

**Delivering a bold and  
ambitious future for farming**

# **SUMMARY RESPONSE**

to the government consultation

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



# FOREWORD

There are a handful of moments in British history where politics and farming have converged to shape the future of food production on this island. In living memory, two stand out - the post-war settlement enshrined in the 1947 Agriculture Act which aimed to promote stability and efficiency in UK food production, and our accession to the EU in 1973 accompanied by membership of the Common Agricultural Policy (CAP), which has governed the way we farm over the last 45 years.

We are now on the cusp of another pivotal moment, as we leave the CAP and once again take sovereign control of our agricultural affairs.

I am clear on what success will look like. I want British farmers and growers to remain the number one supplier of choice to the UK market, and I want British people to be able to enjoy more sustainable, quality, affordable British food at a range of different prices that suit all incomes. Farmers and growers are proud to produce the wholesome food that sits at the heart of every healthy, balanced diet, and so I welcome the Secretary of State's commitment to creating closer links between food production, health and education.

The UK's short, safe and secure food supply chains lead the world in traceability and food safety. Among its many benefits, this means we can seize the opportunities Brexit will present by growing our international exports abroad, for instance through the "Great" campaign, underpinned by Red Tractor Assurance. We can also define new rules for British procurement, ensuring our schools, hospitals, hotels and restaurants, and all procurement under the government buying standards are, wherever possible, sourcing British assured ingredients.

As farmers we have made great strides over recent years on environmental performance, and we have relentlessly sought to improve our productivity – against a backdrop of tough trading conditions and volatile markets. The record of British farming in recent decades – both as food producers and as guardians of the environment – is a good one. Of course farming, in line with every other successful industry, needs to adapt, respond and continually improve its offering to society. One of the challenges will be to identify the areas where improvement is needed and the most effective ways of achieving it. Central to this is recognition that farmers must be engaged and empowered to design and deliver reform, and a willingness from government to build on the experience of practical farmers in doing so.

To that end, we welcome the opportunity to respond to the consultation. As the UK's largest farming union, representing 55,000 members in England and Wales including 46,000 farming businesses, we have taken great care in canvassing their views in compiling a comprehensive submission. We are confident that our position captures the views of the great diversity of farm businesses across the country, whether large or small, tenant, contractor or farmer-owned, and across the many sectors and generations we represent.

There are three things that have stood out as we've listened to farmers' views on the government proposals over the last two months. Firstly, farmers are first and foremost food producers. While there are a whole host of endeavours we turn our hand to, food production is at the heart of everything we do. Secondly, farmers are ready for change, but they want reform to be fair and equitable across the industry. And thirdly, British farmers are immensely proud of their standards of production and their record on the environment and welfare. Not only is it important that this is recognised and applauded, but also that we ensure, in an uncertain future, we don't take any steps that undermine those high British food and farming standards – standards we know the public values as much as we do.

Many of the proposals in the Command Paper represent a challenge to farming. The NFU recognises that we have a rare opportunity to work with government to construct a positive framework so that farm businesses can continue to deliver for the market and for our society. However, as our response emphasises, we are concerned that the proposals outlined by the government are not always clear and are at times contradictory, with an inherent tension between the government's international trading objectives and its demands of its domestic industry. I, however, am clear: with a level playing field and a positive operating environment from government, UK agriculture can deliver much greater returns to the economy and society in the future.

The government's proposals are an important starting point, signalling an appetite for ambitious reform. Our response highlights the fundamental elements of a new agricultural policy, and we look forward to working with government and all those interested in the future of food, farming and the environment to achieve our vision.



**Minette Batters**

**President  
National Farmers' Union  
(NFU)**

This document is a summary of the NFU's full consultation response which is available at [www.nfonline.com](http://www.nfonline.com)

## Guiding principles for reform

The NFU sees reform of domestic agricultural policy as a unique opportunity to put in place the foundations that will deliver a sustainable, profitable and progressive farming and horticulture sector. Farming's future must be at the heart of a dynamic and resilient UK food chain, respected and rewarded both for the food we produce and the public goods we deliver for all parts of society.

In realising this, we believe that the following key principles should be observed by the UK government now and in the future as we reform our domestic agricultural policy and farm support system:

- It should be fair and equitable to all active farm businesses irrespective of size or system,
- It should seek to maintain a level playing field across the UK and with respect to our main competitors,
- It should provide sufficient time and certainty for active farm businesses to plan, as well as opportunities for them to adapt and invest, and
- It should ensure public investment in agriculture remains effective in promoting productivity, providing fair reward for environmental delivery and managing volatility.

