with AdBlue

Transmission

Two range Fendt stepless CVT, 50kph

Pto

540E and 1,000

Max linkage lift

5t front, 12t rear

Hydraulics

205-litres/min closed centre, load-sensing

 Spool valves

 2 x front, 4 x rear

 Tank capacities

 Fuel – 630-litres, AdBlue – 60-litres

 Turning circle

 16.8m

 Weight

 12t

 Service intervals

 600-1,200 hours

 Price

 £233,521 plus £5,412 for TwinTrac reverse-drive system

The Rivals

Model

 Valtra S394

Fendt 939

 MF 8740S

JD 8345R

 Claas Axion 950

 Case Magnum 340CVX

 NH T8.410

 Max power

 405hp

 396hp

 405hp

 394hp

 410hp

 409hp

 409hp

 Base price

£233,521

 £267,681\*

 £208,577

 £243,609

 £285,000

 £187,762

 £215,288

\*Reverse drive adds £6,807

FW verdict

Power and torque were never really going to be discussion points for the new Valtra flagship – maxing out at over 400hp and with figures for torque that are close to crazy, any work we had for it was unlikely to provide a stern test.

Where the S394 really scores is in the comfort department. The cab has got to be one of the quietest of any machine on the market (you can even have a conversation over the Bluetooth hands-free system) and the ride comfort is super smooth.

The other industry-beater is the new SmartTouch screen – with it’s iPhone-style swipe-ability, it’s clearer and easier to navigate than even Deere’s latest CommandCenter.

It was a shame that it can’t run Isobus through the four-way split-screen run page and those functions can’t be assigned to the joystick buttons, but they’re pretty minor downfalls that we’re told are set to be resolved soon.

JOURNAL : Farmers Weekly

Farm operations manager Sam Glover (21) chats to us about his growing machinery fleet, why he has chosen a brace of Agrifac Condor sprayers to cover the vast acreage and the reason his tractor fleet is exclusively red.

He also reveals why he has switched from running two sugar beet harvesters in previous ***years***, to just one for the coming campaign and why he still favours older Claas combines.

See also: See what's in other farmers' machinery sheds

How brand loyal are you?

As far as the combines go, Claas is the tried-and-tested brand. My dad, Tim, had a Claas Dominator 86 on the family farm, so it’s stemmed for there.

Although we have tried other brands, the backup and parts availability from Claas dealer Manns is second to none in our area.

For the past five ***years*** we have run a fleet of Case tractors and really like the CVX transmission and comfortable cabs, but when we first got going, we were solely McCormick.

The sprayers are Agrifac and as with all our kit, it boils down to reliability and helping the business develop.

Favourite dealer?

We get on well with Ernest Doe Power based at Fakenham, which is about 30 minutes from us and where most of our kit comes from.

David Gricks is the branch manager and has looked after us well over the past five ***years***, and there’s an engineer out the same day if we have an issue.

Favourite bit of kit?

The Agrifac Condor is my favourite piece of kit, mainly because I drive it all spring, so I pretty much live in it.

I like the boom stability and cab suspension, and the newest machine has Trimble RTK satellite, which means it is fairly relaxed when you get in big fields.

In spring 2017, our days started at 2:30am and finished at about 9pm. We covered about 200ha as the weather limited decent spray days, although there is only a certain amount of time you can do these hours for.

Our newest 2016 model already has 3,800 hours on the clock and has covered more than 22,000ha.

Least favourite?

The He-Va subsoiler – not because it does a bad job, but when there is a sign of weeds or some long stubble, you spend most of the time unplugging the legs.

Contracting facts

Business Glover ***Agricultural*** Services, West Dereham, Norfolk

Staff Sam Glover, plus 10 full-time and two self-employed staff

Workload

Spraying – 20,000ha

Baling and chasing – 25,000 bales

Combining – 1,300ha

Sugar beet harvesting – 1,800 ha

Cereal drilling – 600ha

Sugar beet drilling – 250ha

Muck- and Limex spreading, plus sub-contracting for large vegetable growers

Latest purchase?

We have just purchased a new Ropa Tiger 6 sugar beet harvester, which has a 40kph gearbox that will speed up journeys around the county and allow us to spend more time in the field.

The RR lifter is a huge leap forward from our last model and the single-row adjustment will help reduce the amount of wearing parts that need replacing.

We used to run two Vervaet harvesters and this latest Ropa Tiger will see us drop down to one, so it may be a testing season, although we plan to double-shift it and run 24 hours a day.

Oldest machine in the fleet?

Our oldest machine still in full-time service is our baby Claas Lexion 460 combine, which is an R-registered model.

Despite being the oldest, it is our most reliable combine, as it has minimal electronics and only had a couple of hydraulic hoses go last ***year***.

We find it better to run two smaller and one large combine, rather than two monster machines. Some of the field sizes around here are as small as 3ha, so having a nimble machine more than pays for itself in these areas.

How long do you keep machines for?

All our Case tractors are on extended 5,000- or 6,000-hour warranties and due to our workload, most will easily hit this figure within three ***years***, so will be changed before the warranty expires.

Our latest Pumas were delivered last August and one is already on 1,800 hours. We have on average three new tractors a ***year***.

What’s next of your wish list?

We had a Case Optum 300 on demo last harvest to provide more firepower on the cultivation work.

We liked the AFS 700 screen and the cab is more comfortable than our Puma tractors. I’d like to think we will have one here for this autumn.

Most expensive repair bill?

One of our early Case Puma 165s was under a ***year*** old on 1,200 hours when it gave us a hefty repair bill after it developed a problem with its rear brakes.

We sent it to the dealer to be repaired, but the warranty didn’t cover it, so we had to fit the £6,000 bill.

We thought it was sorted, but later that ***year*** the same issue reoccurred on the same tractor and once again, the bill was picked up by us.

What couldn’t you live without in the workshop?

We don’t do a lot of inventing and most machines have their own service packages, but all our combines are older models and are serviced by my uncle, who has his own engineering business on site and is a bit of a Claas specialist.

Do you buy second-hand?

Not really. Due to the hours we put on machines, warranties are valuable, so we tend to buy most things new to avoid nasty surprises.

Favourite job?

Spraying. Possibly due to the sprayers we run, but I love being up early and getting lots of land covered in a day.

Least favourite?

Paperwork.

What’s your everyday transport?

A 2015 Isuzu D-Max, which we bought new and has the excellent 2.5-litre, twin-turbo engine. It’s done about 48,000 miles so far, but some days it sits in the yard as I’m glued to the sprayer seat.

What’s in the shed?

Harvesters 2007 Claas Lexion 600, 30ft header; 2006 Claas Lexion 570, 25ft header; 1997 Claas Lexion 460, 25ft header; 2017 Ropa Tiger 6 beet harvester

Sprayers 2012 Agrifac Condor self-propelled sprayer, 36m; 2016 Agrifac Condor self-propelled sprayer, 36m, full RTK

Tractors 2015-2017, 11 x Case Puma tractors, 160 – 240hp

Straw kit 2 x New Holland BB9090t square balers; 1 x New Holland 4x3 baler; 1 x Heath Superchaser extra

Cultivation and drilling Lemken 7-furrow plough; Lemken Solitair 8 combination drill 4m; Horsch pronto drill 4m; Vicon Unicorn 12-row beet drill

Best tractor you’ve owned?

We don’t strictly own it yet, but the Case Optum we had on demo last ***year*** that pulled our Lemken plough about 2.5kph quicker than our Puma 240, and made us think we need the extra power on some of the heavier land we farm.

Worst tractor?

When we started the contracting business, we ran McCormick machines, as they offered a cheap form of power to get us established, but one 215hp machine caused us all sorts of issues, with the electric joystick and hydraulic system being the main culprits.

It prompted us to switch our shade of red. That said, we liked the smaller McCormick machines.

Biggest machinery bargain?

We bought a new 6m weed wiper, used it for six ***years*** and sold it as part of a trade-in for more than the original purchase price. I wish it was like that with tractors – we’d change them every ***year***.

JOURNAL : Farmers Weekly

Most spring calving dairy farmers would grimace at the thought of buying a feeder wagon.

However, some are spring systems are doing just that in an attempt to extend grazing rotations and support milk production.

A high stocking rate is another reason why some pasture-based herds are supplementing grass with total mixed ration (TMR), while others are favouring feeding TMR to balance the variability in the dry matter, protein and availability of grass.

See also: Award-winning dairy farmer shares grassland management strategy

In County Cork, dairy farm Kevin O’Neill has invested 40,000 (£34,800) in a Keenan tub feeder wagon to allow him to feed TMR to extend the grazing window on his 32ha platform.

He milks 140 spring calving cows on a pasture-based system at Ahakeera, Dunmanway. Half the farm has free-draining red sandstone land, but the remainder is reclaimed marsh which can be difficult to graze.

“We can grow grass but we cannot get at all the paddocks,” says Mr O’Neill.

When conditions are wet in the autumn and spring, the number of paddocks cows can graze is limited and that’s where buffer feeding comes in.

Feeding

He aims to turn cows out to grass on 1 February and doesn’t house them until 1 December or later if conditions are favourable.

[*https://infogram.com/kevin-oneill-1h9j6q80jg3v6gz*](https://infogram.com/kevin-oneill-1h9j6q80jg3v6gz)

On the shoulders of the season, when grass growth is low, cows receive a ration of 30kg freshweight a head made up of grass silage, straw, soya bean, maize meal, barley and sugar beet.

This reduces to 8-10kg as grass growth increases and then once housed this mix is upped to 60kg a cow. Cows are buffer-fed in feed bunkers in the yard before the afternoon milking.

“We fetch them in 10 minutes early, it helps speed up the process of getting them in from the field but it can make them a bit lazy going into the parlour,” says Mr O’Neill, who farms 81ha.

“We feed until the grass is plentiful, usually around mid-May, and introduce a buffer again at the end of September or beginning of October,” he adds.

“As soon as I think grass is tapering off in September or October I start using buffer feeding but I don’t want to open the pit silage so I use bales instead,” he explains.

Cows receive 2-3kg of concentrates in the parlour in the autumn and 1kg in the spring.

Milk production benefits

The herd produces an average daily milk yield of 31 litres which earns Mr O’Neill 44 cents/litre (35p) from his milk buyer, Dairygold.

“Milk solids come at a price, I wouldn’t use TMR if it wasn’t returning a premium for me, although other spring calvers think I am an idiot for having a feeder wagon.”

In a poor spring, buffer feeding has been very beneficial, he points out.

“During a cold spring like the one we have just had, those farmers might only have their cows at grass for three hours then they had to bring them back inside to feed.

“I know of grazing farmers who would have been feeding about 10kg of meal at that time whereas I only fed 7kg because the cows were getting a buffer feed.”

His cows are larger than the more typical spring-calving animal – he milks pedigree Holstein Friesians, but these are moderate in stature and width.

Pre-mow grazing

Farm facts

110 spring-calving cows and 30 autumn calvers

81ha owned

Milk protein 3.49% and butterfat 4.47%

12-unit herringbone parlour

 60-70 bulling heifers with 120 calves reared annually

Only dairy semen/dairy stock bulls used for breeding replacements and to produce pedigree Ahakeera bulls

He has three-day paddocks, allocating grazing with an electric fence.

To maintain grass quality, he always mows pre-grazing.

“I never have to top a field, I get short, leafy grass, not long and stemmy.

“I don’t get any waste; the fields are like a golf course when the cows have left them.”

Mr O’Neill doesn’t measure grass with a plate meter.

“I would rather be looking at it than looking for it. I mow grass every day so I know if the covers are getting too heavy and when they are I cut them for silage.”

He applies 30-35kg/ha of nitrogen to paddocks after every grazing. “When the grass is growing I fertilise as heavily at the nitrate regulations allow and cut what I don’t need for grazing for silage.”

Mr O’Neill takes three cuts of silage – both clamp and big bales – with the first cut mostly in mid-May.

Fertility and health benefits

He believes buffer feeding underpins the health status of his herd.

“During this spring’s calving we only had one case of retained cleansings and no displaced abomasums.

“In an extreme spring grazing situation, the cows go out to grass and they are empty, their stomachs will move.

“If I think my cows are loose I can add straw to the ration or a little bit of soya to help with digestion so that they are chewing their cud.”

A balanced diet has also resulted in very few cases of lameness. “We never have to cull for lameness even though they have to walk up to a mile to and from the parlour,” Mr O’Neill reports.

And he says fertility is good too – his submission rate in the first three weeks of breeding is 45%. “We have very few empty cows,” he says.

He has a strict culling policy – removing between 10-15 animals from the herd every ***year***, mostly due to poor udder structure and if they have experienced more than two cases of mastitis.

Mr O’Neill regards the wagon as a cost neutral investment. “Whatever it is costing me it is certainly returning.”

JOURNAL : Farmers Weekly

A shortage of Group 3s and a glut of Group 1 wheats has resulted in biscuit wheat premiums rivalling that for full breadmakers, but without the extra growing costs.

Paul Taylor, head of crop marketing at Agrii, highlights that premiums for some buyback contracts are currently £10-£12/t for this harvest in 2019, although this is expected to ease back next season.

“It is taking that level of premium to get farmers interested in growing Group 3s.” Historically, the premium has been £2-£3/t.

See also: Top-quality wheats may cut imports and reduce risks from Brexit

However, a newly recommended variety could help biscuit wheats bounce back, offering high yields and better disease resistance.

Previously, Group 3 was the biggest wheat market, helped by a clutch of good varieties including Claire, Consort and Robigus, says Chris Guest, seed manager at Gleadell. However, it had diminished until about two ***years*** ago.

Basset and Barrel from KWS helped to revitalise the group by reducing the yield penalty of growing a Group 3 instead of a Group 4, especially Barrel with its northern yield of 107%.

However, their one weakness was septoria and this tended to put growers off, especially those in high-septoria areas.

Septoria

This is where newcomer Elicit comes in, bringing a higher septoria rating of 6.4, compared with 4.7 and 5.2 for Barrel and Basset, respectively.

“It is better than Revelation, which is looked upon as a good variety,” says Mr Taylor.

Mr Guest adds: “Now we have a true Group 3 variety with a class-leading yield [103%], which looks strong across the whole Recommended List.

“Backed up with midge resistance and relatively stiff straw, it ticks a lot of boxes.”

The variety is also suitable for later drilling, with the latest safe drilling date of late February, says Mr Taylor.

Demand

So what about demand? Mr Taylor says there is a potential Group 3 market for up to 1m tonnes and currently there is a shortfall, forcing millers to blend inferior soft Group 4s.

However, this does not work for all millers, hence there is demand for more true Group 3.

Currently Group 3 accounts for about 7.5-8% of certified seed. Mr Guest believes that, with Elicit in the sector, this could rise to 10% next season, with Barrel and Elicit being the two largest by market share.

“It [Elicit] is equivalent to the top-yielding Group 4 soft and is just 3% behind the top Group 4 hard. The premium can offset this yield difference.”

In addition, there is less pressure over specification, not needing extra nitrogen fertiliser or inputs like group 1s, having a general specification of 10.7% protein.

So the combination of a domestic shortage and a new variety with no significant weakness, both agree that growers should have confidence to grow more Group 3.

Elicit stands up well

Colin Welby is one of only two farmers in the UK to have grown Elicit wheat last season and he highlights its standing power.

The seed grower, based near Spalding in Lincolnshire, says it stood up well last summer, in a season that tested wheat. It also combined well, he adds.

He grows diverse crops on silt, including wheat seed crops for Elsoms, sugar beet, daffodils and brassicas.

He drilled the 6ha crop on 5 October and notes that it established well. “There was good emergence and early vigour.”

The crop yielded 10t/ha, having received a three-spray fungicide ***programme*** plus two growth regulators.

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North Devon Journal

October 4, 2018 Thursday

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**Section:** AGENCY:OTHER; Pg. 40-41

**Length:** 10555 words

**Body**

COFFEE MORNING & MARKET

In the village hall this Saturday, October 6 from 10-11.30am. New for October, Book Folding. Intrigued, then come along and find out what this entails, perhaps this would be an ideal present for someone in your family. To book a table prior to the market, at a cost of £4 each, contact Angela on 01769 520357, and leave a message. Tables limited.

Christmas bazaar

The Christmas bazaar will be held on Saturday, December 1 from 10.30am -1pm in the hall. One table per individual or organisation only, and the cost will be 10 per cent of your gross takings which will go to the village hall. Tables will be limited, so please book early via Angela please.

HALLOWEEN

Family fun on October 26 from 6-8pm. Spooky games, pumpkin carving, with spooky disco, and much more. Adult ticket includes an alcoholic drink and pasty/or sausage roll, child's ticket a pasty/or sausage roll with unlimited squash. This will be followed by The Hare at 8pm, dressing up encouraged but not essential. For further details of this event contact Nikki Barker on 01769 520987.

Mobile library

Mobile library date reminder for Ashreigney and Riddlecombe is Thursday, October 25. This is also blood donor day at Chulmleigh Academy.

Shirley Punt, 01271 343716, [*shirleypunt16@gmail.com*](mailto:shirleypunt16@gmail.com)

Events at Christ Church

Thursdays, 10.15am-11.15am, Two Bridges CafÃ©. Tea, coffee, homemade cakes and scones.

Fridays, 10am-noon, Hob Nob. Tea, coffee and light refreshments.

Friday, October 5: Barnstaple Concert Band and The Golden Coast Big Band tribute concert in memory of Roy Slade, 7.30pm. Admission free. There will be a retiring collection in aid of North Devon Hospice.

Sunday, October 7: 10.30am Communion Service led by Don Macalister; 6.30pm Evening Service led by Guy Byham.

Tuesday, October 9: 9.30am-noon coffee morning.

Wednesday, October 10: 9.30am -11.30am Community Stay and Play; 1pm Toddler Praise, a fun story telling session for under 5s; 1.30pm-3pm Parents and Toddlers. This group meets weekly during term time. There are lots of activities, refreshments and music. There are currently vacancies and you would be made to feel most welcome.

Saturday, October 13, 9.30am onwards church cleaning morning Please bring your own polish and duster.

Headway

Headway North Devon hold a day centre each Tuesday at the Salvation Army Hall, Oakleigh Road, Barnstaple for people who have acquired a brain injury either through accident or illness. Call 07971 174960 or email headwaynorthdevon@ hotmail.co.uk. The Day Centre is open from 10.30am to 3.30pm.

Big band

The Golden Coast Big Band holds a monthly concert of live music at Portmore Golf Park, Barnstaple. The next is on Sunday, October 25 at 8pm. Also on Sunday, November 18 and Sunday, December 16.

Green Party visit

Green Party Joint National Leader, Jonathan Bartley is coming to Barnstaple for one of the North Devon branch's Autumn Lectures. Thursday, October 4, entry from 6.30pm for talk at 7pm. At the Castle Centre, 25 Castle Street, Barnstaple Free entry, refreshments, retiring collection. Info 01271 830 267 or rhaworthbooth@ yahoo.com.

Foodbank appeal

Stocks are still low. Particularly urgently needed: rice pudding, custard, biscuits, long-life fruit juice, squash and biscuits.

North Devon Road Runners

Meet at the Tarka Tennis Centre every Tuesday and Thursday at 7pm.

Art for Leisure and Pleasure

Each Thursday at St John's Community Centre, Rose Lane,1.30pm-4pm. New members welcome. Contact David on 07964 250436 for details.

Quaker Meetings

Sundays at 10.30am at Pilton Bluecoat School, Abbey Road. Contact details: 01271 344203 or [*www.swquakers.org.uk*](http://www.swquakers.org.uk).

Barnstaple Library

Help celebrate Libraries Week October 8-12 with a Big Book Quiz, free film screening and fun coffee morning. During half-term we welcome Claire Barker local author extraordinaire as she discusses and signs copies of "Picklewitch and Jack". Picklewitch has a nose for naughtiness, a taste for trouble and a weakness for cake. And unluckily for brainbox Jack - winner of the Most Sensible Boy in School for the third ***year*** running - she's about to choose him as her new best friend.

Fun Palace - Saturday, October 6 Fun Palaces is a campaign promoting community at the heart of culture and culture at the heart of community.

Sciencedipity - 10am-noon, Children's Library: Explore science and art in this session with Ruth from Sciencedipity. Suitable for all ages.

The Voice Community Choir - 10.30-11.30am, foyer and ground floor: Come and join a group of enthusiastic people from all walks of life who love to sing - no need to read music and no experience necessary.

Kanzashi with Sue Rudall - 10am-12.30pm, FabLab: Try something very different with Sue in the FabLab. Kanzashi-Ribbon burning crafting to make beautiful floral creations. This session involves a lit flame and is not suitable for under 16s. Maximum of seven people at a time, sessions last half an hour so if there is not room you can pop back.

The ONO Dixie and Swing Band - 1.30-2.30pm, foyer: Musical fun suitable for all ages.

Art for Leisure and Pleasure group - 12-2pm, 3B: Watercolour and acrylic based fun suitable for everyone.

Ley Holloway-Vintage Beadery - 1-3pm, FabLab: Join Ley Holloway from Vintage Beadery making jewellery with copper and silver. Not suitable for under 12 ***years*** as this session involves blow torches. Parental supervision essential.

Laughter Yoga, 3-4pm, IT suite: Join Rosie Godfrey from The Laughter Well for a fun session full of gentle relaxing movement, exploring the release laughter can give.

Table Tennis - 10am-4pm, between children's and adult fiction.

Planning a website: Tuesday, November 20, 4.30-5.30pm. Tickets £5 adults £2.50 students. Book tickets on eventbrite bit.ly/DevonBIPCEvents. This workshop will teach you what you need on your website and also what the customer is looking out for.

There is a special performance of Library Lion taking place in the library on Tuesday, November 27 at 4pm. Tickets £3 per person. Book tickets in the library. This show fuses storytelling, music, and interactive learning. Adapted from the award-winning book by Michelle Knudsen and published by Candlewick.

KNIT & NATTER

Costa Coffee, Barnstaple High Street, informal and friendly group with knitters and crocheters of all ages and abilities, every Tuesday, 5.15-7.30pm.

CAMERA CLUB

At the Fortescue House Club, Wrafton Road, Braunton, Mondays, 7.30-10pm. Call 01271 379940 or visit [*www.quillstring.co.uk/bcc*](http://www.quillstring.co.uk/bcc).

Wow

Wow is North Devon's scrap store, based on the third floor of the library in Barnstaple. They have a shop selling great value art and craft materials starting at less than 50p which is open to the public and members. Opening hours: Tuesday, 9:30am-12:30pm; Thursday, 12-4pm and Friday, 9:30am-1:30pm.

Macular support group

Barnstaple Macular Support Group Meet on the fourth Tuesday of each month at the Imperial Hotel at 10.15 am. For further details contact Sue on 07723 701578.

Hearing GROUP

Informal get together for people with hearing impairment, the See Hear Centre, 19a Alexandra Road, Barnstaple, 2pm, third Thursday each month, all welcome. Info 01271 373236.

Nativity trail

The Nativity Trail, Saturday, December 15. This a free event organised by Barnstaple Churches Together to remind us of the nativity story. There will be various stations around the town which children especially are invited to discover, complete the nativity trail puzzle and win a prize at the end. The stations are: The Wise Men, Angels, Herod, Star, Mary and Joseph, Innkeepers and Shepherds. There will be live music at different locations.

Fibromyalgia and CFS Group

Wednesday meet up/drop in for a cuppa and chat, 11am-1pm or join Empowerment Support Group. For details email info@ thefibroclinicsouthwest.co.uk or call 07978 511312.

Museum news

A temporary museum has popped-up as part of The museum of Barnstaple and North Devon's £1.8m Long Bridge Wing extension project.

The "Pop-Up" museum is now open at Bridge Chambers on The Strand opposite Wetherspoons, Monday to Saturday, 10am to 5pm. We are operational until the end of November 2018.

The museum is calling for locals to share their stories and memories under five themes "Hatched, Matched, Dispatched" (birth, funerals, churches, hospitals and health), "World of Work" (trades and industries, farming and fishing, shipbuilding, office work, BT, public sector), "Town and Country" (busses and trains, link road, markets and shops, emergency services, electricity and gas); "Highdays and Holidays" (community festivals and events, the arts and entertainment, leisure and holidays, clubs and societies) and "House and Home" (how we used to live, food and drink, domestic appliances, toys and games).

The museum is interested in collecting stories and memories around our themes, to help gather formation for our new social history gallery display and tell us about some of the objects in our collection - we are collecting stories until the end of November.

We are also collecting North Devon words and phrases / dialect as an ongoing ***year*** round project, so contributions of these are welcome.

Do Pop in and see us in Barnstaple, the Pop up is open Monday to Saturday 10am-5pm and volunteers are on hand to collect stories Monday-Thursday.

Follow what we are doing on Facebook at Popupbarnstaple. We look forward to meeting you over a cup of tea and a biscuit!

Nicola Kennaugh, 01271 549248, [*nnkennaugh@yahoo.co.uk*](mailto:nnkennaugh@yahoo.co.uk)

Got any news?

If anyone has any news for Newport please contact me on 01271 549248 or via email on [*nnkennaugh@yahoo.co.uk*](mailto:nnkennaugh@yahoo.co.uk)

QUIZ NIGHT

Saturday, October 13 at St John the Baptist Church, arrival from 6.30pm with quiz starting at 7pm. Tickets £5 adults and £2.50 children to include soft drinks and nibbles. Please bring your own wine/food. Teams of six but don't worry if you cannot find a team, come along anyway and we will find you one to join. Prizes for first and last teams plus raffle. For tickets contact Martin or Nicola Kennaugh on 01271 549248 or [*nnkennaugh@yahoo.co.uk*](mailto:nnkennaugh@yahoo.co.uk) All proceeds going to Historic Churches Trust and church funds for Newport Church community outreach. All are welcome.

NEW EXERCISE CLASS FOR OLDER PEOPLE

Turn back the clock with our fun and friendly exercise classes to improve your balance and confidence, mobility and flexibility, strength and independence. All classes can be done seated or standing or a mixture of the two. Classes are £5 per session and held at Newport Church Hall, South Street, on Tuesdays, 2pm-3pm. Contact Claire on 07966 166953 for more information.

MOBILE LIBRARY

The mobile library fromDevon County Libraries parks monthly on Tuesdays in Chichester Road (turning off Bishop's Tawton Road). Next date for this is October 30 from 2.15pm-3.15pm. This service is perfect for those unable to get to the main library in Barnstaple. For more information, visit [*www.devonlibraries.org.uk*](http://www.devonlibraries.org.uk).

SOUL SPACE

At St John the Baptist Church. The church will be open early morning every Monday to anyone who wants to "reflect and refresh" for the week ahead. The church will provide a peaceful and welcoming space between 7.30am and 9.30am.

SLIMMING WORLD

Classes in Newport at St John the Baptist Church Hall each Friday at 9.30am. The 11.30am class is now finished. Call Clare Mutch on 07951 738890 or come to class.

MINI MUSIC

For babies and toddlers every Monday from 2pm-3pm (term time only) at St John the Baptist Church. Children and their parents/carers are most welcome. Call Nicola Kenaugh on 01271 549248.

COFFEE MORNING/CAKE CLUB

Every Wednesday from 10am-noon at St John the Baptist Church. Everyone is most welcome and this runs weekly throughout the ***year***.

KNIT & NATTER

At Newport Methodist Church every Wednesday from 2pm-4pm. If you enjoy knitting and nattering do join with us, plenty of both goes on!

HALL VACANCIES

At St John the Baptist Church Hall. We have two rooms to let, the main hall being suitable for larger events and the lower room for meetings. If interested, please contact volunteer hall manager Nicola Kennaugh on 01271 549248.

Scout group

1st North Devon Barnstaple Scout Group are seeking new leaders and new members. We meet at Trinity Church Hall, Barbican Road, Barnstaple. Beavers (6-8 ***years***) on Mondays 5.30pm-6.30pm, Cubs (8-10 ***years***) on Mondays 6.45pm-8.15pm, Scouts (10-14 ***years***) on Wednesdays 7.15pm-9.15pm. For more information, or to arrange a trial, contact Mark Etheridge on 07713 386588. Information about scouting in Barnstaple can be found at [*www.barnstap*](http://www.barnstap) lescouts.co.uk.

DEVON AIR AMBULANCE

The collection of milk bottle tops is ongoing, there's a collection bowl in the entrance of Newport Church Hall, South Street, Newport. Tony Dyer wishes to thank those who have contributed so far. He would also like to thank those people who have dropped them off at the hall and encourage more to continue the same. He is also looking for stamps to donate. This is an ongoing request and the stamps are collected for church funds.

ROUNDSWELL COMMUNITY CENTRE

Adjacent to Sainsbury's, the centre is run as a charity (charity no. 1063837) and provides facilities for hire. These include a large main hall suitable for a larger event and a small room for meetings. It has a large modern kitchen available for use by hirers of either room. Ample car parking space is provided next to the centre. For further information call Helen, the booking secretary, on 07918 729201.

Harvest service

Roundswell Church will hold its Harvest Festival Service to be led by Bob Hookins at the Roundswell Community Centre at 10am on Sunday, October14. The preacher will be the Rev. Dave Eadie and everyone of any denomination is welcome to come and attend this friendly family service.

Monday club

Roundswell Monday Club will hold its regular meeting at The Roundswell Community Centre starting at 2pm. There will be a talk on "Banking Scams" by the manager of the Barnstaple branch of the Halifax - Mrs Toni Taylor-Munn. Everyone is welcome to come and enjoy this interesting afternoon. refreshments are provided.

Norman and Gwen Rider, 01271 322109, [*gwen@riderfamily.co.uk*](mailto:gwen@riderfamily.co.uk)

CALL MY BLUFF

Enjoy a great evening with call-my-bluff wine tasting this Saturday, October 6, 7.15pm for 7.30pm in the Village Hall. Tickets £10, contact Trish Pay on 343252 or Sylvia Luxton on 376476.

CHURCH SERVICES

October 7: 11am Holy Communion. October 14: 11am Morning Prayer. October 21: 11am Holy Communion. October 28: 11am Morning Praise. If you have any news or information for next month's Parish Bulletin please send to dave [*lewis69@hotmail.com*](mailto:lewis69@hotmail.com) or ring Dave on 01271 312904.

JUMBLE SALE

October 13 in the village hall at 2pm. Please drop any donations to Trish Pay or to the hall on the morning of the sale. Raising funds for St John the Baptist Church.

CHURCH AND VILLAGE EVENTS

Every Monday, 10am Bishops Tawton Toddlers at Bishops Tawton (term time only) and Tuesday, october 30, 8pm, Pints of View at the Chichester Arms. All welcome.

CHARITY QUIZ

Friday, October 19 in the village hall, 7.15pm. Bring your own drink and nibbles. £3 per person.

VILLAGE TIDY-UP

Saturday, October 27. The Tidy-Up team are volunteers that do wonderful work helping to clear overgrown areas and cutting back hedges, it's also a terrific way to keep fit and meet new people. Volunteers are always welcomed and needed to help with refreshments and lunch.

PARISH COUNCIL MEETING

Parish Clerk Terry Squire invites members of the local community to the meeting in the village hall at 7.30pm on Thursday, October, 25. These meetings are held every last Thursday of the month.

Charter talk

Friday, October 5, Myc Riggulsford presents The Charter of the Forest. £4.50 adults, £3 child. Hosted by the History Society in the Collacott Room, Memorial Hall, 7pm.

Music

Saturday October 6, The Wicked Singer band at the Bradworthy Inn, 9pm.

Church service

Sunday, October 7, Breakfast Service St Johns Church, 9am.

Cafe

Monday, October 8, Forget-Me-Not-Friends Cafe, 2pm. Quizzes, guest speaker on gardening. Tea/coffee, cakes. Manor Suite, Memorial Hall, Holsworthy. Call 07572 180100 or 07814 740055. We are moving from October 22 to Holsworthy Youth Centre.

Coffee morning

Church coffee morning and jumble sale, books, cakes. Tuesday, October 9, 10am to noon.

Ring & Ride

Tuesday, October 9, Ring & Ride, Exmouth drive and lunch, £6. Book on 01409 259001.

Thursday October 11, Ring & Ride, Barnstaple and supermarket, £5.50. Book on 01409 259001.

Coffee morning

Methodist Chapel Coffee Morning. Friday, October 12, 10am to 11.30am.

Comedy night

Saturday, October 13, 8pm. Bradworthy Carnival Committee presents Comedy at Bradworthy Hall, Dave Thompson plus support acts. A night of adult comedy, over 18s. Tickets £15 from Bradworthy Inn.

Harvest festival

Sunday, October 14, Methodist Chapel Harvest Festival, 11am ,with Deacon Debbie March. 7pm Unity Gospel Choir of Chagford, Okehampton followed by supper and donation sale of produce.

Concert

Saturday, October 20, Arts Festival presents the Bondleigh Barn Band and pupils from Bradworthy Primary Academy, 3pm to 4.15pm, Bradworthy Memorial Hall, Adults £3, children £1.

cafe

Monday, October 22, Forget-Me-Not-Friends Cafe, 2pm, Holsworthy Youth Centre.

Bradworthy Neighbourhood Plan

Draft policy documents relating to Bradworthy Plan can be read at [*www.bradworthy.org*](http://www.bradworthy.org).

Lesley McLean, 13 Church Close, Bratton Fleming, EX31 4TB, 01598 710115, [*lesmclean1@hotmail.co.uk*](mailto:lesmclean1@hotmail.co.uk)

PARISH CHURCH

We travelled to Exeter Cathedral last Saturday for the Ordination of Martyn Tyrrell. Martyn has been a Deacon for a ***year*** and took his first service on Sunday at Loxhore. Next Sunday, Holy Communion will be led by Rev Rosie Austin at 9.30am. All welcome. Monday, monthly lunch in the Wesley Suite from noon. Harvest, Sunday, October 14 at 9.30am. Fresh fruit or vegetables, or tinned/packet food for decorating the church will be very welcome. Everything distributed afterwards.

MACMILLAN COFFEE MORNING

Thanks to everyone who supported this event, £315.50 was raised.

CHRISTMAS TREE FESTIVAL

At St Peter's on December 8 and 9. Contact Sue or Terry Squire on 710526.

BAPTIST CHURCH

Sunday, October 7: Peter Ayrton in the morning and Prayer and Share in the evening. Monday, October 8: Bright Sparks (children's group), 6pm.

SCHOOL news

If you are eligible to claim free school meals please do so. Certificates were awarded to: Kaiden Williams, Billie Sanders, Willow Corriveau, Ollie Mortlock, Daisy Miller, Carter Surman, Sienna Fontoura-Ellison , and Liam Dickson. The PTA's AGM will be held on Friday, October 12 at 1.30pm in the school staff room. All welcome.

PRE-SCHOOL

Last week, we looked at all things carnival and fair and made carnival masks and played fair games. With sunny weather, we had lots of walks around the village and collected leaves for our next topic of "Autumn". Pre-school is open between 8am and 5pm, Monday to Friday. Please contact us on 01598 710019.

BABY AND TODDLER GROUP

Paint dabbers made masterpieces and the children sang beautifully at song time. Some autumnal craft planned for next week. At the village hall, 9.30am and 11.30am every Wednesday. Call 710019.

CHARITY BINGO AND RAFFLE

Friday October 5, 7.30pm eyes down 8pm at the Old Station Inn, Blackmoor Gate on behalf of Aid for Cuba. More information from shop.

BRATTON STORES

Car boot sale garage forecourt every Saturda. Sellers from 12pm, buyers from 1pm, weather permitting. Please call shop on 01598 710410. Sellers £5, buyers free.

TESCO SHOPPING TOKENS

Please support the village hall by putting their tokens in the appropriate box.

SHORT MAT BOWLS

Tuesdays 7pm to 9pm and Wednesdays 2pm to 4pm. All welcome.

CRAFT WORKSHOPS

In the shop, Thursdays 10am, £6. Contact Charmain Woolley on 01271 850917.

FRIDAY KLUB

October 5, 6-8pm. Admission £1. 7-15years.

HATTON BOXING FITNESS

Thursdays (except secnd Thursday each month) at 7pm. Contact Jonny 07702 738346.

LIFE DRAWING GROUP

Thursdays 7.30pm-9pm. Contact Louise 07758 077089.

PILATES

Mondays at 7pm. Call 01271 343944.

Churches unite

Wednesday, October 10, 7.30pm. St Peter's Church and the Baptist Church are coming together for collective prayer, individual prayer, quiet prayer and praise. Rev Rosie Austin and Pastor Peter Ayrton.

Braunton Library

Join us for an afternoon of fundraising with tea cake and puzzle building, Monday, October 8, 2.30-4pm.

Children's author Claire Barker will be giving a talk and book signing, Wednesday, October 24, 1.15-2.45pm. Tickets £2 per child, book in library in person. Places limited.

Free one to one IT lessons are back book in Library. Library membership required.

Saturday Craft Club, every Saturday 10.30am-12pm.

Second Wednesday Writers Group, the second Wednesday every month £2 per session refreshments included.

Colouring and Coffee, Monday 2.15-3.15pm, all materials supplied.

Story Time, Mondays 10.15-10.45am.

Lego Club, Tuesdays, 3.30-4.30pm.

Bounce and Rhyme, Wednesdays, 11-11.30am.

Craft Knit and Natter, Thursdays, 10.30 am-12.30pm.

Wii Club, Fridays, 3.30-4.30pm term time only.

Free use of computers with library card and PIN number, free wifi.

We still need more volunteers two hours a month could make a difference.

For details check out the Friends of Braunton Library Facebook page.

Cancer Research UK

Braunton Fundraising Group for Cancer Research UK. Thank you all for coming along to the quiz and supper night last week. The reigning champions maintained their place as overall winners, so well done to the University Scumbags! The sum of £285 was raised for Cancer Research UK. Many thanks to Squires for the prompt delivery of the supper all nice and hot!

We shall be holding our bingo night at the Parish Hall on Friday, October 26. Doors open at 6.45pm and eyes down at 7.45pm. We welcome new faces with new ideas so call 814475 for more information.

Braunton Museum and Information

The charity Christmas cards are on sale now. Due to a limited selection this ***year*** we recommend that you look in early for the best chance of getting the cards which support your favourite charity. The museum is now closing at 3pm Monday to Friday usual hours of 10am to 1pm on Saturdays.

Some of you "early birds" may have heard the interview on Radio Devon at 7.20am lastMonday, when one of our trustees, Maggie Ford, was discussing the merits of villages in Devon. Maggie is a very knowledgeable lady, she is also a volunteer on Mondays in the museum.

If you have a little time to spare and would like to be a volunteer call in sometime and have a chat.

Many of our local attractions close at the end of October, particularly the gardens, so take the opportunity to visit them now. Brochures and flyers are still available.

The museum will be partaking in the Remembrance celebrations in November, if you have any items relating to the First World War, which you would be prepared to loan to us we would use them in our display at the Parish Hall on the weekend of November 10 an 11. Uniforms, hats etc particularly required.

CHRIST CHURCH BRAUNTON

Our monthly coffee morning will be on Saturday, October 6 from 10am-noon. There will be a cake stall, raffle and a paperback/jigsaw exchange table (complete jigsaws only, please!). The proceeds this month will go to our own Christ Church flower fund. During the morning, Jenny Dellow will be doing flowers arrangements for our Sunday service. All are welcome.

Harvest service

St Brannock's will be celebrating harvest on Sunday, October 7 at the 9.45am service. The service will be followed by lunch. Tickets can be obtained at a cost of £7.50 by phoning 01271 813367. Harvest gifts and donations may be bought to the service. Everyone is very welcome to come and give thanks for all who produce our food - farmers, small holders, factories and distributors - and for all who maintain and look after our countryside.

Autumn Market.

This coming Saturday, October 6, 10am. to noon. at Braunton Parish Hall. Great bric-a-brac bargains, books, cakes, plants, tombola and raffle. Free entry and coffee and biscuits served all morning. All money raised from the market will go to Christian Aid appeals including the Indonesian tsunami and earthquake, Philippines typhoon and ongoing aid for Rohingya refugees in Bangladesh.

Madeleine Brownell, [*brownell19361949@btinternet.com*](mailto:brownell19361949@btinternet.com)

Market

Brayford Farmers and Village Market, October 13 from 11am to 1pm, Brayford Village Hall.

Stallholders with traditional North Devon products, including: Bentwitchen Honey; Bess Hill joints of local meats and savoury pies and veggies; home-made artistic cards; East & West Bakery fresh breads and pasties; Southwest Cheese Shop quiche and sausage rolls; lots of knitted and local woollen products; Beeswax candles; Jacci's scrumptious baked goodies and exotic items; Ruth's quirky handmade spoons made from local woods; organic local lamb, and sausages, and lots of beautiful plants. Tea and coffee and homemade biscuits and cakes.

