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Health and Harmony: the future for food, farming and the environment in a Green Brexit

Defra has launched a consultation on proposals for future agricultural policy once we leave the Common Agricultural Policy (CAP). The consultation paper can be viewed at the dedicated section of the NFU's website [here](#) along with the NFU's initial reaction and our background policy positions.

The NFU has already taken significant steps in setting out its vision for the future domestic agricultural policy. Last autumn, the NFU published a [Framework for Success](#) document that sets out a bold and ambitious policy for farmers to succeed post Brexit. It gives us a solid foundation from which to respond to Defra's consultation, but we want to build on this and continue the conversation with our members, ensuring that the voice of farming and the importance of domestic food production is heard loud and clear by government and members of Parliament.

The following paper sets out Defra's proposals as detailed in the consultation paper. It does not set out the NFU's views on these proposals at this stage. There are a number of challenging questions in this consultation, but for presentation purposes we have simply set these out as Defra has done in its consultation paper.

Make Your Voice Heard

The government is keen to make clear that at present the proposals contained in the document are not yet set in stone. While we know that there are some issues on which the government has made its position clear, it's important to recognise that this consultation paper provides a critical opportunity to shape the government's thinking on agricultural policy. There are a number of ways we intend to maximise this opportunity:

- The NFU has arranged a significant programme of member meetings across England to present the government's proposals and to give members the opportunity to shape the organisation's response. A list of the meetings taking place near you is available on [NFUonline](#). To book your place at a meeting, please contact your regional office.
- We are keen to hear from you, our members, so that your views are included in the NFU's response. You can do this by emailing your views to the HQ team at Brexit@nfu.org.uk **by Friday 27th April 2018**.
- NFU's national and regional boards, sector boards, policy board and NFU council will all dedicate time to discussing this consultation in the weeks ahead.

In addition we want to encourage you to respond directly to the government's consultation in your own capacity.

- You can do this in two ways. Defra's preference is that you respond through the government's "citizens space" which can be found [here](#). This involves completing a web based questionnaire. However it is also possible to make your response by emailing Defra agricultureconsultation@defra.gsi.gov.uk. The deadline for making a response directly to government is 8th May 2018. As the NFU will be assessing the government's proposals in detail over the coming weeks and developing our response in consultation with members as set out above, you may wish to wait until nearer the deadline before submitting your response so you have the full benefit of our assessment and views to inform your own submissions.

Summary of the government's proposals

The paper is laid out in 3 distinct sections; 1) Moving away from the CAP, 2) Implementing a new agricultural policy in England, 3) The framework for a new agricultural policy.

Key elements of the paper;

- BPS 2019 will be paid on the same basis as now (with the potential for some simplifications).
- A simplified Countryside Stewardship (CS) scheme will continue to run until a new environmental land management scheme is introduced. Farmers applying for CS will not be disadvantaged for applying ahead of the new proposed scheme coming into effect.
- Defra will introduce an “agricultural transition” that will run for a number of years beyond Brexit. During this transition Defra envisages a number of aspects
 - Basic Payment Scheme (BPS) payments will continue, albeit reductions will be applied.
 - By the end of the transition period, direct payments (BPS) would be phased out completely.
 - Defra is considering what farmers will be asked to do to receive their direct payments (BPS) during this period.
 - Defra is proposing to recycle the money taken from BPS during the transition period for trialling new environmental land management schemes, animal welfare payment schemes and investing in agricultural productivity, for example through investing in skills and equipment, benchmarking, and encouraging collaborating.
- The government has confirmed that the total budget for farm support will remain until 2022. There is no commitment to the level of funding for the policy beyond this point.
- Defra’s future agricultural policy would be underpinned by a principle of “public money for public goods.”
 - The cornerstone will be an environmental land management system aimed at delivering a range of environmental objectives. This would be administered through multi-annual commitments alongside capital grants.
 - Defra says it will also continue to recognise the benefits of organic production, support projects which prevent flooding and encourage new measures to promote nature-friendly farming.
 - Delivering higher welfare outcomes could also be supported in the future.
 - A clear vision for the uplands will be an important part of the future agricultural policy and Defra is consulting on what this should be.
- Defra wants to explore new business models and the scope for reforming agricultural tenancy laws to support succession planning and remove barriers to investment.
- Defra recognises that risks posed by crop failures, disease and market volatility are a fundamental threat to long-term farm business viability. There will be measures in place to deal with crisis situations, similar to the measures currently in EU legislation.
- Defra wants to stimulate private, market led measures that could provide income/margin insurance or futures markets and recognises that legislation to mandate price reporting may be required.
- Defra recognises the importance of improving fairness in the food supply chain and is keen to encourage and stimulate farmers to collaborate in cooperatives or producer organisations (POs) to improve their market position.
- Defra reaffirms its commitment to the GCA and suggests the possibility of new codes of practice to ensure clarity to farmers for example with respect abattoir practices and contract terms. It is also considering whether greater clarity of information to consumers could support higher welfare production.
- The UK wants to secure the freest trade possible in goods and services between the UK and the EU. The government is also committed to securing continuity of existing EU Free Trade Agreements and other EU preferential arrangements.
- The government is fully committed to ensuring the maintenance of high standards of consumer, worker and environmental protection in trade agreements. Government will adopt a trade approach which promotes industry innovation and lower prices for consumers, whilst ensuring sufficient time for the industry to prepare.

