

Chapter 1 : The Common Agricultural Policy and Brexit - UK in a changing Europe

Jun 13, 2016. What is the Common Agricultural Policy? The Common Agricultural Policy is a cornerstone of the EU, costing nearly 40pc of its budget or €58bn a year.. Set up in to sustain the EU's food.

Those are not the only costs of the CAP. Defra has also had to pay fines for mismanaging farm payments. The other leg of EU agricultural support is through trade policy. Many producers from outside the EU pay tariffs on goods they import. The Common External Tariff is low on most manufactured goods but remains high on agricultural goods. This protection is another form of income support to EU farmers but at the expense of consumers rather than taxpayers. Why is EU agriculture policy controversial in the UK? But the CAP has also been criticised for encouraging farming practices that damage the environment. One indicator of the degree of environmental damage is the dramatic decline in farmland birds in recent decades. What is impossible to judge is what would have happened under potential alternative policies. The CAP benefits large landowners just for owning more land. EU protectionism on agriculture has been criticised for the costs it imposes on consumers through higher food prices and the costs it imposes on developing countries by making it difficult for them to compete with EU farmers. The current Government says it will continue to make payments to UK farmers on the same basis as now until negotiations are already underway within the EU on how the next round of CAP reform, so the CAP will change in any case and may need substantial reform give the budget shortfall post-Brexit. But the UK will need to decide whether it wants to continue paying income support to farmers on a similar basis to Europe to allow them to compete, as some in the industry argue or whether it is an opportunity to complete reinvent policy, for example by focusing payments on provision of environmental services alone. What does the UK Government say? Before the referendum, the Government was planning to publish year strategies for both food and farming and for the environment. But these have still not appeared. The actual substance and nature of this system is unclear for now. What about the devolved administrations? Both agriculture and environment policies are fully devolved, but the freedom of individual nations to diverge from existing rules is constrained by the policy frameworks being set by the EU. This will change after Brexit. The devolved administrations expect the powers coming back from Brussels to be fully devolved straight away. The other issue will be money. The UK Government will have to reach agreement with the devolved administrations on how agriculture spending fits into any future fiscal framework.

Chapter 2 : Q&A on the Common Agricultural Policy - Telegraph

Jun 26, Â· What is the common agricultural policy? The common agricultural policy, better known as the CAP, is a system of subsidies paid to EU farmers. Its main purposes are to guarantee minimum levels of.

Tweet This Sunday, the Greek general election may decide if Greece will leave the Eurozone , sometimes referred to as Grexit. Whether Greece would then remain a member of the EU if this were to happen is uncertain, with The Economist arguing this week that, in all likelihood, Greece would have to leave the EU as well. Later this year, on 7 May, the British general election takes place. The outcome of this election will influence the likelihood of Brexit, namely, British withdrawal, not from the Eurozone, but from the EU. At the moment, Labour and the Conservatives appear to be running neck and neck. The Labour and Liberal Democratic parties would hold a referendum only if a further transfer of sovereignty from the UK to the EU is proposed as a result of major treaty change, as already provided for in the UK European Union Act Exactly what these terms might be remains rather fuzzy, and change according to the issue of the day. Currently, the focus is on restricting welfare benefits for migrants, with some Conservative MPs also looking for restrictions on the number of migrants from other EU countries. Furthermore, even if Cameron did recommend staying in following agreement on a substantial package of reforms with other EU leaders, there is no guarantee that the British public would support him. Opinion poll evidence suggests that British public opinion is evenly divided on whether to leave or stay in, although much would depend on the terms of a renegotiated deal, if any. Even if the decision to leave the EU were taken in a referendum before the end of , there would be a further period during which the UK and the EU would try to formalise their new relationships. The procedures for leaving the EU were first set out in the Treaty on European Union, whose Article 50 provides, inter alia: The Treaties shall cease to apply to the State in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. So the UK first has to notify the EU of its intention to withdraw and it then has two years in which to negotiate a withdrawal agreement, although this period could be extended by the unanimous agreement of the European Council. Because the withdrawal agreement would cover areas that are both exclusive EU and mixed EU and member state competence, the agreement would then have to be ratified by the national parliaments of all other 27 member states. Even if neither the UK nor the EU will want to prolong the period of uncertainty, an optimistic scenario would be that a UK withdrawal, in the event of a UK referendum outcome in favour, could take place not before However, there is no precedent for such a negotiation on a member state leaving, so how easy it will be to reach an agreement within this time period remains to be seen. Thus, there remains a lot of uncertainty over whether a referendum will be held, the UK membership terms on offer in that referendum, whether a referendum would be approved or not, and how long it might take before an exit took effect if a referendum on withdrawal were passed. Nonetheless, for those of us interested in EU agricultural policy, it is worth examining what implications a British exit Brexit from the EU might have for EU farmers, agricultural policy and the food sector. Our focus here is not on the implications of a British withdrawal for UK agriculture, but rather the implications for the rest of the EU. While there have been some attempts to explore the consequences for UK agriculture of Brexit see the comments of the Country Landowners Association and the Scottish Government , the consequences for the rest of the EU do not appear to have yet been assessed. Update 25 January However, for some EU countries and some products, trade links with the UK are much more important. Thus, Brexit would imply considerable disruption to Irish agri-food trade. Further complications could arise if border controls again become necessary on trade with the UK because Ireland is the only country with a land border with the UK which is extremely difficult to police. Trade flows are not the only area affected by a potential Brexit. The UK also plays an important role in EU agricultural decision-making. Filling this gap in the EU budget would require either expenditure reductions or larger contributions by the remaining member states following Brexit. In the Council of Ministers, under the double majority qualified voting system since November , it has The consequences of Brexit for EU farmers and food