We will also have two new stall holders in October with recycled crafts, and delicious cupcakes.

We will have a display on how to make a Christmas cakes by Jacci Gardner. She will be making two Christmas cakes with our help, and will have spoons for all to stir with. Don't miss it.

Free parking, free entry. Adjacent children's play area.

COMMUNITY DONATIONS

High Bray and Charles Churches are planning ahead once again for the Remembrance Day collection of items for the destitute and needy. If you have any blankets, warm clothing, sleeping bags, tents, duvets, medicines that are still in date, sweets, chocolates, nappies, food stuffs, etc - anything that you feel those in need during the winter might use, we would be most grateful for them. We then pass them on to a volunteer charity who drives the goods to where they are needed most and dispenses them through local churches in the area.

In addition, the charity is seeking used mobile phones and any loose Euros or foreign currency, or cash donations to assist in paying for the costs of delivery of the items we collect. Any donation will be gratefully received!

We will also be gathering Christmas shoeboxes for the elderly and for children in the UK and overseas of items such as: toiletries, flannels, socks, warm gloves, scarves, handkerchiefs, soap, toothpaste and brush, combs, paper, small toys, perfume, etc. We will need to have the boxes labelled for a specific age group and for male and female recipients. Please leave the boxes open so that they can be examined for safety.

Please feel free to get in touch with either Jonathan and Madeleine Brownell (01598 710389) or Gloria and Michael Elson (01271 379131) who will be gathering items for High Bray Church and Charles Church for collection by the charity (Computers for Charities) on Remembrance Day - November 11. We would be grateful if you could have the items available for collection or delivery by the end of October.

GARDEN SHOW

Thank you to everyone - committee members, judges, stewards, all other helpers and of course, the competitors - who entered our second successful new format show on Saturday, September 1.

There were over 400 entries submitted which made for some tough judging decisions. For all those who came to take a look, it definitely took some time to walk around and admire the hard work, skill and talent of all competitors whilst spotting the prize winners and reading judges' comments before enjoying some delicious homemade cakes and refreshments.

As a result of the knitted woolly hat class we have 12 hats in a variety of wonderful colours which will be donated to the Sailors Society charity.

Congratulations go to all prize winners and the competitors who received these awards: Best Exhibit in Fruit & Vegetables: Jon Hector - Collection of four different vegetables. Best Exhibit in Flowers & Plants: David Blight - Dahlia three blooms. Best Exhibit in Floral Art: Grash Kaminski - A Button Hole. Best Exhibit in Cookery: Adrian Mills - Quiche/Savoury Flan. Best Exhibit in Art & Craft: Janet Jones - Cushion.

An award from the parish council was also presented to Grash Kaminski for the Best Allotment (voted and chosen by the allotment holders). However we should also have given a wooden spoon (or spade) to David Blight for the one potato from his "Heaviest Crop Potato in a Pot" entry!

PARISH COUNCIL

A meeting will be held in the Chapel (not the parish church schoolroom as usual) on Wednsday, October 10 at 7.30pm. Paul Knox from Pearce Construction will be making a presentation on a proposed housing development adjacent to the new community field. This sits in line with the long-agreed Parish Settlement Plan, and the more recently government agreed North Devon and Torridge District Plan. Therefore, please note that this is a consultation exercise and not a formal planning application.

Details of the Parish Settlement Plan and this meeting's full agenda can be found at[*www.bucklandbrewer.org.uk*](http://www.bucklandbrewer.org.uk). All parish council meetings are open to the public.

FISH & CHIP QUIZ

On Saturday, October 20, Buckland Brewer Hall will be hosting a fish and chip quiz. Starting at 7pm with - yes - fish and chips from the touring Whiddon Valley van. Teams of six at £8 per person. Please book by October 14 for catering purposes by calling 01237 451 822 or emailing bbvhbooking @gmail.com.

Sioux, [*combemartinmuseum@googlemail.com*](mailto:combemartinmuseum@googlemail.com)

Meat raffle

Combe Martin Museum meat raffle will be held every Sunday at the Dolphin, £1 per strip (or five tickets). 1st prize: A joint of meat and vegs; 2nd prize: Rump or gammon steak, mushrooms and tomatoes; 3rd prize: Breakfast consisting of eggs, bacon, sausages, tomatoes and mushrooms.

Museum hours

Combe Martin Museum is open 10.30am to 5pm Monday to Friday, and 11am to 3pm on Saturdays and Sundays.

COFFEE MORNING

Tuesday, October 16 starting at 11am to 1pm. Entry to the museum is free from 10.30am while this event is on.

Shammick Art Group

Combe Martin Church Parish Hall, every Thursday, 2pm to 5pm. Art workshops by arrangement. For more information, please call Judy Jones 01271 883863 or Linda Thomas 01271 883345.

Combe Martin (Shamwick) Gardening Club

Wednesday, October 10, 7.30pm Church Hall Rectory Road. For our October meeting we have Sarah Chesters giving a talk on autumn and winter colours for your garden. Sarah is the education and learning manager at RHS Rosemoor and she has also appeared regularly on Radio Devon.

We look forward to hearing how we can make our gardens more vibrant and eye catching in the colour seasons. New members and visitors are always welcome. Competition: Autumn leaves. Call Desmond on 01271 889034.

Paul Donovan, Courtiford, Dolton, EX19 8RE, 01805 804425, [*pauldon876@btinternet.com*](mailto:pauldon876@btinternet.com)

BIG BREAKFAST

Our morning banquet runs from 8.30am-10.30am this Saturday, October 6, in the hall. At £7 for adults and £4 for children of 8 and under (pay at the door), this is always remarkable value for a meal consisting of orange juice, cereal, tea or coffee, eggs, bacon, sausage, tomatoes, beans, mushrooms and fried bread, and toast and marmalade. Proceeds, as always, go towards improving the hall's facilities. This includes refurbishing the lavatories, unchanged for more than half a century, and this alone is costing in the region of £20,000.

CARNIVAL GUYS

Entry forms are now available at Church Street Stores for the Carnival Guy competition, part of the run-up to the annual carnival next month.

HARVEST LUNCH

More than 60 people attended an outstanding lunch in the hall last Sunday following the harvest festival service at St Edmund's. After the Rev Tony Connell said grace, they enjoyed sausages and mash, cheesy vegetable pie, cold beef, ham and turkey, a choice of puddings, tea and coffee, and Sam's cider and soft drinks. The kitchen brigade was led by Jenny Paine and Celia Howitt, and Alan Haynes auctioned locally made produce. The raffle made £164 for Torrington Food Bank.

WINE AND WISDOM

Deadline for entries for quiz night is this coming Tuesday, October 9. They must be made to Rosemary Lock, quiz-mistress and organiser, on 01805 804254. Entries are for a maximum of six people making up a team, at £5 a head. This includes a bottle of wine per team and cheese supper. There will also be a licensed bar at the event, which takes place on October 12.

Peter Bunch, Arlington Old School, EX31 4LW, 01271 850215, [*peter.bunch562@btinternet.com*](mailto:peter.bunch562@btinternet.com)

Coffeeshop

Today, October 4, 10.30am-noon with hosts Lyn and Andy Norkett. Come and see the newly refurbished spacious village hall and don't miss the opportunity to catch up with friends and neighbours over a mug of real coffee or freshly brewed tea and sample home made cakes and savouries (donations always welcome). You can also sell, swap or give away surplus plants, change books. See you there.

Fitness sessions

Two fitness sessions are currently available at East Down Village Hall.

Move it or Lose it (otherwise called seniors Keep Fit): A gentle one-hour exercise class aimed at people aged 50+ on Thursdays 9.15-10.15am. Cost is £4 a time with first taster session free. Ring Linda for more info 07545 122181 or just turn up.

Intensive Keep Fit: Generally for the younger person but a number of participants are in their fit 50s/60s. Wednesdays 6-7pm at £6 per session. For further details call John Denyer or Kitania Popple 07402 920720 or 07341 336 689.

Sue Squire, 2 Threeways, Bratton Fleming, 01598 710526, [*sue@suesquire.com*](mailto:sue@suesquire.com)

PARISH COUNCIL

A parish council meeting was held on September 25 under the chairmanship of Councillor Philip Risdon. The meeting started half an hour earlier than usual to allow a talk to be given on Rural Dementia, Challenges and Solutions, given by Ian Sherriff, Academic Partnership Lead for Dementia, University of Plymouth.

Newly co-opted councillor Miss D Sturla was welcomed to the meeting.

Representations from the public were concerning gullies and drains. County councillor Jeremy Yabsley to be advised of this.

Apologies received from county councillor Yabsley and district councillor Mrs Croft, who had both been present at the start of the meeting but due to other commitments, had to leave before their reports could be heard.

The minutes of the meeting held on July 31 and the planning application meeting on August 20 were approved and signed as a correct record.

Reports. Councillor Risdon had received an invitation to the official opening of Chulmleigh Community College. County Councillor Yabsley had asked to be advised of any issues; District councillor Mrs Croft asked the parish clerk to report on the progress of her project BRAINChild; the Parish Hall Committee were able to advise of the timely completion of external rendering and external windows.

There were no planning applications to consider.

A North Devon Council Decision Notice for planning approval in respect of The Old Post Office, East Worlington was noted.

Finance. Balances were given, budgetary figures presented and ***payments*** approved.

A grant was approved towards the upkeep of the Churchyards in East and West Worlington parish churches.

A donation to the Witheridge Magazine for articles to be included was approved.

Councillors decided to hold the 2019 meetings unchanged to the last Tuesday in the month as has always been the case.

The next meeting will be on Tuesday, November 27 in the Parish Hall at 7.30pm. This will be the budget setting meeting.

Margaret Weeks, [*dmweeks37@gmail.com*](mailto:dmweeks37@gmail.com)

Fun day

A very succesful fun day was held at Bridge Field, Exbourne on Saturday, September 8. It was organised by Chris Guy and colleagues and included vintage tractors and old implements as well as many interesting stalls, etc. There was plenty going on all day and £354.25 was raised for Cancer Research UK and £212. 50 for the Devon Air Ambulance Trust. This was in addition to money raised by the various stalls.

Harvest festival

The Harvest Festival in St Mary's Church on Sunday, September 23 was a

United Service with the Methodists. Dr Michael Winter conducted the service and the organist was Pauline Savage.

Skittles

Skittles begins for the winter on Friday, October 5 in Exbourne Village Hall. Each session will begin at 7.30pm. New players are always welcome.

Jumble sale

Exbourne, Sampford Courtenay and Jacobstowe WI is holding a jumble sale in Exbourne Village Hall on October 6 at 2pm. Entry 50p to include tea and biscuits.

Dance classes

For people with Parkinson's and carers. Please the Hartland section for details. Every second and fourth Monday from 2-3pm. St Peter's Church Hall, Hill Top, Fremington, EX31 3BL.

Over 50s "Happy dance" for able movers Tuesdays, 11.30am-12.30pm. St Peter's Church Hall, Hill Top, Fremington. For further information contact Rebecca Jeffery on [*rebecca.jeffery52@gmail.com*](mailto:rebecca.jeffery52@gmail.com) or 07788 475173.

Maureen Poole, 01805 622834, [*maureenpoole@talktalk.net*](mailto:maureenpoole@talktalk.net)

Quiz

A quiz will be held at Frithelstock Village Hall this Saturday, October 6. Bar opens at 7pm, quiz starts at 7.30pm. Teams of six. To book a table phone Adrian on 01805 623115. £4 per person includes a light supper. Raffle in aid of Children's Hospice South West. Donations of raffle prizes will be much appreciated.

PARISH COUNCIL

The September Parish Council meeting was held in Georgeham Village Hall on Thursday last, September 27 at 7pm under the chairmanship of Councillor J Symonds.

Councillors present: M Harrison, Mrs Luxton, Mrs Meek, Taffinder and Tucker. Also county councillor Mrs Chugg, district councillor Wilkinson and six members of the public. The meeting was clerked by Sue Squire.

Apologies received from Councillors Mrs Barker (District), P Mackintosh and E Short.

Declarations of Interest. Councillor Symonds declared a Prejudicial Interest in respect of a cheque for Bay Gardens and Councillor Harrison declared a Prejudicial Interest in respect of his Planning Application.

The minutes of the parish council meeting held on 30 August and a site meeting to consider a planning application on September 6 were approved and signed as a correct record.

Reports were received from county councillor Mrs Chugg, district councillor Wilkinson, inspections of play areas, Georgeham Affordable Housing, Neighbourhood Plan and a meeting attended by councillors with governors of the Primary School.

North Devon Council Decision Notices were noted.

Finance. Balances were given and ***payments*** approved.

The next meeting will be on Thursday, October 25 in Georgeham Village Hall at 7pm.

Mary Tonkin, 01271 378910, [*goodleighnews@lundybay.net*](mailto:goodleighnews@lundybay.net)

Concert

There will be an informal music concert raising funds for our community church building, on Friday, October 5, from 6.30pm until 9pm in Goodleigh Village Hall. Local musical talent, ploughman's supper and a cocktail on arrival. £10 for adults and £3 for children. For more information call 01271 346566.

Polka dot

Polka Dot Family Concerts on Mondays at 10am in Goodleigh Village Hall. October 29, Violin - Kathryn Colman; November 26, Guitar - Hannah Woolacott. £5 entry includes coffee and cake. More information Caroline Clipsham on [*cclipsham@yahoo.co.uk*](mailto:cclipsham@yahoo.co.uk)

Band

One of Goodstock's favourite bands is back in Goodleigh. M'Larkey will be bringing their special brand of eclectic folk to the village hall on Saturday, November 10 at 7.30pm. Hurry and get your tickets, £10 in advance to include hot dog and a pud, wine, beer and cider bar. Tickets from The New Inn, Lynda Thorne 01271 346566 and Pat Newell 0776576718. Tickets on the door £11.

Goodleigh WI

Goodleigh Women's Institute welcomes new members at any meeting and meets on the third Tuesday of each month at 7.30pm in Goodleigh Village Hall. On October 16 there is a cake decorating workshop, to practise for Christmas cake decoration. On November 20 there is a greetings card workshop and on 18 December the Appledore Singers will perform Christmas Carols, a festive evening for Christmas time. For details call Janet Bryant on 01271 344583 or Mary Fardon on 01271 344629

Goodleigh United Church

Christians Together in Goodleigh invite you to their Sunday Service at 9.30am. On Sunday, October 7 - Harvest Celebration at 11am followed by lunch in the village hall, everyone welcome. The service will be led by Jim Ley and the farming community to give thanks for the produce here in Goodleigh. Further information is available from Lynda Thorne on 01271 346566 or Andrew Moore on 01271 321502. Christians Together are collecting used stamps for the Air Ambulance. Please leave donations in the porch.

Short mat bowls

Goodleigh Short Mat Bowls Club recently held its annual G J Bawden Charity Tournament, kindly sponsored by son Andrew in which 16 teams from far as afield as North Somerset, East Devon and North Cornwall. The winners were Christ Church from Barnstaple who won with the last wood. Runners up were Team Kath from Willand and third went toWinkleigh Drifters. £540 was raised for Devon Air Ambulance. The club holds "roll-ups" on Monday evenings and Wednesday afternoons, at Goodleigh Village Hall. For information contact Julie Cole on 01271 859564.

Pilates

Pilates with Louise on Tuesdays, there is a "re-rehabilitation" session for those who need more time or have an injury at 4.15pm, followed by the regular class at 5.30pm in the village hall. If you are interested contact Louise on 01271 343151 for more details.

Horticultural Society

Goodleigh Horticultural Society has announced the ***programme*** for the forthcoming ***year***. October 10 "Wildflowers in the land of fallen giants" with Adrian Hutchinson. November 14 "Camellias" with Jeremy Wilson. December 12 "Christmas Tree drive" - a bring and share supper. January 9 "30 ***years*** at Bridge Mill" with Rosie and Alan Beat. February 13, an open meeting with Toby Buckland. March 13 "Gardens at high altitude" with David Dickinson. April 10, a Planning meeting and "Our trip to Japan" with Dorothy and Max Walker. May, June and July will be garden visits and the annual show is on August 10.

Art classes

Art classes continue with Avice Yeo, Monday mornings from 10.30am to 12.30pm, cost is £10 per session. For more information call Avice on 01271 870849.

Music and movement

Ladies' music and movement class in Goodleigh Village Hall, on Tuesdays with teacher Marie Johns, 10.30am-11.30am.

Mobile library

The next visit is on Monday, October 15, 11.50am to 12.20pm.

Dance club

Bratton Fleming Dance Club's next club night is October 9 7.30 to 10pm, and there is a charity dance on Saturday, October 13, 7.30 to 11.30pm, bring and share supper. For more information phone Lynn on 01769 573239 or Mike on 01271 373095.

Parkinson's UK

Parkinson's UK meets on the first Saturday of each month in Goodleigh Village Hall, from 10am until 1pm. The next meeting will be Saturday, October 6. It is a friendly club for those with Parkinson's and neurological issues and their carers and partners. We have a variety of speakers and visitors to entertain and we enjoy coffee, tea and sandwiches.

Tricia Oakley, 01237 441690, [*barnpark@live.co.uk*](mailto:barnpark@live.co.uk)

Got news?

Please send items for this column to the above email address, or phone Tricia, by the weekend before publication - any later than the Saturday and it will not be possible to include them.

Church services

Church services for Sunday, October 7. Harvest Festival at St. Nectan's at 11am No service at the Methodist Church.

HARVEST SUPPER

Last chance to book your place with Kay (441091) or Thirza (441276) is TODAY, Thursday, October 4. The cost is £7.50 for the meal, payable on the door - please provide your own drinks and glasses, and remember to take home all your empties.

Farmers' market

Hartland Farmers' Market in the Parish Hall Sunday, October 7 from 10am to 1pm. Local produce and cooked breakfasts.

Hartland Royal British Legion

All new members welcome, membership forms are available at the RBL Club or you can join from the RBL webpage.

Sunday lunch

Sunday Roast Lunches start again on October 21, 12.30pm, in aid of Hartland Parish Hall. £11/£7. Please book with Greta (01237 441550) by the Wednesday before.

Parish enquiries

All enquiries about church weddings and baptisms should be directed to the Parish Office, which is situated in the Church Rooms in the car park. The office is open on weekday mornings (except Wednesdays) from 10am to midday and an answerphone is in operation, 01237 441142. Email hartland [*coastparishes@gmail.com*](mailto:coastparishes@gmail.com)

Bible studies

New to the Bible and want to go deeper? Eight sessions of an interactive course are being held in the Church Rooms on the second and fourth Thursdays in the month at 2pm. If you miss a session, or prefer evenings, the course is also being run in the Church Schoolroom at Buckland Brewer on the same days at 7.30pm. For more information, or to book your place, ring Rev Jane Hayes on 01237 440161.

Fitness sessions

Fridays in Hartland Parish Hall. Over 50s Frail Movers Chair Dancing from 10-10.45am. Over 50s Able Movers On your Feet 11-noon. For further information contact Rebecca Jeffery on rebecca.jeffery52@ gmail.com or 07788 475173.

Let's dance!

People aged over 50 are feeling empowered through the movement and dance classes offered by Rebecca Jeffery, the artistic and managing director of Andigwa Dance in Hartland.

The over 50s attend her fun weekly movement and dance classes where they learn dance with African, Latin American and Brazilian flavours.

Rebecca said: "The dance classes are very popular. I started including members of the dance class in local performances such as fundraising events for Sunrise North Devon Diversity, and carnivals such as Hartland and Hatherleigh, and the ladies have revealed incredible costume-making skills, enthusiasm and sheer hard work, while having a lot of fun, making friends, getting fit and feeling happy as a team.

"Many felt isolated before they started the classes, but they have now made many good friends and connections with each other. The collaboration involved has been extraordinary and bonding for all concerned.

"I now have much more confidence than I ever had as a young girl to perform and dance in public," said a lady who attends Stepping Out.

"I look forward to Fridays. I start the class feeling all wound up and stiff and come out feeling supple, uplifted and wonderful" said one from the Let's Dance classes on a Friday in Hartland from 11-12 noon.

As well as this, Rebecca provides twice monthly movement to music for people with Parkinson's in Fremington on a Monday from 1.30-2.30pm and a weekly fun dance session for people with disabilities and their carers at Rose Hill Activity Centre in Bideford on Wednesdays from 11am-noon.

For more information visit [*www.facebook.com/groups*](http://www.facebook.com/groups)/ letsdancewithrebeccajeffery or   [*www.andigwadance.co.uk*](http://www.andigwadance.co.uk).

Contact Rebecca Jeffery on [*rebecca.jeffery52@gmail.com*](mailto:rebecca.jeffery52@gmail.com) or 07788 475173.

Concert

Joint concert with Hartland Town Band and Torridge Male Voice Choir. Hartland Parish Hall, Sunday, October 14 at 7.30pm. Admission £6. All proceeds to Clovelly RNLI.

Coffee morning

Hartland Town Band coffee morning, Saturday, October 27 from 10am. Stalls including cakes and savouries, tombola, raffle etc.

Pasty and pudding night

Hartland Town Band pasty and pudding night, Saturday, October 27 from 6pm till 8pm. Admission £7 by ticket only, from Ann Pillman 01237 441434 or Sheila Jeffery 01237 441543.

Louise Williams, [*allsmiles1063@btinternet.com*](mailto:allsmiles1063@btinternet.com)

CHURCH NEWS

Sunday, October 14, 9.15am. Come to St Michael's Church in Horwood for our family service.

QUIZ

Raising funds for St Thomas a Becket Church, Newton Tracey. Alverdiscott Village Hall, Saturday, October 6. Call Kate to book your team of six on 01271 858268.

GARDENING CLUB

Talks and visits on the last Monday of each month except Bank Holidays, from 2.30pm. Alverdiscott Methodist Chapel. Please call Cynthia on 01271 858237 for more information.

DEVON REMEMBERS

The Devon Remembers project is a partnership of organisations, including the Royal British Legion, Devon County Council, South West Heritage Trust, Exeter, Torbay and Plymouth Councils, Devon Communities Together, University of Exeter and other voluntary and community organisations. The partnership has been helping communities to research local stories from the First World War, and to commemorate the sacrifices made by the people of Devon between 1914 and 1918. We would love to hear about how your community is commemorating, remembering and celebrating the end of the First World War 100 ***years*** ago.

Please send in details of any events you are holding over the next few months for inclusion in our online ***calendar***, and share news, stories or photographs of how your community has remembered them.

For events ***calendar*** entries, please include the title of the event, date and time, a brief description (may include photos/poster), and the address and post code. Email any information, dates, stories and photographs to: devonremembers- [*mailbox@devon.gov.uk*](mailto:mailbox@devon.gov.uk)

Bible study

Come along on the last Sunday of each month to Alverdiscott Methodist Chapel for interactive Bible study. More details from Stuart on 01271 858258.

PARISH COUNCIL

The October Parish Council meeting will be held in Horwood and Newton Tracey Primary School on Wednesday, 10 October at 7pm. There is a vacancy for a parish councillor and the parish clerk will be pleased to give more details. Please contact Sue Squire ([*sue@suesquire.com*](mailto:sue@suesquire.com)) or telephone 01598 710526.

Shirley Jones, Sunnydale, 4 Avenue Road, Ilfracombe, EX34 9AT, 01271 863630, [*shirleyjns311@gmail.com*](mailto:shirleyjns311@gmail.com)

Market

Ilfracombe Farmers' Market, Saturday, October 6 at the Lantern Centre, High Street, 10am to 12.30pm. Information 01271 864621.

Pearl Hackett, 01271 861458, [*pearlhackett1947h@hotmail.co.uk*](mailto:pearlhackett1947h@hotmail.co.uk)

Church services

Church services for Sunday, October. No services at St. Peter's, Westleigh or St John's, Instow but there is a United Joint Benefice service at St Peter's, Fremington at 10.30am for a Confirmation service led by Bishop Robert of Exeter.

Concert

Charity choral concert featuring the Appledore Singers will take place in aid of The Northam Care Trust on Saturday, October 20 from 7.30pm at Lavington Church, Bridgeland Street, Bideford. Tickets £6 each available from the website [*www.northamcaretrust.co*](http://www.northamcaretrust.co). uk or on the door on the night. Under 12s are free.

WI

Instow and West Yelland WI meet at 7.30pm on Thursday Octoner 4 in Instow Parish Hall. The speaker is Richard Medland, an Exmoor guide.

Bingo

Charity bingo and raffle, Old Station Inn, Blackmoor Gate. Tomorrow, October 5, 7-30pm for eyes down at 8pm. For "Humanitarian Aid for Cuba". Good prizes. Everyone welcome.

PARISH COUNCIL

There will be a parish council meeting this evening (October 4) in Kentisbury and Trentishoe Village Hall at 7pm. To date, three planning applications have been received: erection of ***agricultural*** building/roof over existing dung store at Bridwick Farm, Kentisbury; prior approval for change of use from one ***agricultural*** building to one dwelling house at the Barn, land opposite the Barton, Kentisbury; and variation of Condition 4A at Higher Patchole Farm, Kentisbury.

Members of the public are welcome to be present and can make representations for a maximum of three minutes each at the beginning of the meeting.

Harvest Supper

Join us for a ploughman's supper and pudding at Kentisbury and Trentishoe Village Hall following the harvest festival at St Thomas's Church on Sunday, October 7. Service 6pm, supper approx. from 7pm. Adults £7.50, children £5. Bring your own drinks. Auction of produce to follow supper. In aid of St Thomas's Church and Kentisbury WI Tickets on the door. Call Viviane on 01271 882487 for further details.

Coffee morning

Coffee morning at the Methodist Chapel Saturday, October 13, 10am-noon. Stalls and competitions. £1 entry to include coffee and biscuits. In aid of Kings Nympton Methodist Chapel.

Church events

St Paul's Church, Sunday, October 7, 10.30am. Family service including a Bible-based talk aimed at children.

St Paul's Church, Saturday, November 3, 7.30pm. Recital by Robert Loveridge and family featuring the recently-restored 1877-built church organ. The recital will include classic organ works and popular transcriptions. All welcome. Tickets £5 on the door, with proceeds to church funds.

Edna Thompson, [*edna44@tiscali.co.uk*](mailto:edna44@tiscali.co.uk)

Harvest Festival

Harvest Festival, Sunday October 7. Service in St Matthew's Church, Lee, at 6.30pm followed by harvest supper in the Memorial Hall.

The theme for the service is Bread of Life and, as a way of emphasising the importance of bread and other bakery, we are going to hold the Great Lee Bake-Off as part of the service! We would like both adults and children to bake an item and bring it along to the service.

We shall have two tables at the front of the church, one for children's items and one for adults.

At the beginning of the service, during the first hymn, we shall invite those with items to come forward and place them on one of the tables.

It would be great if you were able to bring bread but any bakery item will do - pizza, scone, cupcake(s), etc.

A bit later on in the service, we shall have the judging. It will all be light-hearted but, no doubt, the judges will enjoy tasting the items.

We shall get some volunteer children to judge the adults' items and some volunteer adults to judge the children's items.

The rest of the service will be the usual lively celebration of harvest with the singing of well-known hymns led by the choir.

Then, after the service, we shall all move over to the Memorial Hall to enjoy an excellent harvest supper.

Everyone is equally welcome to the service and supper.

Chris Harrington, 01271 850200, [*2012LoxhoreNews@gmail.com*](mailto:2012LoxhoreNews@gmail.com)

Coffee morning

This morning, Thursday, October 4, at 10am at the village hall. Everyone is welcome. We usually have cakes, cards, crafts and books for sale.

WILD

Wild is another Beaford Arts presentation on Friday, October 5 at 7pm at the village hall. It looks to be a fun and challenging night, essentially for ladies only over 14 ***years***. Contact Tess for tickets @ £12 each, on 07788 751046.

LOXHORE HARVEST SUPPER

Friday, October 12, at 7.30pm at the village hall. Everyone is welcome, please phone Carol Delve on 850316 to give your names to help with catering.

SKITTLES

Friday, October 26, at 7.30pm at Loxhore Village Hall, with teams of four @ £2 per person. Bring your own nibbles and drinks. Contact Anne Tester on 850173 to book a team or for further details.

Mervyn Mugford, Tranquillity, Parracombe, 01598 763261, [*mervyn@bodley.demon.co.uk*](mailto:mervyn@bodley.demon.co.uk)

Cinema

Lynton cinema will be showing BlackkKlansman (15) for the final time this evening at 8pm. Starting tomorrow for seven days, The House with a Clock in its Walls (PG). Showing each evening at 8pm with matinÃ©e, Monday at 2.30pm. Coming next, Winter Ridge (12A). Enquiries and booking: 01598 753397.

Christmas Concert

Tickets are now available for a Christmas concert with Exmoor Carolers, Saturday, December 8 starting at 7pm. Exmoor Carolers are a local group, well known for their interpretation not only of traditional carols, but many local, often forgotten carols with a local Exmoor story.

Admission is £7 which includes an Exmoor supper.

It promises to be an enjoyable evening, tickets can be obtained from any of the Friends if they are known to you or from Trisha Morgan at Kingford House, Longmead.

Call 01598 752361 for further information.

Mervyn Mugford, Tranquillity, Parracombe, 01598 763261, [*mervynmugford@gmail.com*](mailto:mervynmugford@gmail.com)

Harvest service

Christ Church, Parracombe, Harvest festival service, Sunday, October 7, 6.30pm, followed by auction of produce. Then the congregation are invited to make their way to the village hall for the excellent harvest supper hosted by members of Blackmoor Gate Young Farmers.

Auction

Auction of items and promises at Hunter's Inn, Saturday October 13, 12.30pm. Preceded by ploughman's lunch for which £6 which includes entry to auction. All proceeds to support St Martin's, Martinhoe. Further details, Keith Harris, 01598 763405.

Choral society

Northam Choral Society rehearses on Tuesdays from 7.30pm to 9.15pm. New members are welcome. No audition required, just come along to Northam Methodist Church Hall, Cross Street before 7.30pm on a Tuesday. The annual subscription, which goes towards covering the cost of music and room hire, is currently £30. Visit [*www.northam*](http://www.northam) choral.org.uk for details.

ANDIGWA DANCE

Please see the Hartland section for details. People with disabilities and carers. Wednesdays, 11am-12pm - Rose Hill Activity Centre, Heywood Road, Northam Lodge, Bideford EX39 3PG. Contact Rebecca on 07788 475173 or rebecca. [*jeffery52@gmail.com*](mailto:jeffery52@gmail.com)

Ruth Govier, 01598 740661, [*ruth.govier@btinternet.com*](mailto:ruth.govier@btinternet.com)

Youth club

Youth club meets this evening in the Methodist Church rooms from 7.15pm to 9.15pm for a first aid demonstration by paramedic Andrew Smith.

Parish Council

The parish council will be meeting in the Victory Hall on Wednesday, October 10 at 7.30pm. A copy of the agenda can be found on the noticeboard outside Bulled's shop and at Heasley Mill village hall.

Talent show

North Molton's Got Talent will take place in the Methodist Church on Saturday, October 13 at 7.30pm. Adults £5, 11 and under £2, pre-school free.

Carrier bags

Congratulations to Bulled's shop who this ***year*** have sold 4,700 carrier bags which raised £235 for the British Heart Foundation.

Linda Bird, 01237 451579, [*lindabird451@btinternet.com*](mailto:lindabird451@btinternet.com)

ALLARDICE HALL

Belated 60th birthday celebrations. Join in the fun at a Barn Dance with the Oggle Band on Saturday, October 6 from 7pm to 11pm. Bar, ploughman's supper and raffle. Fancy dress competition (prizes for the best dressed cowboy and cowgirl). Tickets prices are family £15, adult £5 and child £2. Book tickets on 01237 451820, 01237 451812 or 01237 451510.

Pumpkin pageant

Parkham Pumpkin Pageant on Saturday, October 27 at The Bell Inn, 7.30pm onwards. Raffle including a star prize of a Sunday lunch voucher for two at The Bell Inn. Live music from The Rocking Good Knights. Pumpkins will be displayed throughout the pub. Competition and prizes for various categories of pumpkin. From 10am bring your pumpkins to the pub for the initial weigh-in and displaying. Larger pumpkins will be placed outside at the front and smaller pumpkins inside. 6pm judging of the pumpkins. Food available from 7.30pm or come down for drinks and a chat, Halloween fancy dress optional. 8pm The Rocking Good Knights perform (first half). 9pm Pumpkin weigh-in finals and auction from followed by the raffle. 9.30pm The Rocking Good Knights perform (second half). All proceeds from the raffle and auction will be split between the Allardice Hall and Parkham Primary School. Further information from Rachel 01237 451201/452345 or Linda 01237 451579.

David Kelsey, Wooletts, Rectory Rise, EX20 3HQ, 01837 810796, [*davidindevon@btinternet.com*](mailto:davidindevon@btinternet.com)

Family photos

David Birks has offered to take photographs of any combination of families, which can be used as Christmas gifts. David is offering this service to raise money for the Church Building Fund and he will be in the Baxter Hall on Saturday, October 13 from 9.30am with 15 minute slots. For further details and to book a slot please ring David on 01805 603522.

Harvest lunch

Harvest festival lunch will be held in the Baxter Hall on Sunday, October 14, following the Harvest Festival Service in St Petroc's Church at 11am. To book, please contact Ann Luxton on 01837 810728.

PETROCKSTOWE SPORTS AND SOCIAL CLUB

The club is holding a village golf day on Sunday, October 21 from 1pm to 4pm, which will take place in the Recreation Ground. Clubs will be supplied. There will also be a licensed bar. £2 to enter, to book please contact Ken on 01805 624025.

BAXTER HALL AGM

The AGM will be held on Tuesday, October 16 at 7.30pm in the Baxter Hall. This meeting is open to all residents of Petrockstowe. Ideas for future events in the hall are welcome.

LADIES GROUP

The group met in the Baxter Hall on Tuesday, September 25 when they welcomed as speaker Bob Mather, whose subject was Railways at War. Bob told the ladies some amusing anecdotes of working on the railways in the Second World War. A hearty vote of thanks was given to Bob for a very informative evening.

PETROCKSTOWE WEATHER

The first three days of September 2018 were mild and sunny. It then turned cloudy with slight drizzle until 11th when there was continuous rain throughout the morning. It then became showery and overcast then bright and breezy with rain and gales in the night, although. The 17th was bright and breezy although with rain and gales in the night, however the north of the country suffered a lot of storm damage with gales of up to 90 mph causing many trees to fall whilst our area was wet and windy with gales in the night on the 20th. Saturday 22nd was certainly the most miserable day of the month with continuous rain from dawn to dusk. The 24th was a very pleasant sunny day following a slight frost in the morning. The next three days also continued very warm and sunny with cloudless blue skies and the last few days were dry although a lot cooler. The rainfall for the month was 65mm (2.5 inches) compared with September 2017 which had 102 mm (4 inches). The last warm sunny week of the month was a great boon to the farmers and growers in the district.

MACMILLAN COFFEE MORNING

Congratulations to the ladies of the village for raising the magnificent total of £559.19 at the Coffee Morning held in the Baxter Hall on Friday, September 29.

MERTON AND DISTRICT FOOTBALL CLUB

The match on Saturday, October 6 will be away v Holsworthy, starting at 3pm.

Quiz evening

Quiz evening this Saturday, 7.30pm in the village hall. £7.50 per ticket which includes supper, curry or shepherd's pie. To book tickets please ring 01271 850175.

Shirwell WI

Our next meeting in the village hall will be held on Tuesday, October 9 at 7.30pm. June Tamlyn will speaking on "Challenges". Refreshments afterwards. New members very welcome.

St Peters Church

Come and celebrate harvest at St Peters on Sunday at 3pm followed by a harvest bring and share tea.

Messy Church

The next Messy Church will be held on Saturday, October 13, 11am-12.30pm in the Church. Theme: "Listening and Learning". Coffee and soft drinks, crafts, activities and story time followed by a picnic lunch. Fun for all ages.

Debbie Quick, 01769 573103, [*debbie.quick65@btinternet.com*](mailto:debbie.quick65@btinternet.com)

Concert

The Friends of South Molton Parish Church present Bristol Chamber Choir in concert in the Parish Church Saturday October 6 at 3pm, tickets £5 on the door. For more details call 01769 573558.

Harvest Fair

South Molton Parish Church is holding its Harvest Fair on Thursday, October 12, 10am-noon in the Assembly Rooms. Produce, cake and bric-a-brac stalls. For more information call 579020 or 573558.

Just Sing

This community choir meets weekly on Wednesdays at 7pm-8.30pm at South Molton Scout Hut (by Cattle Market ) we welcome new choristers. Contact John Parkhouse on [*jparkhouse110@gmail.com*](mailto:jparkhouse110@gmail.com) or 07971 963943.

Film screenings

On October 14 Lost in Paris (12A) is being shown in the George Hotel, South Molton at 7.30pm. Tickets £5/£4.50 on the door.

Stephen Harrison, The Old Chapel, Yarnscombe, EX31 3LN, 01769 560400, [*oldchapel08@outlook.com*](mailto:oldchapel08@outlook.com)

BINGO

The next bingo will be this coming Friday, October 5 at the Victory Hall. Doors open at 6.30pm with eyes down at 7.30pm - assorted prizes to be won.

HARVEST SUPPER

This will be held in the Victory Hall at 7pm on Tuesday, October 9. After the meal, there will be an auction of produce. Tickets (£8 adults, £4 children under 12) are available from Grahame (01769 560487) or Richard (01769 560783).

YARNSCOMBE QUIZ LEAGUE

The new Quiz League begins on Saturday, October 20 at 8.15pm in the Victory Hall. Teams of six maximum (£2 per person). Everyone is welcome.

**Load-Date:** October 3, 2018

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The Cornishman

April 11, 2018 Wednesday

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**Section:** NEWS:OTHER; Pg. 54-55

**Length:** 8962 words

**Body**

St Anta and All Saints

There is no Book of Common Prayer Holy Communion Sunday. Parish Communion is at 11am, when the Celebrant will be the Reverend Suzanne Hosking and the Leader John Sell. One Heart Worship with the Reverend Suzanne Hosking is at 7pm.

Messy Church went very well. All of the activities, the talk by the Reverend Carlyn Wilton and the song she introduced were based on the theme 'Jesus is alive'. The introduction of breakfast beforehand proved very popular. The next Messy Church is on Sunday, May 13.

To book St Anta Church Hall for an event, contact Jenny Fairfax on 01736 753347.

Independent Church

Alan Curnow led the morning All Together service. On the way in, the young people planted cress seeds in egg shells, helped by Emma, and were offered an Easter wordsearch and other sheets to complete before Sunday.

Jordan led the joyful singing on the piano accompanied with percussion when appropriate. Debbie and Claire read scripture from Jeremiah, Psalm 117 and John 20, 11 to 18.

Alan led a lively service with all the young people participating. We all enjoyed coffee/tea at the end, which was served by Amy and Marie.

Mr Paul Shirbird led the evening service and Breaking of Bread, which was served by Philip. Paul had a busy hour as he accompanied all the hymns, playing the guitar. We were reminded about the Two Men on the Road to Emmaus, Luke 24, 1 to 35.

SCRABBLE CLUB:

The Connor Downs Scrabble Club will meet again today, Thursday, the second Thursday of the month as usual, from 2pm to 4pm in the WI Hall.

Everyone is welcome, whether you come regularly or once in a while. There is a charge of £2 to cover the cost of hiring the hall, heating and the refreshments.

LUDGVAN CHURCH

The service on Sunday, the first after Easter, was led by the Reverend Kirsten Norfolk. Her address focused on her Biblical hero St Thomas, who would believe in the resurrected Christ only when he had seen and felt the wounds for himself.

The message was that we need to be honest about our own doubts because it is through our doubts that we engage fully with Christ and the message of, "love one another", which he brings to the world.

Today, Thursday, morning prayer and Holy Communion are held at 10am as usual.

This Saturday, the successful board games afternoon with refreshments takes place again in the Murley Hall at 2pm.

On Saturday, April 21, the benefice, Journey of Transformation day will take place at Paul Church, from 10am to 8pm. Tickets are £10, available from Ludgvan Church; transport will be available.

Tuesday, May 1, sees the AGM of the Social and Functions Committee when officers will be elected.

Last Sunday we welcomed Joanna, nee Verran, and Sid Richards, who were celebrating the anniversary of their wedding at Ludgvan Church 40 ***years*** ago. Mr and Mrs. Richards now live in Marple Bridge, Cheshire.