1. Moving away from the CAP

- **BPS 2019 and Countryside Stewardship**

Defra confirms that it will pay BPS 2019 on the same basis as now (with the potential for some simplifications). It also intends to continue with the existing Rural Development Programme for England including a simplified Countryside Stewardship scheme.

Defra recognises that uptake of Countryside Stewardship has been lower than it would wish and that many farmers and land managers have been put off by the complexity of the scheme. It is seeking input on what steps should be taken to simplify the existing scheme, alongside the development of new approaches for the future.

Defra confirms that those applying for Countryside Stewardship will not be disadvantaged when a new environmental land management system is introduced.

Defra's questions for consultation

1. What should Defra prioritise with respect to simplification of the current CAP? (For example, should it develop further simplified packages, simplify the application form, expand the online offer, reduce evidence requirements in the rest of the scheme?)
2. How can Defra improve the delivery of the current Countryside Stewardship scheme and increase uptake by farmers and land managers to help achieve valuable environmental outcomes?

- **Agricultural transition**

The UK will formally leave the EU in March 2019, but it is anticipated that government will agree to an implementation period lasting for around another two years. Once Defra has the freedom to move away from the CAP rules it proposes that there will be an "agricultural transition" period in England. It has not defined when this is likely to start.

- **Phasing out BPS**

During this "agricultural transition" period, direct payments (BPS) will continue. However Defra is proposing to reduce and phase out direct payments (BPS) completely in England by the end of this period. Defra has not put a date on when the transition period will start and has not determined how long the transition period will last. It is possible the transition may start from BPS2020, but this will be dependent on article 50 negotiations on Brexit. It is consulting on how long the transition period should last.

Defra has presented three approaches to reducing direct payments (BPS) during the transition period. At a macro level, a 1% reduction in direct payments (BPS) currently generates approximately £16.5 million. In each of the following examples around £150million would be released in the first year of the period.

i. **Progressive reductions**

The first option consists of applying progressive reductions to farmers' payments, with higher percentage reductions applied to amounts in higher payment bands (as with income tax).

For example, Defra could set a threshold of £25,000 **for the first year** of the 'agricultural transition'. Progressive reductions would only apply to payment amounts above this. For claims above £25,000, Defra could apply a 5% reduction for the amount between £25,000 and £30,000, a 10% reduction for the amount between £30,000 and £40,000, a 15% reduction for the amount between £40,000 and £50,000, with higher percentage reductions for amounts in higher payment bands. Defra could then apply a 75% reduction for amounts over £200,000.