sector will very much depend on the policies that the UK might pursue after Brexit, particularly in the areas of trade, agriculture and regulation. The unknowns about what trade, agricultural and regulatory policies the UK might pursue outside the EU make it hard to draw any definitive conclusions about the likely effects for EU farmers and the food sector at this stage.

Possible UK trade policy after Brexit There are various trade relationships that the UK could try to negotiate with the EU as part of its withdrawal, depending on the level of integration it wanted with the EU Single Market see this House of Commons Research Paper for further discussion. Ordered by the degree of integration, the options are: Some of these options are clearly more likely than others, either because of resistance on the UK or the EU side.

UK Government Policy in concluded: We agree with the Government that the current arrangements for relations with the EU which are maintained by Norway, as a member of the European Economic Area, or Switzerland, would not be appropriate for the UK if it were to leave the EU. In both cases, the non-EU country is obliged to adopt some or all of the body of EU Single Market law with no effective power to shape it. As both parties will want some formal trade relationship after Brexit, this points to an FTA along Canadian or US lines as the most likely alternative. Assuming that such an FTA can be successfully concluded during the two years scheduled for the withdrawal negotiations, it might be possible to ensure full tariff liberalisation in the agricultural sector given that the UK is such a minor exporter to the EU, the latter has no real defensive interests at stake and also the UK is unlikely to want to maintain high tariffs on EU imports. In that scenario the main disruption to existing EU-UK agri-food trade would come from the re-introduction of customs procedures, changes in UK trade policy with third countries, and any issues arising from the prospect of increasing regulatory divergence over time.

Possible UK trade policy with non-EU countries after Brexit Access conditions to the UK market for EU exporters will also be influenced by UK trade policy towards non-EU countries as it is relative conditions which determine the value of trade agreements. It is likely that the UK post-Brexit would not want to raise applied tariffs on trade, and is more likely to lower them on agri-food imports. There is debate over whether the UK could simply inherit the existing EU FTA agreements or whether it would have to re-negotiate these agreements with the third countries. As the UK has signed and ratified all agreements as a member state in addition to the EU, one view is that these agreements would continue even if the UK were no longer a member of the EU. Also, it would not be in the interests of third countries to see tariffs re-imposed or raised on their exports to the UK even for a temporary period. So it is most likely that existing third country access to the UK market would continue as before. However, in the case of agricultural trade concessions, these often take the form of tariff rate quotas and it seems most likely that these would remain with the EU even where exports under these quotas are mainly sold in the UK. If the UK wished to continue to import from these countries at zero or low tariffs, its only options would be to either reduce the relevant MFN tariffs which would benefit all exporters or to open a new tariff rate quota as part of an FTA with those countries. For example, building on pre-existing historical links, one could envisage early agreements with New Zealand and Australia which could include comprehensive concessions on agri-food trade. There is thus a high probability that the trade policy the UK would pursue with non-EU countries would lead to greater competition on the UK market for those EU countries that are current suppliers. Based on historical experience, the UK is likely to provide less direct support for its farmers than in the current EU, and is more likely to switch expenditure to agri-environment schemes and promotion of public goods see discussion on p.