LUNCHEON CLUB

A total of 19 members enjoyed a roast beef lunch last Friday, followed by ice cream and clotted cream. The next lunch will be on Friday, May 4.

We are taking names now for our trip to Caerhays Castle and gardens on Tuesday, June 12.

If you wish to join us please ring Rose on 01736 740207 for more details.

Big Breakfast

Hosted by The White Hart Inn at Ludgvan, there is a Big Breakfast event taking place on Saturday, April 21, from 9am to 11am. It costs £6.50 and is in aid of Cancer Research UK (Penzance branch) Everyone is welcome.

Church of St Germoe

The Revd Peter Johnson officiated at the Family Eucharist service, assisted at the altar by Joan Chapman and Eve Cox, who was also serving with Bette Owen. The lessons were read by Geoff Helmore and Jan Semmens; Kate Phillips led the intercessions; the organ was played by Gwynneth Willett and Rose Shorthouse was sidesman. Coffee and biscuits were served after the service.

In the evening Fr Peter led the service of Wholeness and Healing when the Annunciation to the Blessed Virgin Mary was remembered.

The postponed Women's World Day of Prayer service will be held tomorrow, Friday, at 2pm at Porthleven Methodist Chapel.

WOW Lunch Bunch

March 28 saw about 50 people enjoy a choice of soups with home-baked rolls, which proved popular, and the selection of desserts were, as usual, delicious! Thanks to the WOW team, without you the lunches would not continue.

The next lunch is Wednesday, April 25, in the Old Chapel, from noon till 2pm, and cost £5.50 for two courses, with gluten-free and vegetarian options. Booking is advised, call Ann 01736762725 or email [*slavetraderskernow@gmail.com*](mailto:slavetraderskernow@gmail.com)

Carn to Cove

Saturday saw another first for Godolphin Cross. Adam Bulley and Chas Mackenzie through Carn to Cove, entertained playing acoustic guitars, mandolin and singing, interspersed with humour. It is hoped this was the first of many live performances. Well done to Kate Thomas for her efforts in organising the event.

Gardening Group

The visit to Bosahan Gardens is on Thursday, April 19. The Grylls family developed the gardens near the Helford river.

With its own microclimate, many tender plants flourish, with rhododendrons, azaleas, magnolias, palm groves and a stream running through the centre. The trip costs £6 for adult, £3 for hose aged 60-plus.

Tea afterwards will be at the Holy Mackeral To attend, email [*nickbrew59@gmail.com*](mailto:nickbrew59@gmail.com) to secure a place by the Sunday evening before the visit.

Methodist Church

Mr Andrew Beasley will lead the 10.30am service this Sunday, which is the third of Easter. Members welcome the Rev Fran Lane at 6pm for a service of Holy Communion

Tabletop sales are held every Tuesday from 10am in the chapel. Come and browse the chapel fundraising and book stalls, while enjoying a cup of coffee, and cake stall on the first Tuesday of the month. The crafts and hobbies group meets at 2pm on alternate Wednesdays and we next meet on April 18 and then May 2.

Parish Church

On the second Sunday of Easter, family worship was led by Dr Michael Hersant, and Suzanne Melio read the Epistle.

Christina de Vries read the Gospel and was sidesman with John Parker. The organist was Ann Robinson.

Family worship is a shortened and simplified service, and a warm invitation is extended to all families to join us.

This Sunday the service will be Parish Communion at 11am and Holy Communion is celebrated in the church on Wednesdays at 10.30am, with coffee served afterwards. House Groups will resume in May.

Tabletop sales: Saturdays from 9.30 until noon. Cuddly toys, books, CDs, on sale, and tea and biscuits available.

Gulval church is open on Saturdays from 10am until noon. If you have any queries or just need to talk, come along and chat to a member of staff.

Fun dog show

A fun dog show in aid of the Gulval Village Hall is taking place this Sunday at Gulval Cricket Club (TR20 8YN) or follow the B3311.

Registration will open at noon, with judging from 12.30pm, with prizes for first to fourth in each class. A raffle and refreshments will be available. Contact Ann on 01736 740285.

FOOTPATHS

There is a pleasure walk this Saturday at 2pm. Meet at Gwinear School (SW607 374) for a circular walk of about 3.4 miles. Stout footwear required. Contact Geoff on 01736 851173 for more details

Parish church

The early morning service of Holy Communion was led by Rev Sharon Chalcraft and morning worship by Reader Colin. This Sunday, Holy Communion is at 11am.

There will be a plant and book sale at the Hall for Gwinear on Saturday, April 29, from 10am. Books may be left in the back of the church.

Film Club

This Saturday's offering is Film Stars Don't Die In Liverpool.

Stranger than fiction: the affair between fading Hollywood star Gloria Grahame and young actor Paul Turner first flared in the 1970s in London, and was revisited in her final days in 1981 in Liverpool.

On one level, it's a romance of mismatched people, but on another it's about Grahame, facing cancer and the prospect of death twice, seeking things that were not on offer in Hollywood: with the queasy insight we now have into the industry, her story feels all the more poignant. It stars Annette Bening, Jamie Bell, Julie Walters, Vanessa Redgrave and Stephen Graham.

The film (R15) is being shown at the Passmore Edwards Institute, with lights down at 7.30pm, and home-baked refreshments after. Tickets £5/£4 for members, reserve on 01736 600736, or book online at [*www.haylefilmclub.org.uk*](http://www.haylefilmclub.org.uk)

St Joseph's Catholic Church

Fr Philip Dyson celebrated Mass at 6.30pm on Saturday, with readings from Acts - John and the Gospel by John.

There will be a Mass tomorrow, Friday, in Hayle. Each Monday there is Exposition of the Blessed Sacrament and Rosary at 11am.

Rosary on the Coast: Sunday, April 29 at 3pm at the rear of St Joseph's Church, which overlooks the tidal estuary. This initiative follows similar, highly successful events in Poland and Ireland; please see the church noticeboards for more details.

West Cornwall Catenian Group will meet tomorrow, Friday, at the Longboat Inn, Penzance.

There will be a Music and Arts Festival in Penzance from Sunday, May 13 to May 20.

Pope's intention for April: that economists may have the courage to reject any economy of exclusion and know how to open new paths. Please remember in your prayers the parishioners of St Joseph's and the people of Hayle.

Blood pressure day

Hayle Rotary, in conjunction with the Stroke Association, is holding its ***yearly*** Know Your Blood Pressure Day this Saturday, from 10am to 1.30pm, at ASDA in Hayle, by permission of the manager.

Qualified nurses will be attending the event to offer free blood pressure checks and give advice. This is part of the National Annual event supported by the Stroke Association with Rotary in Britain and Ireland (RIBI)

Friends of CHSW

Hayle Friends of Children's Hospice South West would like to thank staff and customers of Tesco at Carbis Bay for the many toys they donated to Little Harbour. Many children and their families in the area use the Little Harbour facilities, and gifts like those received help to fund the work.

Methodist Church

The theme of the morning service on Sunday, led by Mr Nathan Veall, was Walking in the Light. Call to worship was read from Psalm 95, which tells us to sing to the Lord making a joyful noise, something Methodists are very good at.

Nathan performed an illusion to demonstrate how we can be made clean by the blood of Jesus even though there is still sin in the world.

Hobby afternoons continue on Tuesday, from 2pm to 4pm, with a charge of £1. On Fridays table tennis is played in the hall from 2pm to 5pm.

This Sunday, Pastor Brian Thornton will preaH at 10.30am, when baby Piran will be baptised. Mr Lester Scott will lead worship at 6pm. Find us on Facebook.

Heamoor Legion

Bingo is at the Legion every Monday and Wednesday at 8pm, and at 7.30pm on Tuesdays and Sundays.

The Legion hosts a weekly coffee morning on Saturdays, from 9.30am until noon, serving hot snacks, tea, coffee, cakes and fresh eggs.

To hire the hall with all its facilities, call 01736 365773.

ST THOMAS

There was very much an ongoing Easter flavour at our 9.30am family service on Sunday. There were cheerful hymns, the flowers were still fresh and we had a good turnout.

Tim led and preached, underlining that each of us has our own story and our own encounter with Jesus, which makes us a member of his church, just as it was with the disciples. Lessons were read by Jo Morris and Liz Woodworth. Sylvia played the organ.

This Sunday is our two-parter service, with a short communion 9.30am and a short PowerPoint family service at 10am.

TIN

Tomorrow, Friday, at 7.30pm in the village hall, Geoff Tresider will present his talk In Search Of Tin: From St Just To Brittany, Spain And Portugal.

Geoff has worked with tin for more than 40 ***years***, ten of which were spent at Geevor.

These days he makes jewellery and other objects using tin, pewter and bronze, but he also travels to Europe in search of tin and tin-mining areas. All are very welcome. The cost is £3 for adults; free for accompanied children.

GARDEN SOCIETY

On Wednesday, April 18, at 7.30pm, Alasdair Moore, of the Duchy of Cornwall Nursery, will give a talk to the Peninsular Garden Society on gardening on Tresco.

You are invited to join this friendly gardening club at Lamorna Village Hall. Visitors can attend for £2 per meeting - your first 'taster session' will be free! The society has nine talks over the ***year***, and annual membership is £10.

There will be a plant sale, Sunday, May 6. Future talks include: gardening with nature, a ***year*** at Hidden Valley Gardens, all-round colour in the garden, and daffodils.

The club has many gardeners with experience of growing in the challenging Cornish weather who are happy to advise gardeners new to the area.

Visitors are always very welcome. There is plenty of parking either in the hall car park or on the road outside.

YOGA

Yoga classes at the Lamorna Village Hall are held on Tuesdays from 7.30pm to 9pm and £7 per session; four-week advance ***payment*** works out at £6 per session.

UNITED METHODIST CHURCH

The bucket collecting donations during Lent for WaterAid received £50.54. Many thanks to all contributors.

The preacher this Sunday is Mr Brian Honey-Morgan. The Junior Church and Youth Club will meet in the village hall at 2.30pm. The Open Door Prayer Group meets on the second and fourth Tuesday of the month at 7.30pm. All welcome. The next Messy Church is on Sunday, May 13, at 10.30am.

Village hall

The next film night at the hall will be Dunkirk, at 7.30pm tomorrow, Friday. The Over-40s' Fortnightly Club next meets on Wednesday, from 2pm to 4pm. Table tennis and badminton, from 7pm to 9pm on Mondays. Carpet bowls, 7pm to 9pm on Wednesdays. No experience or equipment required for Monday and Wednesday activities. Bingo is at 7.30pm on the fourth Friday of the month.

St Uny Church

This Sunday at 9.30am is Word and Worship. We'd love to see you and your family there. Last Sunday we celebrated traditional Holy Communion with Rev Suzanne Hosking.

There was Messy Church with breakfast, followed by Word and Worship, at St Anta, Carbis Bay, where this Sunday, at 7pm, there is a contemporary worship service.

Our monthly 9.30am Sunday service pattern is CafÃ© Church on the first Sunday; formal Holy Communion, a Word and Worship relaxed service, and informal Communion service.

We also have informal, ecumenical midweek Communion on Thursdays at 10am. All are welcome to any service, and our lovely ancient church is open every day.

Find us on Facebook and Twitter as St Uny Church Lelant.

Village Hall AGM

Join us tomorrow, Friday, for the village hall AGM, which starts with a glass of wine or two at 6.30pm, with the meeting at 7pm.

If you are new to the village, come and find out what makes us tick, meet a few people and see what the hall is all about.

Whether you are interested in becoming a committee member - we're a fun lot - or just interested in helping out at events, etc, that's fine.

We are very keen for events at the hall to be attended by as many as possible and we welcome suggestions. Come and tell us what we could be offering you to make the hall as inviting as we can.

The Incredible Balti Celtic Magic Carpet Ride was to have been performed at Lelant Village Hall on Friday, April 27. This has now been cancelled due to unforeseen circumstances. Look out for future announcements regarding this event, which, we hope, will be performed at a later date.

Village fair

Lelant Village Fair at the Watermill is still a few weeks away, on Saturday, May 26, but it's not too soon to be asking those who can to plant a few extra seeds, or take some cuttings, for the plant stall; or if you are clearing out beds, please don't throw away those unwanted plants.

If you can pot them up just let Frank at the Watermill know if you can contribute anything.

If you are a horder, or it's time to sort out your attic, garage or shed, we will be setting up a bric-a-brac/garden equipment stall. The cake stall will be serving tea and coffee along with any cakes, buns, biscuits etc, that our wonderful bakers usually supply.

All proceeds will go to local charities and it would be nice to meet, or beat, last ***year***'s total of more than £2,000. If you can help, contact Frank at the Watermill on 01736 757912, or [*watermill@btconnect.com*](mailto:watermill@btconnect.com), or Barbara Douglas on 01736 759314.

Trencrom Ladies' Club

The club will next tomorrow, Friday, at 2pm at Lelant Village Hall. Barbara Kirk will give a presentation entitled Antiques.

Refreshments are served at the end of the meeting. For more information, call Shirley Willey on 01736 756253.

METHODIST CHURCH

Sunday's morning worship was conducted by the Rev Sylvia Burgoyne, with Bible readings taken from Acts 4, with two passages from John 20.

There is no morning service at Madron this Sunday because parishioners will join Methodist friends for morning worship at Gulval Village Hall.

On Tuesday at 2pm, the speaker at the Women's Fellowship will be Mr Matthew Glass, who is a representative of the Soldiers and Airmen Scripture Readers' Association.

From chemistry to campanology

Mr Jonathan Symons gave a talk to the History Group about his great grandfather, Dr John Symons, who was born in 1854; there were to be seven generations whose sons bore the same Christian name!

John Symons, born in 1801, was an only child but he was a man of means. In an age when apothecaries were taking a wider role in the field of medicine by replacing the barber surgeons, John decided to follow that profession. He married and moved to Market Place, Penzance, as a chemist and tea dealer. There were to be six children of the marriage, the eldest of whom was John Netherton Symons.

When John Symons died in 1857, his widow Gertrude took over the business but, requiring the services of a qualified chemist, went into partnership with Charles Guy. When he died, Gertrude took control.

Having qualified as a surgeon at Kings College in London in 1876, Dr John Symons became junior partner with Dr Boase; he was appointed honorary surgeon at Penzance Infirmary, which had eight beds and was funded by public donations.

When Dr Boase died in 1888, Dr John Symons became the sole proprietor of the practice. The census of 1881 lists Gertrude as a chemist widow; John Symons, son, is recorded as a general medical practitioner and Netherton Symons, son, was a chemist and druggist.

In 1887, Dr John married an Irish girl whose background stemmed from the medical profession; of their four children, two pursued careers in medicine. One, Dr Godfrey Symons, is remembered today as having practised in Morrab Road; his brother went to India, where he spent most of his life.

The two sisters, Muriel and Eileen opened a charity house in 1939 , where they sold donated goods to raise money for Penzance Infirmary.

Dr John was a man of many talents but his primary interest was campanology. His other pursuits included the Natural History and Antiquarian Society, and the Royal Geological Society of Cornwall, of which he became president in the centennial ***year*** of Sir Humphry Davy's death. He joined Penzance Unionist Club, which was connected with the Conservative Association - but he was always absorbed by bell ringing. The bells of St Mary's Church, having been silent for 25 ***years***, in 1929 the town council agreed to support the fund for their restoration.

To this day, individual bells in that church and in Madron Church bear inscriptions to honour this remarkable man and peal boards, too, record his having taken part in the ringing of peals.

Dr John became a magistrate and Jonathan spoke of some of the cases that came before the bench, including one miscreant who was convicted on two counts of forgery, leading to his obtaining groceries worth five shillings from Lipton's; for this he was jailed for four months.

With his death in 1943 ended the life of a most remarkable man. At the end of his talk, Jonathan was shown appreciation by a hearty round of applause.

MAY MENU

Madron Well Wishers' next free lunch for the community will be on Saturday, May 12.

More details in due course but, in the meantime, it might be a good idea for you to make a note in your diary.

Marazion Cancer Shop

The AGM of the Marazion Cancer Shop will take place on Thursday, April 26, at 7pm at Marazion Methodist Church . All are welcome.

Cornwall Hospice Care

Cornwall Hospice Care Marazion and District Support Group would like to thank everyone who attended the Easter coffee morning and helped to raise £653.

Thank you to the Marazion Hotel, which kindly hosted the event and provided the coffee and hot cross buns, and to those who made cakes, donated to the stalls, and those who sent donations. Thanks also to the mayor of Marazion who attended and drew the raffle prizes.

As a result of your continuing support and generosity over the past ***year*** we have raised a total of £9,921.

AGM CRUK

The Marazion branch of Cancer Research UK will hold its AGM on Wednesday, April 25, at 4pm at Marazion Methodist Church. All are very welcome.

Card playing

To those who live in the Praa Sands, Rosudgeon and Marazion area, come and learn to play Tichu, a four-player card game less complex than bridge or euchre, but more lovely than cribbage!

We meet once a month to play in a non-competitive and relaxed atmosphere and would welcome new players; email [*sarah.mulholland@gmx.de*](mailto:sarah.mulholland@gmx.de)

The Schoolhouse

The exhibition, Life On The Edge, by Melanie Stokes and Helena Clinch, leaves the gallery tomorrow, Friday.

The next exhibition, Flame, is by eight artists from The First and Last Artisans and Makers Enterprise. The show runs from Saturday until Friday, April 27, with a preview this Sunday from 1pm to 3pm.

'On the Wall' in the craft shop this month is Diana Wayne. In the cafÃ© there's a selection of hot and cold food and drinks.

Opening hours are Tuesday to Sunday, 11am to 5pm. To contact The Schoolhouse call 01736 787808, email [*info@morvah.com*](mailto:info@morvah.com) or visit the website on [*www.morvah.com*](http://www.morvah.com)

Supper Evening

The Friends of Morvah Church wishes to thank all who contributed in any way to the recent supper evening, which raised £335. Thank you.

Parish Church

Holy Communion this Sunday is at 11.15am.

Mousehole Legion

On Sundays, 30p off a pint from noon until 2pm, followed by the meat draw at 2pm; there is also free pool until 7pm.

On Saturday, April 21, the Legion has live music with Gone Ferral, and Boundless Brothers on Saturday, April 28.

Solomon Browne Memorial Hall

This Saturday, from 10am to 1pm, is Mousehole Farmer's Market, with an array of fresh, fruity, floral, smoked, sweet treats and meats! Later, the Cornish Maritime Trust presents an evening of film, food and fundraising, with the classic 1945 Ealing Studios' Johnny Frenchman. Doors open at 6pm, food at 7pm and the film at 8pm. Tickets are £15, from [*www.cornishmaritimetrust.org*](http://www.cornishmaritimetrust.org) or from the Solomon Browne Hall.

On Friday, April 20, Cornish-based singer-songwriter Sarah McQuaid brings her beautiful and evocative folk music to the hall; tickets are £12. Doors open at 7pm with the performance at 7.30pm.

Methodist Church

On Wednesday, April 18, from 10am to 12.30pm, a fundraiser will be held in the Sunday school room in aid of Action for Children and Christian Aid

There will be a bring-and-buy stall, crafts, a stall for unwanted gifts and delicious cakes. Light refreshments will be available. Please support these very worthy causes.

Rogation service

On Sunday, April 29 at 11am, we will be holding our Rogation service. This will be led by the Rev A Yates from Paul Church and Rev M Lumbers.

The pulpit becomes the prow of a boat and local flags will adorn the balcony. We will be joined by our friends from Paul Church and we look forward to welcoming members of their choir to join with us for a day of celebration; all welcome.

Whist Drive

There were 26 players at the Gilbert Hall this week.

Winners were: playing lady, 1, Kath Matthews; 2, Val Richards; 3, Norma Bray; 4, Mary Alway. Highest first-half Eileen Matthews, second-half Leslie Hollow. Most number of threes Ellen Carter, Booby Elsteen Endean.

Playing gent: 1, John Chitson; 2, Roz Ellis; 3, Jim Oliver; 4, Antony Richards. Highest first-half Heather Rogers, second-half, David Marney. Most number of twos Neville Richards. Booby (for the third week in a row) John Eddy.

Neither the Snowball nor the 13 tricks were won, so the Snowball target goes down to 186 tricks; the 13 tricks kitty goes up to £7 (£3.50 each). Join us on Thursdays in the Gilbert Hall at 7.30pm.

Towednack Church

Last Sunday, the second Sunday of Easter, we welcomed Rev David Rake, who led our morning service of Holy Communion. Julie Curtis read from Acts ch 4 and led the prayers of intercession. James Douglas administered the Chalice, Roger Garside acted as sidesman and the organist was Maureen Hollow. Refreshments after the service were courtesy of Linda and Jane.

This Sunday, the third of Easter, Rev Elizabeth Foot will lead Celtic Communion, followed by the annual parochial church meeting, when church officers will be elected.

Women's group

The next meeting is on Wednesday, April 18 at 7.30pm in the Gilbert Hall, when Beverley Holleyoak will talk to us about her 20 ***years*** of research into the world about us.

All ladies are welcome; for more information call Jan on 01736 740370 or Lesley on 01736 799844. Membership is £12 a ***year***, with the option to pay £3 per meeting. Meetings are on the third Tuesday or Wednesday of each month.

Afternoon tea

Towednack Parish Church is hosting afternoon tea on Thursday, April 19, in the Gilbert Hall, from 2pm to 4pm. There is no charge and all are invited to come along.

Sancreed Church

There was a good congregation for the 9.30am service, led by the Rev Mike Pascoe. His sermon included an explanation of the various names given to that Sunday, which we call Low Sunday or the first Sunday after Easter as we use the book of common prayer. Rev Pascoe was going to Sennen to take their 11am service, where they use the common worship ***calendar***, and call it the second Sunday of Easter.

Mr Syd Scott read the epistle and the Rev Pascoe read the Gospel; Diane Thomas played the organ before hurrying to St Buryan Chapel to play for their service. Refreshments followed the service.

Several members remarked how lovely the weather vane looks after it was regilded as part of the restoration works.

Coffee evening

The annual coffee evening held by Margaret Pengelly, at Codna Coath Cottage, Sellan, will be on Thursday, April 26, from 7pm to 9pm. There will be tea and coffee with biscuits, a raffle, bric-a-brac, books and more, and all are welcome.

The event is held in aid of the Cinnamon Trust, Morrab Surgery Equipment Fund and Denise Cat Rescue.

St Piran tries again!

The Cornish evening for St Piran's Day in March that had to be cancelled because of the snow will now take place tomorrow, Friday, at St Peter's Church Hall, Newlyn, at 7.30pm. There will be music, poems, songs and stories by storytellers Pauline Sheppard, Stephen Hall, Mike Sagar-Fenton, David Barron and Liz Harman together with the singing group Boilerhouse.

Admission at the door is £5, to include Cornish refreshments.

WI APRIL MEETING

Last call for this month's meeting at 7.30pm in Paul Hall tonight, when the speaker will be from Blood Bikes. Enquiries to Sue Snell on 363386.

ANNUAL PAROCHIAL CHURCH MEETING

The APCM will be in church at 11am this Sunday. The Vestry Meeting happens first, a short but very important meeting, open to everyone in the parish, for the election of churchwardens. The APCM follows and is an opportunity to review the church over the past ***year***, and for people on the church electoral roll to elect members of the parochial church council (PCC). Copies of the 2017 annual report are in the church.

Concert corrections

Three of Pip Wright's lovely groups, Dawn Chorus, Levow an Bys and Morning Glory, will be singing individually and together on Monday, May 7. The concert, which will be in the church, starts at 7.30pm, not 7pm as previously stated.

Sacrifice remembered

The launch of the Paul Church Heritage Project all day on Monday, May 7, will feature the Royal Cornwall Museum's First World War exhibition Heart of Conflict. Refreshments will be available all day, and trips to the top of the church tower for the best possible view of West Penwith.

Farmers market

The next market will be held on Saturday, April 21, at the Centre of Pendeen, from 10am until 1pm.

TRINITY

The 11am service will be led by Rev M Wills. There is no evening service.

CENTENARY

The 11am service will be led by Mrs L Stevens.

FESTIVALS OF CORNWALL

There will be a talk by Dr Alan M Kent, author and playwright, on Festivals of Cornwall, at The Centre this Saturday at 10.30am. Admission is by donation.

RESTORATION OF GODOLPHIN HOUSE

Malcolm Smitheram will give a talk at The Centre this Saturday, at 11.45am, on the restoration of Godolphin House. Admission is by donation.

Baptist Church

Avoiding Favouritism was the title of Sunday morning's sermon from James 2, 1 to 7, by the church elder John Rubens.

He taught that favouritism was condemned in Scripture, and was wholly inconsistent with a life of faith in Jesus Christ. The church should be a classless society, he said, where all born-again believers, by grace, shared in riches beyond measure, through faith in Christ alone.

In the evening he preached on In the Garden of Eden, from Genesis 2, 1 to 17. He said Eden was purpose-built for Adam and Eve, and must have been a delightful place of great tranquility and beauty for them to enjoy and watch over, as they fellowshipped with God. The entrance of sinful disobedience, he continued, was to spoil all, but God had promised a new Earth that believers in the atoning sacrifice of Christ would one day live in for ever in resurrected, glorified bodies.

On Tuesdays the Women's Meeting is at 9.55am, the KiC Club for children in school ***years*** 1 to 6 is held from 6pm to 7.15pm, and on Wednesdays Toddliwinks meets from 10am to 11.30am in term time.

For more details see [*www.penzancebaptistchurch.com*](http://www.penzancebaptistchurch.com) or call 07703 464971.

Buff Club

Sunday dinner and meat raffle; Monday, bingo; Tuesday, ladies' darts; Wednesday, Euchre; Thursday, bingo and pool; Friday, men's darts.

Entertainment this Saturday is by Rudis Message. The club AGM is on Sunday, April 29, at 7.30pm. All members are welcome.

Country market

Penzance Country Market is held every Thursday in St John's Hall, from 8.30am until 12.30pm. You will find a selection of vegetable plants and spring flowers, as well as our usual range of goods: cakes, biscuits, sandwiches and savouries, vegetables, pork, beef and chicken, sausages, bacon and cooked meat, as well as eggs from small producers, some organic, and organic milk: also local honey, jams, marmalade and chutneys, and a wide range of handicrafts, gifts and greetings cards.

If interested in having a stall, call in and see us. Enter via the main granite steps; after 9am, use the ground-floor glass doors.

Old Cornwall

Penzance Old Cornwall Society next meets on Tuesday at the Salvation Army Hall, Queen Street, at 7.15pm.

The speaker will be Mr James Kitto on photographing Cornwall's ancient sites. All are welcome to come; refreshments will follow the talk.

Chapel Street Methodists

With a choir of around 80 voices Mousehole Male Voice Choir reminded a good gathering on Sunday why they are one of the best in Britain. They were joined by the lively Stert Singers, from Liskeard.

Earlier in the day John Bennetts took both services. The focus of his sermon lay in the story of the two men on the Emmaus Road, who were oblivious that the stranger with whom they shared their grief was the Risen Jesus. The 'stranger' leads them through the Scriptures to see how all things "link up in God's great plan of things".

In his conclusion John said Jesus joins us on our journey and helps "us to come alive with lives aflame". He stressed the importance of regularly praying and reading the Scriptures by the power of the Holy Spirit. Finally he said that, as with these two men, our task to spread the "fire of His love and truth everywhere".

Mary Holland hosts this Saturday's coffee morning with proceeds for Christian work in The Gambia.

SHEKINAH CHURCH

Sunday meetings are held at the new time of 10.30am: crÃ¨che, Sunday school and youth services are available.

The Ark meets on Tuesdays from 9.30am to 11.30am, for parents with toddlers under five. Snack provided: £1.50 per family, with first-timers free. Mums with bumps welcome.

This Sunday Paddington 2 is being shown from 10.30am to 12.30om. This is a free event and snacks will be provided. Parents can drop off and pick up, or attend the service.

The Feel Good Friendship Group meets the second and fourth Thursday of the month, from 2pm to 4pm. The session on April 24 will feature bingo. For further information please call 01736 369616 or email [*shekinahchurch@hotmail.com*](mailto:shekinahchurch@hotmail.com)

High Street Chapel

Today, Thursday, there is sacrament at 10am, craft club at 11am and prayers for High Street at 4.30pm.

Last Thursday, Rev Marion Lumbers talked about how we have different backgrounds but the fellowship we have with the Father and Jesus allows us to overcome the differences and have fellowship with one another. The reading from John emphasised this, as people of many backgrounds became Christians.

If we sin and walk in darkness rather than the light of God we cannot have true fellowship.

Last Friday we had open church and supported each other with friendship and prayer.

This Sunday's service at 4.30pm will be led by Mr P Gibson.

Last Sunday Ross Williams took the theme Who was Jesus, and with his hymns, prayers, readings and sermon brought out how Jesus is good, perfect from sin, and how His father is the one true God. Whoever believes in Him has eternal life and we must live by the word of the Bible. Tuesday's coffee morning is at 10am to noon.

Trading Outpost

The Cornwall Trading Outpost regularly updates its range of competitively priced merchandise, which ranges from modern, locally handmade jewellery, cards, soft toys, wood craft and studio pottery to antique silver plate, silver, Newlyn copper, glass, ceramics, porcelain, and paintings, including Newlyn and St Ives school artists. Please follow us at [*https://www.facebook.com/johnlebretton1*](https://www.facebook.com/johnlebretton1)

Our new website is: [*https://thecornwalltradingoutpost.site123.me*](https://thecornwalltradingoutpost.site123.me)/

We have new, high-quality paintings and antiques at great prices; look for our 'star buy' of the week. Our winter sale with up to 50% off selected items continues, and we offer a loyalty discount card, to be used against future purchases.

The shop is open Monday to Friday, 10am to 4.30pm and Saturday, 10am to 2.30pm.

We are proud to support the Penzance-based Ronnie Richards Memorial Charity, which provides public-access defibrillators and CPR and AED training in Cornwall.

Fore more information, contact John Le Bretton on 01736 438412 or email [*johnlebretton162@gmail.com*](mailto:johnlebretton162@gmail.com)

Town council

On April 5, Councillors Karen Baker and Bonnie Jackson held a surgery for the residents of Heamoor at the Sportsman's Arms. On April 7, the mayor bowled the first wood of the season at the opening of the green at Penzance Bowling Club.

BRIDGE CLUB

At the Duplicate Pairs competition on April 4, points were issued to: 1, Owen Prior and Val Clifford 66.25%; 2, Carol Trezise and Jim Buckland, 60.42%; 3, Diane Johnstone and Dawn Bowers 59.17%; 4, Mario Rocius and Sue John 56.25%.

We welcome new members and visitors at our duplicate sessions on Wednesdays. For information call Ann Ampleford on 01736 361104 or Martyn Hare on 01736 447274.

The Pirates Bridge Club holds Rubber Bridge sessions at the rugby club on Tuesdays and Thursdays. Call Ann or Martyn, numbers as above, for further information.

The Improvers' Group meets each Friday at the sailing club; if you are interested, please ring Ron on 01736 763681 or Liz on 01736 850836 for details.

St Mary's Church

Last Sunday, the second Sunday of Easter, Eucharists were held at 8.30am (Said) and 10am (Sung). The celebrant at 8.30am was the Revd Derath, and the Revd John Harris at 10am.

The New Testament reading was from The Acts of the Apostles 4, 32 to 35, and was read by Josephine Lawrey. The Gospel, from St John 20, 19 to 31, was read by Revd John. Reader Keith Waters preached on what Easter means for Jesus' followers and Sylvia Bidgood led the intercessions. This Sunday, the third of Easter, services are at 8.30am and 10am.

Music and St Mary's

There's a marvellous contrast of concerts at St Mary's this Saturday. At 2.30pm there's a rare chance to hear some jazz piano from the brilliant Richard Bailey, who promises "an eclectic mix of jazz, followed by jazz followed by jazz".

At 7.30pm the Trevilley Trio (Patrick Gale, cello; Stella Pendrous, piano and Pippa Drummond, flute) will play the delightful trios of Faure and Haydn. Entry is by donation and there will be a bar.

The concerts are part of Newlyn Arts Festival, details at [*www.newlynartsfestival.org*](http://www.newlynartsfestival.org)

Stage Struck

Stage Struck is an amateur youth theatre group based in Penzance for children and youngsters aged 7 to 21.

The group's next open rehearsal for anyone wanting to join is on Tuesday, from 6.45pm to 8.15pm, at Humphry Davy School. The open rehearsal is free and allows interested parties to see if they would like to join the group. We'd love to welcome some new boys and girls For more information, contact Judith Nicholls, company director, via email [*jaen@mac.com*](mailto:jaen@mac.com)

Pengarth

Activities this week at Pengarth in Morrab Gardens include: today, Thursday, singer-comedian Steve Myers; Friday, bingo; Monday, Side By Side host old-time singalong; Tuesday, singers Peaches and Cream; Wednesday, music and movement with Caroline. Events start at 1.30pm unless stated. More information from Pengarth on 01736 364307.

St Piran and St Michael

Today, Thursday, call in for coffee and a chat in the church room from 10am to noon. Celtic Evening Prayer is held in St Nicholas Chapel from 4.30pm to 5pm, and at 7.30pm, the Home Group meets at David and Margaret Steven's house; call 01736 719090 for details.

This Sunday, at 11.15am the service with communion will be led by the Revd Kirsten.

On Tuesday, from

9.15am to 9.45am, Morning Prayer will be held in the St Nicholas Chapel.

Gardening Club

Several members of Praa Sands and District Gardening Club went to a garden festival at Trevince House, Gwennap, which was a new venue for us.

Saturday was wet but fortunately we went on a bright sunny Sunday morning. We wandered around the walled garden into the orchard, where snowdrops and bluebells can be seen at the appropriate season.

By chance we met the head gardener, who explained how the garden is currently being rejuvenated. A charming fellow who has a hard task ahead but is very enthusiastic; we intend to return to see his progress.

Then we explored the various outbuildings that were open for displays or pop-up shops and visited the plant stalls, of course, to augment our own gardens at home! Several familiar nurseries were there, including Claire Woodbine, from Pinsla; one of our favourites.

Finally we went to the house for tea and cake. We thoroughly enjoyed the delicious home-made cake and the company of a Welsh springer spaniel. A very enjoyable visit.

LIVE ENTERTAINMENT

The Incredible Balti Celtic Carpet Ride, a new play by Alan Kent, where post-colonialism meets pop, will be performed in the Community Centre on Tuesday at 7.30pm. Owner of the new Balti House in Newquay finds himself caught up with the Beetles' visit.

Tickets cost £10/£8 concessions available from CRBO, Praa Sands Post office or on the door. Bar and refreshments available.

Reading circle

We are a small informal group from the Praa Sands, Rosudgeon and Marazion area, who meet once a month to talk about a variety of books, which we agree on together. If you're interested in joining email [*sarah.mulholland@gmx.de*](mailto:sarah.mulholland@gmx.de)

Old Cornwall Society

The speaker planned for the April meeting, Mr Paul Phillips, was unable to attend but is hoping to join us next ***year***.

We were fortunate that Mr Brian Cuddy, from St Just, stepped in at the last minute. Mr Cuddy gave a fascinating talk on the range of employment in St Just in the Fifties, now mostly gone. There were no longer any dairy farmers in the immediate area, which seems especially sad.

Many had milked fewer than ten cows, and were unable to upgrade to bulk tanks when these replaced churns.

Our final meeting of this season will be on Monday, May 7, when Mr Dennis Waye will talk about Geevor Mine.

Church news

Last Sunday the church welcomed the family and friends of Keaton, who was baptised during the 10am service. A lovely, happy occasion, Keaton enjoyed the whole thing and took it all in his stride.

The readers were Joan (great grandmother) who read the story of Noah, from Keaton's Bible; Marian read the Gospel. The Revd Vanda Perrett took the service and Mary played the organ.

This Sunday, the third of Easter, family worship is at 10am and Choral Evensong at 6pm. Midweek Eucharist is at 10am on Tuesday.

Confirmation course

The course starts this Saturday, from 2.30pm to 4.30pm. Contact Vanda if you are interested in joining, on 810216.

Farmers and craft market

The market will at the village hall this Saturday, from 9.30am until 12.30pm, with a selection of local produce and crafts.

Why not reduce food miles and support local crafts stalls by shopping locally?

The delicious food on offer ranges from grass-fed St Buryan beef, home-grown veg, home-made pasties, Cornish cheeses, preserves, artisan bread, honey and home baking, including gluten-free and diabetic friendly.

Craft stalls include beautiful local photography, ornamental granite, silver jewellery and wool items.

When you've finished shopping why not enjoy a hot drink in the market cafÃ©? Interested in becoming a stallholder? Contact Carrie on 01736 810643

Quiz night

There is a quiz this Sunday at 7.30pm, at the St Buryan Inn, in aid of St Buryan Church. Teams of four at £2,50 per person. Teams can be made up on the night. To book a table, call 01736 810385.

FARMERS MARKET

On Saturday, the farmers' market is in the chapel hall from 10am to noon, selling fresh local vegetables, free-range eggs, artisan bread, locally produced organic beef, pork, bacon and sausages, home-made quiches and pies, hot curries, flowers, plants, cards and craft. This week's refreshment hosts the St Erth Lights Committee.

ST ERTH CHURCH

This Sunday, service times are 8am Eucharist; 9.30am, Parish Eucharist.

The 99 Club winners on Sunday, April 8, drawn by Penny Trembath were, first, 11, Marion Greenwood; second, 85, Ivor Anstice; third, 3, Amanda Graham; fourth, 4, Richard Purchase. Each number costs £1 for the fortnightly draw. For those who like to pay their annual subscriptions the cost is £26 per number; currently there are some spare numbers available. Call Frank Nolan on 01736 756179.

Friendship Club

Last week members enjoyed bingo, followed by and tea and biscuits and the notices.

This Tuesday there will be a Beetle drive; on Tuesday, April 24, there will be an Alpha Beatta quiz afternoon; and on Tuesday, May 1, members will be entertained by the Cober Valley accordion band.

The club meets in the Old School Room every Tuesday from 2pm to 4pm; it only charges £1.50, which includes tea and biscuits.

St Erth Methodists

Last Sunday the congregation chose the hymns, read readings about Jesus appearing to the disciples and also some favourite readings.

They then prayed for many needs and concerns of the world. Pam played the organ for the hymns.

This Sunday's service with Lasers for young people will be at 11am and led by Mrs P Reed. Also this Sunday, Messy Church, from 4pm to 6pm, is a chance for all the family to enjoy craft, fun, games, short worship and food together. This is a free event for all accompanied children, come and enjoy.

Today, Thursday, Rev Terry Higgins will continue to look at the Fruit of the Holy Spirit at 16, Vicarage Gate.

Tea and Toast is on Tuesday from 10.30am to noon. Just drop in. Open to all.

CONCERT BAND

Rehearsals are on Tuesdays at the Methodist Church Hall from 7.30pm to 9.30pm, and the band is preparing for our next concert in May.

Are you looking for a band to join? The band is always pleased to welcome new members.

Find out more at [*www.sterthconcertband.co.uk*](http://www.sterthconcertband.co.uk)

To contact the band please ring Sylvia on 01736 752605.

PARISH LUNCH

The next lunch will be on Thursday, May 3, at noon for 12.30pm, at St Erth Church Hall. The menu will consist of baked salmon fillet, new potatoes and broccoli with parsley sauce, followed by brioche bread and butter pudding with custard, or cheese and biscuits and tea or coffee. Tickets at £6 can be obtained from Kathy Tilby on 756805, or the Village Shop. The lunch is open to everyone.

Mongol Derby talk

Paul Richards is to give an illustrated talk on "the longest toughest horse race on Earth", which he took on last ***year*** in aid of Little Harbour.

The talk is planned for Friday, April 27, at 7.30pm, at The Old School Tickets cost £10, to include a buffet; call 01736 756896. Proceeds to Children's Hospice South West and the NFU Mutual Royal ***Agricultural*** Benevolent Institution.

Church services

Sung Eucharist is at 9.30am this Sunday, with the Reverend Kirsten Norfolk officiating.

Local history and heritage group

The next meeting of the St Hilary History Group will be on Wednesday, April 18, at 7.30pm, when our seventh annual meeting will be followed by a look at some Cornish and other May customs. All are welcome.

Collectors' market

A collectors' market is held at the Guildhall every Monday from 9.30am to 4pm, with free entry. For more information, call 01736 850532.

Bridge club

The results of the duplicate bridge on April 5: 1= Pamela Dodge and Jackie Royds, with Owen Prior and Carol Trezise, 59.52%; 3 = Betty Hocking and Malcolm Long, with Bob Royds and Jose Eustace, 51.19%.

