



Agribusiness 2019

Creating a resilient Agri-food supply chain



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**Creating a resilient
UK Agri-food supply chain**

Creating a resilient Agri-food
supply chain for the UK
and beyond

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 #Agribiz2019



UK agri food



Our world-leading food and farming industry is a key part of our nation's economic success, generating over £110 billion and employing one in eight people.

We have huge ambitions for our farming industry : we are determined to grow more, sell more and export more great British food.



British food has a world-class reputation for quality. For the first time in more than fifty years we have a golden opportunity to design a new approach to agriculture and negotiate trade deals with the world.

Our vision is for a productive, competitive UK agriculture sector, supplying products of the highest standard to the domestic market and increasing exports abroad.



Defra's Agrifood Chain Directorate

Working to ensure our world-class farm produce continues to safely reach dinner tables at home and around the world



Planning for Day 1

EU exit brings both challenges and opportunities for the food and drink sector



Ensuring an adequate supply of food after 'Day One'

Ensuring economic resilience after Exit in terms of affordability, safety, authenticity and quality

Planning for “no deal”

We are looking at a wide range of scenarios, including: -

- Compound or aggregate impacts (i.e. multiple changes);
- Impact of events outside our control;
- Key vulnerabilities in the food and farming area, such as:
 - Disruption to supply chains;
 - Labour shortages in key sectors;
 - Increased pressure on producers and processors;
 - Delays at borders;
 - Availability, quality and cost of food.

