

Agriculture News

January – April 2022

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Little confidence in Government support

Is there a pro-farming party? Until recently there was no need to ask. It was the Conservatives, though the Labour Party in the late 1940's and 1970's deserved an honourable mention for its support for tenant farmers and their succession tenancy legislation. Now we have the Conservative Secretary of State for the Environment waving a flag for rewilding at the Oxford Farming Conference as he announced details of Local Nature Recovery and Landscape Recovery Schemes, and silence from the Labour Party. If it is to become a party of government again, perhaps in coalition with the Scottish National Party, the Labour Party needs to re-attract rural voters; championing the commercial needs of farmers would be a good place to start, the Liberal Democrats (with the exception of Tim Farron and his support for Lakeland fell farmers) having left the stage.

The Prime Minister's promised Brexit dividend for farmers, the relaxation of restrictive regulations, has not materialised. The Government is nervous of upsetting the EU while difficulties with the Northern Ireland Protocol remain. It is hard to see how the removal of the regulations of EU origin, requiring veterinary inspections that led to the closure of small abattoirs, would matter in Brussels if the meat processed in those could not be exported – but the Government in Belfast does not want



to see them removed in the rest of the UK but left in force in NI as a reminder of its different constitutional status. Nor apparently will the EU accept the UK Government removing them there without taking some retaliatory action.

The European Affairs Committee of the House of Lords has been investigating the current state of GB-EU trade. In customary measured language it says that the 'frictional impact of the new trading environment since 1 January 2021 has been uneven'. For businesses in the agri-food sector, 'the problems posed by SPS (sanitary and phytosanitary requirements) have been exacerbated by the volume and perishable nature of the products they trade', it finds, 'making GB exports slower, less competitive and more costly'. It urges the Government to utilise the special committees provided for in the Brexit deal, or more properly the Trade and

Cooperation Agreement, to reach a more flexible and comprehensive set of arrangements. Their lordships have a good record of scrutiny of Government policies and their effects – in contrast to the patchy and sometimes partisan efforts of MPs. Will the Government take notice and act?

More criticism of Government policy has come from the sugar beet industry, following the announcement of the decision to extend the 250,000 tonne tariff free quota on raw cane sugar for another three years, even though, as the Government admits, the quota 'allows the importation of food products that have been treated with pesticides containing active substances that have not been approved for that use domestically'. Beet farmers complain that this, together with the UK-Australia trade deal, will lead to a permanent decline in UK production. What is the policy justification for this decision?

February 2022

Have events and dogma undermined the ELM plan?

Government ambitions often founder on the rocks of events and market forces. The Russian invasion of Ukraine may precipitate another wreck. Given the extent to which it may lead to disruption of global supplies of wheat and rape seed oil, half of one of which and 40% of the other come from the Ukraine, is now the time to encourage farmers not to farm? The UK has not been self sufficient for generations, and now is less so than ever, but even before the invasion, the wisdom of depending on global, just in time, supply chains, and the value of trade deals with far off countries, was being questioned.

In recent months ministers have stuck to their script in the face of farmers' mounting concerns about costs and unprecedented criticism by three Parliamentary Committees. First the Public Accounts Committee of the House of Commons suggested that the Environmental Land Management scheme might put food production at risk by encouraging the conversion of farmland into forestry. Then the European Affairs Committee of the House of Lords criticised the Government for allowing the state of trade with the EU to become more difficult than it need be. Now the Science and Technology Committee of the House of Lords suggests that the plans to deploy nature based solutions to meet targets in the ELM scheme will fail because the Government is not doing enough to develop the skills required.

The decision to allocate equal amounts of funding to the three components of the ELM scheme favours landowners and organisations with access to capital to develop Local Nature Recovery and Landscape Recovery schemes, at the expense of ordinary farmers

for whom the Sustainable Farming Initiative is the only universally accessible component. The Secretary of State says that the allocation of funds between the components will be reviewed 'if there is more demand for the SFI and it is delivering the Government's environmental objectives', but maintains that the payments on offer cannot be increased unless the phased removal of direct support is speeded up, which he claims would not be fair. He has, however, asked DEFRA to look closely at the rates 'to ensure there is a viable future' for upland farmers; he concedes that those in Higher Level and Higher Tier Stewardship need extra support because his

recent increases in the rates for Mid-Tier Stewardship do not apply to them. All of which suggests that the scheme as a whole is still a work in progress and in danger of being shunned by farmers who may prefer to put as much land as they can back into cultivation and hope to make a profit, rather than accept continuing restrictions and undertake tasks on terms which are no better than 'break even'.

Ministers may have accepted that an increase in DEFRA's budget to fund better rates is out of the question. Ought they not to conduct a wholesale reappraisal of the ELM scheme in the light of unfolding events?



March 2022

What to do now?