The club plays at St Johns-in-the-fields Church Hall on Thursdays at 6.45pm.

For information about playing bridge in St Ives, call Jim Barker on 794134 or email [*jimfrances@talktalk.net*](mailto:jimfrances@talktalk.net)

Community Fund

St Ives Community Fund is holding its annual meeting at 7pm on Tuesday, April 24, in the Salvation Army hall. After the business meeting, Sam Blades, of Citizens Advice, will talk about the work of the organisation. Everyone is very welcome to attend.

Over the past ***year*** the fund's activities have included the Christmas Day lunch in the Guildhall; providing support for community projects; giving grants to local organisations and assisting individuals who were in particular need.

The projects are funded by donations and by the group's own fundraising activities. A regular event organised by the fund is the Open Gardens weekend, which is being held this ***year*** June 16 and 17.

The fund is keen to hear from anyone in the community who has ideas for future projects and everyone is welcome to attend the annual meeting to hear about what has been done so far and to discuss future plans.

Parish Church

We thank all those who donated flowers and made the Easter Garden and the church look absolutely splendid for the Easter Festival. A happy and holy Easter to you all.

This Sunday is the third of Easter and services are 8am Said Mass with Fr Peter Fellows, and 9.45am Sung Parish Mass, with Fr David Stevens.

The congregation extends their thanks to the clergy who are conducting the services during the interregnum. The new vicar has been appointed and an announcement is due shortly.

Singers from other choirs on holiday are welcome at Sunday's sung service at 9.45am. Rehearsals are at 9am, and on Wednesdays at 7pm.

We need volunteers to keep the church open in the week. Can you spare an hour or two? Call Janet 01736 751770

On Mondays at 7.30pm, Christian Meditation is in the Lady Chapel. On Friday at 10.30am, Mass with celebrant Fr Harry Burlton.

St Ives Quilters meet on Mondays at 7.30pm in St John in the Fields Hall. Anyone who would like to learn new skills is welcome. Just a small contribution towards materials, etc.

During the Vacancy, enquiries to churchwardens: Wendy 01736 794801 or David 07798 557891. For St Johns, Johanna 01736 799917.

Memory CafÃ©

St Just Memory CafÃ© meets every second and fourth Tuesday, from 2pm to 4pm, at the Methodist Chapel. It is free and fun and new members are always welcome. The next session is on April 24.

Call Dawn 01736 786043 or Joyce 01736 786067 for more information or pop in.

The Wesley Week

The Chapel family would like to thank the St Just Miners' Chapel for organising the Easter Festival of Flowers and Gardens and to all who created them. It is always sad to see the exhibits taken down.

The Rev Marion Lumbers returns this Sunday at 10.30am to lead worship, and at 6pm Around the Teapot welcomes the Rev Karsten Wedgewood.

Breakfasters meet on Mondays from 8.30am to 9.30am, and the Carers Group meets at 2pm. Porridge with Prayer on Wednesdays from 7.15am to 8am.

Farmers' market

Every Saturday in the WI Hall from 9.30am to 12.30pm, come to market and buy fresh, buy local!

You will find a great selection of the freshest local produce, alongside locally made crafts. Reduce your food miles and keep money within the local economy.

Offerings include fresh fish from Newlyn, weather permitting, fresh veg, bread, cheese, meat, smoked products, eggs, jams, chutneys, local honey, French style preserves and oils, cakes, quiches, homity pies and other savouries, spicy street food, plants, cards, photography, knitted and crochet items, jewellery and crafts.

There will be teas and coffees served throughout the morning with proceeds donated to a different charity each week. If any charity is interested in doing teas and coffee, contact us at the market or via Facebook. Last week £9.50 was raised from teas for Blood Cancers.

Free Church

Weekly events at St Just Free Church: Monday at 7pm, CAP Money Management Course. This free course is for anyone struggling with their finances. Please ring for an appointment; call Mark on 07979 283595.

Tuesday, 7pm, Bible study and prayer meeting; Wednesday, Slimming World, 5pm/7pm; call Faye, 07817 350444.

Thursday, Chess Club meets at 7pm; call Mark on 07979 283595; and on Saturday, coffee from 10am to noon.

The church's charity shop is open Monday to Friday, 10am to 3pm, and Saturday 10am to 1pm. Models needed for our fashion show on May 26. Call Helen on 0794 678 4406

Craft fair

The craft fair held last weekend raised just over £1,100 towards village hall maintenance. Thank you to everyone who attended, baked cakes, helped in the kitchen, door and tombola, put out chairs and tables or helped in any way. Your support is very much appreciated by the village hall committee.

MARAZION APOLLO MALE CHOIR

With spring in the air, we are busy perfecting a few new pieces. Some are for this ***year***'s concerts, while a few be recorded for our next CD.

Recording sessions take place in St Mary's Church, Penzance, where a new studio with state-of-the-art equipment is now up and running.

Meanwhile, we are looking forward to a visit from Loveny MVC (St Neot), who will be our guests at a concert on Saturday, April 28, at St Just Methodist Church at 7.30pm. Admission is free, with a retiring collection for local charities.

If you fancy exploring singing with us, we would be delighted to see you at any of our rehearsals, which take place on Mondays at Marazion Town Hall at 7.30pm. Please note that this coming Monday, we will be recording at St Mary's.

MOUSEHOLE MALE VOICE CHOIR

Last Sunday saw the first outing of the choir at Chapel Street Methodist Church in Penzance, where we were joined by the Stert Singers from Liskeard, under the direction of Jane Warwick. Those who attended were treated to a wonderful concert, which contained a varied ***programme***. The two choirs came together for the finale and sang Anthem from the musical Chess, which brought the house down. This was the first time the choir had sung with Sterts and are now looking forward to the 'away fixture' on July 1 in Liskeard. After the concert, Mousehole hosted Sterts at the Penzance Astro Park. The choir would like to thank the wonderful ladies committee for the food they provided.

Choir practice returns to the Methodist church's school room in Mousehole on Monday until the end of May. If you interested in joining, come to a practice and introduce yourself to either Stephen Lawry our MD or Tim James our secretary. Alternatively, join us in The King's Arms at Paul afterwards for a chat and a drink. Alternatively if you're not sure and want to contact someone to have an informal chat, please contact Stephen Lawry on 01736 448705. We look forward to seeing you!

Gulval

Alison Latham, MBE, opened our April meeting with the intriguing topic 'Living in the USA while working on UK soil'. Alison explained she had lived in Washington DC for 30 ***years*** while working at the British Embassy.

During that time, there were many Royal visits, garden parties, visiting Politicians and rock bands. But also major events, such as the death of Princess Diana, and the Twin Towers attack. Everyone thoroughly enjoyed this very interesting topic. Refreshments and the business meeting followed.

The competition A Holiday Souvenir was won by Alison Ross, who brought a vase from Peru. Second was newest member Nicky James, who brought a desert rose from the Sahara, and Rhoda Holt was third with a fish dish from Turkey.

Our next meeting at Gulval Village Hall will be on Wednesday, May 2 at 7.30pm, when Helen Swift will be talking 'sexy salads'!

If you would like to join us, we are always delighted to welcome visitors and potential new members.

Results April 6

£1,000, D1300, Holmes, Camelford; £250, A2227, Reed, Newton Abbot; £150, B5011, Allen, Truro. £10 prizes: A3671, Brown, Redruth; A0291, Johnson, Isles of Scilly; A2117, Willett, Launceston; H0740, Anonymous; B5774, Henderson, Falmouth; A5152, Hoskin, St Austell; B1493, Rintoul, Liskeard; B5859, Andrew, Liskeard; B5409, O'Hare, St Columb; I0043, Brown, Liskeard.

**Load-Date:** April 10, 2018

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[***P8\_TA(2016)0087 Veterinary medicinal products \*\*\*I Amendments adopted by the European Parliament on 10 March 2016 on the proposal for a regulation of the European Parliament and of the Council on veterinary medicinal products (COM(2014)0558 — C8-0164/2014 — 2014/0257(COD)) (1) (Ordinary legislative procedure: first reading)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RP3-61X1-F0YC-N1XH-00000-00&context=1516831)

Impact News Service

February 10, 2018 Saturday

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**Body**

Brussels: Official Journal of the European Union has issued the following notice:

P8\_TA(2016)0087

Veterinary medicinal products \*\*\*I

Amendments adopted by the European Parliament on 10 March 2016 on the proposal for a regulation of the European Parliament and of the Council on veterinary medicinal products (COM(2014)0558 — C8-0164/2014 — 2014/0257(COD)) (1)

(Ordinary legislative procedure: first reading)

(2018/C 050/26)

Amendment 1

Proposal for a regulation

Recital 2

Text proposed by the Commission

Amendment

(2)

In the light of the experience acquired and following the assessment by the Commission of the functioning of the market for veterinary medicinal products, the legal framework for veterinary medicinal products should be adapted to scientific progress, the current market conditions and economic reality.

(2)

In the light of the experience acquired and following the assessment by the Commission of the functioning of the market for veterinary medicinal products, the legal framework for veterinary medicinal products should be adapted to scientific progress, the current market conditions and economic reality , with respect to animals, nature and their interaction with man .

Amendment 2

Proposal for a regulation

Recital 6

Text proposed by the Commission

Amendment

(6)

Animals may suffer from a broad range of diseases which can be prevented or treated. The impact of animal diseases and the measures necessary to control them can be devastating for individual animals, animal populations, animal keepers and the economy. Animal diseases transmissible to humans may also have a significant impact on public health. Therefore sufficient and effective veterinary medicinal products should be available in the Union in order to ensure high standards of animal and public health, and for the development of the ***agriculture*** and aquaculture sectors.

(6)

Despite the measures that farmers take on good hygiene, feed, management and biosecurity, animals may suffer from a broad range of diseases which need to be prevented or treated by veterinary medicinal products for both animal health and welfare reasons . The impact of animal diseases and the measures necessary to control them can be devastating for individual animals, animal populations, animal keepers and the economy. Animal diseases transmissible to humans may also have a significant impact on public health. Therefore sufficient and effective veterinary medicinal products should be available in the Union in order to ensure high standards of animal and public health, and for the development of the ***agriculture*** and aquaculture sectors. To that end, good husbandry and management practices should be put in place in order to improve animal welfare, limit the spread of diseases, prevent antimicrobial resistance and ensure proper nutrition of livestock.

Amendment 3

Proposal for a regulation

Recital 7

Text proposed by the Commission

Amendment

(7)

This Regulation should set high standards of quality, safety and efficacy for veterinary medicinal products in order to meet common concerns as regards the protection of public and animal health. At the same time, this Regulation should harmonise the rules for the authorisation of veterinary medicinal products and the placing of them on the Union market.

(7)

This Regulation should set high standards of quality, safety and efficacy for veterinary medicinal products in order to meet common concerns as regards the protection of public and animal health and the environment . At the same time, this Regulation should harmonise the rules for the authorisation of veterinary medicinal products and the placing of them on the Union market.

Amendment 4

Proposal for a regulation

Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a)

This Regulation aims at ensuring a high level of protection of both animal and human health while securing the protection of the environment. Therefore, the precautionary principle should be applied. This Regulation should ensure that industry demonstrates that pharmaceutical substances or veterinary medicinal products produced or placed on the market have no harmful effects on human or animal health nor have any unacceptable effects on the environment.

Amendment 5

Proposal for a regulation

Recital 9

Text proposed by the Commission

Amendment

(9)

The scope of the mandatory use of a centralised authorisation procedure under which the authorisations are valid throughout the Union should cover inter alia products containing new active substances and products which contain or consist of engineered tissues or cells. At the same time, in order to ensure the widest possible availability of veterinary medicinal products in the Union, the centralised authorisation procedure should be extended to allow for applications for authorisations under that procedure to be submitted for any veterinary medicinal product, including for generics of nationally authorised veterinary medicinal products.

(9)

The scope of the mandatory use of a centralised authorisation procedure under which the authorisations are valid throughout the Union should cover inter alia products containing new active substances and products which contain or consist of engineered tissues or cells. At the same time, in order to ensure the widest possible availability of veterinary medicinal products in the Union, the centralised authorisation procedure should be extended to allow for applications for authorisations under that procedure to be submitted for any veterinary medicinal product, including for generics of nationally authorised veterinary medicinal products. The use of the centralised procedure should be encouraged in every way, in particular by facilitating access for small and medium-sized enterprises (SMEs).

Amendment 6

Proposal for a regulation

Recital 14

Text proposed by the Commission

Amendment

(14)

Where a Member State or the Commission considers that there are reasons to believe that a veterinary medicinal product may present a potential serious risk to human or animal health or to the environment, a scientific evaluation of the product should be undertaken at Union level, leading to a single decision on the area of disagreement, binding on the Member States concerned, being taken on the basis of an overall benefit-risk assessment.

(14)

Where a Member State or the Commission considers that there are reasons to believe that a veterinary medicinal product may present a potential serious risk to human or animal health or to the environment, a scientific evaluation of the product should be undertaken at Union level, leading to a single decision on the area of disagreement, binding on the Member States concerned, being taken on the basis of an overall benefit-risk assessment. The authorisation procedure for veterinary medicinal products should be adjusted so as to eliminate other administrative procedures that might hamper the development of research and innovation for the purpose of identifying new medicines.

Amendment 7

Proposal for a regulation

Recital 17

Text proposed by the Commission

Amendment

(17)

However, there may be situations where no suitable authorised veterinary medicinal product is available. In those situations, by way of exception, veterinarians should be allowed to prescribe other medicinal products to the animals under their responsibility in conformity with strict rules and in the interest of animal health or animal welfare only. In case of food-producing animals, veterinarians should ensure that an appropriate withdrawal period is prescribed, so that harmful residues of those medicinal products do not enter the food chain.

(17)

However, there may be situations where no suitable authorised veterinary medicinal product is available. In those situations, by way of exception, veterinarians should be allowed to prescribe other medicinal products to the animals under their responsibility in conformity with strict rules and in the interest of animal health or animal welfare only. In such cases, antimicrobial medicinal products for human use could be employed only subject to the issuing of a prescription by a veterinarian and the granting of authorisation by the veterinary authority responsible for monitoring the work of the veterinarian in question . In case of food-producing animals, veterinarians should ensure that an appropriate withdrawal period is prescribed, so that harmful residues of those medicinal products do not enter the food chain , and particular care should therefore be taken when administering antibiotics to food-producing animals.

Amendment 8

Proposal for a regulation

Recital 18

Text proposed by the Commission

Amendment

(18)

Member States should be able to allow exceptional use of veterinary medicinal products without a marketing authorisation where it is necessary to respond to Union listed diseases and where the health situation in a Member State so requires.

(18)

Member States should be able to allow temporary exceptional use of veterinary medicinal products without a marketing authorisation where it is necessary to respond to Union listed diseases or new diseases and where the health situation in a Member State so requires.

Amendment 9

Proposal for a regulation

Recital 20

Text proposed by the Commission

Amendment

(20)

Directive 2010/63/EU of the European Parliament and of the Council (15) lays down provisions on the protection of animals used for scientific purposes based on the principles of replacement, reduction and refinement. Clinical trials for veterinary medicinal products are exempted from that Directive. The design and performance of clinical trials, which provide essential information on the safety and efficacy of a veterinary medicinal product, should be such as to provide the most satisfactory results whilst using the minimum number of animals, the procedures should be the least likely to cause pain, suffering or distress to animals and should take into account the principles established by Directive 2010/63/EU.

(20)

Directive 2010/63/EU of the European Parliament and of the Council (15) lays down provisions on the protection of animals used for scientific purposes based on the principles of replacement, reduction and refinement. Clinical trials for veterinary medicinal products are exempted from that Directive. The design and performance of clinical trials, which provide essential information on the safety and efficacy of a veterinary medicinal product, should be optimised in order to provide the most satisfactory results whilst using the minimum number of animals, the procedures should be designed to avoid causing pain, suffering or distress to animals and should take into account the principles established by Directive 2010/63/EU.

Amendment 10

Proposal for a regulation

Recital 23

Text proposed by the Commission

Amendment

(23)

Companies have less interest in developing veterinary medicinal products for markets of a limited size. In order to promote the availability of veterinary medicinal products within the Union for those markets, in some cases it should be possible to grant marketing authorisations without a complete application dossier having been submitted, on the basis of a benefit-risk assessment of the situation and, where necessary, subject to specific obligations. In particular, this should be possible in the case of veterinary medicinal products for use in minor species or for the treatment or prevention of diseases that occur infrequently or in limited geographical areas.

(23)

Companies have less interest in developing veterinary medicinal products for markets of a limited size. In order to promote the availability of veterinary medicinal products within the Union for those markets, in exceptional cases it should be possible to grant marketing authorisations without a complete application dossier having been submitted, on the basis of a benefit-risk assessment of the situation and, where necessary, subject to specific obligations. In particular, this should be possible in the case of veterinary medicinal products for use in minor species or for the treatment or prevention of diseases that occur infrequently or in limited geographical areas. Such products should only be used on the basis of a prescription.

Amendment 11

Proposal for a regulation

Recital 25

Text proposed by the Commission

Amendment

(25)

Tests, pre-clinical studies and clinical trials represent a major investment for companies which they need to make in order to submit the necessary data with the application for a marketing authorisation or to establish a maximum residue limit for pharmaceutical active substances in the veterinary medicinal product. That investment should be protected in order to stimulate research and innovation, so that it is ensured the necessary veterinary medicinal products are available in the Union. For that reason data submitted to a competent authority or the Agency should be protected against use by other applicants. That protection should, however, be limited in time in order to allow competition.

(25)

Tests, pre-clinical studies and clinical trials represent a major investment for companies which they need to make in order to submit the necessary data with the application for a marketing authorisation or to establish a maximum residue limit for pharmaceutical active substances in the veterinary medicinal product. That investment should be protected in order to stimulate research and innovation, in particular on veterinary medicinal products for minor species and antimicrobials, so that it is ensured the necessary veterinary medicinal products are available in the Union. For that reason data submitted to a competent authority or the Agency should be protected against use by other applicants. That protection should, however, be limited in time in order to allow competition.

Amendment 311

Proposal for a regulation

Recital 25 a (new)

Text proposed by the Commission

Amendment

(25a)

Research should be incentivised, not only through the commercial protection of innovative active substances, but also through the protection of significant investments in data generated to improve or maintain on the market an existing veterinary medicinal product. In such cases, only the new data package would benefit from the period of protection and not the active substance or any associated products.

Amendment 13

Proposal for a regulation

Recital 27

Text proposed by the Commission

Amendment

(27)

It is recognised that the potential effect of a product on the environment may depend on the volume used and the resulting amount of the pharmaceutical substance that may reach the environment. Therefore, where there is evidence that a constituent of a medicinal product for which a generic application for a marketing authorisation is submitted is a hazard for the environment, it is appropriate to require data on the potential effect on the environment in order to safeguard the environment. In such cases applicants should endeavour to join efforts in generating such data in order to reduce costs and to reduce testing on vertebrate animals.

(27)

It is recognised that the potential effect of a product on the environment may depend on the volume used and the resulting amount of the pharmaceutical substance that may reach the environment. Therefore, where there is evidence that a constituent of a medicinal product for which a generic application for a marketing authorisation is submitted is a hazard for the environment, it is appropriate to require data on the potential effect on the environment in order to safeguard the environment. In such cases applicants should endeavour to join efforts in generating such data in order to reduce costs and to reduce testing on vertebrate animals. The current impact assessment system results in repetitive and potentially divergent assessments of substances' environmental properties. That can lead to divergent decisions being taken on products with similar effects on the environment, especially in the case of products authorised before the environmental impact assessment was carried out. The establishment of a single centralised assessment of the environmental properties of active substances for veterinary use by means of a monograph system could be a potential alternative. The Commission should therefore submit a report to the European Parliament and the Council examining the feasibility of monographs and potential alternative options as soon as possible.

Amendment 14

Proposal for a regulation

Recital 27 a (new)

Text proposed by the Commission

Amendment

(27a)

In accordance with Directive 2010/63/EU, it is necessary to replace, reduce or refine testing on vertebrate animals. Implementation of this Regulation should therefore be based on the use of alternative test methods, suitable for the assessment of health and environmental hazards of products, wherever possible.

Amendment 15

Proposal for a regulation

Recital 31

Text proposed by the Commission

Amendment

(31)

It is recognised that, in some cases, a scientific risk assessment alone cannot provide all the information on which a risk management decision should be based, and other relevant factors should be taken into account including societal, economical, ethical, environmental and welfare factors and the feasibility of controls.

(31)

It is recognised that, in some cases, a scientific risk assessment alone cannot provide all the information on which a risk management decision should be based, and other relevant factors should also be taken into account including societal, economical, ethical, environmental and welfare factors and the feasibility of controls.

Amendment 16

Proposal for a regulation

Recital 32

Text proposed by the Commission

Amendment

(32)

In certain circumstances where a significant animal or public health concern exists but scientific uncertainty persists, appropriate measures can be adopted taking into account Article 5(7) of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures which has been interpreted for the Union in the Communication from the Commission on the precautionary principle (17). In such circumstances, Member States or the Commission should seek to obtain additional information necessary for a more objective assessment of the particular concern and should review the measure accordingly within a reasonable period of time.

(32)

In certain circumstances where a significant animal , environmental or public health concern exists but scientific uncertainty persists, appropriate measures can be adopted taking into account Article 5(7) of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures which has been interpreted for the Union in the Communication from the Commission on the precautionary principle (17). In such circumstances, Member States or the Commission should seek to obtain additional information necessary for a more objective assessment of the particular concern and should review the measure accordingly within a reasonable period of time.

Amendment 17

Proposal for a regulation

Recital 33

Text proposed by the Commission

Amendment

(33)

Antimicrobial resistance to human and veterinary medicinal products is a growing health problem in the Union and worldwide. Many of the antimicrobials used in animals are also used in humans. Some of those antimicrobials are critical for preventing or treating life-threatening infections in humans. In order to fight antimicrobial resistance a number of measures should be taken. It needs to be ensured that appropriate warnings and guidance are included on the labels of veterinary antimicrobials . Use not covered by the terms of the marketing authorisation of certain new or critically important antimicrobials for humans should be restricted in the veterinary sector . The rules for advertising veterinary antimicrobials should be tightened, and the authorisation requirements should sufficiently address the risks and benefits of antimicrobial veterinary medicinal products.

(33)

Antimicrobial resistance to human and veterinary medicinal products is a growing health problem in the Union and worldwide , thus involving a common responsibility of all actors concerned . Many of the antimicrobials used in animals are also used in humans. Some of those antimicrobials are highly critical for preventing or treating life-threatening infections in humans and their use on animals, whether or not covered by the terms of a marketing authorisation, should be prohibited . In order to fight antimicrobial resistance a number of measures should be taken. It needs to be ensured that measures are proportionally applied in both the human and animal sectors and that appropriate warnings and guidance are included on the labels of human and veterinary antimicrobials. The rules for advertising veterinary antimicrobials should be tightened, and the authorisation requirements should sufficiently address the risks and benefits of antimicrobial veterinary medicinal products.

Amendment 18

Proposal for a regulation

Recital 34 a (new)

Text proposed by the Commission

Amendment

(34a)

The routine prophylactic and metaphylactic use of antimicrobials on groups of food-producing animals should be brought to an end. Disease should be prevented not by routine recourse to antimicrobials but by good hygiene, husbandry and housing, and sound management practices.

Amendment 19

Proposal for a regulation

Recital 35

Text proposed by the Commission

Amendment

(35)

The combined use of several antimicrobial active substances may represent a particular risk with respect to the development of antimicrobial resistance. Combinations of antimicrobial substances should therefore only be authorised where evidence is provided that the benefit-risk balance of the combination is favourable.

(35)

The combined use of several antimicrobial active substances may represent a particular risk with respect to the development of antimicrobial resistance. Combinations of antimicrobial substances should therefore only be authorised exceptionally where evidence is provided that the long-term benefit-risk balance of the combination is favourable.

Amendment 20

Proposal for a regulation

Recital 36

Text proposed by the Commission

Amendment

(36)

The development of new antimicrobials has not kept pace with the increase of resistance to existing antimicrobials. Given the limited innovation in developing new antimicrobials it is essential that the efficacy of existing antimicrobials is maintained for as long as possible. The use of antimicrobials in veterinary medicinal products may accelerate the emergence and spread of resistant micro-organisms and may compromise the effective use of the already limited number of existing antimicrobials to treat human infections. Therefore the misuse of antimicrobials should not be allowed.

(36)

The development of new antimicrobials has not kept pace with the increase of resistance to existing antimicrobials. Given the limited innovation in developing new antimicrobials it is essential that the efficacy of existing antimicrobials is maintained for as long as possible. The use of antimicrobials in medicinal products may accelerate the emergence and spread of resistant micro-organisms and may compromise the effective use of the already limited number of existing antimicrobials to treat human infections. Therefore, the misuse of antimicrobials should not be allowed. Preventive treatments using antimicrobials should be regulated more strictly and recommended only in certain specific, well-defined cases, in compliance with animal health, biosecurity and nutritional requirements.

Amendment 21

Proposal for a regulation

Recital 37

Text proposed by the Commission

Amendment

(37)

In order to preserve as long as possible the efficacy of certain antimicrobials in the treatment of infections in humans, it may be necessary to reserve those antimicrobials for humans only. Therefore it should be possible to decide that certain antimicrobials, following the scientific recommendations of the Agency, should not be available on the market in the veterinary sector.

(37)

In order to preserve as long as possible the efficacy of certain antimicrobials in the treatment of infections in humans, it is necessary to reserve those antimicrobials for humans only. As a baseline, that should apply for the highest priority critically important antimicrobials identified by the World Health Organisation (WHO). Moreover, it should be possible to decide that other critically important antimicrobials, following the scientific recommendations of the Agency, should not be available on the market in the veterinary sector.

Amendment 22

Proposal for a regulation

Recital 37 a (new)

Text proposed by the Commission

Amendment

(37a)

As antimicrobial resistance to human and veterinary medicinal products is a growing health problem in the Union and worldwide, action also needs to be taken in the field of human medicine, for example in the form of an instrument incentivising the development of new antibiotics for human use similar to that already proposed within this Regulation.

Amendment 23

Proposal for a regulation

Recital 38

Text proposed by the Commission

Amendment

(38)

If an antimicrobial is administered and used incorrectly, this presents a risk to public or animal health. Therefore antimicrobial veterinary medicinal products should only be available on veterinary prescription. Persons having the right to prescribe have a key role in ensuring prudent use of antimicrobials and consequently they should not be influenced, directly or indirectly, by economic incentives when prescribing those products. Therefore the supply of veterinary antimicrobials by those health professionals should be restricted to the amount required for treatment of the animals under their care.

(38)

If an antimicrobial is administered and used incorrectly, this presents a risk to public or animal health. Therefore antimicrobial veterinary medicinal products should only be available on veterinary prescription. Persons having the right to prescribe have a key role in ensuring prudent use of antimicrobials. Veterinarians have a legal obligation, which is part of their professional code of conduct, to ensure responsible use of veterinary medicinal products. They should not be influenced, directly or indirectly, by economic incentives when prescribing those products. The animal health industry and veterinarians should together promote responsible use. Therefore the supply of veterinary antimicrobials by veterinarians or other persons authorised under national law should be restricted to the amount required for treatment of the animals under their care , and only once a veterinary diagnosis has been established following a clinical examination of the animal, or, in exceptional cases, in the light of continuous health checks on the animal .

Amendment 24

Proposal for a regulation

Recital 38 a (new)

Text proposed by the Commission

Amendment

(38a)

Prudent use of antimicrobials is a cornerstone in addressing antimicrobial resistance. The Guidelines for the prudent use of antimicrobials in veterinary medicine, elaborated by the Commission, need to be considered by Member States.

Amendment 25

Proposal for a regulation

Recital 38 b (new)

Text proposed by the Commission

Amendment

(38b)

In order to facilitate responsible use of antimicrobials, there is an imperative need for rapid, reliable and efficacious veterinary diagnostics both to identify the cause of disease and to perform antibiotic sensitivity testing. That would facilitate correct diagnosis, allow for a targeted use of antimicrobials, support using as little as possible critically important antimicrobials and therefore, inhibit the development of antimicrobial resistance. There is clear need for future innovation specifically for pen-site diagnosis, and a need to consider carefully whether there is a case for more harmonisation and regulation in this sector.

Amendment 26

Proposal for a regulation

Recital 39

Text proposed by the Commission

Amendment

(39)

It is important to consider the international dimension of the development of antimicrobial resistance when assessing the benefit-risk balance of certain veterinary antimicrobials in the Union. Any measure restricting the use of those products may affect the trade of products of animal origin or the competitiveness of certain animal production sectors in the Union. Moreover, antimicrobial resistant organisms can spread to humans and animals in the Union through consumption of products of animal origin imported from third countries, from direct contact with animals or humans in third countries or by other means. Therefore, measures restricting the use of veterinary antimicrobials in the Union should be based on scientific advice and should be considered in the context of cooperation with third countries and international organisations addressing antimicrobial resistance in order the ensure consistency with their activities and policies .

(39)

It is important to consider the international dimension of the development of antimicrobial resistance when assessing the benefit-risk balance of certain veterinary antimicrobials in the Union. Antimicrobial resistant organisms can spread to humans and animals in the Union through consumption of products of animal origin imported from third countries, from direct contact with animals or humans in third countries or by other means. Therefore, the Union should be active in advocating the creation of an international strategy to combat antimicrobial resistance , in line with the recent Global Action Plan adopted by the WHO .

Amendment 27

Proposal for a regulation

Recital 40

Text proposed by the Commission

Amendment

(40)

There is still a lack of sufficiently detailed and comparable data at Union level to determine the trends and identify possible risk factors that could lead to the development of measures to limit the risk from antimicrobial resistance and to monitor the effect of measures already introduced. Therefore it is important to collect data on the sales and use of antimicrobials in animals, data on the use of antimicrobials in humans and data on antimicrobial resistant organisms found in animals, humans and food. To ensure that the information collected can be used effectively, appropriate rules should be laid down concerning the collection and the exchange of data. The Member States should be responsible for collecting data on the use of antimicrobials under the coordination of the Agency.

(40)

There is still a lack of sufficiently detailed and comparable data at Union level to determine the trends and identify possible risk factors that could lead to the development of measures to limit the risk from antimicrobial resistance and to monitor the effect of measures already introduced. Therefore it is important to collect data on the sales and use of antimicrobials in animals, data on the use of antimicrobials in humans and data on antimicrobial resistant organisms found in animals, humans and food. Better data are needed on how, when, where and why antimicrobials are being used. Therefore, the data collected should be broken down by type of antimicrobial, species, disease or infection treated. To ensure that the information collected can be used effectively, appropriate rules should be laid down concerning the collection and the exchange of data. The Member States should be responsible for collecting data on the use of antimicrobials under the coordination of the Agency.

Amendment 28

Proposal for a regulation

Recital 40 a (new)

Text proposed by the Commission

Amendment

(40a)

Commercial sensitivity should not be used as an excuse to deny citizens access to information about chemicals affecting their bodies or those of other non-target species in the wider environment. Maximum transparency should be ensured while protecting the most commercially sensitive information.

Amendment 29

Proposal for a regulation

Recital 49

Text proposed by the Commission

Amendment

(49)

It is necessary, in specific cases , or from a public health and animal health perspective, to complement the safety and efficacy data available at the time of authorisation with additional information following the placing of the product on the market. Therefore the obligation to conduct post-authorisation studies should be imposed on the marketing authorisation holder.

(49)

In specific cases it is necessary, from a public health, animal health or environmental perspective, to complement the safety and efficacy data available at the time of authorisation with additional information following the placing of the product on the market. Therefore the obligation to conduct post-authorisation studies should be imposed on the marketing authorisation holder.

Amendment 30

Proposal for a regulation

Recital 50

Text proposed by the Commission

Amendment

(50)

A pharmacovigilance database at Union level should be established to record and integrate information of adverse events for all veterinary medicinal products authorised in the Union. That database should improve detection of adverse events and should allow and facilitate the pharmacovigilance surveillance and work-sharing between the competent authorities.

(50)

A pharmacovigilance database at Union level should be established to record and integrate information of adverse events for all veterinary medicinal products authorised in the Union. That database should improve detection of adverse events and should allow and facilitate the pharmacovigilance surveillance and work-sharing between the competent authorities and other concerned authorities, including environmental protection agencies and food safety authorities both at national and Union level .

Amendment 314

Proposal for a regulation

Recital 52 a (new)

Text proposed by the Commission

Amendment

(52a)

In order to ensure that the imports from third countries of veterinary medicinal products, active substances, intermediate products and excipients used as starting materials have been manufactured in accordance with the animal welfare standards established in the Union, unlike for instance the current production method utilised in third countries for ‘pregnant mare serum gonadotropin’ (PMSG), the Commission should revise Directive 91/412/EEC and include animal welfare standards in the good manufacturing practice for veterinary medicinal products.

Amendment 31

Proposal for a regulation

Recital 56

Text proposed by the Commission

Amendment

(56)

The conditions governing the supply of veterinary medicinal products to the public should be harmonised in the Union. Veterinary medicinal products should only be supplied by persons authorised to do so by the Member State where they are established. At the same time, in order to improve access to veterinary medicinal products in the Union, retailers that are authorised to supply veterinary medicinal products by the competent authority in the Member State where they are established should be allowed to sell prescription and non-prescription veterinary medicinal products via the Internet to buyers in other Member States.

(56)

The conditions governing the supply of veterinary medicinal products to the public should be harmonised in the Union. Veterinary medicinal products should only be supplied by veterinarians or other persons authorised to do so by the Member State where they are established . However, Member States which do not allow prescriptions to be issued by persons other than veterinarians could refuse to recognise prescriptions issued by persons other than veterinarians in other Member States in accordance with their national laws . At the same time, in order to improve access to veterinary medicinal products in the Union, retailers that are authorised to supply veterinary medicinal products by the competent authority in the Member State where they are established should be allowed to sell prescription and non-prescription veterinary medicinal products , except for antimicrobials, via the Internet to buyers in their own or other Member States. In order to minimise the risk to animal and human health, online sales of antimicrobials should be prohibited .

Amendment 32

Proposal for a regulation

Recital 56 a (new)

Text proposed by the Commission

Amendment

(56a)

In order to ensure that the lines of distribution and the supply of veterinary medicines are not restricted, where Member States have a legally defined, professionally qualified animal medicines advisor, the professionally qualified animal medicines advisors should continue to prescribe and supply certain veterinary medicines.

Amendment 33

Proposal for a regulation

Recital 56 b (new)

Text proposed by the Commission

Amendment

(56b)

Any ban on veterinarians supplying medicines could make it impossible for some Member States to maintain a network of veterinarians covering all of their territory. Such territorial coverage is of key importance in ensuring high-quality epidemiological monitoring of existing and emerging diseases.

Amendment 34

Proposal for a regulation

Recital 57

Text proposed by the Commission

Amendment

(57)

The illegal sale of veterinary medicinal products to the public via the Internet may represent a threat to public and animal health, as falsified or substandard medicines may reach the public in this way. It is necessary to address this threat. Account should be taken of the fact that specific conditions for supply of medicinal products to the public have not been harmonised at Union level and, therefore , Member States may impose conditions for supplying medicinal products to the public within the limits of the Treaty.

(57)

The illegal sale of veterinary medicinal products to the public via the Internet may represent a threat to public and animal health, as falsified or substandard medicines may reach the public in this way. A system should be introduced to ensure that such products are properly sold and that controls are placed on the distribution and falsification of substances that are potentially dangerous for human use. Account should be taken of the fact that specific conditions for supply of medicinal products to the public have not been harmonised at Union level. To minimise the risks to animal and human health, the online sale of antimicrobials should be prohibited. Member States might impose conditions for supplying medicinal products to the public within the limits of the Treaty.

Amendment 35

Proposal for a regulation

Recital 58 a (new)

Text proposed by the Commission

Amendment

(58a)

Member States should, after informing the Commission, be able to subject the supply of veterinary medicinal products offered for sale to stricter conditions justified by the protection of public health, animal health and the environment, provided that these conditions are proportionate to the risk and do not unduly restrict the functioning of the internal market.

Amendment 36

Proposal for a regulation

Recital 62

Text proposed by the Commission

Amendment

(62)

Where medicinal products are authorised within a Member State and have been prescribed in that Member State by a  member of a regulated animal health profession for an individual animal or group of animals, it should in principle be possible for that veterinary prescription to be recognised and for the medicinal product to be dispensed in another Member State. The removal of regulatory and administrative barriers to such recognition should not affect any professional or ethical duty for dispensing professionals to refuse to dispense the medicine stated in the prescription.

(62)

Where medicinal products are authorised within a Member State and have been prescribed in that Member State by a  veterinarian or other persons authorised to do so under national law for an individual animal or group of animals, it should in principle be possible for that veterinary prescription to be recognised and for the medicinal product to be dispensed in another Member State , provided that the other Member State authorises persons with similar qualifications to issue prescriptions . The removal of regulatory and administrative barriers to such recognition should not affect any professional or ethical duty for dispensing professionals to refuse to dispense the medicine stated in the prescription.

Amendment 295

Proposal for a regulation

Recital 65

Text proposed by the Commission

Amendment

(65)

The verification of compliance with the legal requirements through controls is of fundamental importance to ensure that the objectives of the Regulation are effectively achieved across the Union. Therefore the competent authorities of the Member States should have the power to perform inspections at all stages of production, distribution and use of veterinary medicinal products. In order to preserve the effectiveness of the inspections, authorities should have the possibility to perform unannounced inspections.

(65)

The verification of compliance with the legal requirements through controls is of fundamental importance to ensure that the objectives of the Regulation are effectively achieved across the Union. Therefore the competent authorities of the Member States should have the power to perform inspections at all stages of production, distribution and use of veterinary medicinal products and should publish annual inspection reports . In order to preserve the effectiveness of the inspections, all inspections should be unannounced inspections.

Amendment 38

Proposal for a regulation

Recital 67

Text proposed by the Commission

Amendment

(67)

In certain cases failures in Member States' control system can substantially hinder the achievement of the objectives of this Regulation and may lead to the emergence of risks to public and animal health and the environment. To ensure a harmonised approach to inspections throughout the Union, the Commission should be able to carry out audits in the Member States to verify the functioning of national control systems.

(67)

In certain cases failures in Member States' control system can substantially hinder the achievement of the objectives of this Regulation and may lead to the emergence of risks to public and animal health and the environment. The Commission should ensure a harmonised approach to inspections throughout the Union, and should be able to carry out audits in the Member States to verify the functioning of national control systems.

Amendment 39

Proposal for a regulation

Recital 71

Text proposed by the Commission

Amendment

(71)

Having regard to the special characteristics of homeopathic veterinary medicinal products, especially the constituents of these products, it is desirable to establish a special, simplified registration procedure and to provide specific provisions for labelling for certain homeopathic veterinary medicinal products which are placed on the market without therapeutic indications. Immunological homeopathic products cannot follow the simplified registration procedure as immunologicals may initiate a response at a high dilution rate. The quality aspect of a homeopathic medicinal product is independent of its use so no specific provisions should apply with regard to the necessary quality requirements and rules.

(71)

Having regard to the special characteristics of homeopathic veterinary medicinal products, especially the constituents of these products, it is desirable to establish a special, simplified registration procedure and to provide specific provisions for labelling for certain homeopathic veterinary medicinal products which are placed on the market without therapeutic indications. Immunological homeopathic products cannot follow the simplified registration procedure as immunologicals may initiate a response at a high dilution rate. The quality aspect of a homeopathic medicinal product is independent of its use so no specific provisions should apply with regard to the necessary quality requirements and rules. Furthermore, it is desirable to generally allow, under specific conditions, the use of homeopathic medicinal products designed for human use, including immunological homeopathic products that have a potency starting from D4, on all animals, including food producing animals .

Amendment 40

Proposal for a regulation

Recital 71 a (new)

Text proposed by the Commission

Amendment

(71a)

The usual rules governing the authorisation to market veterinary medicinal products should be applied to homeopathic veterinary medicinal products marketed with therapeutic indications or in a form which might present risks which should be balanced against the desired therapeutic effect. Member States should be able to apply particular rules for the evaluation of the results of tests and trials intended to establish the safety and efficacy of these medicinal products for pet animals and exotic species, provided that they notify these rules to the Commission.