Our Vision

Rewarding public goods with public money

A thriving, self-reliant and resilient farming sector

A trusting and productive relationship between farmers and the government

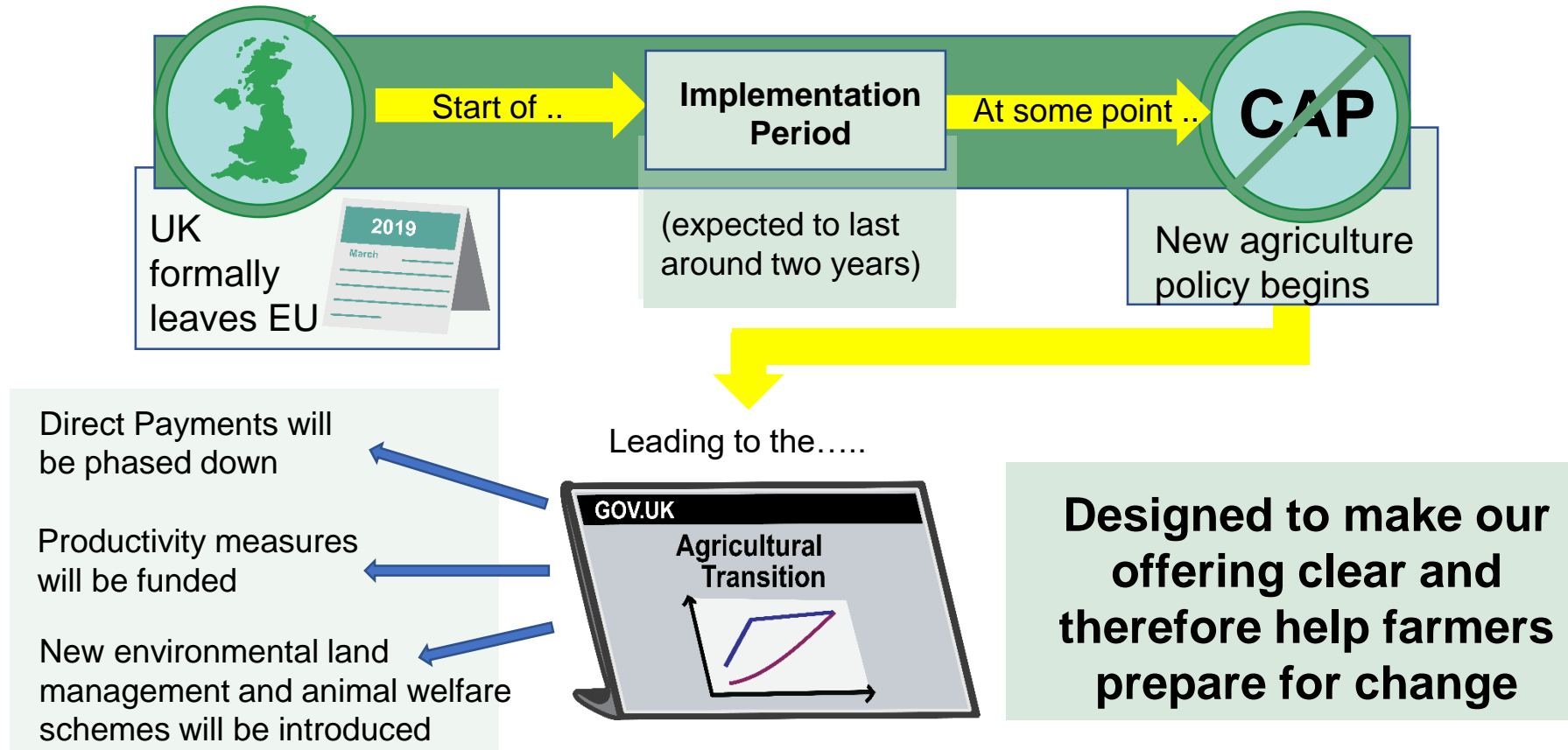
World class animal welfare standards



Agriculture in England – Next Steps for Policy and the Agriculture Bill



Moving away from the Common Agricultural Policy

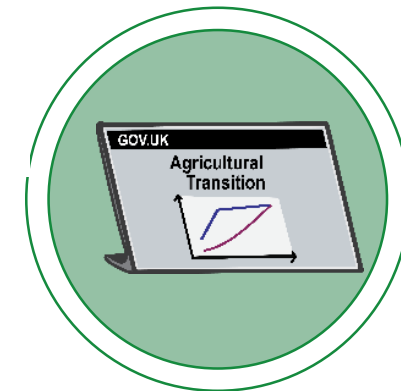


Agricultural Transition – What's the plan?

2021  2027

Direct Payment band ¹	Reduction percentage
Up to £30,000	5%
£30,000 - £50,000	10%
£50,000 - £150,000	20%
£150,000 or more	25%

¹ For example, for a claim worth £40,000, a 5% reduction would be applied to the first £30,000 and a 10% reduction would be applied to the next £10,000.



What do we mean by 'public money for public goods'?

Public Goods

are things that benefit more than just the recipient and cannot be rewarded by the market alone.

One of our questions in the consultation paper asked which environmental outcomes should be rewarded; **the top three were habitat restoration, water quality and soil quality.**

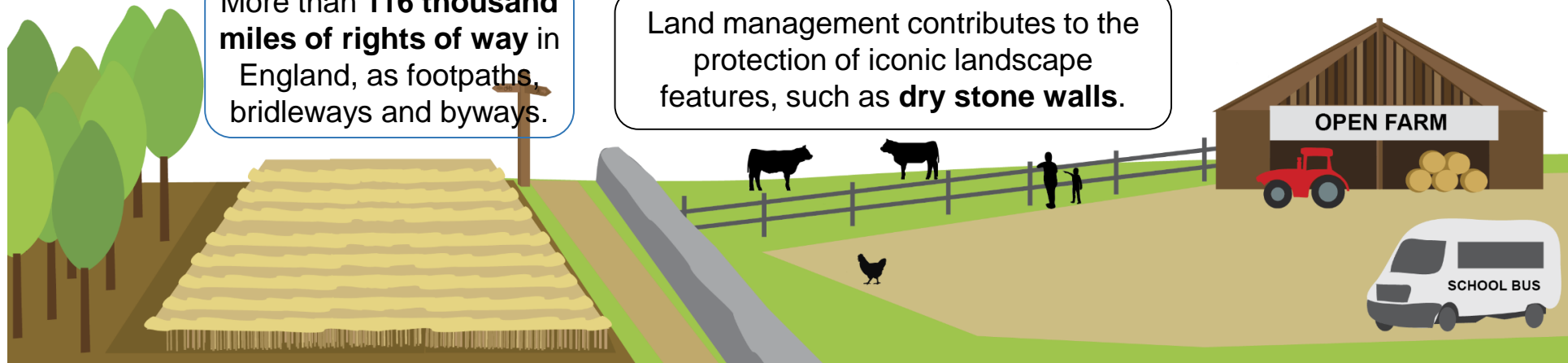
Some examples of public goods provided by the farmed landscape:

Around £4bn worth of environmental benefits from **farmland, forestry, woodland and trees** per year in the UK, including:

