

COUNTRYSIDE ALLIANCE BRIEFING NOTE

AGRICULTURAL POLICY FRAMEWORK



The Voice of the Countryside

Westminster Hall Debate

“The policy framework for agriculture after the UK leaves the EU” *determined by the Backbench Business Committee (Alistair Carmichael MP, Lib Dem, Orkney and Shetland)*

Thursday 1 February, 3.00pm

Background:

- A new UK agricultural policy is one of the three central challenges facing the food and farming industry as we leave the EU, along with new trading arrangements and access to labour. Establishing a new system of support to replace the Common Agricultural Policy (CAP) is essential for securing the long term future of farming as well as sustaining the landscapes and communities of many rural areas.
- Support payments under the CAP play an important role in the food and farming industry and the wider economy. In 2015, it was estimated that the contribution of farming to the UK across all areas was worth 7.4 times the funding it received in direct payments under Pillar 1 (approximately £2.2 billion). This is particularly important in rural areas where farming remains an important part of the economic and social life of the local community.
- Whilst support payments under the CAP have been vital to many farm businesses, there is no doubt that many of its policies have been unpopular and incentivised unsustainable farming practices. Leaving the EU creates an opportunity for the UK to create our own farming policy for the first time in more than 40 years and develop a system of support that is appropriate for farming in the UK and reflects public interest.

Countryside Alliance Position:

- It is important that the Common Agricultural Policy (CAP) is replaced with a fully funded UK agricultural policy to be in place and ready to be implemented before the UK leaves the EU. Farming in the UK has developed within the framework of the CAP for the last 40 years and therefore the introduction of a new agricultural policy will need to include transitional arrangements to ensure that farm businesses are able to adjust as decisions often need to be taken many years in advance. Farmers, particularly in upland and marginal areas, are often small to medium sized enterprises and a sudden change in agricultural policy would risk the sustainability of some of these businesses which are dependent upon support payments.
- We welcomed the commitment from the Environment Secretary, Rt Hon Michael Gove MP, to continue area-based payments until 2024 with plans to introduce a sliding scale for a cap on payments. It is essential that the Government's Command Paper on this is published as soon as possible to enable proper consultation and parliamentary scrutiny, and this must be a priority for Defra at the present time. We appreciate that any plans to introduce a new UK agricultural policy will depend on the Withdrawal Agreement with the

EU which is why it is essential that the interests of farming are central to the Brexit process.

- The administration of a new UK agricultural policy must recognise the fact that many farmers are still unable to receive high speed broadband and those who are connected do not always have the skills to be able to use the internet to full advantage. Money should be available under any new payment schemes to invest in broadband infrastructure as well as digital skills. There must also be provision to submit applications for any new payment schemes in the post for as long as universal connectivity is lacking.
- The Government has indicated that it wants to see a more market-orientated agricultural policy with a focus on competitiveness. Policies designed to make our farmers more competitive should be welcomed, however this must not be done to the detriment of the environment. We welcome the objectives of 25 year plan although the Government needs to provide more detail on how improvements in agricultural productivity can be achieved whilst also protecting the environment. It is vital that the Government seeks to work with farmers and other land managers in achieving environmental objectives, rather than imposing solutions on them.
- Despite best efforts and incentives to improve competitiveness, there will continue be some parts of the UK, particularly in upland areas, where farmers cannot survive on the profits of food production alone. This will need to be addressed in a new UK agricultural policy as well as continued efforts to support diversification of farm businesses.
- Farmers in the uplands, and other marginal areas, are limited to low intensity grazing which has small profit margins and is often more exposed to market volatility than other sectors of the industry. Their work, however, often provides the most amount of public good in maintaining and improving some of our most iconic rural landscapes, which are so important to our cultural heritage and provide the recreational and tourism opportunities people value so much.
- A new UK agricultural policy should target support payments to those farmers who are providing the most amount of public good but not being rewarded for this by the market. This also means ensuring that support is provided to the people and businesses that have the task of carrying out this work on a daily basis.
- A new UK agricultural policy should be appropriate for farming in different parts of the UK which will require the Devolved Administrations to have greater flexibility in implementing support payments. There will need to be a UK framework for agricultural policy in order to agree a funding formula and establish basic principles for any new payment schemes but decisions about how the money is spent should be devolved. It is vital that this UK framework is established following consultation and consent from the Devolved Administrations.
- Farmers play a vital role in conservation. Using the skills and experience of farmers is often the best way to improve biodiversity and secure the future our vital natural resources. If farming in upland, and other marginal areas, were to be abandoned because of changes to agricultural policy, there would be detrimental effects on the habitat in these areas and the species they support.
- Farming is often central to the economic and social life of some of the most rural communities. As well as support payments helping to keep livestock on the hills, they also help to keep the local school open and provide employment in the wider rural economy from shops and garages to hotels and pubs. The importance of support

payments to rural communities needs to be recognised when developing a new UK agricultural policy as without this support many of the most rural communities face the prospect of becoming unsustainable.

- The scope and level of funding for a new UK agricultural policy may be constrained by World Trade Organisation rules which state that “the amount of payment shall be limited to the extra costs or loss of income involved in complying with government programmes.” The principle of income foregone limits the extent to which payments can be used to support the provision of public good when there is no market for this and the Government will need to consider how best to provide support whilst remaining compliant with trade rules to enable the broadest range of trading options to export our great British food and drink.

For more information please contact:

Sarah Lee

Head of Policy

Sarah-lee@countryside-alliance.org

0207 840 9250

James Somerville-Meikle

Political Relations Manager

James-sm@countryside-alliance.org

0207 840 9260