Band	Reduction applied to amounts within the band in Year 1	<p>Example based on these bands: A claimant with £45k in base year would get £43k in Year 1, (e.g. $(£25k*1)+ (£5k*0.95)+ (£10k*0.9)+ (£5k*0.85) = £43k$)</p> <ul style="list-style-type: none"> £75k would get £67k in BPS payment £100k would get £86k £1million claim would get £344k
<£25k	0%	
£25k - £30k	5%	
£30k - £40k	10%	
£40k - £50k	15%	
£50k- £75k	20%	
£75k - £100k	25%	
£100k-£125k	30%	
£125k-£150k	40%	
£150k-£200k	50%	
>£200k	75%	

This example would affect around 19,000 claimants in **Year 1** (22% of recipients, with highest reductions for those with amounts in the highest payment bands). Of these, 13,500 would face a payment reduction of less than £5,000 and around 300 claimants, all with claims worth over £200,000, would face a payment reduction of over £75,000.

ii. **Apply a cap to the largest payments**

A further option would be for Defra to apply a cap of £100,000 for the first year of the 'agricultural transition'. This example would affect around 2,100 farmers (2% of recipients), who would on average face higher reductions than under the progressive reduction model. A hard cap would mean those that receive the largest payments would initially face the entire burden of reductions. Under this approach, in the early years of the 'agricultural transition', the payment reductions would be concentrated on a relatively small number of farmers, some of whom would be affected by large reductions. The farmers that receive the lowest payments would not face any reductions for several years under this approach.

iii. **Apply a different cap or reduction to a higher or lower number of payments**

Defra sets out a third option which suggests that different threshold and reduction percentages could be applied to some payments which would release a similar amount of funding compared with the 2 options above. Defra could initially apply larger reduction percentages affecting a smaller number of farmers, or smaller reduction percentages affecting a larger number of farmers. Defra says that applying reductions more widely earlier in the transition would mean more farmers are incentivised more quickly to begin to adapt their businesses and improve their productivity.

- **Beyond Year 1 of the 'agricultural transition'**

Defra proposes that whichever option is adopted for reducing BPS payments, further payment reductions would be applied in later years of the 'agricultural transition' until the payments have been phased out completely. This could either entail further reductions each year, so the reductions are introduced gradually; or further reductions applied in a fewer number of steps, (e.g. further reductions applied after three years of the transition.)

- **Possible conditions for receiving BPS during the 'agricultural transition'**

Defra is also looking at what farmers will be asked to do in order to receive their BPS during the 'agricultural transition'. For example, it proposes that it could broadly retain and simplify the current scheme eligibility and other requirements. This could include simplifying cross compliance and removing some, or all, of the current "ineffective" greening rules.

Alternatively, Defra suggests it could continue to make payments to current recipients during the 'agricultural transition' period irrespective of the area farmed or continued eligibility. Under this approach, there would be no requirement to remain a farmer. It would be a radical simplification and it would remove the need for recipients to meet land eligibility rules or comply with greening to receive

payment. Payments to each applicant could be based on the value of BPS payments made to them in a historic reference period. Farmers might choose to use the payments to invest in and adapt their businesses, or exit the sector. Farm businesses would still need to comply with environmental, animal and plant health and animal welfare standards, irrespective of whether they receive payments during the 'agricultural transition' period. This would therefore require a new enforcement mechanism, which could include improved inspections and more proportionate penalties for non-compliance. Defra argues linking payments to historic payments in this way would avoid the risk of farmers splitting their businesses to avoid a cap or progressive reductions. Defra suggests it would also facilitate restructuring and productivity improvements even as payments are being reduced.

Defra's questions for consultation

3. What is the best way of applying reductions to Direct Payments (BPS)?
4. What conditions should be attached to Direct Payments (BPS) during the 'agricultural transition'?
 - a) Retain and simplify the current requirements by removing all of the greening rules
 - b) Retain and simplify cross compliance rules and their enforcement
 - c) Make payments to current recipients, who are allowed to leave the land, using the payment to help them do so
 - d) Other (please specify)
5. What are the factors that should drive the profile for reducing Direct Payments (BPS) during the 'agricultural transition'?
6. How long should the 'agricultural transition' period be?

A successful future for farming

- **Farming excellence and profitability**

Defra is proposing that by reducing the direct payments (BPS), it can move resources to support "better value for money initiatives and promote efficient farming practices that will underpin the new domestic policy". Whether it is producing high quality food that commands premium prices, pioneering technological breakthroughs to boost efficiency, or developing new ways of protecting and enhancing the environment, the best British farmers are innovators and pace-setters. Across the industry, Defra believes that there are opportunities to go further and improve productivity, profitability and performance through research, adoption of best practice, investment in new tools and technologies and adoption of new business models.