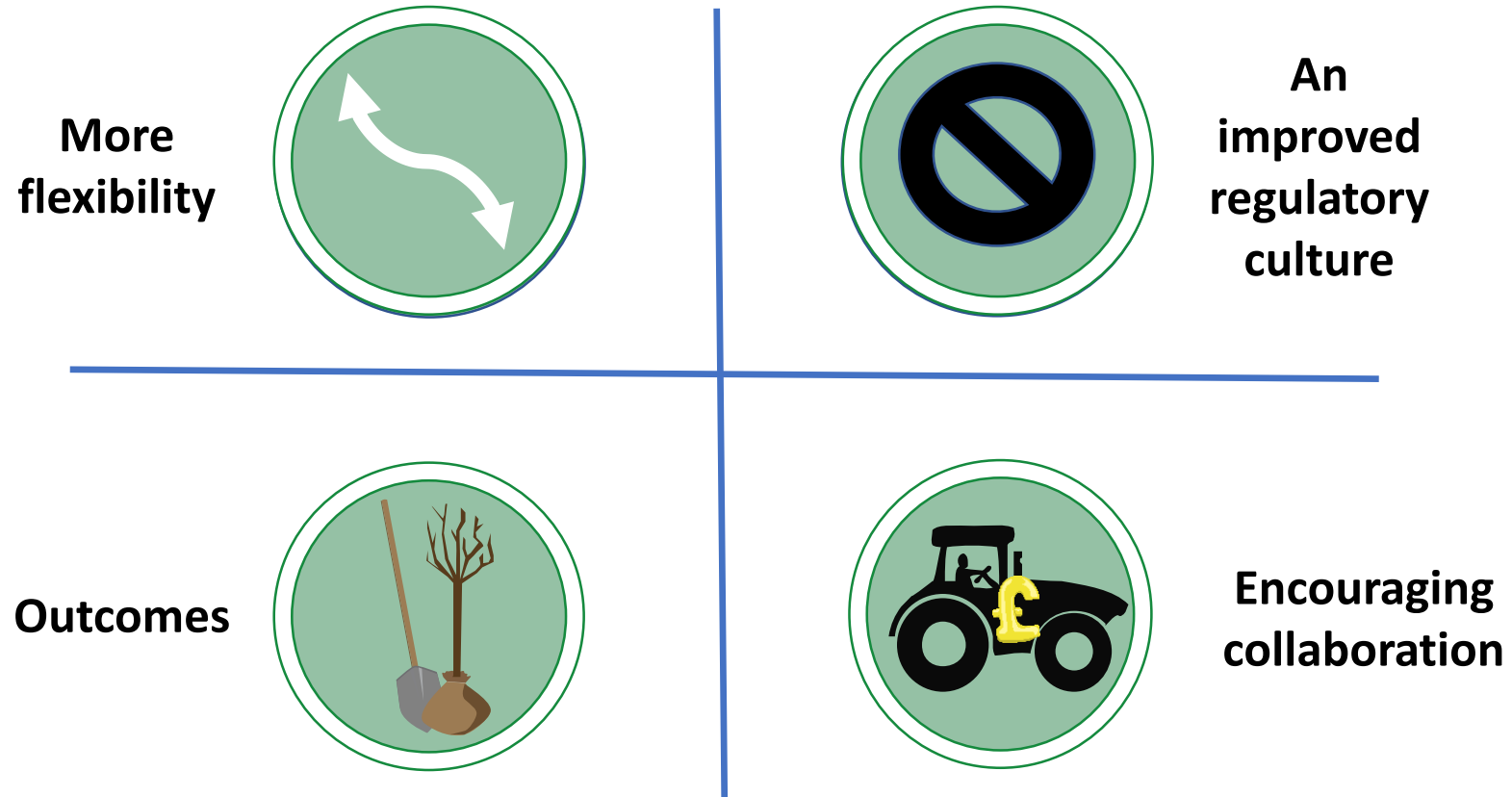
£182m of air filtration benefits from farmland in the UK .

More than **116 thousand miles of rights of way** in England, as footpaths, bridleways and byways.

Land management contributes to the protection of iconic landscape features, such as **dry stone walls**.



Environmental Land Management

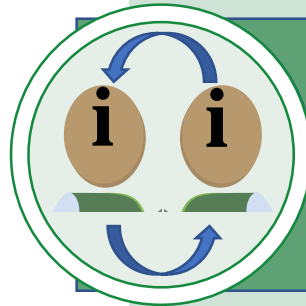


The 25 Year Environment Plan



- It is this Government's ambition to leave our environment in a better state than we found it.
- The Plan will deliver cleaner air and water in our cities and rural landscapes, protect threatened species and provide richer wildlife habitats. It calls for an approach to agriculture, forestry, land use and fishing that puts the environment first.