The UK Treasury is unlikely to cut all spending in terms of direct payments, if only because these are hugely important to farmers in Northern Ireland, Scotland and Wales, but a lower level can be expected. The UK might also cut its applied tariffs on agri-food imports, as noted above. Lower support for UK farming might be assumed to lead to lower UK production, and thus to a larger market for non-EU suppliers *ceteris paribus*. However, the long-term relationship between farm support and output is not clear. Lower support also encourages structural change and productivity improvement which would help to maintain output, as was the case in New Zealand. Overall, I would not expect Brexit to result in much change in UK self-sufficiency in the short-to medium-term.

Possible UK regulatory policies after Brexit The main driving force behind a British exit from the EU is the argument that the EU is over-reaching its regulatory competences, making too many regulations and setting too many standards which should remain the prerogative of national parliaments. Given this motivation, one

might expect that, after Brexit, the UK would make use of its new-found regulatory freedom to repeal many measures that have irked supporters of a British withdrawal from the EU. At the same time, consumer, environmental and public health organisations have significant influence in the UK and one might expect stronger regulations in some areas than has been possible in the EU. Thus, over time, one would project increased regulatory divergence between the two jurisdictions. However, there will be a number of countervailing forces. One is that the EU will remain an important trading partner for the UK, and the latter might well find it in its self-interest to align its regulations and standards closely to those in force in the EU. Also, in many areas including food and agricultural policy, EU standards are based on wider global standards e. Codex Alimentarius and we would not expect independently-formulated UK standards to be that different. Nonetheless, there are a number of areas where the UK has been a vocal critic of EU regulations and where changes would be expected. Examples would include the regulation of plant pesticide products, genetically-modified crops and animals, and food labelling.

Impact of Brexit for EU farmers and food sector

On the basis of the previous analysis, the most likely outcome post-Brexit would be free trade in agricultural and food products but the UK would no longer have access to the single market. Essentially, traders would find themselves back in the pre situation before the single market was created. In that period, as clearly documented in the well-known Cecchini Report on The Costs of Non-Europe, many non-tariff barriers, stemming from food safety, plant health, and veterinary regulations for example, impeded the free flow of products between member states. In Ireland, for example, where a high proportion of supermarket groceries are sourced from the UK, consumer food prices could be expected to rise. Most costs will be associated with the re-introduction of customs controls rules of origin checks, import licence requirements, documentation, physical border checks as well as the additional costs of complying with two different regulatory regimes where regulatory divergence occurs. Rules of origin checks are necessary in a free trade agreement without a common external tariff; they currently apply, for example, to goods exported from Norway to the EU within the EEA. Import licences are currently required under Common Agricultural Policy CAP regulations to import certain agricultural products originating outside the EU, including beef and veal; cereals; ethyl alcohol of agricultural origin; flax, hemp and hempseeds; garlic and preserved mushrooms; milk and milk products; olive oil and table olives; pig meat; poultry; rice; seeds; and sugar. One assumes these rules would apply to the UK following Brexit. Key to the single market is the principle of mutual recognition, that is, a member state must allow a product to be marketed if it has been lawfully marketed in another EU or EEA state and cannot, except in clearly defined circumstances, require compliance with their own technical standards. The principle applies exclusively to products or features of products that are not subject to harmonisation measures at the EU level. For example, animal slaughtering facilities that wish to export to the UK would have to be certified by both the UK authorities as well as the EU authorities in the absence of a separate mutual recognition agreement. The UK might negotiate continued participation in the EU plant passport scheme which allows the free movement of plants and plant products between EU member states as part of its withdrawal FTA but in that case would be bound to follow EU legislation in this area. If this did not happen, the previous system of phytosanitary certificates verifying freedom from pests and diseases would need to be reintroduced for EU-UK trade. If the UK were to develop different food labelling regulations in future e. Agricultural policy-making in the EU without the UK Agricultural policy in the EU might be slightly different in future if the UK were to leave, but it would be wrong to over-estimate its impact. The UK has been, together with Sweden, the Netherlands and Denmark, traditionally hostile to a high degree of agricultural market regulation within the CAP. However, with successive reforms of the CAP and the greater flexibilities for member states introduced by the CAP reform, many of the UK criticisms have been addressed. The UK would also be in favour of reducing the overall share of CAP spending in the EU budget and reducing the amounts spent on direct payments. But the fact that direct payments the largest single item of CAP expenditure are fixed in nominal terms means that CAP spending is anyway set to slowly fall in real terms even in the absence of discretionary reductions in the CAP budget. Furthermore, even if the balance of opinion in the Council of Ministers and European Parliament shifts marginally in favour of stronger CAP protection, the departure of the single largest net budget contributor after Germany will work in the opposite direction. If the remaining