As we leave the EU and prepare for a new world, Defra stresses that it will be critical that we embrace the excellence already found across our industry – extending the world-class performance, techniques and innovation found on many British farms and making this the norm.

- Evidence from the OECD shows that the take-up of skills and knowledge is an essential factor in improving efficiency and competitiveness on-farm. To be competitive, Defra argues that farmers need to recognise and adopt the latest tools and technologies, and develop the right agronomic and business management skills.
- Defra wants to encourage more farmers to benchmark themselves against the best in their sector and commit to Continuing Professional Development (CPD). It points out that there is an important role for knowledge sharing, producer cooperation and farmer-to-farmer learning to kick-start a wider culture of excellence. Agriculture and horticulture are increasingly high-tech, capital intensive industries. Defra wants to encourage farmers and growers to invest in new

technologies and processes to increase their profitability, tackle plant and animal diseases and improve animal health.

- Defra will work with the Agriculture and Horticulture Development Board (AHDB) to encourage a focus on stronger resource efficiency and sustainable growth. It will continue to raise the industry's status and help create opportunities for the next generation of talented people to enjoy a successful career in farming, including further work with councils to encourage a vibrant network of council farms.
- Defra proposes that it will explore new business models and the scope for reforming agricultural tenancy laws to support succession planning and remove barriers to investment.

Defra's questions for consultation

7. How can Defra improve the take-up of knowledge and advice by farmers and land managers? For example, it suggests encouraging benchmarking and farmer-to-farmer learning, working with industry to improve standards and coordination, better access to skills providers and resources, developing formal incentives to encourage training and career development and making Continuing Professional Development (CPD) a condition of any future grants or loans

8. What are the main barriers to new capital investment that can boost profitability and improve animal and plant health on-farm?

9. What are the most effective ways to support new entrants and encourage more young people into a career in farming and land management?

10. Does existing tenancy law present barriers to new entrants, productivity and investment?

- **Agricultural technology and research**

In 2017, the Industrial Strategy White Paper committed to establishing a new Food and Drink Sector Council to lead work across the whole food chain to secure the UK's position as a global leader in sustainable, affordable, safe and high-quality food and drink. Additionally, the Industrial Strategy supports innovative and highly-efficient precision agriculture through the Industrial Strategy Challenge Fund programme: 'Transforming food production'.

In partnership with industry, Defra is proposing to encourage widespread adoption of precision agriculture, pioneer new approaches to crop protection and encourage more commercial research to improve plant breeding and agronomic techniques. New approaches, such as vertical farming, can harness the combined power of robotics, photonics, artificial intelligence and smart energy management systems, as well as plant biotechnology. Defra wants to explore how collaborative research ventures, involving farmers and other partners (such as research syndicates) can develop a new generation of agricultural technology, enabling farm businesses to work together to overcome common challenges through bespoke technological solutions.

Defra's questions for consultation

11. What are the priority research topics that industry and government should focus on to drive improvements in productivity and resource efficiency?

12. How can industry and government put farmers in the driving seat to ensure that agricultural R&D delivers what they need? For example: encouraging a stronger focus on near-market applied agricultural R&D, bringing groups of farms together in research syndicates to deliver practical solutions,

accelerating the ‘proof of concept’ testing of novel approaches to agricultural constraints, giving the farming industry a greater say in setting the strategic direction for research funding?

13. What are the main barriers to adopting new technology and ideas on-farm, and how can we overcome them?

- **Labour: a skilled workforce**

Defra recognises that attracting skills and talent is crucial to realising ambitions for a thriving agriculture and horticulture sector. Also that it is vital that the agricultural and horticultural sector is able to plan ahead and secure the appropriately skilled people that it needs, across both the permanent and seasonal workforce. The government recognises the concerns of stakeholders in relation to the current reliance on migrant workers and acknowledges the need for an implementation period following our exit from the EU to avoid a cliff edge for businesses. For the longer term, Defra wants to work with the industry to encourage more domestic workers to enter the profession and attract the engineering, manufacturing, research and other skills necessary for an increasingly sophisticated food and farming industry.