Farming Excellence, Profitability and Resilience



Skills and Knowledge Exchange



Skilled workforce – investing in talent and an exciting and attractive career path

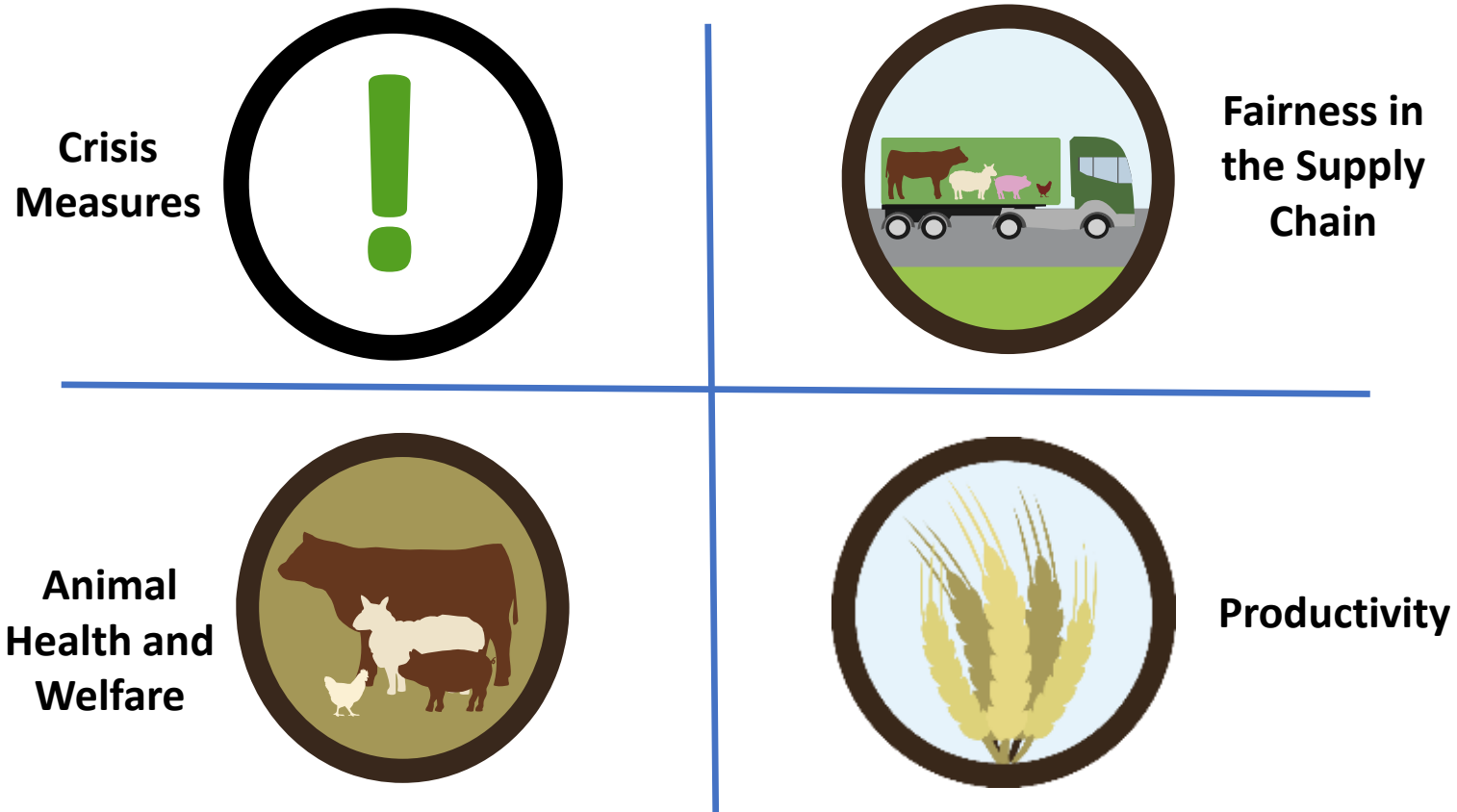


Investing in new technologies, with a focus on resource efficiency and sustainable growth



Agri-tech, research – pioneering new approaches

How the powers in the Bill support farmers?



Farmers preparing for risk

- There is more income volatility in agriculture year on year than in other sectors, but comparable to other sectors when averaged over 3 years (ONS official statistics 2016)

9%

Of farming revenue was made up of Direct Payments across all farm types from 2014/15 – 2016/17
(21% for LFA grazing livestock; 5% for dairy farms)

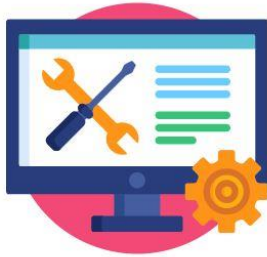
Risk management options available to farmers include:

- *risk prevention (e.g. biosecurity)
- *collaboration (e.g. in producer organisations)
- *saving in good years
- *forward contracts and futures market
- *diversification of income
- *insurance (limited)
- *tax averaging (up to 5 years)
- *bank loans in bad years, repaid in good

We will help farmers through:



❖ Measures to improve productivity, and through that profitability.