Amendment 41

Proposal for a regulation

Recital 73

Text proposed by the Commission

Amendment

(73)

In order to protect public health, animal health and the environment, the activities and tasks attributed to the Agency in this Regulation should be adequately funded. Those activities, services and tasks should be funded through fees charged to enterprises. Those fees, however, should not affect the right of Member States to charge fees for activities and tasks at national level.

(73)

In order to protect public health, animal health and the environment, the activities and tasks attributed to the Agency in this Regulation should be adequately funded. Those activities, services and tasks , including the establishment of new information technology services with the aim of reducing bureaucracy, should be funded through fees charged to enterprises and through an increased financial contribution from the Commission . Those fees, however, should not affect the right of Member States to charge fees for activities and tasks at national level.

Amendment 42

Proposal for a regulation

Article 1

Text proposed by the Commission

Amendment

This Regulation lays down rules for the placing on the market, manufacture, import, export, supply, pharmacovigilance, control and use of veterinary medicinal products.

This Regulation lays down rules for the placing on the market, development, manufacture, import, export, wholesale distribution, retail supply, pharmacovigilance, control and use of veterinary medicinal products.

Amendment 43

Proposal for a regulation

Article 1 — paragraph 1 a (new)

Text proposed by the Commission

Amendment

Member States may impose stricter conditions, justified on grounds of public health, animal health and environmental protection, for the use and retail of veterinary medicinal products on their territory, provided that these conditions are proportionate to the risk and do not unduly restrict the functioning of the internal market.

Amendment 44

Proposal for a regulation

Article 1 — paragraph 1 b (new)

Text proposed by the Commission

Amendment

The Member States shall notify the measures referred to in paragraph 1a to the Commission.

Amendment 45

Proposal for a regulation

Article 2 — paragraph 4 — point e a (new)

Text proposed by the Commission

Amendment

(ea)

substances or preparations which are intended exclusively for external use in animals, to clean or groom them or to alter their appearance or body odour, provided that no substances or preparations subject to veterinary prescription have been added to them;

Amendment 46

Proposal for a regulation

Article 2 — paragraph 4 — point e b (new)

Text proposed by the Commission

Amendment

(eb)

medicated feed and intermediate products as defined, respectively, in points (a) and (b) of Article 2(2) of Regulation (EÚ) …/… of the European Parliament and of the Council  (1a) ;

Amendment 47

Proposal for a regulation

Article 2 — paragraph 4 — point e c (new)

Text proposed by the Commission

Amendment

(ec)

feedingstuffs as defined in Regulation (EC) No 767/2009 of the European Parliament and of the Council.

Amendment 48

Proposal for a regulation

Article 3 — paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a.     In cases of doubt, taking into account all its characteristics, as to whether a product may fall within the definition of a veterinary medicinal product within the meaning of Article 4(1), or within the definition of a product covered by other Union legislation, the provisions of this Regulation shall prevail.

Amendment 49

Proposal for a regulation

Article 4 — paragraph 1 — point 1 — point b

Text proposed by the Commission

Amendment

(b)

its purpose is to be used in or administered to animals with a view to restoring, correcting or modifying physiological functions by exerting a pharmacological, immunological or metabolic action, or to making a medical diagnosis;

(b)

it may be used in, or administered to, animals with a view either to restoring, correcting or modifying physiological functions by exerting a pharmacological, immunological or metabolic action, or to making a medical diagnosis;

Amendment 50

Proposal for a regulation

Article 4 — paragraph 1 — point 1 — point c

Text proposed by the Commission

Amendment

(c)

its purpose is to be used for euthanasia of animals;

(c)

it may be used for euthanasia in animals;

Amendment 51

Proposal for a regulation

Article 4 — paragraph 1 — point 2 — introductory part

Text proposed by the Commission

Amendment

(2)

‘substance’ means any matter of the following origin:

(2)

‘substance’ means any matter irrespective of its origin which may be:

Amendment 52

Proposal for a regulation

Article 4 — paragraph 1 — point 2 — point a

Text proposed by the Commission

Amendment

(a)

human,

(a)

human, for example human blood and human blood products;

Amendment 53

Proposal for a regulation

Article 4 — paragraph 1 — point 2 — point b

Text proposed by the Commission

Amendment

(b)

animal,

(b)

animal, for example micro-organisms, whole animals, parts of organs, animal secretions, toxins, extracts, blood products;

Amendment 54

Proposal for a regulation

Article 4 — paragraph 1 — point 2 — point c

Text proposed by the Commission

Amendment

(c)

vegetable,

(c)

vegetable, for example micro-organisms, plants, parts of plants, vegetable secretions, extracts;

Amendment 55

Proposal for a regulation

Article 4 — paragraph 1 — point 2 — point c a (new)

Text proposed by the Commission

Amendment

(ca)

fungal;

Amendment 56

Proposal for a regulation

Article 4 — paragraph 1 — point 2 — point c b (new)

Text proposed by the Commission

Amendment

(cb)

microbial;

Amendment 57

Proposal for a regulation

Article 4 — paragraph 1 — point 2 — point d

Text proposed by the Commission

Amendment

(d)

chemical;

(d)

chemical , for example elements, naturally occurring chemical materials and chemical products obtained by chemical change or synthesis;

Amendment 58

Proposal for a regulation

Article 4 — paragraph 1 — point 2 — point d a (new)

Text proposed by the Commission

Amendment

(da)

mineral.

Amendment 59

Proposal for a regulation

Article 4 — paragraph 1 — point 2 a (new)

Text proposed by the Commission

Amendment

(2a)

‘active substance’ means a substance with a pharmacological activity;

Amendment 60

Proposal for a regulation

Article 4 — paragraph 1 — point 3

Text proposed by the Commission

Amendment

(3)

‘immunological veterinary medicinal product’ means a veterinary medicinal product consisting of vaccines, toxins, sera or allergen products and intended to be administered to an animal in order to produce active or passive immunity or to diagnose its state of immunity;

(3)

‘immunological veterinary medicinal product’ means a veterinary medicinal product, such as vaccines, toxins, sera or allergen products intended to be administered to an animal in order to produce active or passive immunity or to diagnose its state of immunity;

Amendment 61

Proposal for a regulation

Article 4 — paragraph 1 — point 7

Text proposed by the Commission

Amendment

(7)

‘homeopathic veterinary medicinal product’ means a veterinary medicinal product prepared from homeopathic stocks in accordance with a homeopathic manufacturing procedure described by the European Pharmacopoeia or, in the absence thereof, by the pharmacopoeias used officially in Member States;

(7)

‘homeopathic veterinary medicinal product’ means a veterinary medicinal product prepared in accordance with a homeopathic manufacturing procedure described by the European Pharmacopoeia or, in the absence thereof, by the pharmacopoeias used officially in Member States; a homeopathic veterinary medicinal product may contain a number of active ingredients;

Amendment 62

Proposal for a regulation

Article 4 — paragraph 1 — point 7 a (new)

Text proposed by the Commission

Amendment

(7a)

‘herbal medicinal product’ means any medicinal product, exclusively containing as active ingredients one or more herbal substances or one or more herbal preparations, or one or more such herbal substances in combination with one or more such herbal preparations;

Amendment 63

Proposal for a regulation

Article 4 — paragraph 1 — point 8

Text proposed by the Commission

Amendment

(8)

‘antimicrobial resistance’ means the ability of microorganisms to survive or to grow in the presence of a concentration of an antimicrobial agent which is usually sufficient to inhibit or kill microorganisms of the same species;

(8)

‘antimicrobial resistance’ means the ability of microorganisms to survive or to grow in the presence of a concentration of an antimicrobial agent which is usually sufficient to halt the growth of or kill microorganisms of the same species;

Amendment 64

Proposal for a regulation

Article 4 — paragraph 1 — point 8 a (new)

Text proposed by the Commission

Amendment

(8a)

‘antimicrobial’ means any compound with a direct action on micro-organisms used for treatment or prevention of infections; antimicrobials include anti-bacterials, anti-virals, anti-fungals and anti-protozoals; in the context of this Regulation, an antimicrobial substance refers to an antibacterial;

Amendment 65

Proposal for a regulation

Article 4 — paragraph 1 — point 8 b (new)

Text proposed by the Commission

Amendment

(8b)

‘antiparasitic’ means a medicinal product or substance used in the treatment of parasitic diseases attributable to various causes;

Amendment 66

Proposal for a regulation

Article 4 — paragraph 1 — point 8 c (new)

Text proposed by the Commission

Amendment

(8c)

‘antibacterial’ means a compound with a direct action on bacteria used for treatment or prevention of infections;

Amendment 67

Proposal for a regulation

Article 4 — paragraph 1 — point 9

Text proposed by the Commission

Amendment

(9)

‘clinical trial’ means a study which aims to examine under field conditions the safety or efficacy of a veterinary medicinal product or both under normal conditions of animal husbandry or as part of normal veterinary practice for the purpose of obtaining a marketing authorisation or a change thereof ;

(9)

‘clinical trial’ means a study which aims to examine under field conditions the safety or efficacy of a veterinary medicinal product or both under normal conditions of animal husbandry or as part of normal veterinary practice;

Amendment 68

Proposal for a regulation

Article 4 — paragraph 1 — point 10

Text proposed by the Commission

Amendment

(10)

‘pre-clinical study’ means a study not covered by the definition of clinical trial which aims to investigate the safety or efficacy of a veterinary medicinal product for the purpose of obtaining a marketing authorisation or a change thereof ;

(10)

‘pre-clinical study’ means a study not covered by the definition of clinical trial;

Amendment 69

Proposal for a regulation

Article 4 — paragraph 1 — point 11 — introductory part

Text proposed by the Commission

Amendment

(11)

‘benefit-risk balance’ means an evaluation of the positive effects of the veterinary medicinal product in relation to the following risks relating to the use of that product:

(11)

‘benefit-risk balance’ means an evaluation of the positive therapeutic effects of the veterinary medicinal product in relation to the following risks relating to the use of that product:

Amendment 70

Proposal for a regulation

Article 4 — paragraph 1 — point 12

Text proposed by the Commission

Amendment

(12)

‘common name’ means the international non-proprietary name recommended by the World Health Organisation for a veterinary medicinal product , or, if one does not exist, the name generally used ;

(12)

‘common name’ means the international non-proprietary name recommended by the World Health Organisation, or, if one does not exist, the usual common name;

Amendment 71

Proposal for a regulation

Article 4 — paragraph 1 — point 18

Text proposed by the Commission

Amendment

(18)

‘package leaflet’ means a documentation leaflet on a veterinary medicinal product which contains information to ensure its safe and efficacious use;

(18)

‘package leaflet’ means an information leaflet attached to a veterinary medicinal product which is intended for a user of the veterinary medicinal product and which contains information to ensure its safe and efficacious use which are compliant with the information provided for in the summary of product characteristics of the veterinary medicinal product ;

Amendment 72

Proposal for a regulation

Article 4 — paragraph 1 — point 20 — point b

Text proposed by the Commission

Amendment

(b)

veterinary medicinal products for animal species other than cattle, sheep, pigs, chickens, dogs and cats ;

(b)

veterinary medicinal products for animal species other than cattle, pigs, chickens, dogs , cats, salmon and sheep reared for their meat ;

Amendment 73

Proposal for a regulation

Article 4 — paragraph 1 — point 21

Text proposed by the Commission

Amendment

(21)

‘pharmacovigilance’ means the process of monitoring and investigating adverse events;

(21)

‘pharmacovigilance’ means scientific, control and administrative activities relating to detection, reporting, assessment, understanding, prevention and communication of adverse events which include continuous evaluation of the risk-benefit balance of veterinary medicinal products ;

Amendment 74

Proposal for a regulation

Article 4 — paragraph 1 — point 24

Text proposed by the Commission

Amendment

(24)

‘veterinary prescription’ means any prescription for a veterinary medicinal product issued by a professional person qualified to do so in accordance with applicable national law;

(24)

‘veterinary prescription’ means any prescription for a veterinary medicinal product issued by a  veterinarian or another professional person qualified to do so in accordance with applicable national law once a veterinary diagnosis has been established following a clinical examination of the animal ;

Amendment 75

Proposal for a regulation

Article 4 — paragraph 1 — point 25

Text proposed by the Commission

Amendment

(25)

‘withdrawal period’ means the minimum period between the last administration of a veterinary medicinal product to an animal and the production of foodstuffs from that animal which under normal conditions of use is necessary to ensure that such foodstuffs do not contain residues in quantities harmful to public health ;

(25)

‘withdrawal period’ means the period necessary between the last administration of a veterinary medicinal product to an animal under normal conditions of use, and the production of foodstuffs from that animal , for the purpose of ensuring that such foodstuffs do not contain residues in quantities greater than the maximum limits established under Regulation (EC) No 470/2009 of the European Parliament and of the Council  (1a);

Amendment 76

Proposal for a regulation

Article 4 — paragraph 1 — point 26

Text proposed by the Commission

Amendment

(26)

‘making available on the market’ means any supply of a veterinary medicinal product for distribution, consumption or use on the Union market in the course of a commercial activity, whether in return for ***payment*** or free of charge;

(26)

‘making available on the market’ means any supply of a veterinary medicinal product for distribution, consumption or use on the market of a Member State in the course of a commercial activity, whether in return for ***payment*** or free of charge;

Amendment 77

Proposal for a regulation

Article 4 — paragraph 1 — point 27 a (new)

Text proposed by the Commission

Amendment

(27a)

‘ essentially similar product ’ means a generic product that satisfies the criteria of having the same qualitative and quantitative composition in terms of active substances, of having the same pharmaceutical form, and of being bioequivalent to the original product, unless it is apparent in the light of scientific knowledge that it differs from the original product as regards safety and efficacy;

Amendment 78

Proposal for a regulation

Article 4 — paragraph 1 — point 27 b (new)

Text proposed by the Commission

Amendment

(27b)

‘marketing authorisation holder’ means the holder of a marketing authorisation granted in accordance with this Regulation;

Amendment 79

Proposal for a regulation

Article 4 — paragraph 1 — point 27 c (new)

Text proposed by the Commission

Amendment

(27c)

‘good animal husbandry’ means the management and care of farm animals by humans for profit whilst ensuring the health and welfare of these animals by respecting and safeguarding the specific needs of each species and by minimising as much as possible the need to use veterinary pharmaceutical products;

Amendment 80

Proposal for a regulation

Article 4 — paragraph 1 — point 27 d (new)

Text proposed by the Commission

Amendment

(27d)

‘responsible use of veterinary medicinal products’ means ensuring good husbandry and management practices such as biosecurity measures aiming to keep groups of animals healthy or to limit the spread of disease within an animal population, as well as asking veterinary advice, following vaccination ***programmes*** and prescription instructions, and ensuring good hygiene, appropriate nutrition and regular monitoring of health and welfare;

Amendment 81

Proposal for a regulation

Article 4 — paragraph 1 — point 27 e (new)

Text proposed by the Commission

Amendment

(27e)

‘adverse events’ means any of the undesirable events set out in Article 73(2);

Amendment 82

Proposal for a regulation

Article 4 — paragraph 1 — point 27 f (new)

Text proposed by the Commission

Amendment

(27f)

‘serious adverse events’ means any adverse event which results in death, is life-threatening, results in significant disability or incapacity, is a congenital anomaly or birth defect, or which results in permanent or prolonged signs in the animals treated;

Amendment 83

Proposal for a regulation

Article 4 — paragraph 1 — point 27 g (new)

Text proposed by the Commission

Amendment

(27 g)

‘curative (therapeutic) treatment’ means the treatment of an ill animal or group of animals, when the diagnosis of disease or infection has been made;

Amendment 84

Proposal for a regulation

Article 4 — paragraph 1 — point 27 h (new)

Text proposed by the Commission

Amendment

(27h)

‘control treatment (metaphylaxis)’ means the treatment of a group of animals after the diagnosis of clinical disease in part of the group, with the aim of treating the clinically sick animals and controlling the spread of the disease to animals in close contact and at risk which may already be subclinically infected; the presence of such a disease in the group shall be established before the product is used;

Amendment 85

Proposal for a regulation

Article 4 — paragraph 1 — point 27 i (new)

Text proposed by the Commission

Amendment

(27i)

‘preventive treatment (prophylaxis)’ means the treatment of an animal or a group of animals before clinical signs of disease emerge, in order to prevent the occurrence of disease or infection;

Amendment 86

Proposal for a regulation

Article 4 — paragraph 1 — point 27 j (new)

Text proposed by the Commission

Amendment

(27j)

‘parallel importation’ means the importation into a Member State of a veterinary medicinal product authorised in another Member State in accordance with this Regulation and having the same characteristics as the veterinary medicinal product authorised in the Member State of import, in particular with:

(a)

the same qualitative and quantitative composition in terms of active substances and excipients and the same pharmaceutical form;

(b)

the same therapeutic indications and target species. The medicinal product authorised in the Member State and the product imported in parallel shall have been either harmonised under Article 69 or 70 or authorised in accordance with Articles 46 and 48;

Amendment 87

Proposal for a regulation

Article 4 — paragraph 1 — point 27 k (new)

Text proposed by the Commission

Amendment

(27k)

‘parallel distribution’ means distribution from one Member State to another Member State of a veterinary medicinal product authorised under a centralised procedure by an establishment authorised as referred to in Article 105 which is independent of the holder of the marketing authorisation;

Amendment 88

Proposal for a regulation

Article 4 — paragraph 1 — point 27 l (new)

Text proposed by the Commission

Amendment

(27l)

‘wholesale distribution’ means all activities consisting of procuring, holding, supplying or exporting veterinary medicinal products, whether in return for ***payment*** or free of charge, apart from retail supply; such activities are carried out with manufacturers or their depositories, importers, other wholesale distributors or with pharmacists and persons authorised or entitled to supply medicinal products to the public in accordance with applicable national law;

Amendment 89

Proposal for a regulation

Article 4 — paragraph 1 — point 27 m (new)

Text proposed by the Commission

Amendment

(27m)

‘name of veterinary medicinal product’ means the name, which may be either an invented name not liable to confusion with the common name, or a common or scientific name accompanied by a trademark or the name of the marketing authorisation holder;

Amendment 90

Proposal for a regulation

Article 4 — paragraph 1 — point 27 n (new)

Text proposed by the Commission

Amendment

(27n)

‘pre-mix for medicated feedingstuffs’ means any veterinary medicinal product prepared in advance with a view to the subsequent manufacture of medicated feeding stuffs in accordance with Regulation (EU) …/… of the European Parliament and of the Council  (\*1) .

Amendment 91

Proposal for a regulation

Article 5 — paragraph 1

Text proposed by the Commission

Amendment

1.   A veterinary medicinal product shall be placed on the market only when a marketing authorisation has been granted in respect of the product by a competent authority in accordance with Articles 44, 46 or 48 or by the Commission in accordance with Article 40 .

1.    Without prejudice to other provisions of this Regulation, a veterinary medicinal product shall be placed on the market of a Member State only when a marketing authorisation has been granted in respect of the product by a competent authority of that Member State or by the Commission in accordance with this Regulation .

Amendment 92

Proposal for a regulation

Article 5 — paragraph 2

Text proposed by the Commission

Amendment

2.   A marketing authorisation for a veterinary medicinal product shall be valid for an unlimited period of time.

2.   A marketing authorisation for a veterinary medicinal product shall be valid for an unlimited period of time , unless risks to public health, animal health and the environment are detected or new scientific knowledge gives grounds for re-examination of the benefit risk balance. In such situations Member States or the Commission shall refer the matter to the Agency in accordance with the procedure described in Article 84.

When a previously authorised veterinary medicinal product has not been present on the market in any Member State for a period of five consecutive ***years***, the authorisation granted for that veterinary medicinal product shall cease to be valid.

The competent authority may, in exceptional circumstances, and on human or animal health grounds, grant an exemption from the termination of validity referred to in the second subparagraph. Such exemptions shall be duly justified.

The marketing authorisation holder shall be responsible for marketing the medicinal product. The designation of a representative shall not relieve the marketing authorisation holder of its legal responsibility.

Amendment 93

Proposal for a regulation

Article 6 — paragraph 1 — point c

Text proposed by the Commission

Amendment

(c)

the mutual recognition procedure laid down in Articles 47 and 48.

(c)

the mutual recognition procedure laid down in Articles 47, 48 and 57 .

Amendment 94

Proposal for a regulation

Article 6 — paragraph 3

Text proposed by the Commission

Amendment

3.   Applications shall be submitted electronically . For applications submitted in accordance with the centralised marketing authorisation procedure, the formats made available by the Agency shall be used .

3.   Applications shall be submitted electronically or saved in exceptional circumstances and following agreement with a competent authority or in the case of centralised application, with the Agency. The Commission, in collaboration with the Member States and with the Agency shall adopt detailed guidelines on the format of electronic applications .

Amendment 95

Proposal for a regulation

Article 6 — paragraph 5

Text proposed by the Commission

Amendment

5.    Within 15 days of receipt of the application , the competent authority or the Agency shall notify the applicant of whether all data required in accordance with Article 7 have been presented .

5.    Without prejudice to specific provisions related to the mutual recognition procedure or the decentralised procedure , the competent authority or the Agency shall , within 15 days of receipt of the application, notify the applicant whether the formal requirements laid down in this Regulation for the application concerned have been met and whether the application can be subject to scientific assessment .

Amendment 96

Proposal for a regulation

Article 7 — paragraph 2 — point a

Text proposed by the Commission

Amendment

(a)

documentation on the direct or indirect risks to public or animal health of use of the antimicrobial veterinary medicinal product in animals,

(a)

documentation on the direct or indirect risks to public or animal health or the environment of use of the antimicrobial veterinary medicinal product in animals,

Amendment 97

Proposal for a regulation

Article 7 — paragraph 2 — point b

Text proposed by the Commission

Amendment

(b)

information about risk mitigation measures to limit antimicrobial resistance development related to the use of veterinary medicinal product.

(b)

information about risk mitigation measures to limit antimicrobial resistance development related to the use of veterinary medicinal product , including specifications that the product is not to be used as a routine prophylactic or metaphylactic measure in food-producing animals, and is not to be used in prophylactic group treatments where there has been no diagnosis of disease .

Amendment 98

Proposal for a regulation

Article 7 — paragraph 3

Text proposed by the Commission

Amendment

3.   Where the application concerns a veterinary medicinal product intended for food-producing target species and containing pharmacologically active substances that are not listed in Table 1 of the Annex to Regulation (EU) No 37/2010 for the animal species in question, a document certifying that a valid application for the establishment of maximum residue limits has been submitted to the Agency in accordance with Regulation (EC) No 470/2009 of the European Parliament and of the Council (22) shall be submitted in addition to the information listed in paragraph 1.

3.   Where the application concerns a veterinary medicinal product intended for food-producing target species and containing pharmacologically active substances that are not listed in Table 1 of the Annex to Regulation (EU) No 37/2010 for the animal species in question, a document shall be submitted in addition to the information listed in paragraph 1 of this Article certifying that a valid application for the establishment of maximum residue limits has been submitted to the Agency in accordance with Regulation (EC) No 470/2009 of the European Parliament and of the Council (22) and that at least six months has elapsed from submission of such application.

Amendment 100

Proposal for a regulation

Article 8 — paragraph 2

Text proposed by the Commission

Amendment

2.    Approvals of clinical trials shall be granted on condition that food-producing animals used in the clinical trials or their produce do not enter the human food chain unless:

2.    Member States shall not permit test animals to be used as a source of foodstuffs for human consumption unless the competent authorities have established an appropriate withdrawal period. Such period shall either:

(a)

the tested product is a veterinary medicinal product authorised for the food-producing species used in the clinical trial, and the withdrawal period set out in the summary of the product characteristics is respected, or

(a)

be at least as long as the withdrawal period laid down in Article 117, including, where appropriate, a safety factor reflecting the nature of the substance being tested; or

(b)

the tested product is an authorised veterinary medicinal product for target species other than the food-producing species used in the clinical trial and the withdrawal period set out in accordance with Article 117 is respected.

(b)

if maximum residue limits have been established by the Union in accordance with Regulation (EC) No 470/2009, the period shall be such as to ensure that those residue limits will not be exceeded in foodstuffs.

Amendment 101

Proposal for a regulation

Article 8 — paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a.     The principles of replacement, reduction and refinement concerning the care and use of live animals for scientific purposes shall be taken into account during the design and performance of clinical trials.

Amendment 102

Proposal for a regulation

Article 8 — paragraph 6 a (new)

Text proposed by the Commission

Amendment

6a.     The holder of the clinical trial authorisation shall notify the competent authority of every serious adverse event and all human adverse reactions shall be notified promptly and in any case not later than 15 days following receipt of the information.

Amendment 103

Proposal for a regulation

Article 9

Text proposed by the Commission

Amendment

Labelling of the immediate packaging of veterinary medicinal products

Labelling of the immediate packaging of veterinary medicinal products

1.   The immediate packaging of a veterinary medicinal product shall contain only the following information:

1.   The immediate packaging of a veterinary medicinal product shall contain only the following information:

(a)

the name of the veterinary medicinal product, followed by its strength and pharmaceutical form;

(a)

the name of the veterinary medicinal product, followed by its strength and pharmaceutical form;

(b)

a statement of the active substances expressed qualitatively and quantitatively per unit or according to the form of administration for a particular volume or weight, using their common names;

(b)

a statement of the active substances expressed qualitatively and quantitatively per unit or according to the form of administration for a particular volume or weight, using their common names;

(c)

the batch number, preceded by the word ‘Lot’;

(c)

the batch number, preceded by the word ‘Lot’;

(d)

the name or corporate name or logo name of the marketing authorisation holder;

(d)

the name or corporate name or logo name of the marketing authorisation holder;

(e)

the target species;

(e)

the target species;

(f)

the expiry date, in the format: ‘mm/yyyy’, preceded by the abbreviation ‘Exp.’;

(f)

the expiry date, in the format: ‘mm/yyyy’, preceded by the abbreviation ‘Exp.’;

(g)

special storage precautions, if any.

(g)

special storage precautions, if any.

1a.     In exceptional cases, additional information in accordance with Article 30 may be included, on request of the applicant or the competent authority when it is absolutely necessary to ensure the safe and correct administration of the product.

2.   The information listed in paragraph 1 shall appear in easily legible and clearly comprehensible characters, or, where appropriate, abbreviations or pictograms common throughout the Union.

2.   The information listed in paragraph 1 shall appear in easily legible and clearly comprehensible characters, or, where appropriate, abbreviations or pictograms common throughout the Union.

2a.     In addition, all the information listed in points (a) to (g) of paragraph 1 shall also appear in a format that is electronically readable, such as a barcode. Data shall be made available for other documentation systems through standards interface.

Amendment 104

Proposal for a regulation

Article 10

Text proposed by the Commission

Amendment

Labelling of the outer packaging of veterinary medicinal products

Labelling of the outer packaging of veterinary medicinal products

1.   The outer packaging of a veterinary medicinal product shall contain only the following information:

1.   The outer packaging of a veterinary medicinal product shall contain only the following information:

(a)

the information listed in Article 9(1);

(a)

the information listed in Article 9(1);

(b)

the contents by weight, volume or number of immediate packaging units of the veterinary medicinal product;

(b)

the contents by weight, volume or number of immediate packaging units of the veterinary medicinal product;

(c)

warning that the veterinary medicinal product must be kept out of the sight and reach of children;

(c)

warning that the veterinary medicinal product must be kept out of the sight and reach of children;

(d)

warning that the veterinary medicinal product is for animal treatment only;

(d)

a common pictogram warning that the veterinary medicinal product is for animal treatment only;

(e)

recommendation to read the package leaflet;

(e)

recommendation to read the package leaflet;

(f)

requirement to use take-back schemes for veterinary medicinal products for the disposal of unused veterinary medicinal products or waste materials derived from the use of such products and, if appropriate, additional precautions as regarding hazardous waste disposal of unused veterinary medicinal products or waste materials derived from the use of such products;

(f)

requirement to use take-back schemes for veterinary medicinal products for the disposal of unused veterinary medicinal products or waste materials derived from the use of such products in accordance with the applicable law;

(g)

in case of homeopathic veterinary medicinal products, the statement ‘homeopathic veterinary medicinal product’.

(g)

in case of homeopathic veterinary medicinal products, the statement ‘homeopathic veterinary medicinal product’.

1a.     In exceptional cases, additional information in accordance with Article 30 may be included, on request of the applicant or the competent authority when it is absolutely necessary to ensure safe and correct administration of the product.

2.   The information listed in paragraph 1 shall appear in easily legible and clearly comprehensible characters, or, where appropriate, abbreviations or pictograms common throughout the Union.

2.   The information listed in paragraph 1 shall appear in easily legible and clearly comprehensible characters, as well as in machine-readable format , or, where appropriate, abbreviations or pictograms common throughout the Union.

3.   Where there is no outer packaging, all the particulars listed in paragraph 1 shall appear on the immediate packaging.

3.   Where there is no outer packaging, all the particulars listed in paragraph 1 shall appear on the immediate packaging.

Amendment 105

Proposal for a regulation

Article 11

Text proposed by the Commission

Amendment

Labelling of small immediate packaging units of veterinary medicinal products

Labelling of small immediate packaging units of veterinary medicinal products

By way of derogation from Article 9, small immediate packaging units shall contain only the following information:

By way of derogation from Article 9, small immediate packaging units shall contain only the following information:

(a)

the name of veterinary medicinal product;

(a)

the name of veterinary medicinal product;

(b)

the quantitative particulars of the active substances;

(b)

the quantitative particulars of the active substances, unless the product exists in only one concentration or the concentration is reflected in the name;

(c)

the batch number, preceded by the word ‘Lot’;

(c)

the batch number, preceded by the word ‘Lot’;

(d)

the expiry date, in the format: ‘mm/yyyy’, preceded by the abbreviation ‘Exp.’

(d)

the expiry date, in the format: ‘mm/yyyy’, preceded by the abbreviation ‘Exp.’.

In exceptional cases, additional information in accordance with Article 30 may be included, on request of the applicant or the competent authority when it is absolutely necessary to ensure safe and correct administration of the product.

Amendment 106

Proposal for a regulation

Article 12

Text proposed by the Commission

Amendment

Package leaflet of veterinary medicinal products

Package leaflet of veterinary medicinal products

1.   The package leaflet shall be available for each veterinary medicinal product and shall contain at least the following information:

1.   The package leaflet shall be directly available with each veterinary medicinal product and shall contain at least the following information:

(a)

the name or corporate name and permanent address or registered place of business of the marketing authorisation holder and of the manufacturer and, where applicable, of the representative of the marketing authorisation holder;

(a)

the name or corporate name and permanent address or registered place of business of the marketing authorisation holder and of the manufacturer and, where applicable, of the representative of the marketing authorisation holder;

(b)

the name of the veterinary medicinal product or, where applicable, a list of the names of the veterinary medicinal product, as authorised in different Member States;

(b)

the name of the veterinary medicinal product or, where applicable, a list of the names of the veterinary medicinal product, as authorised in different Member States;

(c)

the strength and pharmaceutical form of the veterinary medicinal product;

(c)

the strength and pharmaceutical form of the veterinary medicinal product;

(d)

the target species, the dosage for each species, the method and route of administration and advice on correct administration , if necessary ;

(d)

the target species, the dosage for each species, the method and route of administration and , if necessary, advice on correct administration;

(e)

the therapeutic indications;

(e)

the therapeutic indications;

(f)

the contra-indications and adverse events in so far as this information is necessary for the use of the veterinary medicinal product;

(f)

the contra-indications and adverse events in so far as this information is necessary for the use of the veterinary medicinal product;

(g)

the withdrawal period, even if this is nil, in the event that the target species are food-producing animals;

(g)

the withdrawal period, even if this is nil, in the event that the target species are food-producing animals;

(h)

special storage precautions, if any;

(h)

special storage precautions, if any;

(i)

information essential for safety or health protection, including any special precautions relating to use and any other warnings;

(i)

information essential for safety or health protection, including any special precautions relating to use and any other warnings;

(j)

requirement to use take-back schemes for veterinary medicinal products for the disposal of unused veterinary medicinal products or waste materials derived from the use of such products and, if appropriate, additional precautions regarding hazardous waste disposal of unused veterinary medicinal products or waste materials derived from the use of such products;

(j)

requirement to use take-back schemes for veterinary medicinal products for the disposal of unused veterinary medicinal products or waste materials derived from the use of such products in accordance with the applicable law;

(k)

the marketing authorisation number;

(l)

in case of generic veterinary medicinal products, the statement ‘generic veterinary medicinal product’;

(l)

in case of generic veterinary medicinal products, the statement ‘generic veterinary medicinal product’;

(m)

in case of homeopathic veterinary medicinal products, the statement ‘homeopathic veterinary medicinal product’.

(m)

in case of homeopathic veterinary medicinal products, the statement ‘homeopathic veterinary medicinal product’;

(ma)

qualitative and quantitative composition.

2.   The package leaflet may bear additional information concerning distribution, possession or any necessary precaution in conformity with the marketing authorisation, provided that the information is not promotional. This additional information shall appear in the package leaflet clearly separated from the information referred to in paragraph 1.

2.   The package leaflet may bear additional information concerning distribution, possession or any necessary precaution in conformity with the marketing authorisation, provided that the information is not promotional. This additional information shall appear in the package leaflet clearly separated from the information referred to in paragraph 1.

3.   The package leaflet shall be written and designed to be clear and understandable, in terms that are comprehensible to the general public.

3.   The package leaflet shall be written and designed to be clear , readable and understandable, in terms that are comprehensible to the general public.

Amendment 107

Proposal for a regulation

Article 13

Text proposed by the Commission

Amendment

Package leaflet of homeopathic veterinary medicinal products

Package leaflet of homeopathic veterinary medicinal products

By way of derogation from Article 12(1), the package leaflet for homeopathic veterinary medicinal products registered in accordance with Articles 89 to 90 shall contain only the following information:

By way of derogation from Article 12(1), the package leaflet for homeopathic veterinary medicinal products registered in accordance with Articles 89 to 90 shall contain only the following information:

(a)

the scientific name of the stock or stocks followed by the degree of dilution, using the symbols of the European Pharmacopoeia or, in the absence thereof, of the pharmacopoeias currently used officially in Member States;

(a)

the scientific name of the stock or stocks followed by the degree of dilution, using the symbols of the European Pharmacopoeia or, in the absence thereof, of the pharmacopoeias currently used officially in Member States; if the homeopathic veterinary medicinal product is composed of more than one stock, the scientific names of the stocks may be supplemented by a brand name in the label;

(b)

name and address of the marketing authorisation holder and, where appropriate, of the manufacturer;

(b)

name and address of the marketing authorisation holder and, where appropriate, of the manufacturer;

(c)

method of administration and, if necessary, route;

(c)

method of administration and, if necessary, route;

(d)

the expiry date, in the format ‘mm/yyyy’, preceded by the abbreviation ‘Exp.’;

(e)

pharmaceutical form;

(e)

pharmaceutical form;

(f)

special storage precautions, if any;

(f)

special storage precautions, if any;

(g)

target species;

(g)

target species, as well as dosage levels for the different target species;

(h)

a special warning if necessary for the medicinal product;

(h)

a special warning if necessary for the medicinal product;

(i)

the batch number, preceded by the word ‘Lot’;

(j)

registration number;

(j)

registration number;

(k)

withdrawal period, if applicable.

(k)

withdrawal period, if applicable;

(l)

the statement ‘homeopathic veterinary medicinal product’.

(l)

the statement ‘homeopathic veterinary medicinal product’.

Amendment 108

Proposal for a regulation

Article 16 — paragraph 2

Text proposed by the Commission

Amendment

2.   For the purpose of this Section, where the active substance consists of salts, esters, ethers, isomers and mixtures of isomers, complexes or derivatives differing from the active substance used in the reference veterinary medicinal product, it shall be considered to be the same active substance as that used in the reference veterinary medicinal product, unless it differs significantly in respect of properties with regard to safety or efficacy. Where it differs significantly in respect of those properties, the applicant shall submit additional information in order to prove the safety and/or efficacy of the various salts, esters or derivatives of the authorised active substance of the reference veterinary medicinal product.

2.   For the purpose of this Section, where the active substance consists of salts, esters, ethers, isomers and mixtures of isomers, complexes or derivatives differing from the active substance used in the reference veterinary medicinal product, it shall be considered to be the same active substance as that used in the reference veterinary medicinal product, unless it differs significantly in respect of properties with regard to safety, efficacy and behaviour of residues . Where it differs significantly in respect of those properties, the applicant shall submit additional information in order to prove the safety and/or efficacy of the various salts, esters or derivatives of the authorised active substance of the reference veterinary medicinal product.

Amendment 109

Proposal for a regulation

Article 16 — paragraph 6

Text proposed by the Commission

Amendment

6.    A competent authority or the Agency may require the applicant to provide safety data concerning the potential risks posed by the generic veterinary medicinal product to the environment in case the marketing authorisation for the reference veterinary medicinal product was granted before 20 July 2000 or in case the second phase environmental risk assessment was required for the reference veterinary medicinal product.

6.    The applicant shall submit to the competent authority or the Agency , on their request, safety data concerning the potential risks posed by the generic veterinary medicinal product to the environment if there are well founded reasons to believe that authorisation can result in an increased risk to the environment from the generic product as compared to the reference product.

Amendment 110

Proposal for a regulation

Article 17 — paragraph 1 — introductory part

Text proposed by the Commission

Amendment

By way of derogation from Article 7(1)(b) an application for a marketing authorisation for a veterinary medicinal product containing a combination of active substances that have each already been used in authorised veterinary medicinal products , but have not hitherto been authorised in that combination (‘combination veterinary medicinal product’) shall satisfy the following criteria:

By way of derogation from Article 7(1)(b) an application for a marketing authorisation for a veterinary medicinal product containing a combination of active substances that have each already been used in authorised veterinary medicinal products shall satisfy the following criteria:

Amendment 111

Proposal for a regulation

Article 21

Text proposed by the Commission

Amendment

Reduced data requirements for applications for limited markets

Reduced data requirements for applications for limited markets

1.   By way of derogation from Article 7(1)(b), a marketing authorisation for a veterinary medicinal product intended for a limited market shall be granted although the quality and/or efficacy documentation required in accordance with Annex II has not been provided, if all the following conditions are met :

1.   By way of derogation from Article 7(1)(b), a marketing authorisation for a veterinary medicinal product intended for a limited market shall be granted even when , for objective, verifiable reasons, the applicant is unable to provide the quality and/or efficacy documentation required in accordance with Annex II , subject to the following conditions:

(a)

the benefit of the immediate availability on the market of the veterinary medicinal product to the animal or public health outweighs the risk inherent in the fact that certain documentation has not been provided;

(a)

the benefit of the immediate availability on the market of the veterinary medicinal product to the animal or public health outweighs the risk inherent in the fact that certain documentation has not been provided;

(b)

the applicant provides the evidence that the veterinary medicinal product is intended for a limited market.

(b)

the applicant provides the evidence that the veterinary medicinal product is intended for a limited market.

2.   By way of derogation from Article 5(2), a marketing authorisation for a limited market shall be granted for a period of 3 ***years***.

2.   By way of derogation from Article 5(2), a marketing authorisation for a limited market shall be granted for a period of five ***years***. At the end of that period, the holder may request, in the light of scientific data and on grounds of pharmacovigilance and efficiency, that this authorisation be converted into an open-ended authorisation.

3.   Where a medicinal product has been granted a marketing authorisation in accordance with this Article, the summary of product characteristics shall clearly state that only a limited assessment of quality and/or efficacy has been conducted due to the lack of comprehensive efficacy and/or quality data .

3.   Where a medicinal product has been granted a marketing authorisation in accordance with this Article, the summary of product characteristics shall clearly state that only limited information on its quality and efficacy has been submitted . The packaging shall bear a warning with the same information.

3a.     A veterinary medicinal product that has been granted marketing authorisation in accordance with this Article may only be issued on the basis of a prescription.

Amendment 113

Proposal for a regulation

Article 22

Text proposed by the Commission

Amendment

Data requirements for applications in exceptional circumstances

Data requirements for applications in exceptional circumstances

1.   By way of derogation from Article 7(1)(b), in exceptional circumstances related to animal or public health, where the applicant has demonstrated that for objective, verifiable reasons he is unable to provide the quality, safety and/or efficacy documentation required in accordance with Part 1, Part 2 and Part 3 of Annex II, a marketing authorisation may be granted subject to any of the following:

1.   By way of derogation from Article 7(1)(b), in exceptional circumstances related to animal or public health, including unmet needs with respect to animal health, where the applicant has demonstrated that for objective, verifiable reasons he is unable to provide the quality, safety and/or efficacy documentation required in accordance with Part 1, Part 2 and Part 3 of Annex II, a marketing authorisation may be granted subject to any of the following:

(a)

a requirement to introduce conditions or restrictions, in particular concerning the safety of the veterinary medicinal product;

(a)

a requirement to introduce conditions or restrictions, in particular concerning the safety of the veterinary medicinal product;

(b)

a requirement to notify the competent authorities of any incident relating to the use of the veterinary medicinal product;

(b)

a requirement to notify the competent authorities of any adverse event relating to the use of the veterinary medicinal product;

(c)

a requirement to conduct post-authorisation studies.