member states wish to maintain farm support at currently foreseen levels, then they must be prepared to contribute more to the EU budget to ensure this. In this calculation, some member states that now see themselves as benefiting from high CAP spending could well move to the other side of the ledger. Undoubtedly, the voice of the UK in favour of more open trade would be missed in negotiations on agricultural exceptions and sensitive products in free trade agreements, but the overall impact of a Brexit on the future trajectory of CAP reform may not be that great. Conclusions It does not make sense to consider the ramifications of a British withdrawal from the EU solely through the lens of agri-food trade and policy. There are much broader and more important issues at stake. It seems hard to believe that the UK would take this step, against the unanimous advice of its friends both inside and outside the EU, but it would be foolhardy not to assess and prepare for its possible consequences. I argue in this post that, for the agri-food sector, the possible consequences will depend primarily on the nature of the post-Brexit trade arrangement with the EU. Trade costs will be higher than they are today, which will put downward pressure on producer prices in EU countries exporting to the UK and upward pressure on consumer prices in EU countries importing from the UK. If the UK chose to pursue a pro-consumer trade policy with non-EU countries, adopting lower applied MFN tariffs than at present and concluding FTAs with more comprehensive liberalisation of agri-food trade, this would lead to greater competition on the UK market for current EU suppliers. EU agricultural policy might move marginally towards a position of greater protection for EU farmers, but the extent of this shift will be diminished by the budgetary consequences of UK withdrawal. The adverse effects of higher trade costs could be minimised by encouraging as wide a range of bilateral mutual recognition agreements as possible, but inevitably the benefits of these agreements will be less complete and less comprehensive than membership of the single market would provide. The British government is currently discussing with other EU countries the shape of feasible reforms that might satisfy British demands.

Chapter 3 : Agriculture in the United Kingdom - Wikipedia

The Common Agricultural Policy has long been resented by many in the UK, even though Britain's rebate has cut Britain's contribution and a succession of reforms mean it is far less inefficient. In an edited extract from a new report for the Centre for Policy Studies, Richard Packer argues that.

Amongst these, agriculture stands out. No other sector, outside defence, has received so much government monies. In the British case, it is now just 0. Whilst it is hard to think of anything that could produce worse outcomes except earlier versions of the CAP, there are lots of options and opportunities. This paper sets out three main options. It starts with a brief review of the CAP and its legacy, technical progress and the tensions between intensive food production and the environment. This provides the context for the assessment of the options. The paper concludes by proposing a gradual transitional path to a much more economically efficient and therefore environmentally efficient outcome. The objectives were complex – self-sufficiency, protecting farming and the rural economy, and as a price the defeated Germans would pay to French farmers in exchange for access back into European markets. The CAP was the result of a very political deal, relevant to a very particular historical context. The world has moved on, and to a limited extent so has the CAP. Biodiversity has been seriously damaged: Though some farmers have benefitted, most of the gains have gone in the capitalisation of the subsidies and to the bigger and richer landowners. Farming at the margins remains a precarious economic proposition. Small farmers have been on the retreat for several decades, and their future looks bleak – and with it the kinds of countryside, biodiversity and landscapes that they traditionally maintain. The many CAP reforms have been piecemeal, always growing from the initial structures that lay behind the original political settlement, and always in the face of resistance from farming lobbies. In this they have mirrored the resistance by the fishing industry to limiting and controlling catches and subsidies. Farmers, and especially landowners, have had good reason to resist: Many farmers see themselves as entitled to subsidy, and it is rare to find a mainstream farmer who would actively campaign for fewer subsidies. The pressure for change has however proved too great. The combination of the embarrassing surpluses, the cost to consumers, and enlargement of the EU together made the CAP in its original form unsustainable, and as a result it is not being sustained. The core problem with the early CAP was that it aimed to increase production, and it was very successful in doing so and it was the explicit objective. Rational profit seeking farmers confronted with guaranteed prices above world market levels, and export subsidies on top, responded as any business would: This reduced imports, squeezing developing countries, increased exports, and delivered surpluses. Consumers, through significantly higher food bills, paid for all of this. Since food is a basic requirement taking up more of the household budgets of the poor, it was regressive. The normal way a market gets rid of surpluses is through the price mechanism. Excess supply leads to lower prices, bringing markets back into equilibrium. The CAP however continued to prop up prices and hence had to resort to direct quantity interventions to try to ameliorate the worst of the consequences. It ended up fixing both prices and quantities. These quantity interventions took the form of quotas and set aside. The former drew the Commission into directly managing outputs, and the latter introduced the idea that farmers would be paid to take land out of production. They were therefore paid to increase production and then paid to stop producing – both at the same time. The new Eastern European countries had a higher dependence on agriculture, and in general poorer farmers. So the total spend had to be capped. It could not be done without the mechanism itself being reformed. The first key breakthrough was to break the link between subsidy and production. Over time the CAP has morphed into a system of income support, largely independent of production. Whilst this allows production to adjust to more market-oriented prices, the worst impacts of the CAP have at least been ameliorated, even if the tariffs were not entirely removed, despite the Uruguay trade round. Just removing the direct production subsidies would not lead to optimal production. There would still be overproduction because the private costs of farming do not reflect the full social costs. Farmers can avoid costs, by passing on their wastes to others to clean up. Thus fertilisers, pesticides and herbicides can flow into the water supply, for water companies to clean up – and for the water companies to charge their customers accordingly. Slurry