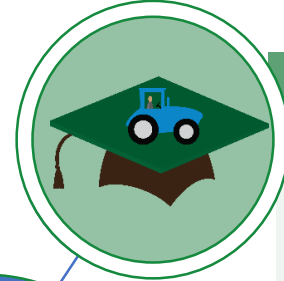
❖ Creating an enabling environment:

- Greater availability and transparency of data
- Phasing out direct payments, expected to sharpen incentives for financial risk management
- Supporting farm diversification through new approach: public money for public goods

Improving Farming Productivity

Investing in research & innovation

- Building on £90m 'Transforming Food production' (2018-2022)
- Supporting collaborative R&D in priority areas
- Incentives for industry-led research Syndicates
- Innovation Accelerator



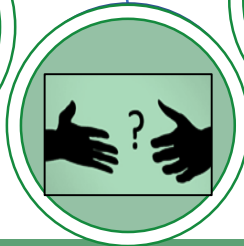
Knowledge Exchange and Skills

- Supporting Industrial Strategy initiatives to reduce fragmentation of agri-skills and knowledge exchange framework
- Supporting the Agriculture Industry Workforce Skills and Development Strategy
- Promoting knowledge exchange, farmer to farmer learning and benchmarking

Boosting Productivity for a post-Brexit future: where public money funds public goods

Investment and New Entrants

- Grants/loans to support on-farm investments
- Support for council farms and other landowners to provide opportunities for new entrants



Industry Structure and creating a fairer supply chain

- £10million collaboration fund
- Mandatory written contracts in the dairy sector
- Statutory codes of contractual practice
- Improved data transparency
- Public consultation on removing legislative barriers from agricultural tenancies

Resilience

- Pilot a resilience advice scheme during EU Exit transition
- Broaden scope of government funded advice

Wider Implications of the Bill



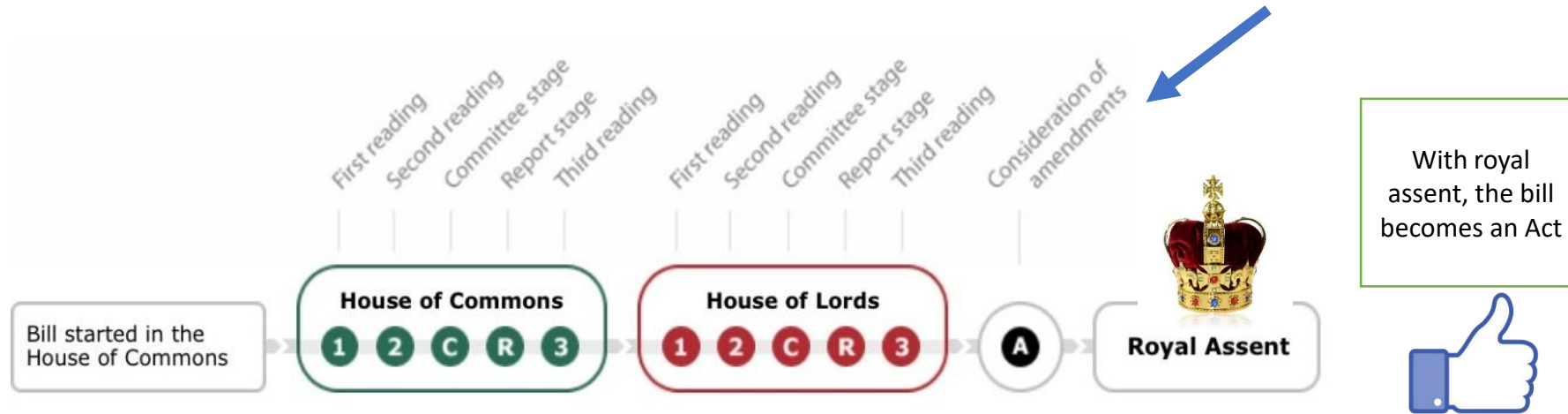
International Obligations with the World Trade Organisation