## Three cornerstones: productivity, environment and volatility

The NFU set out its vision for a future domestic agricultural policy in March 2017, outlining three cornerstones – **productivity, environment and volatility** – that should form the basis of our future agricultural policy. As we demonstrate in our response, all three of these cornerstones are fundamental not only to an agricultural transition but also to the long term policy framework for agriculture in the UK.

In terms of the agricultural transition, it will be vital to ensure farm businesses are sufficiently resilient as they adjust to change, while exploring programmes and measures that can help them improve efficiency and deliver public goods. In terms of our future agricultural policy, British farmers will continue to compete in a global marketplace underpinned by government support in nearly all countries, including our main competitors under the EU's CAP and in the face of supply chains that often fail to deliver fair returns back to the producer. As long as this remains the case, British farmers should be provided with the means to mitigate volatility and improve their productivity, so they can provide a safe and affordable supply of food while being rewarded fairly for producing valuable public goods.

Our three cornerstones all work together to enable farming to be competitive, profitable and progressive - a sustainable partner within a dynamic UK food supply chain that produces food, energy, flowers and plants. Collectively the three cornerstones are worth more than the sum of their parts. To remove one would critically undermine the effectiveness of the other two. For instance, farms that are best able to manage volatility and poor market returns are much more capable of delivering the environmental goods the public enjoys. Similarly,



productivity improvements can be achieved through better, more targeted use of inputs such as fuel, fertiliser and plant protection products. Indeed, these sorts of win-wins have been a feature of UK farming in recent decades, with farmers improving resource efficiency and producing more with less - compared to the 1980's, 31% less nitrogen fertiliser and 55% less phosphate fertiliser was applied in 2016, and the total weight of pesticides applied in the UK has decreased since 1990 and was 48% lower in 2015 compared to 1990.

# The future policy of public goods and the role of food production

The government's consultation focuses on establishing a future agricultural policy on the foundation of delivering public goods. The NFU believes that maintaining a robust and resilient domestic food production sector is in the nation's interest and therefore future agricultural policy must support farmers in their role as food producers. In particular, by maintaining a strong and profitable primary production centre in the UK, the public benefits from:

- **A sufficient degree of self-sufficiency.** It is a matter of strategic national interest to ensure that our country can feed itself, and a high level of domestic production in a volatile world is a critical aspect of food security.
- **A safe and traceable supply of domestic food.** Short supply chains and more direct oversight of food safety processes allow greater control of, and trust in, the food we deliver to consumers, meeting a clearly expressed desire for British food by the British public. A reduction in domestic production would also mean greater reliance on imports from other parts of the world, where we have no control over production standards, so exporting and likely increasing our environmental footprint and impact on animal welfare.

- **Support for jobs, investment and growth.** British farmers and growers are an important part of rural economies, providing jobs and driving growth both in food production and in diversified industries such as renewable energy and tourism. UK agriculture is also the bedrock of a domestic food industry that employs over 3.8m people and, as the UK's largest manufacturing sector, generates £112bn in value for the UK economy.
- **High standards of welfare and environmental goods.** Viable farm businesses mean farmers are able to deliver the sort of environmental outcomes envisaged by the consultation paper. Businesses that are struggling to survive are unlikely to be best placed to devote the time and resource to these important elements of our future policy. With agriculture occupying over 70% of the UK landmass, viable farm businesses play an irreplaceable role in looking after our cherished natural landscapes.

While there may be a debate about whether food itself qualifies as a public good, there are clear justifications for public intervention, both financial and in terms of broader public policy, to support food production in this country.

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## Farming's role in delivering other public goods

Regarding the other public goods proposed by Defra, the NFU sees an opportunity to adopt farming policies that could better reward farmers for the multiple benefits they deliver to society. All policy measures must first and foremost be straightforward to participate in, be as inclusive as possible and deliver a fair reward and genuine incentive for the work carried out.

The NFU welcomes Defra's focus on improving farm **productivity, profitability** and **competitiveness** through investment during the proposed agricultural transition, but stresses that this should also remain a key focus in future policy too. The NFU is strong in its conviction that productivity improvements, and profitable farm businesses, are vital in delivering environmental and climate change objectives and do not run contrary to them. Improving productivity is multifaceted and complex. There is no single solution and the NFU believes each of the areas outlined by Defra is important to different degrees for different farms and sectors. However, there needs to be recognition that investments take time to see a return and that this alone is unlikely to ensure profitability in the short to medium term. Improving productivity goes beyond funding for direct capital investment and there are many areas of policy, for example quality labour availability, taxation and planning, that can all help create better conditions for profitable farming. It is imperative that the government takes a comprehensive view of the operating

environment farmers are working within and ensures it does all it can to create the right conditions for sustainable growth.