The government commits to continue to work with industry to monitor labour supply and demand and acknowledges that the future immigration framework needs to work in the best interests of the UK - controlling immigration whilst continuing to welcome those that make an invaluable contribution. The Migration Advisory Committee (MAC) has been commissioned to provide advice on the economic and social impacts of the UK’s exit from the European Union, and on how the UK’s immigration system should be aligned with a modern industrial strategy. The MAC report, expected in September 2018, will help inform further policy development. Government will carefully consider the findings of the MAC report.

Defra’s questions for consultation

14. What are the priority skills gaps across UK agriculture? For example business / financial , risk management, leadership, engineering, manufacturing, research, other (please specify)?

15. What can industry do to help make agriculture and land management a great career choice?

16. How can government support industry to build the resilience of the agricultural sector to meet labour demand?

2) Implementing a new agricultural policy in England

Defra outlines the priorities and issues that a replacement for the CAP would deal with in the future. It is important to note that this would apply solely in England and that the underlying principle is one of “*public money for public goods*”. The key cornerstone in Defra’s view is payment for looking after the environment. However, improving farm productivity, profitability, competitiveness and helping businesses manage market volatility are highlighted as significant too.

- **What does Defra see as a public good?**

Defra lists five main areas for payments and support as public goods. Each is described in varying degrees of detail in the consultation paper. In summary, the areas Defra envisages for future support are:

1. **Environmental enhancement and protection:** a very broad definition of “environment” is used and description is given on actions to support improved soil health, water quality, air

quality, increased biodiversity, climate change mitigation, carbon sequestration and enhanced beauty, heritage and engagement with the natural environment.

2. **Better animal and plant health and animal welfare:** better health and welfare is linked to improved productivity and profitability. However, rather than necessarily raise the legislative baseline, Defra is considering support for targeted improvements to go beyond this.
3. **Improved productivity and competitiveness:** investment to enhance farm productivity and competitiveness is seen to be a public good inasmuch as it allows the achievement of other public goods delivered by farming.
4. **Preserving rural resilience and traditional farming and landscapes in the uplands:** there is clear recognition that farming provides more than just food in some landscapes (specifically uplands), for example encouraging biodiversity, protecting water quality and storing carbon and that this should be valued and supported. There is a more general reference that rural areas in general face challenges and therefore support so that rural communities have the same opportunities to grow and succeed as urban areas may be justified. This includes the provision of rural connectivity and broadband.
5. **Public access to the countryside:** the countryside is seen to provide a valuable amenity to the British public and economy in the form of attracting tourism, filming and recreational activities. Moreover, the health benefits it provides are seen as public good too.

Defra's questions for consultation

17. What environmental outcomes do you consider to be the most important public goods that government should support? (for example improved soil health, improved water quality, better air quality, increased biodiversity, climate change mitigation, enhanced beauty, heritage and engagement with the natural environment)

18. Which public goods do you consider to be the most important that government should support?

19. Are there any other public goods which you think the government should support?

The consultation paper goes into greater detail on each public good and outlines the possible policy initiatives that could be implemented to deliver the good.

- **Environmental enhancement and protection**

During the 'agricultural transition' period, Defra says that it will prepare to move to a new environmental land management system which puts environmental outcomes at the heart of government support. Throughout this period Defra says it will learn from the past and build on effective elements currently in place under Countryside Stewardship. It proposes to trial new approaches and to investigate innovative mechanisms with the potential to improve environmental outcomes (such as reverse auctions, tendering, conservation covenants and actions which encourage private investment in natural capital). Defra also pledges to "make sure that no one in an existing scheme is unfairly disadvantaged when it makes the transition to new arrangements."

Within this new system of support, Defra foresees designing and implementing new Environmental Land Management schemes (ELMs). In effect these would be similar to current agri-environment schemes and broadly split between simple ELMs that minimise bureaucracy and encourage wide participation (open to nearly all land managers), and ELMs that require more complex and resource intensive management. Payment levels under both will be compliant with World Trade Organisation rules, but would be at a level of "fair reward". A natural capital approach to valuing outcomes would be built into the schemes. Defra does not define what such an approach entails. In terms of how these schemes could run, Defra is willing to explore monthly start dates and payments, although a multi-annual approach is initially foreseen.