Working alongside the Devolved Administrations

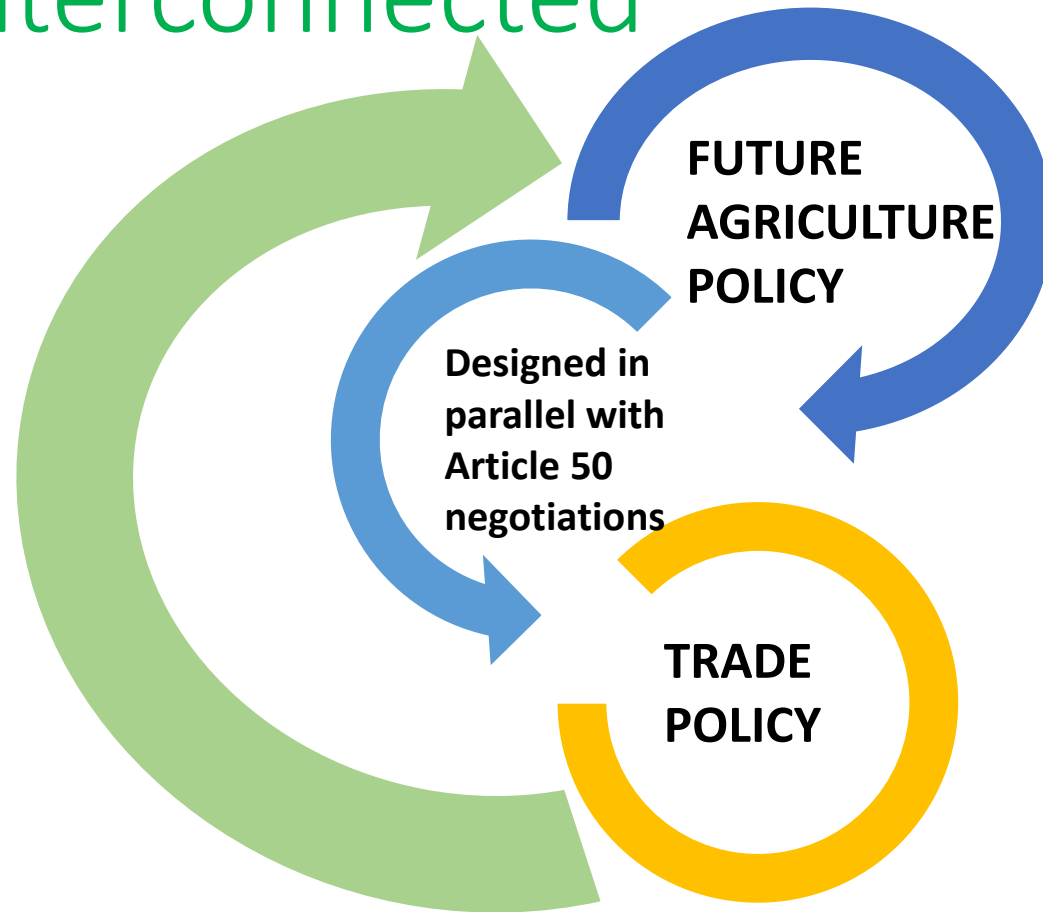
You can find some more information on working with the devolved administrations in the statement we published jointly with the Welsh Government, which is on [GOV.UK](https://www.gov.uk) if you search for **Agricultural framework progress update**.