The NFU believes that future **environmental policy** should consist of a mix of incentive schemes, including a farmed environment scheme, complemented by new market approaches where they can be shown to work, such as Payments for Ecosystem Services, and industry-led action to improve environmental delivery. It should also reflect that environmental regulations come with costs. Regardless of delivery mechanism, greater recognition must be given to the value of environmental maintenance in future schemes alongside enhancement, and recognition that early adopters should not be disadvantaged for all of their past efforts to invest in the natural environment.

Future policy should also recognise that environmental challenges are broad and varied, encompassing areas such as flood management, air quality, health and wellbeing as well as landscape benefits, cultural heritage, climate change mitigation and adaptation, soil management, water resources and biodiversity. We believe that all farmland in the UK can contribute to many of these objectives in different ways and this should be reflected in a truly **broad and universal environment scheme**. It is crucial that government recognises that much can be achieved toward each of these

environmental objectives through investments in improving farming's productivity. More resource-efficient and profitable production in the UK clearly contributes to the country's, and indeed the world's, environmental objectives. However, this will only be possible if schemes are deliverable, fully inclusive and provide the right level of financial incentive, which needs to go beyond current calculations in environmental programmes that are based on a narrow interpretation of the income forgone and additional costs rules set out at the World Trade Organisation.

Where it can work alongside active farming and environmental objectives, the NFU views the management and maintenance of **public access**, including permissive routes and provision of educational services, to be a public good which farmers may choose to deliver. We recognise the very large positive health and recreational benefits that targeted public access creation could provide, as well as providing greater understanding of farming and the countryside. However, it must be acknowledged that the British countryside is a working environment and there are many locations where it would be inappropriate and unsafe to enhance or create new public access. Future public access options should never be a universal requirement and should take into account a variety of considerations. Government must also acknowledge that enhancing public access to farming areas and areas dedicated to environmental work increases farmers' exposure to risk with livestock worrying, animal diseases and can conflict with delivery of environmental outcomes. There must be safeguards in place to ensure that these risks are minimised.

The NFU and its membership are proud of the high standards of **animal health and welfare** that are currently upheld by

farmers in the UK. Any additional aspirations for animal health and welfare must be based on scientific evidence that they will actually benefit the farmed animals and the businesses charged with managing them. Farming is a commercial enterprise and innovation and improvements to systems must go hand in hand with a farmer's ability to compete in the marketplace and be rewarded for 'above and beyond' production standards. The collaborative approach proposed in the consultation document in the form of an Animal Health Pathway has potential to make good progress in improving animal health efforts if designed and implemented properly.

The NFU is convinced of the value of thriving agriculture businesses to **resilient rural economies and communities**. We wish to emphasise the importance of government developing a cohesive policy framework to support productive, thriving farming businesses, which would go a long way in helping to support rural communities and businesses post Brexit across all "rural" parts of the UK.

It is encouraging that Defra reflects the specific challenges of farming in **the uplands, remote areas and designated sites**. The NFU would like to underline that farming is at the heart of all activity in these areas. Without a viable farming industry there would not be the people, food production or the beautiful landscapes on which the uplands and many nationally recognised sites are based. Government's proposed "clear vision" for upland areas needs to reflect this and ensure that farming and food production are successful there. Furthermore the government must recognise that constraints to farming exist beyond just upland areas, for example national parks, AONBs and SSSIs and other traditional farming landscapes.

## Additional key elements of current and future policy

Measures to help farmers manage their **exposure to risk** are essential to deal with a variety of external factors that contribute to income volatility such as global commodity market fluctuations, changing trade relations and weather, pest and disease threats. Direct payments are currently the most substantial and effective tool that farmers have to mitigate this volatility. While farmers in the UK share the aspiration of reducing their reliance on these payments, it should not be arbitrarily pursued without sufficient and robust policy replacements.

In the short to medium term direct payments will continue to play a significant role in underpinning the financial viability of many farm businesses, given price volatility and the failure of markets to deliver a fair reward. In the medium to long-term the UK should look to develop **market based tools** which will help to smooth the impact of market forces on farm incomes. The government has a clear role to play in regulating to mitigate the impact of market failure situations, such as

ensuring minimum contract terms, or other legal safeguards in situations of significant market imbalance.