Defra says it will also continue to recognise the benefits of organic production, support projects which prevent flooding and encourage new measures to promote nature-friendly farming

Aside from the ELMs, Defra proposes funding capital grants to help farmers invest in sustainable practices that meet both environmental and productivity goals. Collaborative projects that help land managers come together to achieve catchment or landscape scale objectives could also be funded.

The role of regulation in achieving environmental public goods is also important and there is an intention to maintain a strong regulatory baseline of environmental standards. It is also implied that this regulatory baseline could be based on existing cross compliance standards and other CAP Pillar I requirements. There are also numerous mentions of moving toward a “polluter pays principle” in environmental regulation, although support could help farmers prepare for this.

Defra’s questions for consultation

20. What outcomes would be best achieved by incentivising action across a number of farms or other land parcels in a future environmental land management system?
21. What role should outcome-based payments have in a new environmental land management system?
22. How can an approach to a new environmental land management system be developed that balances national and local priorities for environmental outcomes?
23. How can farmers and land managers work together or with third parties to deliver environmental outcomes?
24. How can government improve inspections for environmental, animal health and welfare standards?
25. Which parts of the regulatory baseline could be improved, and how?
26. How can we deliver a more targeted and proportionate enforcement system?

- **Better animal/plant health and animal welfare**

The paper recognises that the UK already has a high regulatory baseline in plant health, animal health and welfare and Defra would seek to maintain this. Policy to deliver this public good would therefore be delivered through targeting investment to help farmers go beyond this baseline. Payments could therefore be given to those farmers who trial new approaches to seek to exceed the industry standard. There is an intention to pilot such schemes during the “agricultural transition” period.

Effective disease management, delivered through an industry/government partnership is central to this public good too. A clear vision is needed for this and could be contained in an “Animal Health Pathway” that would create targets and standards for industry to achieve and benchmark against. A new body could be set up to drive and monitor this. Defra wants to strengthen industry leadership and delivery capability, enabling and supporting action to manage animal health risks at farm level. It proposes to work with industry to establish a partnership body to oversee development and delivery of the ‘Pathway’.

Defra proposes to unlock the potential of data as a risk management tool through improved traceability, surveillance and use of electronic identification. It wants to work with industry to bring together datasets on traceability, animal health and production, and make this data available. It also proposes to explore ways to accelerate the use of electronic identification and encourage greater participation in surveillance, building on existing data-sharing initiatives.

With respect to plant health, Defra proposes that a strong regulatory regime to ensure the country has high standards of biosecurity can help to deliver this. In addition, while Defra proposes that pesticide use should be minimised, it recognises that a full suite of tools to help farmers manage pest pressure should be made available and effectively regulated.

Defra's questions for consultation

27. Do you think there is a strong case for government funding pilots and other schemes which incentivise and deliver improved welfare?

28. Should government set further standards to ensure greater consistency and understanding of welfare information at the point of purchase?

29. What type of action do you feel is most likely to have the biggest impact on improving animal health on farms?

30. How can the government best support industry to develop an ambitious plan to tackle endemic diseases and drive up animal health standards?

31. Where there are insufficient commercial drivers, how far do you agree or disagree that government should play a role in supporting: a) industry, woodland owners and others to respond collaboratively and swiftly to outbreaks of priority pests and diseases in trees? b) landscape recovery following pest and disease outbreaks, and the development of more resilient trees? c) the development of a bio-secure supply chain across the forestry, horticulture and beekeeping sectors?

32. Where there are insufficient commercial drivers, what role should government play in: a) supporting industry, woodland owners and others to respond collaboratively and swiftly to outbreaks of priority pests and diseases in trees? b) promoting landscape recovery following pest and disease outbreaks, and the development of more resilient trees?

33. What support, if any, can the government offer to promote the development of a bio-secure supply chain across the forestry, horticulture and beekeeping sectors?