The Process of the Bill through Parliament



Decisions on trade and future agricultural policy are interconnected

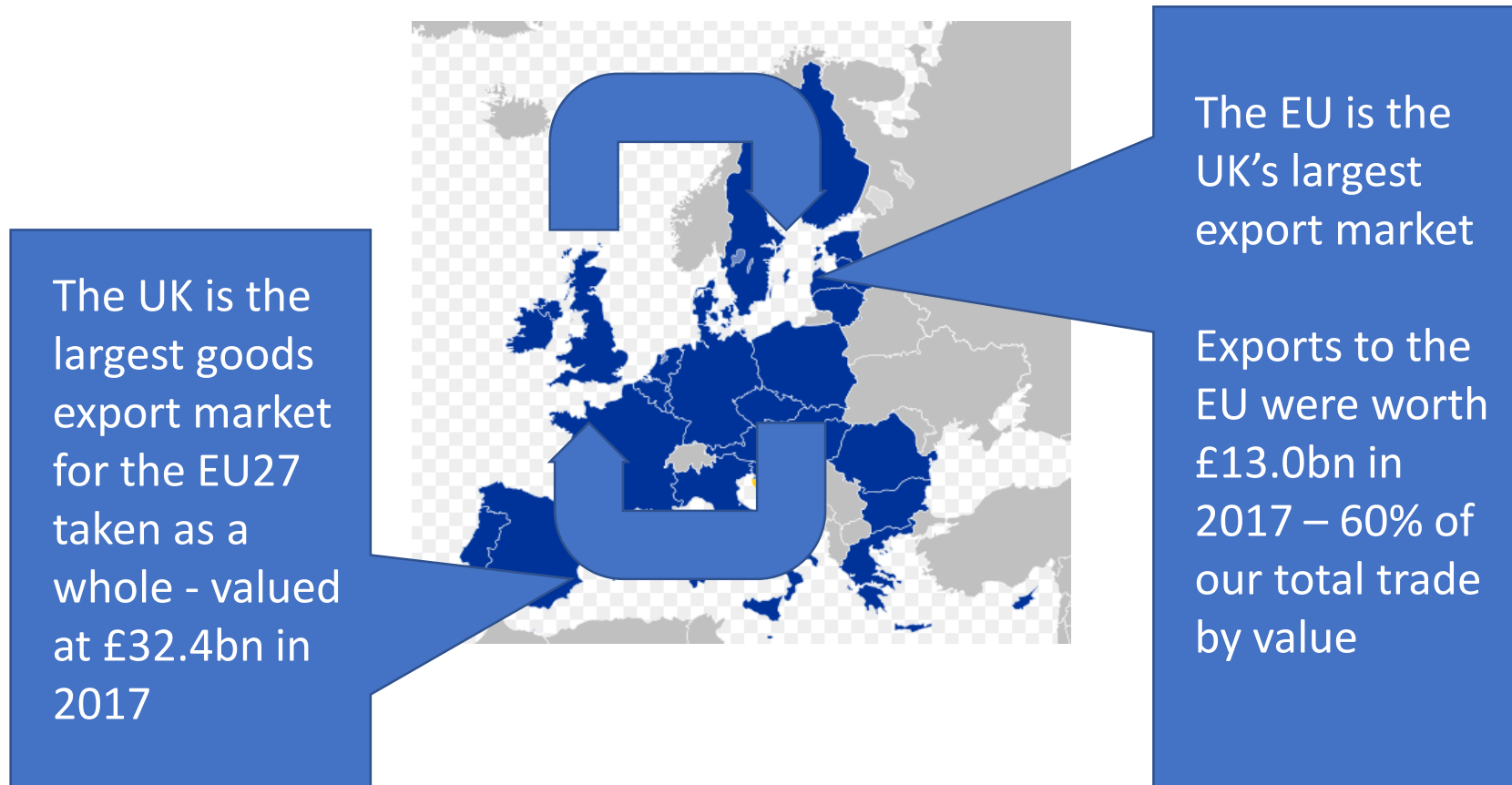
The nature of future trade arrangements will impact in different ways on different sectors.



UK trade with the EU



Both the UK and EU Member States benefit from our close trading relationship.



Intra EU supply chains



There are many prominent UK food and drink companies with operations in both the UK and other Member States.

It is therefore important that we maintain smooth links all along the supply chain as multiple raw materials are transformed into finished product.

Future relationship between the EU and UK



Our new relationship with the EU should aim for the freest possible trade in goods and services between the UK and the EU.

This needs to include trade in agri-food products, where the UK and EU have a mutual interest in ensuring continued high levels of market access in future.

The new relationship should reflect the UK's and the EU's deep history, close ties, and unique starting point.

We want to have the greatest possible tariff- and barrier-free trade with our European neighbours

Future Economic Partnership – the UK proposal



A core element of the free trade area for goods is a common rulebook for goods including agricultural, food and fisheries products.