The NFU has long championed the need for farmers and growers to operate in a **supply chain which is fair, transparent, responsive and equitable**. The NFU has welcomed the recent government announcements on the scope of the Groceries Code Adjudicator (GCA). However, these announcements in isolation do not provide a silver bullet to the industry to tackle fairness within the UK food supply chain. Farmers need access to robust market data, which mandatory price reporting would contribute to, and the assurance that the terms they are operating to are fair. With the confidence that this would provide, producers would be able to respond to current market demands and work in greater collaboration with the supply chain. The NFU also shares government's view that more can be done to encourage collaboration among farmers themselves. New incentive schemes, building on the existing Producer Organisation provisions, will play a valuable role in this.



Irrespective of the area of focus, policies in both the short and long term should take account of the valuable mixture of land tenure practices in the sector and the NFU believes that policy should ensure that none of the different forms of land tenure are at a disadvantage in participating in future policies. The consultation rightly recognises some of the specific challenges of **tenant farming** and the NFU welcomes the indication to improve tenancy law. Encouraging **new entrants** should also be an important focus of policies implemented both in the future and during the agricultural transition. A profitable industry that presents an attractive career or commercial prospect is central to this.

The NFU is disappointed that the **labour needs** of the food and farming industry are given so little attention in the consultation. While we recognise the Home Office leads on relevant policy, it is unfortunate that the command paper does not reflect on the fundamental labour issues currently facing a number of farming sectors. The entire food supply chain employs significant numbers of EU nationals who add value on farm and beyond. The referendum result has exacerbated well-documented difficulties in recruitment and there are clear steps government could take now to ease pressure. The government must take urgent action on future immigration arrangements to mitigate a continued fall in the number of EU nationals taking up seasonal roles, and prevent significant supply chain disruption. Establishing a seasonal worker type scheme to enable recruitment of non-EU seasonal labour would address this issue. Ready access to a workforce that is sufficient in number across a wide variety of skill and qualification levels will remain vital in the long term. As the consultation paper highlights, there are a multitude of skills priorities for the farming sector, which government and industry can work together to tackle through farmer centric training and knowledge exchange provisions.

The NFU believes **scientific research, development of innovative tools, technologies and practices, and knowledge exchange** are all critical to tackling the productivity and resource-efficiency challenges that British farmers face. More public investment in R&D is required to ensure the industry can effectively meet these challenges. Research questions should

be farmer led, with outcomes well-disseminated, understood, and making a clear and discernible impact on farm. Research must be closely linked to training and knowledge exchange. This can in part be achieved through fostering better links between farmers, researchers, advisers and technicians in what is a complex agricultural research landscape.

Our withdrawal from the EU provides an opportunity to review the **regulatory environment** under which farming operates, and to devise a regulatory regime that is fit for purpose, effectively supporting productive agriculture and trade in agri-food products, while protecting the environment and the public. As the UK develops its own regulations, science, evidence and proportionality should guide government thinking. Regulation aimed at protecting the public and environmental health must be risk-based, and impact assessments should be used to gauge the effects of rules on farm businesses. At the farm level, inspections need to be more proportional and better co-ordinated across different regulatory agencies to reduce overlapping and duplicated checks. Farmers that demonstrate they present a low risk of infringing on rules, and those that go further through voluntary schemes, should have this effort recognised when compliance with regulation is being assessed. Earned recognition should feature in the design and implementation of future regulation.

The NFU agrees with the importance government places on **preventing and controlling pests and diseases of crops, honeybees, and plants and trees** in the wider environment, recognising the significant losses that outbreaks can cause for businesses, the environment and the public. The starting point for the future role of government in protecting crops is horizon scanning for threats and continuing to maintain appropriate risk-based national biosecurity measures to prevent pest and disease outbreaks. If outbreaks do occur, government must ensure the availability of necessary plant protection tools and innovations in plant protection technology. The robust and consistent application of scientific evidence needs to be at the heart of this approach – a characteristic for which the UK Government is already recognised and respected throughout the EU.

## Conditions for change

Farmers are ready to engage in the process of reform and move toward the future policy outlined above. To ensure this can be done successfully, change must be managed properly to minimise disruptions to food supply, farm businesses and the wider economy. The government must take account of the **wider political and economic conditions** as policy reform gets underway, and be willing to adjust or change the reform programme if circumstances dictate. The NFU has consistently argued that the shape of future agricultural policy and the pace at which we implement reform must reflect the wider trading environment for farming post-Brexit. This could be fundamentally different depending on the nature of the Article 50 agreement reached between the UK and EU, and

related developments with regard to the form of our future independent trade policy and immigration system. A number of impact assessments, including one carried out by Wageningen University of behalf of the NFU in 2016, have showed how critical both direct support payments and the form of our trading relationship with the EU and global partners are to the financial viability of the sector, and how different Brexit scenarios will have very different impacts on the financial health of farm businesses.