- **Improved productivity and competitiveness**

Whilst little precise policy detail is given on how to deliver this public good in the future policy, the paper does set out Defra's views on how to achieve a "successful future for farming" (outlined earlier in this summary) including ways in which productivity improvements might be delivered during the "agricultural transition". Assuming that such policy initiatives would be valid for support during the transition period and within a future scheme too, enhancing productivity and competitiveness could be achieved through funding the uptake of innovative technologies; new business models; skills and businesses training; continuous farmer learning; facilitating "research syndicates" to better disseminate new findings and supporting investment in a domestic workforce and automation.

- **Preserving rural resilience and traditional farming and landscapes in the uplands**

Policy initiatives to achieve this public good are not limited to the uplands, but also extend to other remote areas and rural communities in general. For the uplands Defra wishes to produce a "clear vision" and the paper explicitly says that these areas deliver in a unique way for food production, the environment, rural communities and landscapes. In wider rural areas, the paper outlines how investment from other government departments, and Defra collaboration with them, will help improve rural infrastructure and business growth. Specifically mentioned is investment in high speed digital connectivity and how this can help drive agricultural productivity improvements.

Defra's questions for consultation

34. How should farming, land management and rural communities continue to be supported to deliver environmental, social and cultural benefits in the uplands?

35. There are a number of challenges facing rural communities and businesses. Please list the most significant.

36. What should government do to address these challenges faced by rural communities and businesses post-EU Exit?

- **Public access to the countryside**

Little practical detail is given on delivering this public good other than policy that supports landowners to maintain public rights of way so the public can access the countryside and a mention of the importance of initiatives such as Open Farm Sunday. The majority of the narrative is rather about the wider benefits of tourism and other economic activities that happen in the countryside.

Risk management and resilience

Outside of the direct policy proposals to deliver public goods, Defra also outlines other areas where action could be taken that would be part of a future agricultural policy and indirectly supports the delivery of public goods.

Defra recognises that risks posed by crop failures, disease and market volatility are a fundamental threat to long-term farm business viability. There is certainly a belief that this should be tackled, but Defra is unclear of the role government should play. It does believe that there is a role for public policy to deal with crisis situations (caused by weather or severe market upsets) and states there will be measures in place to deal with this that will be very similar to the measures currently in EU legislation.

However, there is less certainty over the role of government in helping farms manage market volatility. Defra instead indicates that it will explore this with a view to stimulating private, market led measures that could provide income/margin insurance or futures markets. Government is clearer however regarding its role in improving data transparency, specifically the possibility to legislate for mandatory price reporting that would make available the data needed to design risk management tools such as futures markets or insurance schemes.

Defra's questions for consultation

37. What factors most affect farm businesses' decisions on whether to buy agricultural insurance?

38. What additional skills, data and tools would help better manage volatility in agricultural production and revenues for (a) farm businesses and (b) insurance providers?

39. How can current arrangements for managing market crises and providing crisis support be improved?

Fairness in supply chain

Defra recognises the importance of improving fairness in the food supply chain in achieving a positive future for farming. In terms of new approaches, Defra is keen to encourage and stimulate farmers to collaborate in cooperatives or producer organisations (POs) to improve their market position. It

perceives the lack of collaboration to be driven by the attitudes of UK farmers. There is a commitment to protect the special status of POs in competition law and the exemptions they currently benefit from.

Defra reaffirms its commitment to a strong role for the Groceries Code Adjudicator. The paper also suggests the possibility of new codes of practice to ensure clarity to farmers, for example in respect abattoir practices and with contract terms. Other market data is also earmarked as a potential resource to be disseminated and used to help improve fairness in the supply chain.

Defra suggests that it is not always clear to the consumer what standards underpin welfare terminology; and definitions on labels, such as “grass fed”, can vary between retailers. It is therefore considering whether providing greater clarity of information to consumers could support higher welfare production.

Defra’s questions for consultation

40. What are the priority measures for improving transparency and relationships across the food supply chain?

41. What are the biggest barriers to collaboration amongst farmers?

42. What are the most important benefits that collaboration between farmers and other parts of the supply chain can bring? How could government help to enable this?

3. The framework for a new agricultural policy

This section captures important aspects of the wider UK regulatory and trade framework that will have a bearing on the future agriculture policies in the country.