(c)

a requirement to provide further data based on either post-authorisation studies or on data collected on the performance of the product in the field, where data from the field is identified as more appropriate based on a risk-benefit assessment.

2.    By way of derogation from Article 5(2), a marketing authorisation in exceptional circumstances shall be granted for a period of 1 ***year*** .

2.    The continuation of a marketing authorisation granted in accordance with paragraph 1 shall be tied to an annual review of the conditions set out in that paragraph, until all those conditions are fulfilled .

3.   Where a medicinal product has been granted a marketing authorisation in accordance with this Article, the summary of product characteristics shall clearly state that only a limited assessment of quality, safety and/or efficacy has been conducted due to the lack of comprehensive quality, safety and/or efficacy data.

3.   Where a medicinal product has been granted a marketing authorisation in accordance with this Article, the summary of product characteristics shall clearly state that only a limited assessment of quality, safety and/or efficacy has been conducted due to the lack of comprehensive quality, safety and/or efficacy data. The packaging shall bear a warning with the same information.

3a.     The competent authority or the Commission may at any time grant a valid marketing authorisation for an unlimited period of time, provided that no safety or efficacy problems have been reported with the product in use and the marketing authorisation holder has supplied the missing quality, safety and efficacy information set out in paragraph 1.

3b.     A veterinary medicinal product that has been granted marketing authorisation in accordance with this Article may only be issued on the basis of a prescription.

Amendment 114

Proposal for a regulation

Article 25 — paragraph 1

Text proposed by the Commission

Amendment

The competent authority shall ascertain that the manufacturers of veterinary medicinal products from third countries are able to manufacture the veterinary medicinal product concerned and/or carry out control tests in accordance with the methods described in the documentation submitted in support of the application in accordance with Article 7(1).

The competent authority shall ascertain that the manufacturers of veterinary medicinal products from third countries comply with applicable Union law, are able to manufacture the veterinary medicinal product concerned and/or carry out control tests in accordance with the methods described in the documentation submitted in support of the application in accordance with Article 7(1) and that they minimise environmental pollution .

Amendment 115

Proposal for a regulation

Article 28 — paragraph 3

Text proposed by the Commission

Amendment

3.   Where the application concerns an antimicrobial veterinary medicinal product, the competent authority or the Commission may require the marketing authorisation holder to conduct post-authorisation studies in order to ensure that the benefit-risk balance remains positive with a view to the possible development of antimicrobial resistance.

3.   Where the application concerns an antimicrobial veterinary medicinal product, the competent authority or the Commission shall require the marketing authorisation holder to conduct post-authorisation studies in order to ensure that the benefit-risk balance remains positive with a view to the possible development of antimicrobial resistance.

Amendments 116 and 298

Proposal for a regulation

Article 29

Text proposed by the Commission

Amendment

Requirement for a veterinary prescription

Requirement for a veterinary prescription

1.    A competent authority or the Commission shall classify the following veterinary medicinal products as subject to veterinary prescription:

1.    The following veterinary medicinal products shall be subject to mandatory veterinary prescription:

(a)

veterinary medicinal products which contain psychotropic drugs or narcotics, including those covered by the United Nations Single Convention on Narcotic Drugs of 1961 as amended by the 1972 Protocol and the United Nations Convention on Psychotropic Substances of 1971;

(a)

veterinary medicinal products which contain psychotropic drugs or narcotics, including those covered by the United Nations Single Convention on Narcotic Drugs of 1961 as amended by the 1972 Protocol and the United Nations Convention on Psychotropic Substances of 1971;

(b)

veterinary medicinal products for food-producing animals;

(b)

veterinary medicinal products for food-producing animals;

(c)

antimicrobial veterinary medicinal products;

(c)

antimicrobial veterinary medicinal products;

(d)

products intended for treatments of pathological processes which require a precise prior diagnosis or the use of which may have effects which impede or interfere with subsequent diagnostic or therapeutic measures;

(d)

products intended for treatments of pathological processes which require a precise prior diagnosis or the use of which may have effects which impede or interfere with subsequent diagnostic or therapeutic measures;

(e)

officinal formulae intended for food-producing animals;

(e)

officinal formulae intended for food-producing animals;

(f)

veterinary medicinal products containing an active substance that has been authorised for less than 5 ***years*** in the Union.

(f)

veterinary medicinal products containing an active substance that has been authorised for less than 5 ***years*** in the Union;

(fa)

veterinary medicinal products for which marketing authorisations have been granted in accordance with Article 21 and/or 22.

1a.     Member States may on their territories provide for additional legal subcategories in accordance with the respective national law.

2.    A competent authority or the Commission may classify a veterinary medicinal product as subject to veterinary prescription where special precautions are contained in the summary of product characteristics referred to in Article 30, and in particular potential risks to:

2.   A veterinary medicinal product may be classified as subject to mandatory veterinary prescription where special precautions are contained in the summary of product characteristics referred to in Article 30, and in particular potential risks to:

(a)

the target species,

(a)

the target species,

(b)

the person administering the products to the animal,

(b)

the person administering the products to the animal,

(c)

the environment

(c)

the environment.

3.   By the way of derogation from paragraph 1, a competent authority or the Agency may not classify a veterinary medicinal product as subject to veterinary prescription if all of the following conditions are fulfilled:

3.   By the way of derogation from paragraph 1, a competent authority or the Commission may exempt a veterinary medicinal product from a mandatory veterinary prescription if all of the following conditions are fulfilled:

(a)

the administration of the veterinary medicinal product is restricted to pharmaceutical forms requiring no particular knowledge or skill in using the products;

(a)

the administration of the veterinary medicinal product is restricted to pharmaceutical forms requiring no particular knowledge or skill in using the products;

(b)

the veterinary medicinal product does not present a direct or indirect risk, even if administered incorrectly, to the animal(s) treated, to the person administering the product or to the environment;

(b)

the veterinary medicinal product does not present a direct or indirect risk, even if administered incorrectly, to the animal(s) treated, to the person administering the product or to the environment;

(c)

the summary of the product characteristics of the veterinary medicinal product does not contain any warnings of potential serious side effects deriving from its correct use;

(c)

the summary of the product characteristics of the veterinary medicinal product does not contain any warnings of potential serious adverse events deriving from its correct use;

(d)

neither the veterinary medicinal product nor any other product containing the same active substance has previously been the subject of frequent adverse event reporting;

(d)

neither the veterinary medicinal product nor any other product containing the same active substance has previously been the subject of frequent adverse event reporting;

(e)

the summary of the product characteristics does not refer to contraindications related to other veterinary medicinal products commonly used without prescription;

(e)

the summary of the product characteristics does not refer to contraindications related to other veterinary medicinal products commonly used without prescription;

(f)

the veterinary medicinal product is not subject to special storage conditions;

(g)

there is no risk for public health as regards residues in food obtained from treated animals even where the veterinary medicinal products are used incorrectly;

(g)

there is no risk for public health as regards residues in food obtained from treated animals even where the veterinary medicinal products are used incorrectly;

(h)

there is no risk to public or animal health as regards the development of resistance to anthelmintic substances even where the veterinary medicinal products containing those substances are used incorrectly.

(h)

there is no risk to public or animal health as regards the development of antiparasitic resistance even where the veterinary medicinal products containing those substances are used incorrectly.

Amendment 117

Proposal for a regulation

Article 29 — paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a.     Notwithstanding paragraph 1, medicinal products for veterinary use may be used without prescription if:

(a)

they are registered as single homeopathic products and released for sale in pharmacies, have a dilution of not less than D4 (1:10 000 ) and are not produced using alcohol;

(b)

they are registered as complex homeopathic products, contain no individual components below a dilution of D4, are released for sale in pharmacies and are not produced using alcohol.

Amendment 118

Proposal for a regulation

Article 30 — paragraph 1 — point b

Text proposed by the Commission

Amendment

(b)

qualitative and quantitative composition of the active substances or other constituents stating the common name or the chemical description of the substances or other constituents;

(b)

qualitative and quantitative composition of the active substances and all the essential constituents, stating the common name or the chemical description of the substances or other constituents;

Amendment 119

Proposal for a regulation

Article 30 — paragraph 1 — point c — point vi

Text proposed by the Commission

Amendment

(vi)

frequency and seriousness of adverse events ,

(vi)

frequency and seriousness of adverse reactions ,

Amendment 120

Proposal for a regulation

Article 30 — paragraph 1 — point c — point xiii

Text proposed by the Commission

Amendment

(xiii)

special conditions for use, including restrictions on the use of antimicrobials in order to limit the risk of development of antimicrobial resistance,

(xiii)

special conditions for use, including restrictions on the use of antimicrobials in order to limit the risk of development of antimicrobial resistance, and specifying that the product is not allowed to be used as a routine preventive measure,

Amendment 121

Proposal for a regulation

Article 30 — paragraph 1 — point e — point iii a (new)

Text proposed by the Commission

Amendment

(iiia)

list of excipients,

Amendment 122

Proposal for a regulation

Article 30 — paragraph 1 — point e a (new)

Text proposed by the Commission

Amendment

(ea)

information from the environmental risk assessment of the product, in particular environmental endpoints and risk characterisation data, including ecotoxicological information on effects on non-target species and persistence of active substances and active metabolites in soil and water;

Amendment 123

Proposal for a regulation

Article 30 — paragraph 1 — point j a (new)

Text proposed by the Commission

Amendment

(ja)

when the veterinary medical product is authorised to be administered via medicated feed, information on the possibility to have interaction between the veterinary medicinal products and the feed impairing the safety or the efficacy of the medicated feed shall be provided through a list of incompatibilities.

Amendment 124

Proposal for a regulation

Article 31 — paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a.     Where two products have the same therapeutic effect, comparative assessments may be carried out. In such a case, the products that are hazardous to the environment or to the treated animals shall be substituted by the less hazardous products having the same therapeutic effects.

Amendment 125

Proposal for a regulation

Article 32 — paragraph 1 — point d

Text proposed by the Commission

Amendment

(d)

the product is an antimicrobial veterinary medicinal product presented for use as performance enhancer in order to promote the growth of treated animals or to increase yields from treated animals;

(d)

the product is an antimicrobial veterinary medicinal product presented for use as performance enhancer in order to promote the growth of treated animals, or to increase yields from treated animals , or as a routine prophylactic in food producing animals, or to be added to feed or water for mass medication when no disease has been diagnosed in any of the animals;

Amendment 126

Proposal for a regulation

Article 32 — paragraph 1 — point e

Text proposed by the Commission

Amendment

(e)

the withdrawal period is not long enough to ensure food safety ;

(e)

the proposed withdrawal period to ensure food safety is not well justified, or the proposed withdrawal period by the Agency or by the competent authorities is not taken into account ;

Amendment 127

Proposal for a regulation

Article 32 — paragraph 1 — point g a (new)

Text proposed by the Commission

Amendment

(ga)

the product is a substance of high concern;

Amendment 128

Proposal for a regulation

Article 32 — paragraph 1 — point g b (new)

Text proposed by the Commission

Amendment

(gb)

active substances within the product which meet the criteria for being persistent, bioaccumulative and toxic (PBT) or very persistent and very bioaccumulative (vPvB) according to EMA guidelines, or are considered as having endocrine-disrupting properties that risk causing adverse effects in the environment;

Amendment 129

Proposal for a regulation

Article 32 — paragraph 1 — point h a (new)

Text proposed by the Commission

Amendment

(ha)

the product poses significantly higher risks to the treated animal, public health or the environment compared to the standard reference treatment;

Amendment 130

Proposal for a regulation

Article 32 — paragraph 1 — point h b (new)

Text proposed by the Commission

Amendment

(hb)

unacceptable side effects or secondary effects on the treated animal;

Amendment 132

Proposal for a regulation

Article 32 — paragraph 2

Text proposed by the Commission

Amendment

2.   A marketing authorisation for an antimicrobial veterinary medicinal product shall be refused if the antimicrobial is reserved for treatment of certain infections in humans.

2.   A marketing authorisation for an antimicrobial veterinary medicinal product shall be refused if the antimicrobial is reserved for treatment of certain infections in humans within the meaning of paragraph 4 .

Amendment 133

Proposal for a regulation

Article 32 — paragraph 3

Text proposed by the Commission

Amendment

3.   The Commission shall be empowered to adopt delegated acts in accordance with Article 146 in order to establish rules for the designation of the antimicrobials which are to be reserved for treatment of certain infections in humans in order to preserve the efficacy of certain active substances in humans.

3.   The Commission shall be empowered to adopt delegated acts in accordance with Article 146 and taking into consideration the scientific advice of the Agency in order to establish rules for the designation of the antimicrobials which are to be reserved for treatment of certain infections in humans in order to preserve the efficacy of certain active substances in humans.

The Agency, in its advice, shall consider appropriate designations at the class, substance or even the indication level and shall consider also the route of administration.

Member States which implement or wish to implement stricter rules shall be allowed to do so.

Amendment 134

Proposal for a regulation

Article 32 — paragraph 4

Text proposed by the Commission

Amendment

4.   The Commission shall, by means of implementing acts, designate antimicrobials or groups of antimicrobials reserved for treatment of certain infections in humans. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 145(2).

4.   The Commission shall, by means of implementing acts and taking into consideration the scientific advice of the Agency as well as the work already carried out by the WHO , designate antimicrobials or groups of antimicrobials reserved for treatment of certain infections in humans. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 145(2).

Such designations, where relevant, shall be done at the class, substance or even the indication level and shall consider also the route of administration.

Amendment 301

Proposal for a regulation

Article 33 — paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a.     Safety information with regard to the environmental effects of veterinary medicinal products shall not be protected.

Amendment 136

Proposal for a regulation

Article 34

Text proposed by the Commission

Amendment

Periods of the protection of technical documentation

Periods of the protection of technical documentation

1.   The period of the protection of technical documentation shall be:

1.   The period of the protection of technical documentation shall be:

(a)

10 ***years*** for the veterinary medicinal products for cattle, sheep, pigs, chickens, dogs and cats;

(a)

10 ***years*** for the veterinary medicinal products for cattle, sheep (reared for meat) , pigs, chickens, salmon, dogs and cats;

(b)

14 ***years*** for antimicrobial veterinary medicinal products for cattle, sheep, pigs, chickens, dogs and cats containing an antimicrobial active substance which has not been an active substance in a veterinary medicinal product authorised within the Union on the date of the submission of the application;

(b)

14 ***years*** for antimicrobial veterinary medicinal products for cattle, sheep, pigs, chickens, salmon , dogs and cats containing an antimicrobial active substance which has not been an active substance in a veterinary medicinal product authorised within the Union on the date of the submission of the application;

(c)

18 ***years*** for veterinary medicinal products for bees;

(c)

20 ***years*** for veterinary medicinal products for bees;

(d)

14 ***years*** for veterinary medicinal products for animal species other than listed in paragraph 1(a) and (c).

(d)

14 ***years*** for veterinary medicinal products for animal species other than listed in paragraph 1(a) and (c).

2.   The protection shall apply from the day when the marketing authorisation for the veterinary medicinal product was granted in accordance with Article 7.

2.   The protection shall apply from the day when the marketing authorisation for the veterinary medicinal product was granted in accordance with Article 7.

2a.     Where the veterinary medicinal product has been authorised for more than one species, the period shall be extended in accordance with the prolongation periods provided for in Article 35.

Amendment 312

Proposal for a regulation

Article 34 a (new)

Text proposed by the Commission

Amendment

Article 34a

Period of protection of new data packages related to existing veterinary medicinal products

1.     Any new studies and trials, submitted by the applicant for a marketing authorisation to the competent authorities for an existing veterinary medicinal product no longer covered by any protection period shall benefit from a stand-alone period of protection of four ***years***, provided that they are:

(a)

needed to extend a marketing authorisation in respect of dosages, pharmaceutical forms or routes of administration;

(b)

needed for a reevaluation requested by the Agency or the competent authorities post-authorisation, unless they have been requested by competent authorities as a follow-up to post authorisation pharmacovigilance concerns, or requested as a condition of authorisation or as a post-authorisation commitment at the time of authorisation. Each period of protection shall operate independent from any other that may operate concurrently and shall therefore not be cumulated.

2.     No other applicant may use the results of these trials or studies for commercial purposes during that four ***year*** period without the written consent of the holder of the marketing authorisation in the form of a letter of access to those trials or studies.

Amendment 138

Proposal for a regulation

Article 35

Text proposed by the Commission

Amendment

Prolongation of the periods of the protection of technical documentation

Prolongation of the periods of the protection of technical documentation

1.   Where a variation is approved in accordance with Article 65 extending the marketing authorisation to another species listed in Article 34(1)(a), the period of the protection provided for in that Article shall be prolonged by 1 ***year*** for each additional target species, provided that the variation has been submitted at least 3 ***years*** before the expiration of the protection period laid down in Article 34(1)(a).

1.   Where the first marketing authorisation is granted for more than one species or a variation is approved in accordance with Article 65, extending the marketing authorisation to another species listed in Article 34(1)(a), the period of the protection provided for in that Article 34 shall be prolonged by two ***years*** for each additional target species in the original dossiers, provided that the variation has been submitted at least 3 ***years*** before the expiration of the protection period laid down in Article 34(1)(a). The information on the submission for extension of the marketing authorisation shall be made publicly available.

2.   Where a variation is approved in accordance with Article 65 extending the marketing authorisation to a another species not listed in Article 34(1)(a), the period of the protection provided for in Article 34 shall be prolonged by 4 ***years***.

2.   Where the first marketing authorisation is granted for more than one species or a variation is approved in accordance with Article 65, extending the marketing authorisation to a another species not listed in Article 34(1)(a), the period of the protection provided for in Article 34 shall be prolonged by 4 ***years*** , provided that the variation has been submitted at least three ***years*** before the expiration of the protection period laid down in Article 34 . The information on the submission for extension of the marketing authorisation shall be made publicly available.

3.   The period of the protection of the first marketing authorisation prolonged by any additional periods of protection due to any variations or new authorisations belonging to the same marketing authorisation (‘overall period of the protection of technical documentation’) shall not exceed 18 ***years***.

3.   The period of the protection of the first marketing authorisation prolonged by any additional periods of protection due to any variations or new authorisations belonging to the same marketing authorisation (‘overall period of the protection of technical documentation’) shall not exceed 14 ***years*** for products referred to in Article 34(1)(a). For products referred to in Article 34(1)(b) and (d), this period shall not exceed 18 ***years***.

4.   Where an applicant for a marketing authorisation for a veterinary medicinal product or for a variation to the terms of the marketing authorisation submits an application in accordance with Regulation (EC) No 470/2009 for the establishment of a maximum residue limit, together with clinical trials during the application procedure, other applicants shall not use those trials for a period of 5 ***years*** from the granting of the marketing authorisation for which they were carried out, unless the other applicant has obtained written agreement in the form of a letter of access with regard to those trials.

4.   Where an applicant for a marketing authorisation for a veterinary medicinal product or for a variation to the terms of the marketing authorisation submits an application in accordance with Regulation (EC) No 470/2009 for the establishment of a maximum residue limit, together with clinical trials during the application procedure, other applicants shall not use the results of these trials for commercial purposes for a period of 5 ***years*** from the granting of the marketing authorisation for which they were carried out, unless the other applicant has obtained written agreement in the form of a letter of access with regard to those trials.

Amendment 139

Proposal for a regulation

Article 38 — paragraph 1

Text proposed by the Commission

Amendment

1.   Centralised marketing authorisations shall be granted by the Commission in accordance with this Section. They shall be valid throughout the Union.

1.   Centralised marketing authorisations shall be granted by the Commission in accordance with this Section. They shall be valid throughout the Union and considered the priority procedure . The Commission and the Agency shall develop and encourage use of the centralised procedure, particularly by facilitating access for SMEs.

Amendment 141

Proposal for a regulation

Article 38 — paragraph 2 — point c

Text proposed by the Commission

Amendment

(c)

veterinary medicinal products containing an active substance which has not been authorised as a veterinary medicinal product within the Union at the date of the submission of the application;

(c)

veterinary medicinal products containing an active substance which has not been authorised as a veterinary medicinal product within the Union at the date of the submission of the application , with the exception of veterinary medicinal products subject to authorisation under Articles 21 and 22 ;

Amendment 142

Proposal for a regulation

Article 38 — paragraph 2 — point e

Text proposed by the Commission

Amendment

(e)

generic veterinary medicinal products of reference veterinary medicinal products authorised under the centralised authorisation procedure.

deleted

Amendment 143

Proposal for a regulation

Article 38 — paragraph 3

Text proposed by the Commission

Amendment

3.   For veterinary medicinal products other than those listed in paragraph 2 a centralised marketing authorisation may be granted if no other marketing authorisation has been granted for the veterinary medicinal product within the Union .

3.   For veterinary medicinal products other than those listed in paragraph 2 a centralised marketing authorisation may also be granted.

Amendment 144

Proposal for a regulation

Article 38 — paragraph 4

Text proposed by the Commission

Amendment

4.     The Commission, taking into account the state of animal and public health in the Union, shall be empowered to adopt delegated acts in accordance with Article 146 in order to amend the list set out in paragraph 2.

deleted

Amendment 145

Proposal for a regulation

Article 46 — paragraph 1

Text proposed by the Commission

Amendment

1.   Applications for decentralised marketing authorisation shall be submitted to the Member State chosen by the applicant (‘reference Member State’).

1.   Applications and the dossier for decentralised marketing authorisation shall be submitted to all the Member States. The Member State chosen by the applicant shall be the reference Member State.

Amendment 146

Proposal for a regulation

Article 46 — paragraph 2

Text proposed by the Commission

Amendment

2.   The application shall list Member States where the applicant seeks to obtain a marketing authorisation (‘Member States concerned’).

2.   The application shall list Member States where the applicant seeks to obtain a marketing authorisation (‘Member States concerned’). The applicant shall send to all Member States concerned an application identical to that submitted to the reference Member State, including an identical dossier as provided under Article 7.

Amendment 147

Proposal for a regulation

Article 48 — paragraph 1

Text proposed by the Commission

Amendment

1.   Applications for mutual recognition of marketing authorisations shall be submitted to the Member State that granted the first national marketing authorisation (‘reference Member State’).

1.   Applications and the dossier for mutual recognition of marketing authorisations shall be submitted to all the Member States. The Member State that granted the first national marketing authorisation shall be the reference Member State.

Amendment 148

Proposal for a regulation

Article 48 — paragraph 2

Text proposed by the Commission

Amendment

2.     A minimum of 6 months shall elapse between the decision granting the first national marketing authorisation and the submission of the application for mutual recognition of the national marketing authorisation.

Deleted

Amendment 149

Proposal for a regulation

Article 48 — paragraph 3 — point c

Text proposed by the Commission

Amendment

(c)

an information about the Member States in which an application for a marketing authorisation submitted by the applicant for the same veterinary medicinal product is under examination;

deleted

Amendment 150

Proposal for a regulation

Article 48 — paragraph 4

Text proposed by the Commission

Amendment

4.   Within 90 days of receipt of a valid application, the reference Member State shall prepare an updated assessment report for the veterinary medicinal product. The updated assessment report together with the approved summary of the product characteristics and the text to appear in the labelling and package leaflet shall be forwarded to all Member States and the applicant , together with the list of Member States where the applicant seeks to obtain recognition of the marketing authorisation (‘concerned Member States’) .

4.   Within 45 days of receipt of a valid application, the reference Member State shall prepare an updated assessment report for the veterinary medicinal product. The updated assessment report together with the approved summary of the product characteristics and the text to appear in the labelling and package leaflet shall be forwarded to all concerned Member States and the applicant.

Amendment 151

Proposal for a regulation

Article 49 — paragraph 1

Text proposed by the Commission

Amendment

1.   If a Member State raises, within the time period referred to in Article 46(4) or Article 48(5) its objections to the assessment report, proposed summary of product characteristics or proposed labelling and package leaflet, a detailed statement of the reasons shall be provided to the reference Member State, the other Member States and the applicant. The points of disagreement shall be referred without delay to the coordination group for mutual recognition and decentralised procedures set up by Article 142(‘the coordination group’) by the reference Member State.

1.   If a Member State raises, within the time period referred to in Article 46(4) or Article 48(5) its objections to the assessment report, proposed summary of product characteristics or proposed labelling and package leaflet, on grounds of a potential serious risk to human or animal health or to the environment, a detailed statement of the reasons shall be provided to the reference Member State, the other Member States and the applicant. The points of disagreement shall be referred without delay to the coordination group for mutual recognition and decentralised procedures set up by Article 142 (‘the coordination group’) by the reference Member State.

Amendment 152

Proposal for a regulation

Article 49 — paragraph 2

Text proposed by the Commission

Amendment

2.     Within the coordination group, a rapporteur shall be appointed in order to prepare a second assessment report for the veterinary medicinal product.

deleted

Amendment 153

Proposal for a regulation

Article 49 — paragraph 4

Text proposed by the Commission

Amendment

4.   In the event of an opinion in favour of granting a marketing authorisation, the reference Member State shall record the agreement of Member States, close the procedure and inform Member States and the applicant accordingly.

4.   In the event of an opinion in favour of granting or amending a marketing authorisation, the reference Member State shall record the agreement of Member States, close the procedure and inform Member States and the applicant accordingly.

Amendment 154

Proposal for a regulation

Article 50 — paragraph 1

Text proposed by the Commission

Amendment

1.   Within 15 days after receipt of the assessment report referred to in Article 46(3) or in Article 48(4) the applicant may provide written notice to the Agency requesting a re-examination of the assessment report. In that case the applicant shall forward to the Agency detailed grounds for the request within 60 days of receipt of the assessment report. The application shall be accompanied by proof of ***payment*** of the fee payable to the Agency for the re-examination.

1.   Within 15 days after receipt of the assessment report referred to in Article 46(3) or in Article 48(4) the applicant may provide written notice to the Coordination group requesting a re-examination of the assessment report. In that case the applicant shall forward to the Agency detailed grounds for the request within 60 days of receipt of the assessment report. The application shall be accompanied by proof of ***payment*** of the fee payable to the Agency for the re-examination.

Amendment 155

Proposal for a regulation

Article 50 — paragraph 3

Text proposed by the Commission

Amendment

3.    The re-examination procedure shall deal only with the points of the assessment report identified by the applicant in the written notice.

3.    The Committee shall define the scope of the examination, taking into account the information supplied by the applicant.

Amendment 156

Proposal for a regulation

Article 50 — paragraph 4

Text proposed by the Commission

Amendment

4.   Within 15 days of its adoption, the Agency shall forward the opinion of the Committee to the coordination group , together with a report describing the assessment of the veterinary medicinal product by the Committee and stating the reasons for its conclusions. Those documents shall be forwarded to the Commission, to Member States and to the applicant for information purposes.

4.   Within 15 days of its adoption, the Agency shall forward the opinion of the Committee to the Commission , together with a report describing the assessment of the veterinary medicinal product by the Committee and stating the reasons for its conclusions. Those documents shall be forwarded to Member States and to the applicant for information purposes.

Amendment 157

Proposal for a regulation

Article 50 — paragraph 5

Text proposed by the Commission

Amendment

5.    Upon presentation of the Agency ' s opinion, the coordination group shall act by the majority of the votes cast by its members represented at the meeting. The reference Member State shall record the agreement, close the procedure and inform the applicant. Article 49 shall apply accordingly. Where the decision is not in accordance with the opinion of the Agency, the coordination group shall annex a detailed explanation of the reasons for the differences.

5.    Within 15 days of receipt of the opinion, the Commission shall prepare a draft of the decision associated with the procedure.

If the draft decision proposes that a marketing authorisation be granted, the draft shall include or refer to the documents listed in Article 28.

Where the draft decision proposes that a marketing authorisation be refused, the grounds for refusal shall be stated in accordance with Article 32.

Where the draft decision does not concur with the Committee’s opinion, the Commission shall attach detailed explanations of the grounds for these differences.

The Commission may, by means of implementing acts, take a final decision on the granting of a marketing authorisation under the decentralised or mutual recognition procedure. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 145(2).

The Agency shall forward to the applicant the documents provided for by Article 28.

The Agency shall make the opinion publicly available, after deleting any commercially confidential information.

Amendment 158

Proposal for a regulation

Article 51 — paragraph 1

Text proposed by the Commission

Amendment

1.   A Union database on veterinary medicinal products (‘product database’) shall be set up and maintained by the Agency.

1.   A Union- wide database on veterinary medicinal products (‘product database’) shall be set up and maintained by the Agency.

Amendment 159

Proposal for a regulation

Article 51 — paragraph 2 — point a

Text proposed by the Commission

Amendment

(a)

veterinary medicinal products authorised within the Union by the Commission and by the competent authorities, together with their summaries of product characteristics, package leaflets and lists of sites where each product is manufactured;

(a)

veterinary medicinal products authorised within the Union by the Commission and by the competent authorities, together with their summaries of product characteristics, package leaflets, and lists of sites where each product is manufactured and reference numbers to the pharmacovigilance system master file ;

Amendment 160

Proposal for a regulation

Article 52 — paragraph 2

Text proposed by the Commission

Amendment

2.   Marketing authorisation holders shall have full access to the information in the product database concerning their own marketing authorisations.

2.   Marketing authorisation holders shall have full access to the information in the product database concerning their own marketing authorisations and limited access to other products .

Amendment 161

Proposal for a regulation

Article 52 — paragraph 3

Text proposed by the Commission

Amendment

3.   The general public shall have access to information in the product database as regards the list of the authorised veterinary medicinal products, their summaries of product characteristics and package leaflets.

3.   The general public shall have access to information in the product database as regards the list of the authorised veterinary medicinal products, their summaries of product characteristics, package leaflets and their environmental data, and all safety information .

Amendment 162

Proposal for a regulation

Article 54 — paragraph 1

Text proposed by the Commission

Amendment

1.   Member States shall collect relevant and comparable data on the volume of sales and the use of veterinary antimicrobial medicinal products.

1.   Member States shall collect relevant comparable and sufficiently detailed data, at per-farm level , on the volume of sales in terms of weight and cost for each antimicrobial type and the use of veterinary antimicrobial medicinal products including the species treated, the disease diagnosed and the route of administration .

Amendment 163

Proposal for a regulation

Article 54 — paragraph 2

Text proposed by the Commission

Amendment

2.   Member States shall send data on the volume of sales and the use of veterinary antimicrobial medicinal products to the Agency. The Agency shall analyse the data and publish an annual report.

2.   Member States shall send data on the volume of sales and the use of veterinary antimicrobial medicinal products to the Agency. The Agency shall cooperate with other European agencies to analyse the data and publish an annual report which shall also include the corresponding data for human use of antimicrobials as well as the current situation on antimicrobial resistance in the Union and, where appropriate, issue guidelines and recommendations .

Amendment 164

Proposal for a regulation

Article 54 — paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a.     Member States shall collect relevant and comparable data on the volume of sales and the use of anti-parasitic and hormonal veterinary medicinal products, and make these available to the Agency.

Amendment 165

Proposal for a regulation

Article 54 — paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a.     Data requirements for adopting those implementing acts shall include animal species, the dose, the duration and type of treatment, the number of animals treated and the administration route or routes. In addition, any off-label use of antimicrobials shall be mandatorily reported to national authorities.

Amendment 166

Proposal for a regulation

Article 54 — paragraph 4 b (new)

Text proposed by the Commission

Amendment

4b.     The use of antibiotics in drinking water shall be restricted to cases where most of the animals or the whole herd are sick. Five ***years*** after the entry into force of this Regulation, the Commission shall publish a report examining the different routes used to administer antibiotics to food-producing animals, and in particular the oral routes used through feed and water, and their subsequent impact on antimicrobial resistance.

Amendment 167

Proposal for a regulation

Section 2 a (new)

Text proposed by the Commission

Amendment

Section 2a

Imports, parallel imports and parallel distribution

Amendment 168

Proposal for a regulation

Article 56 a (new)

Text proposed by the Commission

Amendment

Article 56a

Import authorisations

1.     An import authorisation shall be required for the following actions:

(a)

the importation of veterinary medicinal products used in the context of Article 8, point (a)(ii) of Article 115(1), point (b) of Article 116(1), point (b) of Article 116(2) and point (a) of Article 116(3) by a veterinarian or by any person authorised to deliver veterinary medicinal products in the Member States;

(b)

the parallel importation of veterinary medicinal products by a manufacturer or distributor authorised in a Member State that is independent of the holder of the marketing authorisation. The imported veterinary medicinal product and the national reference medicinal product shall have:

(i)

the same qualitative and quantitative composition in terms of active substances and excipients, and the same pharmaceutical form;

(ii)

the same therapeutic effects and the same target species.

The national reference medicinal product and the veterinary medicinal product imported in parallel are required to have been harmonised under Article 69 or 70, or authorised in accordance with Articles 46 and 48;

(c)

the parallel distribution of veterinary medicinal products by a distributor independently of the holder of the marketing authorisation.

2.     Applications for authorisation for these activities shall be submitted to the national authorities responsible for authorisation as referred to in points (a) and (b) of paragraph 1, and to the Authorisations Agency referred to in point (c) of paragraph 1.

The competent authorities and the Agency shall register the authorisation of parallel importation or parallel distribution that they have granted in the database on veterinary medicinal products established under Article 51.

3.     The veterinary medicinal product imported in parallel or distributed in parallel shall be marketed in the packaging and with labelling in the language(s) stipulated by each Member State of importation or distribution.

4.     By way of derogation from paragraph 1 of this Article, the authorisation shall not be required for:

(a)

the importation of veterinary medicinal products by a veterinarian service-provider in accordance with Article 114;

(b)

the transportation by a holder of a pet animal of veterinary medicinal products required for its treatment other than immunological medicines and within the limit of three months of treatment.

Amendment 169

Proposal for a regulation

Article 56 b (new)

Text proposed by the Commission

Amendment

Article 56b

Import authorisation applications

1.     An import authorisation application as referred to in point (a) of Article 56a(1) shall be submitted to the competent authority of the Member State of the importer.

These authorisations shall be granted for a single operation.

Any change in the information submitted in order to obtain authorisation shall be notified to the competent authority, which shall accordingly alter the initial authorisation if necessary.

An import authorisation application shall contain at least the following information:

(a)

the name of the veterinary medicinal product, its strength, its pharmaceutical form and its therapeutic indications;

(b)

the Member State of origin and details of the marketing authorisation;

(c)

details of the distributor responsible for the sale of the product;

(d)

the quantities imported.

2.     An import authorisation application as referred to in point (b) of Article 56a(1) shall be submitted to the competent authority of the Member State of the importer.

These authorisations shall be granted for a period of five ***years***.

Any change in the information submitted in order to obtain authorisation shall be notified to the competent authority, which shall accordingly alter the initial authorisation if necessary.

A parallel import authorisation application shall contain at least the following information:

(a)

the name of the veterinary medicinal product, its strength and its pharmaceutical form;

(b)

details of the imported veterinary medicinal product and of the medicinal product authorised in the Member State of importation, and details of the nature of the relabelling;

(c)

the name or company name of the applicant;

(d)

the name or company name or logo of the holder of the marketing authorisation or the number of the marketing authorisation of the reference product and of the imported product;

(e)

details of the manufacturing site where the veterinary medicinal products are to be relabelled;

(f)

the name of the qualified person responsible for pharmacovigilance;

(g)

a declaration that the applicant is independent of the holder of the marketing authorisation.

3.     An import authorisation application as referred to in point (c) of Article 56a(1) shall be submitted to the Agency.

These authorisations shall be granted for a period of five ***years***.

Any change in the information submitted in order to obtain authorisation shall be notified to the Agency, which shall accordingly alter the initial authorisation if necessary.

The application shall contain information concerning:

(a)

the name or company name of the applicant, of the manufacturer involved in relabelling, and the parallel distributor;

(b)

the name of the qualified person responsible for pharmacovigilance;

(c)

the Member State of origin and destination.

4.     The competent authority or the Agency may suspend or withdraw parallel import or parallel distribution authorisations if Article 56a and paragraphs 1, 2 and 3 of this Article are no longer complied with or if the product presents a risk to human or animal health or to the environment.

Amendment 170

Proposal for a regulation

Article 57 a (new)

Text proposed by the Commission

Amendment

Article 57a

Subsequent conversion into centralised marketing authorisation

1.     After completion of a decentralised procedure laid down in Article 46, a mutual recognition procedure laid down in Article 48, or a marketing authorisation harmonisation procedure laid down in Article 69, the marketing authorisation holder may submit an application to convert the existing marketing authorisations for the veterinary medicinal product into a centralised marketing authorisation granted by the Commission which shall be valid throughout the Union.

2.     The application for the conversion into a centralised marketing authorisation shall be submitted to the Agency and shall include the following:

(a)

a list of all decisions granting marketing authorisations concerning this veterinary medicinal product;

(b)

a list of variations introduced since the first marketing authorisation in the Union was granted;

(c)

a summary report on pharmacovigilance data.

3.     Within 30 days of receipt of the documents listed in paragraph 2, the Commission shall prepare a draft of the decision granting the Union marketing authorisation in conformity with the assessment report referred to in Articles 46(3), 48(4) and 69(3) or, where appropriate, an updated assessment report, a summary of the product characteristics, and a labelling and package leaflet.

4.     The Commission shall, by means of implementing acts, take a final decision on the granting of the centralised marketing authorisation.

This Article shall only apply to veterinary medicinal products that have been authorised through a mutual recognition procedure, a decentralised procedure or a marketing authorisation harmonisation procedure after the date of the application of this Regulation.

Amendment 171

Proposal for a regulation

Article 64 — paragraph 1

Text proposed by the Commission

Amendment

1.   If a variation application fulfils the requirements laid down in Article 61, the competent authority or the Agency, or a competent authority assigned in accordance with Article 63(3) shall acknowledge receipt of a complete application.

1.   If a variation application fulfils the requirements laid down in Article 61, the competent authority or the Agency, or a competent authority assigned in accordance with Article 63(3) shall acknowledge receipt of a complete application in 15 days .

Amendment 172

Proposal for a regulation

Article 68

Text proposed by the Commission

Amendment

Preparatory phase of the harmonisation exercise

Preparatory phase of the harmonisation exercise

-1a.     A single marketing authorisation holder or a group of marketing authorisation holders may, in accordance with Article 69, request a harmonisation of different national marketing authorisations that have been granted for a particular veterinary medicinal product.

-1b.     A harmonised summary of product characteristics shall be prepared for the particular veterinary medicinal product, for which national marketing authorisations have been granted in different Member States. The coordination group shall draw up detailed rules of procedure for harmonisation .

-1c.     National marketing authorisations may be harmonised with decentralised and/or mutual recognition marketing authorisations if they are for the same product or for essentially similar products

1.    A harmonised summary of product characteristics shall be prepared in accordance with the procedure laid down in Article 69 for veterinary medicinal products, other than homeopathic veterinary medicinal products, which have the same qualitative and quantitative composition of their active substances and the same pharmaceutical form and for which national marketing authorisations have been granted in different Member States before 1 January 2004 (‘similar products’).

1.   Harmonised conditions of use as set out in Article 69(4) shall be prepared in accordance with the procedure laid down in Article 69 for groups of essentially similar veterinary medicinal products, other than homeopathic veterinary medicinal products, which have the same qualitative and quantitative composition of their active substances and the same pharmaceutical form and have been shown to be bio-equivalent (‘essentially similar’ products) and for which national marketing authorisations have been granted in different Member States before the entry into force of this Regulation.

2.   For the purposes of determining qualitative and quantitative composition of the active substances, different salts, esters, ethers, isomers, mixtures of isomers, complexes and derivatives of an active substance shall be considered to be the same active substance, unless they differ significantly in properties with regard to safety or efficacy.

2.   For the purposes of determining qualitative and quantitative composition of the active substances, different salts, esters, ethers, isomers, mixtures of isomers, complexes and derivatives of an active substance shall be considered to be the same active substance, unless they differ significantly in properties with regard to safety or efficacy.

Amendment 173

Proposal for a regulation

Article 69

Text proposed by the Commission

Amendment

Procedure for harmonisation of summaries of products characteristics

Procedure for harmonisation of summaries of products characteristics

1.   By [12 months after the date of application of this Regulation for OP to insert the actual date] competent authorities shall provide the coordination group with lists of all products for which national marketing authorisations have been granted before 1 January 2004 .