Farmers who take advantage of DEFRA's promised lump sum retirement scheme will sigh with relief when they close the gates. Those for whom that it is not an option face an unprecedented situation.

Neither DEFRA nor the Welsh Government would comment on the implications of the invasion of Ukraine for their rewilding and net zero agendas, but who would have imagined that the European Commission would consider proposals to cultivate set aside land? Or the Irish and Scottish Governments look at relaxing the requirement to leave land fallow to meet Ecological Focus Area obligations?

Dare farmers wanting to produce more to compensate for their disappearing Basic Payment assume the alarming rise in the cost of production due to soaring prices of fertiliser and fuel will be compensated by rises in the price they get for their produce? They must finance the cost long before they have anything to sell. Ministers tend to overlook the time lag; so too, dairy farmers

complain, do supermarkets which are slow to change their contract prices. Despite it promising 'to help farmers navigate change and manage their cashflow', 15% of those in Sainsburys' milk pool have given notice to leave.

Farmers in Northern Ireland hoping for a helpful renegotiation of the Protocol have been dismayed by the European Court which has found that the UK, when it was a member state, failed to prevent fraud which costs the EU up to €2.7bn in customs duties on shoes from China. The EU may now be even less willing to concede changes. Will the Government again consider wielding the Article 16 sledgehammer?

Sheep farmers have seen exports begin to recover from reduced demand on the continent due to Covid, shortage of lorry drivers and post-Brexit paperwork. Selling prices may remain relatively stable, but costs will not. Imports from New Zealand are expected to remain low due to high shipping costs, but the trade agreement with Australia is expected to see more imports from there.

DEFRA's retirement scheme is open for applications only between April and September this year; the scheme will not be repeated. To be eligible a farmer has to have claimed a Basic Payment in 2018 (though there are exemptions for inheritance and succession and rules for mergers and splits of businesses), and to give up all but 5 acres of his farmland; he may keep his farmhouse and non-agricultural assets. The payment will be based on the average Basic Payment received in the past three years and be capped at £100,000.

DEFRA hopes the scheme will assist in the reduction of the average age of farmers in England below 59. Because of its restrictive nature it may not be of interest to more than a few. Given the dearth of affordable rural housing and the difficulty in obtaining planning permissions even for new houses restricted to agricultural occupation, it is as well that 'retirees' may keep their houses. Without that concession, the take up would be lower still.

April 2022

Ideology or Pragmatism?

When will the Government accept that the catastrophe in Ukraine requires a rethink of the Environmental Land Management Scheme?

President Macron has attacked the EU's 'farm to fork' strategy with its objective of halving the use of pesticides and raising the share of organic produce to 25% by 2030, saying that it will cut production by 13% and 'in no circumstances can Europe contemplate producing less'. Two years ago the US Department of Agriculture said that, if that policy was applied globally, it would push 185 million people around the world into hunger, but neither the French Government nor the EU did anything to refute that at the time. If President Macron meant what he said and was not just electioneering, he ought also to try to remove the EU ban on the use of genetic medication and gene

editing; to induce farmers to move to lower input farming without using science to maintain production is surely misguided.

The size of the cut in production that the policy will lead to is disputed, but 'agricultural sovereignty' is a powerful concept. The EU Commission appears to have taken note and has delayed the issue of a revised directive on sustainable use of pesticides and another on ecosystems. No doubt the German and Nordic green politicians will seek to undermine any initiatives to review the policy, as will the green lobby in the UK if the Government shows signs of wobbling.

The Secretary of State says he is pleased to remain in his job and maintain 'a clear and consistent direction of travel' that, unlike many other Government policies, has

been in place since 2016. He has not helped himself in the face of calls to help farmers with ballooning costs by saying that the increased prices they have been getting for their produce will more than make up for cuts in subsidies. He has chipped at the edges of the agenda with increases in some of the payments offered by ELMS and helped sugar beet growers by allowing, thanks to a science based measure not adopted in the EU, the use of a neonicotinoid seed dressing to deal with aphids, but has not offered to review rules that take land out of production.

The deputy director of DEFRA's food, farming and countryside programme recently told the House of Lords Land Use in England Committee that it was deliberate policy to 'listen, learn and improve' with a view to providing further detail of the elements of ELMS 'before the end of the year'. Its first Food Security Report published last December did not mention 'conflict', 'war' or 'attack' except in relation to cyber security. The Foreign Secretary has recently suggested the UK should do more business 'with like minded countries' rather than assist its own farmers to be as productive as possible.

Farmers may be forced to move to lower input/lower output farming by rocketing costs, with no sign of a Government contingency plan to address the consequences.



For more information, please contact:



Simon Kirkup
Partner

T: +44 (0)191 279 9374
M: +44 (0)7980 769632
E: simon.kirkup@wbd-uk.com