Devolution

The devolved administrations and the UK government are working together to determine where common frameworks need to be established in areas that are currently governed by EU law. The Joint Ministerial Committee (JMC) (which comprises the UK government, the Scottish government, the Welsh government and the Northern Ireland executive) has agreed the following principles:

Common frameworks will be established where they are necessary in order to:

- enable the functioning of the UK internal market, while acknowledging policy divergence
- ensure compliance with international obligations
- ensure the UK can negotiate, enter into and implement new trade agreements and international treaties
- enable the management of common resources
- administer and provide access to justice in cases with a cross-border element
- safeguard the security of the UK

Defra’s questions for consultation

43. With reference to the principles set out by JMC above, what are the agriculture and land management policy areas where a common approach across the UK is necessary?

44. What are the likely impacts on cross-border farms if each administration can tailor its own agriculture and land management policy?

International Trade

Defra sets out that for the first time in more than 40 years, the UK will have its own trade policy. Government wants to maximise the UK's trade opportunities globally and across all countries. The government's approach to trade is presented as a "golden opportunity to help farmers to grow more, sell more and export more great British food, building on our high quality brand." Accessing new markets will allow farmers to export more British produce and increase their profits as well as to spread risk. Defra wants to help build the reputation of British produce both at home and globally to inform those choices. There is also a desire to make sure trade agreements work to the benefit of consumers. And although the paper states that free trade can reduce prices for consumers, meeting their needs goes beyond this and into standards and safety too.

Defra acknowledges that the EU is our biggest trading partner for agricultural products, so our future relationship with the EU 27 is of vital importance. The government is committed to securing a deep and special partnership with the EU, including a bold and ambitious economic partnership. The UK wants to secure the freest trade possible in goods and services between the UK and the EU. Ensuring as frictionless trade as possible for our agricultural sectors is particularly important where much of the produce is perishable.

Furthermore, the government is committed to securing continuity in the effect of existing EU Free Trade Agreements and other EU preferential arrangements. Through membership of the EU, the UK is currently party to around 40 international trade agreements covering over 65 countries. Defra is discussing with trading partners how continuity is best achieved, including through the implementation period, and reports that it has had positive discussions with partner countries on our approach in relation to a range of agreements.

There are many ways in which the UK can strengthen its trade and investment relationships with partners across the world. One important way that Defra sets out is to agree a Free Trade Agreement (FTA) and it reports that a number of countries have shown a keen interest in doing so. Any such future trade relationships must work for consumers, farmers, and businesses in the UK. The government is fully committed to ensuring the maintenance of high standards of consumer, worker and environmental protection in trade agreements.

Defra is determined to ensure that farm businesses can thrive in this new trading environment, competing successfully on the world stage. It believes that the competitiveness and productivity gains envisaged in its consultation paper will be a key factor in this but improvements will take time. Government will adopt a trade approach which promotes industry innovation and lower prices for consumers, whilst ensuring sufficient time for the industry to prepare.

Defra's questions for consultation

45. How far do you agree or disagree with the broad priorities set out above?
46. How can government and industry work together to open up new markets?
47. How can Government best protect and promote our brand, remaining global leaders in environmental protection, food safety, and in standards of production and animal welfare?

Legislation: the Agriculture Bill

Defra proposes to introduce an Agriculture Bill that breaks from the CAP, providing the United Kingdom with the ability to set out a domestic policy that will "stand the test of time." To meet the policy ambition

The voice of British farming

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set out in the consultation paper, Defra proposes that the Agriculture Bill could provide legislative powers, including:

- to continue making payments to farmers and land managers, with power to amend eligibility criteria for payments
- measures to strip out unnecessary bureaucracy and strengthen the delivery landscape
- to create new schemes for one or more of the following purposes:
 - promoting and increasing agricultural productivity and resilience
 - preserving, protecting and enhancing the environment
 - providing support to rural communities
 - animal and plant health and animal welfare
 - public access
- to establish a new basic compliance or inspection regime
- to take emergency measures to provide aid in extreme events
- to retain UK-wide frameworks where we need commonality
- to provide for continuity during the 'agricultural transition' period for some elements of the current CAP.

Defra's questions for consultation

48. How far do you agree with the proposed powers of the Agriculture Bill?

49. What other measures might government need in the Agriculture Bill?