1.   By [12 months after the date of application of this Regulation for OP to insert the actual date] competent authorities shall provide the coordination group with lists of all products for which national marketing authorisations have been granted.

2.   The coordination group shall establish groups of similar products. For each of the groups of similar products, the coordination group shall appoint one member to act as a rapporteur.

2.   The coordination group shall establish groups of essentially similar products as identified in point (b) of Article 68(4). For each of these groups of essentially similar products, the coordination group shall appoint one member to act as a rapporteur.

3.   Within 120 days of his appointment, the rapporteur shall present the coordination group a report regarding possible harmonisation of summaries of product characteristics for the similar veterinary medicinal products in the group and propose a harmonised summary of products characteristics.

3.   Within 120 days of his appointment, the rapporteur shall present to the coordination group a report proposing harmonisation of the conditions of use for the group of essentially similar veterinary medicinal products or of the marketing authorisation of a particular veterinary medicinal product.

4.   Harmonised summaries of product characteristics for veterinary medicinal products shall contain all of the following information:

4.   Harmonised conditions of use shall contain at least the following information:

(a)

all species mentioned in the marketing authorisations granted by Member States in respect of the similar products in the group;

(a)

all species mentioned in the marketing authorisations granted by Member States in respect of the essentially similar products in the group;

(b)

all therapeutic indications mentioned in the marketing authorisations granted by Member States in respect of the similar products in the group;

(b)

all therapeutic indications and posology mentioned in the marketing authorisations granted by Member States in respect of the essentially similar products in the group;

(c)

the shortest withdrawal period of those stated in the summaries of the product characteristics.

(c)

a withdrawal period which ensures that consumers are adequately protected;

(ca)

special precautions regarding impact on the environment.

4a.     Further than the conditions of use, other elements of the summary of product characteristics and data quality set, may be harmonised.

5.   Upon presentation of a report, the coordination group shall act by a majority of the votes cast by the members of the coordination group represented at the meeting. The rapporteur shall record the agreement, close the procedure and inform Member States and the marketing authorisation holders accordingly.

5.   Upon presentation of a report, the coordination group shall act by a majority of the votes cast by the members of the coordination group represented at the meeting. The rapporteur shall record the agreement, close the procedure and inform Member States and the marketing authorisation holders accordingly.

6.   In the event of an opinion in favour of adopting a harmonised summary of the product characteristics , each Member State shall vary a marketing authorisation in conformity with the agreement within 30 days of receipt of the information regarding the agreement from the rapporteur.

6.   In the event of an opinion in favour of adopting harmonised conditions of use , each Member State shall vary the marketing authorisation or authorisations of the products in their territory so that the elements listed in paragraph 4, where they are already included in the summaries of characteristics for a product belonging to that group, are in conformity with the agreement within 30 days of receipt of the information regarding the agreement from the rapporteur. Once an opinion in favour of adopting harmonised conditions of use has been issued, marketing authorisations for a particular product shall be eligible to be considered to be mutual recognition marketing authorisations granted under this Regulation.

7.   In the event of an unfavourable opinion, the procedure referred to in Article 49 shall apply.

7.   In the event of an unfavourable opinion, the procedure referred to in Article 49 shall apply.

Amendment 174

Proposal for a regulation

Article 70

Text proposed by the Commission

Amendment

Harmonisation of summary of products characteristics following reassessment

Harmonisation of summary of products characteristics following reassessment

1.   By way of derogation from Article 69, the Committee may recommend to the Commission groups of similar veterinary medicinal products for which a scientific reassessment is necessary before a harmonised summary of the product characteristics is prepared.

1.   By way of derogation from Article 69, and where harmonisation of the conditions of use of a group of products is in the interests of public or animal health at Union level, the Committee may recommend to the Commission groups of similar veterinary medicinal products for which a scientific reassessment is necessary before harmonised conditions of use are prepared.

1a.     For the purpose of harmonisation under this Article similar veterinary medicinal products shall refer to products, not all of which are bioequivalent, and other than homeopathic veterinary medicinal products, that have the same active substance or active substances and the same pharmaceutical form or a range of veterinary medicinal products belonging to the same therapeutic class.

2.   The Commission shall, by means of implementing acts, adopt decisions on groups of product for which a reassessment is necessary. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 145(2).

2.   The Commission shall, by means of implementing acts, adopt decisions on groups of similar products for which a reassessment is necessary. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 145(2).

3.   By way of derogation from Article 69, veterinary medicinal products authorised before 20 July 2000 as well as veterinary medicinal products authorised after that date but which were identified as potentially harmful to the environment in the course of the environmental risk assessment shall be reassessed before a harmonised summary of the product characteristics is prepared.

3.   By way of derogation from Article 69, veterinary medicinal products which have not been subject to an environmental risk assessment in the Union shall be assessed in accordance with Annex II before harmonised conditions of use are prepared. For that purpose, marketing authorisation holders shall update accordingly the documentation mentioned in point (b) of Article 7(1).

3a.     By way of derogation from Article 69, antimicrobial veterinary medicinal products shall be reassessed within five ***years*** of the entry into force of this Regulation.

4.   For the purposes of paragraphs 1 and 3, the procedure for a Union interest referral in accordance with Articles 84 to 87 shall apply accordingly.

4.   For the purposes of paragraphs 1, 3 and 3a the procedure for a Union interest referral in accordance with Articles 84 to 87 shall apply accordingly.

Amendment 175

Proposal for a regulation

Article 71

Text proposed by the Commission

Amendment

Position of marketing authorisation holder

Position of marketing authorisation holder

Upon request from the coordination group or the Agency, holders of the marketing authorisations for products included in a group of similar products identified for a harmonisation of the summaries of the product characteristics shall submit information concerning their products.

Upon request from the coordination group or the Agency, holders of the marketing authorisations for products included in a group of products identified for a harmonisation of the summaries of the product characteristics or the holders of a particular product identified for harmonisation of marketing authorisations shall submit information concerning their products

Amendment 176

Proposal for a regulation

Article 72 — paragraph 1

Text proposed by the Commission

Amendment

1.   Marketing authorisation holders shall elaborate and maintain a system for collecting information on the risks of veterinary medicinal products as regards animal health, public health and the environment enabling them to fulfil their pharmacovigilance responsibilities listed in Articles 73, 76 and 77 (‘pharmacovigilance system’).

1.   Marketing authorisation holders shall ensure that risk-benefit balance of authorised veterinary medicinal products is evaluated on a continuous basis and that appropriate measure are taken by the marketing authorisation holders in order to ensure that this balance remains positive for the authorised veterinary medicinal products. To this end, the marketing authorisation holders shall elaborate and maintain a system for collecting , investigating, assessment and communicating of information on the adverse events of veterinary medicinal products as regards animal health, public health and the environment . The system shall serve to coordinate the necessary measures to fulfil the pharmacovigilance responsibilities listed in Articles 73, 76 and 77 (‘pharmacovigilance system’).

Amendment 177

Proposal for a regulation

Article 72 — paragraph 2

Text proposed by the Commission

Amendment

2.   Competent authorities and the Agency shall supervise the pharmacovigilance systems of marketing authorisation holders.

2.   Competent authorities and the Agency shall supervise the pharmacovigilance systems of marketing authorisation holders and shall not have any conflict of interest with regard to the marketing authorisation holder.

Amendment 178

Proposal for a regulation

Article 73 — paragraph 1

Text proposed by the Commission

Amendment

1.   Member States, the Commission, the Agency and marketing authorisation holders shall collaborate in setting up and maintaining a system to monitor the safety of authorised veterinary medicinal products , enabling them to fulfil their responsibilities as listed in Articles 77 and 79 (‘Union pharmacovigilance system’) .

1.   Member States, the Commission and the Agency shall collaborate in setting up , interconnecting and further developing their systems to monitor the safety , effectiveness and quality of authorised veterinary medicinal products in order to fulfil their responsibilities as listed in Article 79. Marketing authorisation holders shall set up and maintain a system to monitor the safety, effectiveness and quality of their products, enabling them to fulfil their responsibilities as listed in Articles 77 and 78 .

Amendment 179

Proposal for a regulation

Article 73 — paragraph 2

Text proposed by the Commission

Amendment

2.   Competent authorities, the Agency and marketing authorisation holders shall make available to healthcare professionals and animal holders different means of reporting to them the following events whether or not the event is considered to be product-related (‘adverse events’) :

2.   Competent authorities, the Agency and marketing authorisation holders shall make available to healthcare professionals, animal holders , environmental authorities of the Member States and other interested parties different means of reporting to them the following events (‘adverse events’) whether or not the event is considered to be product-related:

(a)

any response in an animal to a veterinary or human medicinal product, that is noxious and unintended;

(a)

any response in an animal to a veterinary or human medicinal product, that is noxious and unintended , regardless of whether or not the event is considered to be product-related and whether or not the product was administered in accordance with the summary of product characteristics;

(b)

any observation of a lack of efficacy of a veterinary medicinal product following administration to an animal in accordance with the summary of product characteristics ;

(b)

any observation of a lack of efficacy of a veterinary medicinal product , including potential signs of antimicrobial resistance, following its use on an animal;

(c)

any environmental incidents observed following administration of a veterinary medicinal product to an animal;

(c)

any adverse, unforeseen, or unintended impact in the environment (including ground and surface water) following administration of a veterinary medicinal product to an animal;

(d)

any infringements of withdrawal period following administration to an animal of a veterinary or human medicinal product;

(d)

any infringements of withdrawal period following administration to an animal of a veterinary medicinal product;

(e)

any noxious response in humans to a veterinary medicinal product;

(e)

any noxious reaction in humans to a veterinary medicinal product;

(f)

any finding of an active substance in a produce of a food-producing animal exceeding the levels of residues established in accordance with Regulation (EC) No 470/2009.

(f)

any finding of an active substance in a produce of a food-producing animal exceeding the levels of residues established in accordance with Regulation (EC) No 470/2009;

(fa)

any suspected unintended transmission via a veterinary medicinal product of any infectious agent.

Amendment 180

Proposal for a regulation

Article 73 — paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a.     Competent authorities and the Agency shall, in addition to the events provided under paragraph 2, make available to healthcare professionals and animal holders different means of reporting to them any response in an animal to a human medicinal product.

Amendment 181

Proposal for a regulation

Article 73 a (new)

Text proposed by the Commission

Amendment

Article 73a

No later than six months before the date of application of this Regulation, the Commission shall present a report to the European Parliament and the Council on a feasibility study of a substance-based review system (‘monographs’) and other potential alternatives for the environmental risk assessment of veterinary medicinal products, to be accompanied, if appropriate, by a legislative proposal.

Amendment 182

Proposal for a regulation

Article 74 — paragraph 1

Text proposed by the Commission

Amendment

1.   The Agency shall establish and maintain a Union database on pharmacovigilance of veterinary medicinal products (the ‘pharmacovigilance database’).

1.   The Agency shall establish and maintain a Union database on pharmacovigilance of veterinary medicinal products (the ‘pharmacovigilance database’) , linked to the database on veterinary medicinal products . The Union database on veterinary medicinal products shall be the only data entry point for adverse events reported by the holders of marketing authorisations. Maintaining the database shall include electronic archiving of the original reports, related subsequent reports and continuous quality control of the data.

Amendment 183

Proposal for a regulation

Article 74 — paragraph 2

Text proposed by the Commission

Amendment

2.   The Agency shall, in collaboration with the Member States and the Commission, draw up the functional specifications for the pharmacovigilance database.

2.   The Agency shall, in consultation with the Member States, the Commission and interested parties , draw up the functional specifications for the pharmacovigilance database. These shall include environmental monitoring data which would report undesirable effects on non-target species in the ecosystem, and extend sources of inputs to the pharmacovigilance system to include observation and monitoring by specialists who are not necessarily veterinarians.

Amendment 184

Proposal for a regulation

Article 74 — paragraph 3

Text proposed by the Commission

Amendment

3.   The Agency shall ensure that information reported to the pharmacovigilance database is uploaded and made accessible in accordance with Article 75.

3.   The Agency shall ensure that information reported to the pharmacovigilance database is uploaded and made publicly accessible in accordance with Article 75.

Amendment 185

Proposal for a regulation

Article 74 — paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a.     The Agency shall ensure that the ***transfer*** of information between its pharmacovigilance database and the national pharmacovigilance databases of the individual Member States is safeguarded.

Amendment 186

Proposal for a regulation

Article 75 — paragraph 3 — point a

Text proposed by the Commission

Amendment

(a)

the number of adverse events reported each ***year***, broken down by product, animal species and type of adverse event;

(a)

the number of adverse events reported each ***year***, broken down by type of product and active substance , animal species and type of adverse event;

Amendment 187

Proposal for a regulation

Article 75 — paragraph 3 — point b a (new)

Text proposed by the Commission

Amendment

(ba)

information about incidence of adverse events.

Amendment 188

Proposal for a regulation

Article 75 — paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a.     Health professionals shall have access to the pharmacovigilance database as regards the following information:

(a)

the number of adverse events reported each ***year***, broken down by product, animal species and type of adverse event;

(b)

previous declarations made concerning the same product and the number of cases per species in the previous six months;

(c)

information on the results of the signal detection system for veterinary medicinal products and groups of products.

Amendment 189

Proposal for a regulation

Article 76 — paragraph 1

Text proposed by the Commission

Amendment

1.   Competent authorities shall record in the pharmacovigilance database all adverse events which were reported to them by healthcare professionals and animal holders and that occurred in the territory of their Member State, within 30 days following the receipt of the adverse event report.

1.   Competent authorities shall record and assess all adverse events of which they learn under Article 73 and which occur in the territory of their Member State and shall enter them immediately, but no later than 15 days following the receipt of the information, in the pharmacovigilance database . Competent authorities shall record any serious adverse event in animals, noxious response in humans to a veterinary medicinal product or environmental incident observed following administration of a veterinary medicinal product to an animal within 15 days following the receipt of such an adverse event report.

Amendment 190

Proposal for a regulation

Article 76 — paragraph 2

Text proposed by the Commission

Amendment

2.   Marketing authorisation holders shall record in the pharmacovigilance database all adverse events which were reported to them by healthcare professionals and animal holders and that occurred within the Union or in a third country with regard to their authorised veterinary medicinal products, within 30 days following the receipt of the adverse event report.

2.   Marketing authorisation holders shall record in the pharmacovigilance database and evaluate all adverse events which were reported to them by healthcare professionals and animal holders and that occurred within the Union or in a third country with regard to their authorised veterinary medicinal products . Serious adverse event in animals, noxious response in humans to a veterinary medicinal product and environmental incidents observed following administration of a veterinary medicinal product to an animal shall be reported within 15 days following the receipt of such adverse event report. Less serious adverse events relating to the use of veterinary medicinal products shall be reported no later than 42 days following receipt of the information. Different requirements shall apply for adverse events observed in clinical trials, as specified in the Good Clinical Practice guidelines for clinical trials .

Amendment 191

Proposal for a regulation

Article 76 — paragraph 3

Text proposed by the Commission

Amendment

3.   Competent authorities may, on their own initiative or on request from the Agency, request the marketing authorisation holder to collect specific pharmacovigilance data, in particular regarding the use of a veterinary medicinal product in specified animal species, in the context of public and animal health, safety of the persons administering the product, and the protection of the environment. The authority shall state in detail the reasons for the request and inform other competent authorities and the Agency thereof.

3.   Competent authorities may, on their own initiative or on a request from the Agency, request the marketing authorisation holder to provide specific pharmacovigilance data, such as, information relating to ongoing risk-benefit balance evaluations regarding the use of a veterinary medicinal product in specified animal species, in the context of public and animal health, safety of the persons administering the product, or the protection of the environment. The authority shall state in detail the reasons for the request and inform other competent authorities and the Agency thereof.

Marketing authorisation holders shall be required to comply with such a request within an appropriate deadline set by the competent authority .

Amendment 192

Proposal for a regulation

Article 77 — paragraph 1

Text proposed by the Commission

Amendment

1.   The marketing authorisation holder shall be responsible for the pharmacovigilance of the products for which he holds a marketing authorisation.

1.   The marketing authorisation holder shall be responsible for the pharmacovigilance of the products for which he holds a marketing authorisation and shall take all appropriate steps to encourage members of the health professions and animal holders to report adverse events .

Amendment 193

Proposal for a regulation

Article 77 — paragraph 2

Text proposed by the Commission

Amendment

2.   Where the pharmacovigilance tasks have been contracted out by the marketing authorisation holder to a third party, those arrangements shall be set out in details in the pharmacovigilance system master file.

2.   Where the pharmacovigilance tasks have been contracted out by the marketing authorisation holder to a third party (contractor) , the responsibilities of both parties shall be set out explicitly in a contract and in the pharmacovigilance system master file.

Amendment 194

Proposal for a regulation

Article 77 — paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a.     The marketing authorisation holder shall be required to check regularly that the contractor is carrying out the work in accordance with the requirements of the contract.

Amendment 195

Proposal for a regulation

Article 77 — paragraph 3

Text proposed by the Commission

Amendment

3.   The marketing authorisation holder shall permanently have at his disposal one or more appropriately qualified persons responsible for pharmacovigilance. Those persons shall reside and operate in the Union . Only one qualified person shall be designated by the marketing authorisation holder per pharmacovigilance system master file .

3.   The marketing authorisation holder shall permanently have at his disposal an appropriately qualified person responsible for pharmacovigilance. That person shall reside and operate in the Union . The qualified person responsible for pharmacovigilance may delegate specific areas of work to appropriately trained staff but shall remain responsible for the marketing authorisation holder’s pharmacovigilance system and for the safety profile of his veterinary medicinal products.

Amendment 196

Proposal for a regulation

Article 77 — paragraph 4

Text proposed by the Commission

Amendment

4.   Where the tasks of the qualified person responsible for pharmacovigilance listed in Article 78 have been contracted out to a third party, those arrangements shall be detailed in the contract.

4.   Where the tasks of the qualified person responsible for pharmacovigilance listed in Article 78 have been contracted out to a third party, the relevant arrangements shall be set out explicitly in a contract.

Amendment 197

Proposal for a regulation

Article 77 — paragraph 6

Text proposed by the Commission

Amendment

6.   The marketing authorisation holder shall not communicate information regarding adverse events to the general public in relation to the veterinary medicinal product without giving prior notification of his intention to the competent authority or authorities having granted the marketing authorisation or to the Agency where the marketing authorisation was granted in accordance with the centralised authorisation procedure.

6.   The marketing authorisation holder shall not communicate information regarding adverse events and potential pharmacovigilance concerns to the general public in relation to the veterinary medicinal product without sending in advance a copy of that communication to the competent authority or authorities having granted the marketing authorisation or to the Agency where the marketing authorisation was granted in accordance with the centralised authorisation procedure.

Amendment 198

Proposal for a regulation

Article 77 a (new)

Text proposed by the Commission

Amendment

Article 77a

Single master file

The organisation of the pharmacovigilance operations conducted by marketing authorisation holders shall be described in a single master file, which shall be subject to authorisation by the Member States. The single evaluation procedures for these authorisations shall be defined by the Member States and the resulting decisions shall be recognised throughout the Union.

The competent authority shall issue a decision on this authorisation within 90 days of the receipt of a complete application.

The single master file shall be addressed to the competent authority of the Member State in which the qualified person designated by the authorisation holder conducts the operations described in this file. The competent authority concerned shall notify its decision to the authorisation holder and shall record it in the Union database on veterinary medicinal products together with a copy of the relevant single master file.

The authorisation holder shall also submit to the competent authority any substantive changes to his single master file.

Amendment 199

Proposal for a regulation

Article 78

Text proposed by the Commission

Amendment

Qualified person responsible for pharmacovigilance

Qualified person responsible for pharmacovigilance

Qualified persons responsible for pharmacovigilance as referred to in Article 77(3) shall carry out the following tasks:

Qualified persons responsible for pharmacovigilance as referred to in Article 77(3) shall ensure that the following tasks are carried out:

(a)

elaborating and maintaining a detailed description of the pharmacovigilance system used by the marketing authorisation holder with respect to the veterinary medicinal product for which the authorisation has been granted (‘pharmacovigilance system master file’) for all products under their responsibility;

(a)

elaborating and maintaining a detailed description of the pharmacovigilance system used by the marketing authorisation holder (‘pharmacovigilance system master file’) for all products under their responsibility;

(b)

allocating reference numbers to the pharmacovigilance system master file and communicating the reference number of the pharmacovigilance master file of each product to the product database;

(b)

allocating reference numbers to the pharmacovigilance system master file and communicating the relevant reference number of the pharmacovigilance master file to the product database for each product ;

(c)

notifying the competent authorities and the Agency of the place where the qualified person operates and where the pharmacovigilance system master file is accessible in the Union;

(c)

notifying the competent authorities and the Agency of the place where the qualified person operates and where the pharmacovigilance system master file is accessible in the Union;

(d)

establishing and maintaining a system which ensures that all adverse events which are brought to the attention of the marketing authorisation holder are collected and recorded in order to be accessible at least at one site in the Union;

(d)

establishing and maintaining a system which ensures that all adverse events, including on non-target species and the environment , which are brought to the attention of the marketing authorisation holder are collected and recorded in order to be accessible at least at one site in the Union;

(e)

preparing the adverse event reports referred to in Article 76;

(e)

preparing the adverse event reports referred to in Article 76;

(f)

ensuring that collected adverse event reports are recorded in the pharmacovigilance database;

(f)

ensuring that collected adverse event reports are recorded in the pharmacovigilance database;

(g)

ensuring that any request from the competent authorities or the Agency for the provision of additional information necessary for the evaluation of the benefit-risk balance of a veterinary medicinal product is answered fully and promptly, including providing information about the volume of sales or prescriptions of the veterinary medicinal product concerned;

(g)

ensuring that any request from the competent authorities or the Agency for the provision of additional information necessary for the evaluation of the benefit-risk balance of a veterinary medicinal product is answered fully and promptly, including providing information about the volume of sales or prescriptions of the veterinary medicinal product concerned;

(h)

providing competent authorities or the Agency with any other information relevant to detecting a change to the benefit-risk balance of a veterinary medicinal product, including appropriate information on post-marketing surveillance studies;

(h)

providing competent authorities or the Agency with any other information relevant to detecting a change to the benefit-risk balance of a veterinary medicinal product, including appropriate information on post-marketing surveillance studies;

(i)

evaluating by means of the pharmacovigilance system all information, considering options for risk minimisation and prevention and taking appropriate measures if necessary;

(i)

evaluating by means of the pharmacovigilance system all information, considering options for risk minimisation and prevention and taking appropriate measures if necessary;

(j)

monitoring the pharmacovigilance system and ensuring that if needed, an appropriate corrective action plan is prepared and implemented;

(j)

monitoring the pharmacovigilance system and ensuring that if needed, an appropriate corrective action plan is prepared and implemented;

(k)

ensuring that all personnel involved in the performance of pharmacovigilance activities receives continued training;

(k)

ensuring that all personnel involved in the performance of pharmacovigilance activities receives continued training tailored to their duties, on an ongoing basis; training courses are documented and their effectiveness reviewed;

(l)

communicating any regulatory measure that is taken in a third country and is based on pharmacovigilance data to the competent authorities and the Agency within 15 days of receipt of such information.

(l)

communicating any regulatory measure that is taken in another Member State or a third country and is based on pharmacovigilance data to the competent authorities and the Agency within 15 days of receipt of such information;

(la)

conducting for each product an annual risk-benefit review taking into account all pharmacovigilance surveillance data available on the product concerned, including pharmacovigilance signal monitoring. This review shall be documented by the marketing authorisation holder and the outcome recorded in the pharmacovigilance database. The marketing authorisation holder shall provide the documentation supporting the outcome of the review on request from the national competent authority or during the conduct of an inspection carried out in accordance with Article 128;

(lb)

the authorisation holder shall be required to ensure that the qualified person responsible for pharmacovigilance is authorised to maintain and further develop the pharmacovigilance system and to ensure compliance with requirements.

Amendment 200

Proposal for a regulation

Article 79 — paragraph 1

Text proposed by the Commission

Amendment

1.   Competent authorities shall evaluate all adverse events reported to them by healthcare professionals and animal holders, manage risks and take the measures referred to in Articles 130 to 135 concerning marketing authorisations where necessary.

1.   Competent authorities shall evaluate all adverse events reported to them by marketing authorisation holders, healthcare professionals and animal holders, manage risks and take the measures referred to in Articles 130 to 135 concerning marketing authorisations where necessary.

Amendment 201

Proposal for a regulation

Article 79 — paragraph 4

Text proposed by the Commission

Amendment

4.   Competent authorities and the Agency shall provide the general public , veterinarians and other healthcare professionals with all important information on adverse events relating to the use of a veterinary medicinal product in a timely manner electronically or through other publicly available means of communication.

4.   Competent authorities and the Agency shall make public all important information on adverse events relating to the use of a veterinary medicinal product in a timely manner electronically or through other publicly available means of communication. Competent authorities and the Agency shall ensure that veterinarians receive feedback on adverse events reported and regular feedback on all adverse reactions reported .

Amendment 203

Proposal for a regulation

Article 80 — paragraph 1

Text proposed by the Commission

Amendment

1.   A competent authority may delegate any of the tasks entrusted to it as referred to in Article 79 to a competent authority in another Member State subject to the written agreement of the latter.

1.   A competent authority may delegate any of the tasks entrusted to it as referred to in Article 79 to a competent public authority in another Member State subject to the written agreement of the latter.

Amendment 204

Proposal for a regulation

Article 81

Text proposed by the Commission

Amendment

Signal management process

Signal management process

1.   Competent authorities and the Agency shall cooperate in monitoring the data in the pharmacovigilance database to determine whether there is any change to the benefit-risk balance of veterinary medicinal products with a view to detecting risks to animal health, public health and protection of the environment (‘signal management process’).

1.    Marketing authorisation holders , competent authorities, other concerned authorities and the Agency shall cooperate in monitoring the data in the pharmacovigilance database to determine whether there is any change to the benefit-risk balance of veterinary medicinal products with a view to detecting risks to animal health, public health and protection of the environment (‘signal management process’).

2.   Competent authorities and the Agency shall establish groups of veterinary medicinal products for which signal management process can be combined with a view of detecting risks to animal health, public health and protection of the environment.

2.   Competent authorities and the Agency shall establish groups of veterinary medicinal products for which signal management process can be combined with a view of detecting risks to animal health, public health and protection of the environment.

3.   The Agency and the coordination group shall agree on sharing of the monitoring of data on groups of veterinary medicinal products recorded in the pharmacovigilance database. For each group of veterinary medicinal products a competent authority or the Agency shall be appointed as responsible for the monitoring thereof (‘lead authority’).

3.   The Agency and the veterinary pharmacovigilance group shall agree on sharing of the monitoring of data on groups of veterinary medicinal products recorded in the pharmacovigilance database. For each group of veterinary medicinal products a competent authority or the Agency shall be appointed as responsible for the monitoring thereof (‘lead authority’).

4.   The results of the signal management process shall be agreed upon by the competent authorities and, where appropriate, the Agency. The lead authority shall record the results in the pharmacovigilance database.

4.    Given that marketing authorisation holders are the primary source of expertise and information concerning the products under their responsibility, the lead authority may where necessary consult them during the signal management process. The results of the signal management process shall be agreed upon by the competent authorities and, where appropriate, the Agency. The lead authority shall record the results in the pharmacovigilance database.

5.   Where necessary, based on the results of the signal management process referred to in paragraph 4 the competent authorities or the Commission shall take appropriate measures as referred to in Articles 130 to 135.

5.   Where necessary, based on the results of the signal management process referred to in paragraph 4 the competent authorities or the Commission shall take appropriate measures as referred to in Articles 130 to 135.

Amendment 205

Proposal for a regulation

Article 82 — paragraph 1

Text proposed by the Commission

Amendment

Before the expiry of the period of validity of 3 ***years***, marketing authorisations for a limited market granted in accordance with Article 21 shall be re-examined on application from the marketing authorisation holder. After the initial re-examination, it shall be re-examined every 5 ***years***.

Before the expiry of the period of validity of five ***years***, marketing authorisations for a limited market granted in accordance with Article 21 shall be re-examined on application from the marketing authorisation holder. After the initial re-examination, it shall be re-examined , if necessary, every five ***years***.

Amendment 206

Proposal for a regulation

Article 83

Text proposed by the Commission

Amendment

Article 83

deleted

Procedure for re-examination of a marketing authorisation in exceptional circumstances

1.     Before the expiry of the period of validity of 1 ***year***, marketing authorisations granted in accordance with Article 22 shall be re-examined on application from the marketing authorisation holder.

2.     The application for re-examination shall be submitted to the competent authority that granted the authorisation or the Agency at least 3 months before the expiry of the marketing authorisation.

3.     When an application for re-examination has been submitted, the marketing authorisation shall remain valid until a decision on the application has been adopted by the competent authority or the Commission.

4.     The competent authority or the Commission may at any time grant a marketing authorisation valid for an unlimited period of time, provided that the marketing authorisation holder submits the missing comprehensive safety and efficacy data referred to in Article 22(1).

Amendment 207

Proposal for a regulation

Article 88 — paragraph 1

Text proposed by the Commission

Amendment

1.   By way of derogation from Article 5, homeopathic veterinary medicinal products that satisfy the requirements set out in Article 89 and are not immunological homeopathic veterinary medicinal products shall be registered in accordance with Article 90.

1.   By way of derogation from Article 5, homeopathic veterinary medicinal products that satisfy the requirements set out in Article 89 and are not immunological homeopathic veterinary medicinal products shall be registered in accordance with Article 90. Veterinary medicinal products registered or approved in accordance with national rules before 31 December 1993 shall not be affected by this Article.

Amendment 208

Proposal for a regulation

Article 88 — paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a.     The veterinary homeopathic medicinal products not subject to Article 89(1) shall be authorised in accordance with the general regulations. Where the safety tests, preclinical and clinical trials of veterinary homeopathic medicinal products are not subject to Article 89(1), a Member State may introduce or retain on its territory specific rules in accordance with the principles and characteristics as practised in that Member State.

Amendment 209

Proposal for a regulation

Article 89 — paragraph 1 — point b

Text proposed by the Commission

Amendment

(b)

there is a sufficient degree of dilution to guarantee the safety of the medicinal product; in particular, the medicinal product shall not contain more than one part per 10 000 of the mother tincture;

(b)

there is a sufficient degree of dilution to guarantee the safety of the medicinal product; in particular, the medicinal product shall not contain more than one part per 10 000 of the mother tincture , unless the ingredients of the medicinal product are included in Table 1 of Regulation (EU) No 37/2010 with the comment ‘No maximum residue level (MRL) required’;

Amendment 210

Proposal for a regulation

Article 90 — paragraph 1 — point a

Text proposed by the Commission

Amendment

(a)

scientific name or other name given in a pharmacopoeia of the homeopathic stock or stocks, together with a statement of the various routes of administration, pharmaceutical forms and degree of dilution to be registered;

(a)

scientific name or other name given in a pharmacopoeia or documented in a monograph of the homeopathic stock or stocks, together with a statement of the various routes of administration, pharmaceutical forms and degree of dilution to be registered;

Amendment 211

Proposal for a regulation

Article 91 — paragraph 1 — point b a (new)

Text proposed by the Commission

Amendment

(ba)

in addition to a manufacturing authorisation, the manufacturers in question shall be required to have proof and confirmation of compliance with good manufacturing practices (‘GMP’);

Amendment 212

Proposal for a regulation

Article 91 — paragraph 2 — subparagraph 1 a (new)

Text proposed by the Commission

Amendment

A manufacturing authorisation shall also not be required for preparation, filling or changes in packaging or presentation where these processes are carried out solely for dispensing by pharmacists in a pharmacy or by veterinarians in a veterinary practice.

Amendment 302

Proposal for a regulation

Article 92 — paragraph 2 — point c

Text proposed by the Commission

Amendment

(c)

details about the manufacturing site where the veterinary medicinal products are to be manufactured or tested;

(c)

details about the manufacturing site where the veterinary medicinal products are to be manufactured or tested , including data about emissions, discharges and losses of the active substance and its precursors to the environment ;

Amendment 213

Proposal for a regulation

Article 93 — paragraph 5

Text proposed by the Commission

Amendment

5.   A manufacturing authorisation may be granted conditionally, subject to a requirement for the applicant to undertake actions or introduce specific procedures within a given time period. The manufacturing authorisation may be suspended if these requirements are not complied with.

5.   A manufacturing authorisation may be granted conditionally where minor shortcomings are identified , subject to a requirement for the applicant to rectify the shortcomings within a given time period. The manufacturing authorisation may be suspended if these requirements are not complied with. The manufacturing authorisation shall be refused if manufacturing causes unacceptable risks to the environment.

Amendment 214

Proposal for a regulation

Article 98 — paragraph 1 — point c a (new)

Text proposed by the Commission

Amendment

(ca)

comply with the rules on good manufacturing practice for medicinal products established in the Union and use as starting materials only active substances which have been manufactured in accordance with the rules on good manufacturing practice for starting materials established in the Union;

Amendment 215

Proposal for a regulation

Article 104 — paragraph 3

Text proposed by the Commission

Amendment

3.    Supplies of small quantities of veterinary medicinal products from one retailer to another shall not be regarded as wholesale distribution.

3.    The purchase, sale, import or export of veterinary medicinal products or any other kind of commercial transaction concerning these medicinal products, whether for profit or not for profit, shall be subject to the possession of a wholesale distribution authorisation for veterinary medicinal products. Such an authorisation shall not apply to the supply, by a manufacturer, of veterinary medicinal products which it has itself manufactured, nor to the retail sale of veterinary medicinal products by persons entitled to conduct such sales in accordance with Article 107.

Amendment 216

Proposal for a regulation

Article 104 — paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a.     On the basis of the best practices model that already exists for medicinal products for human use, the Commission shall adopt, within 24 months of the entry into force of this Regulation, principles and guidelines, to which wholesalers shall be obliged to adhere, for best practices in the wholesale distribution of veterinary medicinal products.

Amendment 217

Proposal for a regulation

Article 104 — paragraph 4 b (new)

Text proposed by the Commission

Amendment

4b .    Wholesalers shall obtain their supplies of medicinal products only from the manufacturer, a person designated by the holder of the marketing authorisation or from persons who themselves hold a wholesale distribution authorisation.

Amendment 218

Proposal for a regulation

Article 104 — paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a.     Wholesalers shall comply with the obligations laid down in points (ca) and (cc) of Article 105(3) with regard to supply of medicinal products.

Amendment 219

Proposal for a regulation

Article 105 — paragraph 3 — point a

Text proposed by the Commission

Amendment

(a)

has at his disposal technically competent staff and suitable and sufficient premises complying with the requirements laid down by the Member State concerned as regards the storage and handling of veterinary medicinal products;

(a)

has at his disposal technically competent staff and suitable and sufficient premises complying with the requirements laid down by the Member State concerned as regards the storage and handling of veterinary medicinal products , and which premises representatives of the competent authority may enter at any time ;

Amendment 220

Proposal for a regulation

Article 105 — paragraph 3 — point c a (new)

Text proposed by the Commission

Amendment

(ca)

concerning the supply of medicinal products to persons permitted to carry out retail activities in the Member State in accordance with Article 107(1), is able to guarantee permanently an adequate range of medicinal products to meet the requirements of the territory being supplied and to deliver the supplies requested within a very short time over the whole of the territory in question;

Amendment 221

Proposal for a regulation

Article 105 — paragraph 3 — point c b (new)

Text proposed by the Commission

Amendment

(cb)

within the limits of his responsibility, ensure appropriate and continued supplies of medicinal products to persons authorised to carry out retail activities in the Member State in accordance with Article 107(1) so that animal health needs in the Member State in question are covered;

Amendment 222

Proposal for a regulation

Article 105 — paragraph 3 — point c c (new)

Text proposed by the Commission

Amendment

(cc)

is able to notify the competent authority of any shortage of stock likely to be detrimental to animal health needs in the Member State in question.

Amendment 223

Proposal for a regulation

Article 106 a (new)

Text proposed by the Commission

Amendment

Article 106a

Qualified persons

1.     The holder of a wholesale distribution authorisation shall make permanent and continuous use of the services of at least one qualified person satisfying the conditions set out in this Article, who shall be responsible, in particular, for performing the task specified in Article 104.

2.     Qualified persons shall hold a diploma, certificate, or any other form of proof serving to demonstrate that they are properly qualified and have acquired sufficient experience of wholesale distribution. The holder of the authorisation may assume the responsibility referred to in paragraph 1, if that person personally fulfils those conditions as specified above.

3.     The competent authority shall ensure that the obligations of qualified persons referred to in this Article are fulfilled, either by means of appropriate administrative measures or by making such persons subject to a professional code of conduct. The competent authority may temporarily suspend such persons upon the commencement of administrative or disciplinary proceedings against them for failure to fulfil their obligations.

Amendment 224

Proposal for a regulation

Article 107 — paragraph 2

Text proposed by the Commission

Amendment

2.   Persons qualified to prescribe veterinary medicinal products in accordance with applicable national law shall retail antimicrobial products only for animals which are under their care, and only in the amount required for the treatment concerned.

2.   Persons qualified to prescribe veterinary medicinal products in accordance with applicable national law shall retail antimicrobial products only for animals which are under their immediate care, subject to an appropriate veterinary diagnosis and examination of the animal(s) concerned, and only in the amount required for the treatment concerned . In the case of food-producing animals, the continuation of the treatment with antimicrobial products shall be decided based on a renewed clinical examination by a veterinarian.

Amendment 225

Proposal for a regulation

Article 107 — paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a.     Member States may impose stricter conditions, justified on grounds of public health, animal health and environment protection, for the retail of veterinary medicinal products on their territory, provided that these conditions are proportionate to the risk and do not unduly restrict the functioning of the internal market.

Amendment 226

Proposal for a regulation

Article 107 — paragraph 2 b (new)

Text proposed by the Commission

Amendment

2b.     Any commercial participation in companies which trade in, manufacture or import veterinary medicinal products shall be prohibited.

Amendment 227

Proposal for a regulation

Article 107 — paragraph 2 c (new)

Text proposed by the Commission

Amendment

2c.     Given the risks associated with antimicrobial resistance, no economic incentives may be provided in any form, directly or indirectly, by pharmaceutical companies to persons who prescribe veterinary medicinal products.

Amendment 228

Proposal for a regulation

Article 107 — paragraph 3 — introductory part

Text proposed by the Commission

Amendment

3.   Retailers of veterinary medicinal products shall keep detailed records of the following information in respect of each purchase and sale of veterinary medicinal products:

3.   Retailers of veterinary medicinal products shall keep detailed records of the following information in respect of each purchase and sale of veterinary medicinal products obtainable only on prescription :

Amendment 229

Proposal for a regulation

Article 107 — paragraph 3 — subparagraph 1 a (new)

Text proposed by the Commission

Amendment

Where they consider it necessary, Member States may require that the obligation to keep the above records likewise apply to the purchase and sale of non-prescription veterinary medicinal products.

Amendment 230

Proposal for a regulation

Article 108

Text proposed by the Commission

Amendment

Retail of veterinary medicinal products at a distance

Retail of veterinary medicinal products at a distance

1.   Persons permitted to supply veterinary medicinal products in accordance with Article 107(1) may offer veterinary medicinal products by means of information society services in the meaning of Directive 98/34/EC of the European Parliament and of the Council  (28) to natural or legal persons established in the Union under the condition that those medicinal products comply with the legislation of the destination Member State.

1.   Persons permitted to supply veterinary medicinal products in accordance with Article 107(1) may offer veterinary medicinal products, with the exception of antimicrobials, psychotropic and biological or immunological veterinary medicinal products, on the internet to natural or legal persons established in the Union under the condition that:

(a)

the veterinary medicinal products and the prescriptions comply with the law of the destination Member State;

(b)

the natural or legal person offering veterinary medicinal products is permitted or qualified to supply prescription and non-prescription veterinary medicinal products to the public, including at a distance, in accordance with the national law of the Member State in which that person is established;

(c)

the person referred to in point (a) has notified at least the following information to the Member State of establishment:

(i)

the name or corporate name and the permanent address of the place of business from where the veterinary medicinal products are supplied;

(ii)

the date on which veterinary medicinal products were first offered for sale at a distance to the public on the internet;

(iii)

the address of the website used for that purpose and all information necessary to identify that website.