As the process of policy reform gets underway, the industry must be given sufficient time to adapt and the government must take appropriate time and care in devising new schemes

and programmes. During this agricultural transition, the NFU believes that the current structure of the Basic Payment Scheme (BPS) should be retained, with particular focus on ensuring funds go to active farmers. Moreover, there is genuine opportunity to reduce the administrative burden that farm businesses face in policies under both pillars of the CAP. These simplified policies should be kept in place as new policies – fully tested and proven – are introduced.

As funds are redirected towards any alternative programmes during the agricultural transition, the NFU believes that **reductions in BPS payments should be fair and equitable** for all farms. In our view this means that the same percentage reduction should be applied to all recipients, regardless of claim size. This redirection of funds must be to the direct benefit of active farmers whose businesses will be striving to manage the impacts of the loss of income resulting from BPS reductions. The scale of cuts must be commensurate with the sums needed to fund the alternative programmes and pilots envisaged during the agricultural transition, and no more.

Given the need to trial and review new policies, and uncertainty over the wider trading and regulatory environment, **the NFU does not believe it is sensible to impose an arbitrary timeframe on the length of transition required.** What is critical is the government's ability to design,

develop and implement effective measures to replace the current system. To this end, the NFU calls on the government to formally commit to a review no later than two years into the agricultural transition period. This review of progress will provide a comprehensive assessment of the impact of reform, and so allow government to manage and mitigate any adverse effects and to take account of greater clarity of the impact of the Brexit settlement and developments in our international trade policy. In particular, as direct payments are reduced, the review will provide an assessment of the ability of farm businesses to manage the reduction in income – through increased alternative revenue streams or reductions in costs – as well as of the impact on the wider economy and the domestic supply of food. The government must be willing to pause cuts in direct payments if their reduction is shown to be unmanageable given the adverse effect this may have on farm incomes, domestic food supply and delivery of public goods.

A review of government policy development two years into the agricultural transition will also lend itself to making an assessment of the suitability of introducing an optional “bond” approach whereby some farmers may choose to invest the money in a variety of ways, including a move away from farming. The successful introduction of such an approach requires much greater certainty on future policy direction than is possible in the current environment.

## The wider framework for delivery

The NFU is concerned about the tension in wider public debate between a desire for a high-performing domestic farming sector, producing to high welfare and environmental standards within a high-cost regulatory environment, and an expectation that leaving the EU will lead to cheaper food through a trade policy that opens up domestic markets to foreign imports. This tension is reflected in the command paper. As we will continue to compete with farmers around the world who, by and large, receive financial public support, **the UK Government will need to be clear how its policy aims on domestic production standards can be squared with its international trade policy.** It is imperative that UK farmers are not undercut by imports produced to lower standards than those imposed on UK farmers by the government.

While the command paper primarily focuses on policy reform in England, it includes an important section on policy at a UK level. It is important that a balance is struck that maintains and respects **the current devolution settlements** while protecting the **integrity of the UK single market** for food, agricultural commodities, live animals and plant and plant products. Different policies on farm support within the UK

could lead to competitive distortions within the internal market, and different approaches to regulation could also impose barriers to trade in goods within the UK. There must be frameworks in place to ensure this does not materialise.

We expect farming ministers across the four nations of the UK to establish regular, formal and cooperative arrangements that ensure potential differences in agricultural policy do not adversely impact trade within the UK. Furthermore, no part of the UK should act, or avoid action, that threatens to curtail access for other parts of the UK to third country markets, or adherence to international agreements

We look forward to the **publication of the Agriculture Bill** in the coming months, which will provide a legal framework for delivering key aspects of agricultural reform. It is important that legislation clearly sets out the objects of agricultural policy – including the need to support an efficient, productive UK farming sector that makes a significant contribution to the nation's food needs – as well as establishing a budgetary framework that provides certainty for farmers and allows them to plan and invest for the future.



# FARMING PRODUCES QUALITY GREAT BRITISH FOOD



The UK food and farming sector is worth over

## £112 BILLION



and employs almost

## 4 MILLION PEOPLE



FARMERS HAVE PLANTED

# 10,000

FOOTBALL PITCHES WORTH OF  
**FLOWER HABITAT**  
CREATING HOMES FOR BEES



PRODUCING MORE  
WITH LESS

COMPARED  
TO THE 1980'S,  
31% LESS  
NITROGEN FERTILISER  
AND 55% LESS  
PHOSPHATE FERTILISER  
WAS APPLIED  
IN 2016.