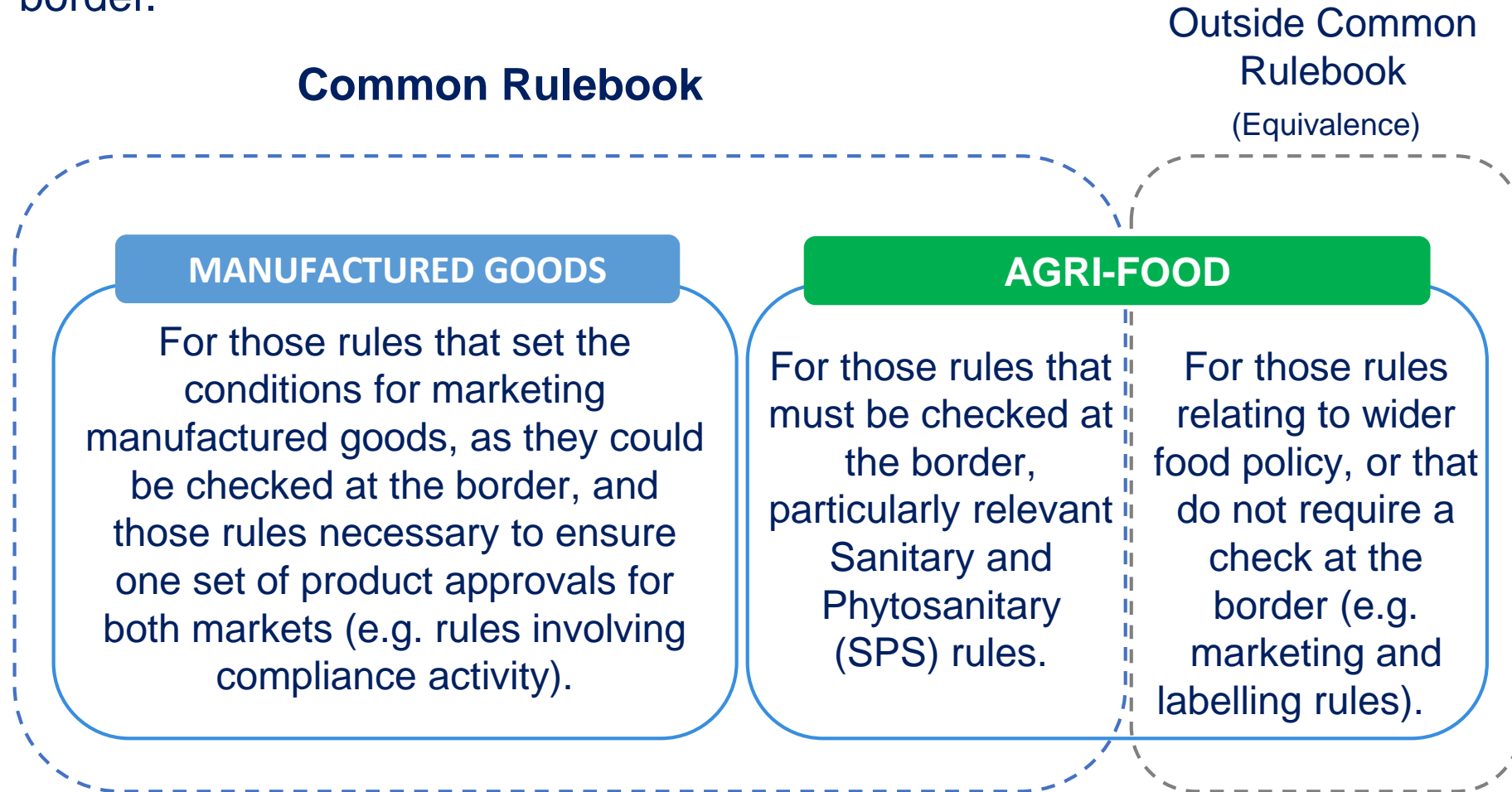
This means that the UK will make an upfront choice to commit by treaty to ongoing harmonisation with EU rules on goods. For **manufactured goods**, this encompasses all rules that **could** be checked at the border. For **agricultural, food and fisheries products**, this encompasses those rules that **must** be checked at the border.

Parliament will incorporate any changes into UK law. Or it could choose to ultimately not make a change – but in the knowledge that it would breach the UK's international obligations, with consequences for the relationship.



Common rulebook – scope

The free trade area would be underpinned by a common rulebook, which would include the rules necessary to ensure frictionless trade at the border.



What we aim to achieve for March

2019



A functioning statute book upon exiting the EU, which

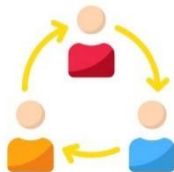
- transfers EU regulations into UK law
- enables payments to farmers and other beneficiaries of the CAP to continue seamlessly in line with the UK government's funding guarantee



We're prepared for different EU Exit scenarios, including leaving with an agreement and leaving without a deal



IT systems and business processes in place, tested and ready to implement all legislative changes needed to make the statute book function



Customers of our services knowledgeable of the changes we are making and anything they need to do differently



Defra group staff trained and ready to operate any changes to our services

Working with industry stakeholders



- **Understanding current systems**
- **Developing appropriate Policy options**
- **Sharing expertise and sector intelligence.**
- **Knowledge exchange to help business' consider their role and next steps.**
- **Using Brexit Livestock Group to help form new Trade Policy**

Thank you





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