1a.     On grounds of public or animal health, animal welfare or environmental protection, Members States shall be able to limit or condition, or both, the sale at a distance on the internet to the public on their territory of veterinary medicinal products or of other prescription veterinary medicinal products for food producing animals.

2.   In addition to the information requirements set out in Article 6 of the Directive 2000/31/EC of the European Parliament and of the Council (29), websites offering veterinary medicinal products shall contain at least:

2.   In addition to the information requirements set out in Article 6 of the Directive 2000/31/EC of the European Parliament and of the Council (29) and Article 6 of Directive 2011/83/EU of the European Parliament and of the Council  (29a), websites offering veterinary medicinal products shall contain at least:

(a)

the contact details of the competent authority of the Member State in which the retailer offering the veterinary medicinal products is established;

(a)

the contact details of the competent authority of the Member State in which the retailer offering the veterinary medicinal products is established;

(b)

a hyperlink to the website of the Member State of establishment set up in accordance with paragraph 5;

(b)

a hyperlink to the website of the Member State of establishment set up in accordance with paragraph 5;

(c)

the common logo established in accordance with paragraph 3 clearly displayed on every page of the website that relates to the offer for sale at a distance to the public of veterinary medicinal products and containing a hyperlink to the entry of the retailer in the list of authorised retailers referred to in point (c) of paragraph 5.

(c)

the common logo established in accordance with paragraph 3 clearly displayed on every page of the website that relates to the offer for sale at a distance to the public of veterinary medicinal products and containing a hyperlink to the entry of the retailer in the list of authorised retailers referred to in point (c) of paragraph 5.

3.   A common logo shall be established that is recognisable throughout the Union, while enabling the identification of the Member State where the person offering veterinary medicinal products for sale at a distance to the public is established. The logo shall be clearly displayed on websites offering veterinary medicinal products for sale at a distance.

3.   A common logo shall be established that is recognisable throughout the Union, while enabling the identification of the Member State where the person offering veterinary medicinal products for sale at a distance to the public is established. The logo shall be clearly displayed on websites offering veterinary medicinal products for sale at a distance.

4.   The Commission shall adopt the design of the common logo by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 145(2).

4.   The Commission shall adopt the design of the common logo by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 145(2).

5.   Each Member State shall set up a website regarding sale of veterinary medicinal products at a distance, providing at least the following information:

5.   Each Member State shall set up a website regarding sale of veterinary medicinal products at a distance, providing at least the following information:

(a)

information on its national legislation applicable to the offering of veterinary medicinal products for sale at a distance to the public by means of information society services, including information on the fact that there may be differences between Member States regarding the classification of the supply of the veterinary medicinal products;

(a)

information on its national legislation applicable to the offering of veterinary medicinal products for sale at a distance on the internet , including information on the fact that there may be differences between Member States regarding the classification of the supply of the veterinary medicinal products;

(b)

information on the common logo;

(b)

information on the common logo;

(c)

a list of retailers established in the Member State authorised to offer veterinary medicinal products for sale at a distance to the public by means of information society services in accordance with paragraph 1 as well as the website addresses of those retailers.

(c)

a list of retailers established in the Member State authorised to offer veterinary medicinal products for sale at a distance to the public on the internet in accordance with paragraph 1 as well as the website addresses of those retailers ; and also a hyperlink to the website of the Agency set up in accordance with paragraph 6;

(ca)

information on applicable procedures for the safe disposal of medicinal products, specifying the public or private body responsible at national or local level for the disposal of veterinary medicine residues and the collection points for disposal free of charge;

(cb)

hyperlinks to the web pages of the bodies responsible in Member States for listing authorised national retailers.

The websites set up by Member States shall contain a hyperlink to the website of the Agency set up in accordance with paragraph 6.

6.   The Agency shall set up a website providing information on the common logo. The Agency’s website shall explicitly mention that the websites of Member States contain information on persons authorised to offer veterinary medicinal products for sale at a distance to the public by means of information society services in the Member State concerned.

6.   The Agency shall set up a website providing information on the common logo. The Agency’s website shall explicitly mention that the websites of Member States contain information on persons authorised to offer veterinary medicinal products for sale at a distance to the public on the internet in the Member State concerned. The Agency’s website shall be linked to the web pages of the appropriate Member State bodies which list authorised retailers in Member States.

7.     Members States may impose conditions, justified on grounds of public health protection, for the retail on their territory of medicinal products offered for sale at a distance to the public by means of information society services.

7a.     Member States shall take the measures necessary to ensure that persons other than those referred to in paragraph 1 offering veterinary medicinal products for sale at a distance to the public on the internet and operating on their territory are subject to effective, proportionate, and dissuasive penalties in case of abuse or illegal practice, or the failure to act according to their professional code of conduct.

7b.     No later than (six) months after the date of application of this Regulation, the Commission shall adopt guidelines supporting the Member States in the development of a harmonized system of digital prescription across the Union, including measures for controlling cross-border veterinary prescriptions.

7c.     On the basis of the guidelines referred to in paragraph 7b, Member States shall be encouraged to develop a system of digital prescription at national level, to include measures for the delivery and control of prescriptions. Member States shall also be encouraged to set up a system to facilitate the e-submission of prescriptions by means of a national database, directly linked to all pharmacies (both shop and internet ones), national competent authorities and veterinarians.

Amendment 231

Proposal for a regulation

Article 109 — title

Text proposed by the Commission

Amendment

Retail of anabolic, anti-infectious, anti-parasitic, anti-inflammatory, hormonal or psychotropic veterinary medicinal products

Retail only of medicinal products which are subject to prescription, or active substances, with anabolic, anti-infectious, anti-parasitic, anti-inflammatory, hormonal, immunological or psychotropic properties

Amendment 232

Proposal for a regulation

Article 109 — paragraph 1

Text proposed by the Commission

Amendment

1.   Only manufacturers, wholesale distributors and retailers authorised specifically to do so in accordance with applicable national law shall be allowed to supply and purchase veterinary medicinal products which have anabolic, anti-infectious, anti-parasitic, anti-inflammatory, hormonal or psychotropic properties or substances which may be used as veterinary medicinal products having those properties.

1.   Only manufacturers, wholesale distributors and retailers authorised to do so in accordance with applicable national law shall be allowed to supply and purchase prescription only veterinary medicinal products which have anabolic, anti-infectious, anti-parasitic, anti-inflammatory, hormonal , immunological or psychotropic properties or substances which may be used as veterinary medicinal products having those properties. In the case of non-food producing animals (i.e companion and small animals) all retailers, ranging from supermarkets, pet stores, to traditional and online (veterinary) pharmacies, shall be allowed to sell anti-parasitic and anti-inflammatory products, without the need to be specifically authorised to do so.

Amendment 233

Proposal for a regulation

Article 109 — paragraph 3 — subparagraph 1 — introductory part

Text proposed by the Commission

Amendment

3.   Those manufacturers and suppliers shall keep detailed records of the following information in respect of each purchase and sale transaction:

3.   Those manufacturers and suppliers shall keep detailed records of the following information in respect of each purchase and sale transaction of prescription for veterinary medicinal products :

Amendment 234

Proposal for a regulation

Article 109 — paragraph 3 — subparagraph 1 — point d

Text proposed by the Commission

Amendment

(d)

name and address of the supplier in the event of purchase , or of the recipient in the event of sale .

(d)

name and address of the supplier in the event of purchase.

Amendment 235

Proposal for a regulation

Article 110

Text proposed by the Commission

Amendment

Veterinary prescriptions

Veterinary prescriptions

1.   A veterinary prescription shall contain at least the following elements (‘minimum requirements’):

1.   A veterinary prescription shall contain at least the following elements (‘minimum requirements’):

(a)

identification of the animal under treatment;

(a)

identification of the animal or class of animal under treatment and the condition which is being treated;

(b)

full name and contact details of the animal owner or keeper;

(b)

full name and contact details of the animal owner or keeper;

(c)

issue date;

(c)

issue date;

(d)

full name and contact details, qualifications and professional membership number of the person writing the prescription;

(d)

full name and contact details, qualifications and professional membership number of the person writing the prescription;

(e)

signature or an equivalent electronic form of identification of the person writing the prescription;

(e)

signature or an equivalent electronic form of identification of the person issuing the prescription;

(f)

name of the prescribed product;

(f)

name of the prescribed product and the active substance(s);

(g)

pharmaceutical form (tablet, solution, etc.);

(g)

pharmaceutical form (tablet, solution, etc.);

(h)

quantity;

(h)

quantity and in cases where the treatment has to be repeated, it shall also contain the number of times it can be repeated;

(i)

strength;

(i)

strength;

(j)

dosage regimen;

(j)

dosage regimen;

(k)

withdrawal period if relevant;

(k)

withdrawal period if relevant;

(l)

any necessary warnings;

(l)

any necessary warnings and restrictions, including, where relevant, the risks entailed by imprudent use of antimicrobials;

(m)

if a product is prescribed for a condition not mentioned in the marketing authorisation for that product, a statement to that effect.

(m)

if a product is prescribed for a condition not mentioned in the marketing authorisation for that product, a statement to that effect;

(ma)

period of validity of prescription.

2.   A veterinary prescription shall only be issued by a person qualified to do so in accordance with applicable national law.

2.   A veterinary prescription shall only be issued by a  veterinarian or other person qualified to do so in accordance with applicable national law , following a proper assessment of the health status of the animal concerned .

2a.     A veterinary prescription of a veterinary medicinal product which has anabolic, anti-inflammatory, anti-infectious (other than anthelmintic), anti-cancer, hormonal or psychotropic properties or substances shall only be issued by a veterinarian after a clinical examination and diagnosis.

3.   Where a veterinary medicinal product is supplied on prescription, the quantity prescribed and supplied shall be restricted to the amount required for the treatment or therapy concerned.

3.   Where a veterinary medicinal product is supplied on prescription, the quantity prescribed and supplied shall be restricted to the amount required for the treatment or therapy concerned. The maximum quantity of veterinary medicinal products supplied at one time shall not, however, exceed one month's treatment. For chronic diseases and for periodic treatments the maximum quantity shall not exceed three month's treatment.

4.   Veterinary prescriptions shall be recognised throughout the Union. A veterinary medicinal product prescribed shall be supplied in accordance with applicable national law.

4.   Veterinary prescriptions issued by a veterinarian shall be recognised throughout the Union. A veterinary medicinal product prescribed shall be supplied in accordance with applicable national law.

Those provisions shall not apply to prescriptions issued under the exceptional circumstances set out in Articles 115 and 116. Those Member States that recognise prescriptions in their national systems issued by any person other than a veterinarian shall immediately notify the Commission, which shall forward such information to all Member States.

Amendment 236

Proposal for a regulation

Article 110 — paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a.     The removal of regulatory and administrative barriers to such recognition shall not affect any professional or ethical duty for dispensing professionals to refuse to dispense the medicine stated in the prescription.

Amendment 237

Proposal for a regulation

Article 111 — paragraph 1

Text proposed by the Commission

Amendment

1.   Veterinary medicinal products shall be used in accordance with the terms of the marketing authorisation.

1.   Veterinary medicinal products shall be used responsibly in accordance with the principle of good animal husbandry and with the terms of the marketing authorisation or registration when no marketing authorisation is required.

Amendment 238

Proposal for a regulation

Article 111 — paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a.     Antimicrobial veterinary medicines shall not under any circumstances serve to improve performance or compensate for poor animal husbandry. Routine prophylactic use of antimicrobials is therefore prohibited. Prophylactic use of antimicrobial veterinary medicines shall only be permitted on single animals and when fully justified by a veterinarian in exceptional indications, of which a list shall be drafted by the Agency.

Metaphylactic use of antimicrobial veterinary medicines shall be restricted to use in clinicall-ill animals and to those single animals that are identified as being at a high risk of contamination, to prevent further spread of the disease in the group. Where such products are to be used for non-routine metaphylaxis, owners and keepers of food-producing animals shall ensure that they have a health plan specifying appropriate non-medical measures to reduce the need to resort to metaphylactic use in the future. Moreover, they shall be required to comply with the following measures:

(i)

using good healthy breeding stock with suitable genetic diversity;

(ii)

conditions that respect the behavioural needs of the species, including social interactions/hierarchies;

(iii)

stocking densities that do not increase risk of disease transmission;

(iv)

isolation of sick animals away from the rest of the group;

(v)

for chickens and smaller animals, subdivision of flocks into smaller, physically separated groups;

(vi)

implementation of existing animal welfare rules already in cross compliance under the Common ***Agricultural*** Policy's horizontal Regulation (EU) nr. 1306/2013, Annex II, SMRs 11, 12, 13.

(Council Directive 98/58/EC of 20 July 1998 concerning the protection of animals kept for farming purposes (OJ L 221, 8.8.1998, p. 23) Council Directive 91/630/EEC of 19 November 1991 laying down minimum standards for the protection of pigs (OJ L 340, 11.12.1991, p. 33), Council Directive 91/629/EEC of 19 November 1991 laying down minimum standards for the protection of calves (OJ L 340, 11.12.1991, p. 28))

Amendment 239

Proposal for a regulation

Article 111 a (new)

Text proposed by the Commission

Amendment

Article 111a

Supply and use of antimicrobials

1.     Member States may restrict or prohibit the supply or use, or both, of certain antimicrobials in animals on their territory if either of the following conditions is fulfilled:

(a)

the antimicrobials are critically important for use in humans; or

(b)

the administration of antimicrobials to animals is contradictory to the implementation of a national policy on prudent use of antimicrobials and that the policy is in line with the precautionary principle.

2.     Before adopting measures referred to in paragraph 1, the Member State shall ensure that relevant stakeholders have been consulted.

3.     Measures adopted by Member States on the basis of paragraph 1 shall be proportionate and no more restrictive of trade than is required to achieve the high level of protection of animal and public health.

4.     A Member State adopting a measure on the basis of paragraph 1 shall inform the Commission thereof.

Amendment 240

Proposal for a regulation

Article 112 — paragraph 1

Text proposed by the Commission

Amendment

1.   Owners or, where the animals are not kept by the owners, keepers of food-producing animals shall keep records of the veterinary medicinal products they use and, if applicable, a copy of the veterinary prescription.

1.   Owners or, where the animals are not kept by the owners, keepers of food-producing animals shall keep records of the veterinarian-prescribed veterinary medicinal products and veterinary medicinal products with a withdrawal period higher than nil they use and, if applicable, a copy of the veterinary prescription.

Amendment 241

Proposal for a regulation

Article 112 — paragraph 2 — point a

Text proposed by the Commission

Amendment

(a)

date of administering the veterinary medicinal product to the animal;

(a)

date of administering the veterinary medicinal product to the animal and the disease treated ;

Amendment 242

Proposal for a regulation

Article 112 — paragraph 2 — point d

Text proposed by the Commission

Amendment

(d)

name and address of the supplier;

(d)

name and address of the supplier and, if applicable, a copy of the delivery note ;

Amendment 243

Proposal for a regulation

Article 112 — paragraph 2 — point e

Text proposed by the Commission

Amendment

(e)

identification of the animals treated;

(e)

identification of the animals treated and the diagnosis of the disease treated ;

Amendment 244

Proposal for a regulation

Article 112 — paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a.     Particulars already contained in the prescription or in a delivery note shall not need to be recorded again if a clear reference can be made to the corresponding prescription and delivery note.

Amendment 245

Proposal for a regulation

Article 112 a (new)

Text proposed by the Commission

Amendment

Article 112a

Examination of therapy frequency

1.     The national competent authority shall identify on the basis of the numbers determined under Article 112, for each half ***year***, the average number of treatments with antibacterial effective substances and the treatment frequency following a standard European key, based on the particular business and the particular type of animals kept, taking into account the type of use.

2.     The competent national authority shall inform the farmer in accordance with paragraph 1 about the biannual therapy frequency for the particular species of animals held by him in consideration of their type of use.

3.     The information collected under paragraph 1 by the national competent authority are evaluated by the Commission and compared throughout the Union.

4.     Member States may request data beyond.

Amendment 246

Proposal for a regulation

Article 112 b (new)

Text proposed by the Commission

Amendment

Article 112b

Reduction of therapy approaches based on antibacterial substances

1.     In order to facilitate the effective reduction regarding the use of pharmaceuticals which contain antibacterial substances, anyone who engages in animal husbandry shall:

(a)

determine, respectively, two months after the disclosure of the key figures in accordance with paragraph 112b established therapy prevalence, if the biannual therapy prevalence concerning his reared animal species, and considering the type-of-use during the elapsed time frame, lies above the average therapy prevalence;

(b)

take immediate record of the results of the assessment under point 1.

2.     In a case where the operational, biannual therapy prevalence of the animal husbandman with respect to his business lies above the biannual average, the animal husbandman under consultation of a veterinarian has to assess the reasons that may have led to exceeding the average, and how the treatment of his cattle with pharmaceuticals containing antibacterial substances may be decreased.

If the assessment of the animal husbandman comes to the result that a therapy by means of the concerned pharmaceuticals may be reduced, the husbandman shall take all necessary steps in order to accomplish the reduction. The husbandman shall consider the wellbeing of his cattle and guarantee the required medical care.

3.     Member States may determine measures extending beyond the above mentioned requirements.

Amendment 247

Proposal for a regulation

Article 115 — paragraph 1

Text proposed by the Commission

Amendment

1.   By way of derogation from Article 111, where there is no authorised veterinary medicinal product in a Member State for a condition affecting a non-food producing animal, the veterinarian responsible may, under his/her direct personal responsibility and in particular to avoid causing unacceptable suffering , exceptionally treat the animal concerned with the following:

1.   By way of derogation from Article 111, where there is no authorised veterinary medicinal product in a Member State for a condition affecting a non-food producing animal, the veterinarian responsible may, under his/her direct personal responsibility and in the interest of animal health and welfare , exceptionally treat the animal concerned with the following, in descending order of preference :

(a)

a medicinal product:

(a)

any veterinary medicinal product authorised under this Regulation with the exception of antimicrobial products used as routine prophylactic measure, unless specifically authorised by the Committee for Medicinal Products for Veterinary Use;

(i)

a veterinary medicinal product authorised under this Regulation in the Member State concerned for use with another animal species, or for another condition in the same species;

(ii)

a veterinary medicinal product authorised under this Regulation in another Member State for use in the same species or in another species, for the same condition or for another condition;

(iii)

a medicinal product for human use authorised in the Member State concerned in accordance with Directive 2001/83/EC of the European Parliament and of the Council  (30) or Regulation (EC) No 726/2004;

(b)

if there is no product as referred to in point (a), a veterinary medicinal product prepared extemporaneously in accordance with the terms of a veterinary prescription by a person authorised to do so under national legislation.

(b)

if there is no product as referred to in point (a):

(i)

a medicinal product for human use authorised in the Member State concerned or another Member State in accordance with Directive 2001/83/EC of the European Parliament and of the Council  (30) or Regulation (EC) No 726/2004. Antimicrobial medicinal products for human use may only be employed subject to the issuing of a prescription by a veterinarian and the approval by the veterinary authority responsible for monitoring the work of the veterinarian in question;

(ii)

a veterinary medicinal product prepared extemporaneously in accordance with the terms of a veterinary prescription by a person authorised to do so under national law.

Amendment 303

Proposal for a regulation

Article 115 — paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a.     By way of derogation from paragraph 1, homeopathic medicinal products may be administered to non-food producing animals.

Amendment 249

Proposal for a regulation

Article 116 — paragraph 1

Text proposed by the Commission

Amendment

1.   By way of derogation from Article 111, where there is no authorised veterinary medicinal product in a Member State for a condition affecting a food-producing animal of a non-aquatic species, the veterinarian responsible may, under his direct personal responsibility and in particular to avoid causing unacceptable suffering , exceptionally treat the animal concerned with any of the following:

1.   By way of derogation from Article 111, where there is no authorised veterinary medicinal product in a Member State for a condition affecting a food-producing animal of a non-aquatic species, the veterinarian responsible may, under his direct personal responsibility and in the interest of animal health and welfare , exceptionally treat the animal concerned with the following , in descending order of preference :

(a)

a veterinary medicinal product authorised under this Regulation in the Member State concerned for use with another food-producing animal species, or for another condition in the same species ;

(a)

any veterinary medicinal product authorised under this Regulation with the exception of antimicrobial products used prophylactically in an individual or a group where there is no diagnosis of disease in any of the animals;

(b)

a veterinary medicinal product authorised under this Regulation in another Member State for use in the same species or in another food-producing species for the same condition or for another condition;

(ba)

if there is no product as referred to in point (a):

(c)

a medicinal product for human use authorised in the Member State concerned in accordance with Directive 2001/83/EC or under Regulation (EC) No 726/2004, or

(d)

if there is no product as referred to in point (a), a veterinary medicinal product prepared extemporaneously in accordance with the terms of a veterinary prescription by a person authorised to do so under national legislation.

(i)

a medicinal product for human use authorised in the Member State concerned in accordance with Directive 2001/83/EC or under Regulation (EC) No 726/2004. Antimicrobial medicinal products for human use may be employed subject to the issuing of a prescription by a veterinarian and the approval by the veterinary authority responsible for monitoring the work of the veterinarian in question and treatment with a veterinary medicinal product as referred to in point (a) or point (ba) is not possible; or

(ii)

a veterinary medicinal product prepared extemporaneously in accordance with the terms of a veterinary prescription issued by a person authorised to do so under national law.

Amendment 251

Proposal for a regulation

Article 116 — paragraph 2 — point b a (new)

Text proposed by the Commission

Amendment

(ba)

veterinary medicinal products authorised under this Regulation in another Member State for use in the same aquatic species or in another food-producing aquatic species for the condition in question or for another condition.

Amendment 252

Proposal for a regulation

Article 116 — paragraph 3

Text proposed by the Commission

Amendment

3.   By way of derogation from paragraph 2, and until an implementing act referred to in paragraph 4 is established, if there is no product as referred to in subparagraphs (a) and (b) of paragraph 2, a veterinarian may, under his direct personal responsibility and in particular to avoid causing unacceptable suffering, exceptionally treat food-producing animals of an aquatic species on a particular holding with:

3.   By way of derogation from paragraph 2, and until an implementing act referred to in paragraph 4 is established, if there is no product as referred to in subparagraphs (a) and (b) of paragraph 2, a veterinarian may, under his direct personal responsibility and in particular to avoid causing unacceptable suffering, exceptionally treat food-producing animals of an aquatic species on a particular holding with:

(a)

a veterinary medicinal product authorised under this Regulation in the Member State concerned or in another Member State for use with a food-producing non-aquatic species;

(a)

a veterinary medicinal product authorised under this Regulation in the Member State concerned or in another Member State for use with a food-producing non-aquatic species; or

(b)

a medicinal product for human use authorised in the Member State concerned in accordance with Directive 2001/83/EC or under Regulation (EC) No 726/2004.

(b)

if there is no product as referred to in point (a), a medicinal product for human use authorised in the Member State concerned in accordance with Directive 2001/83/EC or under Regulation (EC) No 726/2004.

Amendment 304

Proposal for a regulation

Article 116 — paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a.     By way of derogation from paragraphs 1 to 3, homeopathic medicinal products may be administered to treat food-producing animals under the responsibility of the veterinarian provided that they contain only active ingredients listed in Table 1 of the Annex to Regulation (EU) No 37/2010 as substances for which no maximum limit needs to be set.

Amendment 255

Proposal for a regulation

Article 116 — paragraph 6

Text proposed by the Commission

Amendment

6.   Pharmacologically active substances included in the medicinal product used in accordance with paragraph 1 shall be listed in Table 1 of the Annex to Regulation (EU) No 37/2010. The veterinarian shall specify an appropriate withdrawal period in accordance with Article 117.

6.   Pharmacologically active substances included in the medicinal product used in accordance with paragraph 1 and paragraph 3(b) shall be listed in Table 1 of the Annex to Regulation (EU) No 37/2010. The veterinarian shall specify an appropriate withdrawal period in accordance with Article 117.

Amendment 256

Proposal for a regulation

Article 117 — paragraph 4

Text proposed by the Commission

Amendment

4.    With regard to homeopathic veterinary medicinal products the withdrawal period shall be established at zero days .

4.    The withdrawal period shall be established at zero days for homeopathic veterinary medicinal products containing solely active substances listed in Table 1 of Regulation (EU) No 37/2010 with the classification ‘No maximum residue level (MRL) required’.

Amendment 257

Proposal for a regulation

Article 117 — paragraph 5 — subparagraph 2 a (new)

Text proposed by the Commission

Amendment

Data on the use of antibiotics outside the terms of authorisation shall be collected and mandatorily reported to national authorities in accordance with Article 54.

Amendment 258

Proposal for a regulation

Article 118 — title

Text proposed by the Commission

Amendment

Use of antimicrobial veterinary medicinal products for species or indications outside the terms of the marketing authorisation

Use of antimicrobial substances for species or indications outside the terms of the marketing authorisation

Amendment 259

Proposal for a regulation

Article 118 — paragraph 1

Text proposed by the Commission

Amendment

1.   Antimicrobial medicinal products shall only be used in accordance with Articles 115 and 116 to treat conditions for which there is no other treatment available, and the use of which would not present a risk to public or animal health.

1.   Antimicrobial medicinal products shall only be used in accordance with Articles 115 and 116 to treat conditions for which there is no other treatment available, and the use of which would not present a risk to public or animal health. Articles 115 and 116 do not apply to critically important antimicrobials as referred to in Article 32(2).

Amendment 260

Proposal for a regulation

Article 118 — paragraph 2 — subparagraph 1

Text proposed by the Commission

Amendment

2.   The Commission may , by means of implementing acts in accordance with the examination procedure referred to in Article 145(2), and taking into consideration scientific advice of the Agency, establish a list of antimicrobial medicinal products that cannot be used in accordance with paragraph 1, or which can only be used for treatment in accordance with paragraph 1 subject to certain conditions.

2.   The Commission shall , by means of implementing acts in accordance with the examination procedure referred to in Article 145(2), and taking into consideration scientific advice of the Agency, establish a list of antimicrobial substances or groups of substances that cannot be used in accordance with paragraph 1, or which can only be used for treatment in accordance with paragraph 1 subject to certain conditions.

Amendment 261

Proposal for a regulation

Article 118 — paragraph 2 — subparagraph 1 a (new)

Text proposed by the Commission

Amendment

The principles to be used to establish the list of antimicrobials to be restricted in veterinary medicine shall not interfere with or deter Member States from prohibiting the use of certain antimicrobials in some species if they deem it appropriate.

Amendment 262

Proposal for a regulation

Article 118 — paragraph 2 — subparagraph 2 — point a

Text proposed by the Commission

Amendment

(a)

risks to public health if the antimicrobial product is used in accordance with paragraph 1;

(a)

risks to public health if the antimicrobial product is used in accordance with paragraph 1 , including the risks involved in using antimicrobials critical to human health in food producing animals ;

Amendment 263

Proposal for a regulation

Article 118 — paragraph 2 — subparagraph 2 — point c a (new)

Text proposed by the Commission

Amendment

(ca)

availability of other farming methods that could prevent the outbreak of the disease;

Amendment 264

Proposal for a regulation

Article 118 — paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a.     Third countries with laws that authorise the use of antimicrobial medicinal products on the list referred to in paragraph 2 under different conditions from those laid down in that paragraph may not appear on any of the lists of third countries provided for under Union law from which Member States are authorised to import farm or aquaculture animals or meat or products obtained from such animals.

Amendment 265

Proposal for a regulation

Article 118 — paragraph 2 b (new)

Text proposed by the Commission

Amendment

2b.     Member States shall also prohibit the importation from third countries on any of the lists referred to in paragraph 2a of:

(a)

farm or aquaculture animals to which substances on the list referred to in paragraph 2 have been administered, unless those substances were administered in compliance with the conditions laid down in paragraph 1;

(b)

meat or products obtained from animals the importation of which is prohibited under point (a) of this paragraph.

Amendment 266

Proposal for a regulation

Article 119 — paragraph 2

Text proposed by the Commission

Amendment

2.   By way of derogation from Article 111, in the event of an outbreak of a listed disease as referred to in Article 5 of Regulation (EC) No…/…. of the European Parliament and the Council (31) a competent authority may allow, for a limited period of time and under specific restrictions, the use of an immunological veterinary medicinal product authorised in another Member State.

2.   By way of derogation from Article 111, in the event of an outbreak of a listed disease as referred to in Article 5 of Regulation (EC) No…/…. of the European Parliament and the Council (31) or any critical health situation acknowledged by the Chief Veterinary Officer of the Member State a competent authority may allow, for a limited period of time and under specific restrictions, the use of an immunological veterinary medicinal product without a marketing authorisation in the Member State in question but which is authorised either in another Member State or in accordance with the laws of a third country, in the absence of a suitable medicinal product and after informing the Commission of the detailed conditions of use .

Amendment 267

Proposal for a regulation

Article 122 — paragraph 1 a (new)

Text proposed by the Commission

Amendment

Within two ***years*** of entry into force of this Regulation, the Commission shall develop, through delegated acts, a harmonised system for collecting these types of products and waste materials at Union level.

Amendment 268

Proposal for a regulation

Article 123 — paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a.     Member States may provide for additional conditions in terms of advertising of veterinary medicinal products to protect public and animal health, animal welfare and the environment including conditions in terms of comparative and misleading advertising or unfair commercial practices.

Amendment 269

Proposal for a regulation

Article 124 — paragraph 2

Text proposed by the Commission

Amendment

2.   The prohibition laid down in paragraph 1 shall not apply to advertising to persons permitted to prescribe or supply veterinary medicinal products.

2.   The prohibition set out in paragraph 1 shall not apply to advertising to persons permitted to prescribe or supply veterinary medicinal products.

Amendment 270

Proposal for a regulation

Article 125 — paragraph 1

Text proposed by the Commission

Amendment

1.   Competent authorities shall perform controls of manufacturers, importers, marketing authorisation holders, wholesale distributors and suppliers of the veterinary medicinal products regularly, on a risk-basis, in order to verify that the requirements as set out in this Regulation are complied with.

1.   Competent authorities shall perform controls of manufacturers, importers, marketing authorisation holders, wholesale distributors and suppliers of the veterinary medicinal products as well as animals and foodstuff regularly, on a risk-basis, in order to verify that the requirements as set out in this Regulation are complied with.

Amendment 271

Proposal for a regulation

Article 125 — paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a.     The Commission shall ensure a harmonised approach to inspections and controls of veterinary medicines throughout the Union.

Amendment 272

Proposal for a regulation

Article 125 — paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b.     To combat fraud, the competent authorities shall establish a plan for spot checks on veterinary practices and herds to verify that medicinal products held comply with quality standards.

Amendment 273

Proposal for a regulation

Article 125 — paragraph 4 — subparagraph 2

Text proposed by the Commission

Amendment

If necessary, the inspections may be carried out unannounced.

All inspections shall be carried out unannounced.

Amendment 274

Proposal for a regulation

Article 125 — paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a.     Inspections may also be carried out on the premises of manufacturers of active substances used as starting materials for veterinary medicinal products where there are grounds for suspecting non-compliance with good manufacturing practices.

Amendment 275

Proposal for a regulation

Article 125 — paragraph 6

Text proposed by the Commission

Amendment

6.   Inspection reports shall be uploaded to the appropriate database, with continuous access for all competent authorities.

6.   Inspection reports shall be uploaded to the appropriate database, with continuous access for all competent authorities. A summary of the inspection results shall be made publicly available.

Amendment 276

Proposal for a regulation

Article 128 — paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a.     The Agency and the Commission shall ensure a harmonised approach to veterinary medicine inspections.

Amendment 277

Proposal for a regulation

Article 132 a (new)

Text proposed by the Commission

Amendment

Article 132a

Suspending and withdrawing wholesale distribution authorisations

In cases of non-compliance with the requirements laid down in Articles 104, 105 and 106, the competent authority may:

(a)

suspend the wholesale distribution of the veterinary medicinal products;

(b)

suspend the authorisation for wholesale distribution of a category of veterinary medicinal products;

(c)

withdraw the authorisation for wholesale distribution of a category, or all categories, of veterinary medicinal products.

Amendment 279

Proposal for a regulation

Article 136 — paragraph 1

Text proposed by the Commission

Amendment

1.   Member States shall designate the competent authorities to carry out tasks under this Regulation.

1.   Member States shall designate the competent authorities to carry out tasks under this Regulation. The competent authorities shall, inter alia, be responsible for providing the scientific expertise for assessment of all applications under this Regulation.

Amendment 280

Proposal for a regulation

Article 136 — paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a.     The management of funds intended for activities connected with requirements provided under this Regulation, the operation of communication networks and market surveillance shall be under the permanent control of the competent authorities in order to guarantee the independence of these authorities.

Amendment 281

Proposal for a regulation

Article 136 — paragraph 2

Text proposed by the Commission

Amendment

2.   The competent authorities shall cooperate with each other in the performance of their tasks under this Regulation and shall give the competent authorities of other Member States necessary and useful support to this end. Competent authorities shall communicate the appropriate information to each other, particularly regarding compliance with the requirements for the manufacturing and wholesale distribution authorisations, for the certificates of good manufacturing practice or for marketing authorisations.

2.   The competent authorities shall cooperate with each other and other concerned authorities in the performance of their tasks under this Regulation and shall give the competent authorities of other Member States necessary and useful support to this end. Competent authorities shall communicate the appropriate information to each other and other concerned authorities , particularly regarding compliance with the requirements for the manufacturing and wholesale distribution authorisations, for the certificates of good manufacturing practice or for marketing authorisations.

Amendment 305

Proposal for a regulation

Article 140 — paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a.     All members, alternate members and accompanying experts shall provide a publicly accessible declaration of interest.

Amendment 282

Proposal for a regulation

Article 140 — paragraph 7

Text proposed by the Commission

Amendment

7.   The Committee may co-opt a maximum of five additional members chosen on the basis of their specific scientific competence. These members shall be appointed for a term of three ***years***, which may be renewed, and shall not have alternates.

7.   The Committee may co-opt a maximum of five additional members chosen on the basis of their specific scientific competence. These members shall be appointed for a term of three ***years***, which may be renewed, and shall not have alternates. The co-opted members may act as rapporteurs.

Amendment 283

Proposal for a regulation

Article 141 — paragraph 1 — point h a (new)

Text proposed by the Commission

Amendment

(ha)

tackle the contribution of farming practices to the development of antimicrobial resistance, by building on the existing action plans of the Commission and Member States, specifically by developing and implementing strategies to:

—

reduce overall use,

—

reduce the use of antimicrobials that are critically important for human use, and

—

end routine prophylactic use. That work shall be laid out in a plan submitted by the Committee to the Commission no later than two ***years*** after the adoption of this Regulation. That plan shall contain targets for the reductions in use and a timetable for achieving these reductions.

Amendment 284

Proposal for a regulation

Article 144 — paragraph 1 — point b

Text proposed by the Commission

Amendment

(b)

examine questions concerning pharmacovigilance of veterinary medicinal products authorised in Member States;

deleted

Amendment 285

Proposal for a regulation

Annex 2 — part 1 — point 1.1 — paragraph 7

Text proposed by the Commission

Amendment

Experiments on animals other than clinical trials shall be conducted in accordance with Directive 2010/63/EU.

Member States shall ensure that all experiments on animals shall be conducted in accordance with Directive 2010/63/EU. As specified in Directive 2010/63/EU, it shall be necessary to replace, reduce or refine testing on vertebrate animals. These methods shall be regularly reviewed and improved with a view to reducing testing on vertebrate animals and the number of animals involved.

Amendment 286

Proposal for a regulation

Annex 2 — part 1 — point 1.3 — subpoint 1.3.1 — paragraph 1 — point e

Text proposed by the Commission

Amendment

(e)

the potential risks relating to the development of antimicrobial resistance.

(e)

the potential risks relating to the development of antimicrobial resistance during production and use .

Amendment 287

Proposal for a regulation

Annex 2 — part 1 — point 1.3 — subpoint 1.3.1 — paragraph 7 — introductory part

Text proposed by the Commission

Amendment

This assessment shall normally be conducted in two phases. The first phase of the assessment shall always be performed and the second phase shall be performed if necessary. The details of the assessment shall be provided in accordance with accepted guidance. The assessment shall indicate the potential exposure of the environment to the product and the level of risk associated with any such exposure taking into account in particular the following items:

This assessment shall normally be conducted in two phases. All available data of sufficient reliability and relevance shall be considered, including information gained during the drug discovery process. The first phase of the assessment shall always be performed and the second phase shall be performed if necessary. The details of the assessment shall be provided in accordance with accepted guidance. The assessment shall indicate the potential exposure of the environment to the product and the level of risk associated with any such exposure taking into account in particular the following items:

Amendment 288

Proposal for a regulation

Annex 2 — part 1 — point 1.3 — subpoint 1.3.1 — paragraph 8

Text proposed by the Commission

Amendment

In the second phase, further specific investigation of the fate and effects of the product on particular ecosystems shall be conducted, in accordance with established guidance. The extent of exposure of the product to the environment, and the available information about the physical/chemical, pharmacological and/or toxicological properties of the substance(s) concerned, including metabolites, shall be taken into consideration.

In the second phase, further specific investigation of the fate and effects of the product on particular ecosystems shall be conducted, in accordance with established guidance , and taking into account the pharmacological effect of the product as well as any relevant side effects . The extent of exposure of the product to the environment, and the available information about the physical/chemical, pharmacological and/or toxicological properties of the substance(s) concerned, including metabolites, shall be taken into consideration.

Amendment 289

Proposal for a regulation

Annex 2 — part 1 — point 1.3 — subpoint 1.3.1 — paragraph 8 a (new)

Text proposed by the Commission

Amendment

The environmental risk assessment shall be updated when new information becomes available that would change the estimation of the risk.

(1)  The matter was referred back to the committee responsible for reconsideration pursuant to Rule 61(2), second subparagraph (A8-0046/2016).

(15)  Directive 2010/63/EU of the European Parliament and of the Council of 22 September 2010 on the protection of animals used for scientific purposes (OJ L 276, 20.10.2010, p. 33).

(15)  Directive 2010/63/EU of the European Parliament and of the Council of 22 September 2010 on the protection of animals used for scientific purposes (OJ L 276, 20.10.2010, p. 33).

(17)  Communication from the Commission on the precautionary principle, COM(2000)0001 (final).

(17)  Communication from the Commission on the precautionary principle, COM(2000)0001 (final).

(1a)   Regulation (EÚ) …/… of the European Parliament and the Council of … on the manufacture, placing on the market and use of medicated feed and repealing Council Directive 90/167/EEC (OJ L …) [2014/0255(COD)].

(1a)   Regulation (EC) No 470/2009 of the European Parliament and of the Council of 6 May 2009 laying down Community procedures for the establishment of residue limits of pharmacologically active substances in foodstuffs of animal origin, repealing Council Regulation (EEC) No 2377/90 and amending Directive 2001/82/EC of the European Parliament and of the Council and Regulation (EC) No 726/2004 of the European Parliament and of the Council (OJ L 152, 16.6.2009, p. 11).

(\*1)   2014/0255(COD).

(22)  Regulation (EC) No 470/2009 of the European Parliament and of the Council of 6 May 2009 laying down Community procedures for the establishment of residue limits of pharmacologically active substances in foodstuffs of animal origin, repealing Council Regulation (EEC) No 2377/90 and amending Directive 2001/82/EC of the European Parliament and of the Council and Regulation (EC) No 726/2004 of the European Parliament and of the Council (OJ L 152, 16.6.2009, p. 11).

(22)  Regulation (EC) No 470/2009 of the European Parliament and of the Council of 6 May 2009 laying down Community procedures for the establishment of residue limits of pharmacologically active substances in foodstuffs of animal origin, repealing Council Regulation (EEC) No 2377/90 and amending Directive 2001/82/EC of the European Parliament and of the Council and Regulation (EC) No 726/2004 of the European Parliament and of the Council (OJ L 152, 16.6.2009, p. 11).

(28)   Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services (OJ L 204, 21.7.1998, p. 37).

(29)  Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (‘Directive on electronic commerce’) (OJ L 178, 17.7.2000, p. 1).

(29)  Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (‘Directive on electronic commerce’) (OJ L 178, 17.7.2000, p. 1).

(29a)   Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council (OJ L 304, 22.11.2011, p. 64).

(30)  Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use (OJ L 311, 28.11.2001, p. 67).

(30)  Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use (OJ L 311, 28.11.2001, p. 67).

(31)  Regulation of the European Parliament and the Council of….. on animal health (OJ L ……).

(31)  Regulation of the European Parliament and the Council of….. on animal health (OJ L ……).

**Load-Date:** February 19, 2018

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