and agricultural effluents can leach into the water systems. Land is drained to force off flood waters for others to cope with. Carbon is emitted from the soils without paying a carbon price. Overuse of antibiotics drives up the costs to health care as antibiotic resistance builds up. Crop plants escape into the wider landscape. More generally, biodiversity has been reduced without consequences to the farmers who have caused it. These two reforms have helped, but in considering how to move on through BREXIT, it is important to recognise that neither is anything like optimal. There are still production elements in the subsidies, and the income payments go overwhelmingly to land owners and, despite some restrictions, to the richer ones. Smaller farms on more marginal land get less, and tenants get little benefit since the subsidy accrues to ownership not production. Tenant farmers therefore have much less to lose from the phase out of subsidies. On the environmental side, the efficient policy would be to charge farmers for the pollution they cause. As the polluter, they should pay, just as other parts for the economy are confronted with the external costs they impose on the rest of us. Yet the CAP works the other way around: These two reforms have been reflected in the split in CAP into a Pillar One, largely for income support; and a Pillar Two reserved for rural development. Pillar Two payments suffer from three problems. As a result the net environmental outcome of modern agriculture continues to worsen. It is true that the income subsidies under Pillar One do require an element of environmental responsibility as well as animal welfare, food safety and traceability. It is however weak, and largely unenforced. Pillar Two does not therefore adequately compensate for the costs of pollution and environmental damage, and hence production remains excessive. There is one further aspect that reinforces this overproduction: Farmland is exempt from inheritance tax. Farm diesel is exempt from fuel duty. Farmers get concessions on rates. Farmers are not subject to the same planning restrictions as others. Farmers receive free advice on everything from medicines and drugs to farming practices. In the event of serious diseases, farmers get compensated for their losses. Again, being given tax concessions and free services means their costs are lower than the efficient level, and hence their output is higher. No other industry receives this sort of special treatment. The agricultural sector is very far from efficient: One of the side effects of the BREXIT vote is that almost all the interested parties accept that simply replicating the CAP into a British Agricultural Policy would not be a good idea, once the current period ends. Understanding agriculture and its developments: There are, on this view, no gaps between the public and the private interests: On this view we can leave the environment to its best protector, the farmers. Modern agriculture has followed a path that has been evolved since people moved from hunter-gatherers to farming. The task, put simply, is to reduce and eliminate competitors to the crop or herd. Agriculture has been one long fight against nature. In the twentieth century, this battle has been intensified by rapid and unprecedented technical advances: The Haber-Bosch process to produce nitrogen transformed production. Tractors opened up land to the plough on a wholly new scale. Agrichemicals and the internal combustion engine gradually replaced manures and horsepower. Recent herbicides now make it possible to simply wipe out competitor plants, whilst pesticides reduce insects and other invertebrates on a grand scale. The combination of generic engineering and chemicals will intensify this process further. It is no accident that Monsanto wanted to go into genetic engineering in order to match seeds to its agrichemicals. This is where the technology is driving agriculture, aided by precision GPS technologies, robotics, genetics and artificial intelligence. Agriculture has been transformed in the twentieth century, but this is only a start to what is unfolding in the twenty first century. This battle has a logical if unattainable ultimate set of goals: For animals, and indeed some plant crops too, getting further away from nature into a more controlled environment is an important step in this process. Getting chickens and pigs indoors, and now cattle too, reduces exposure to the vagaries of the weather and allows animal feed to be precisely applied. In mega-chicken houses, dairy, and pig units this precision farming has obvious advantages. It is made possible by a further technological advance – the coming of ever more refined drugs. Antibiotics and growth hormones have become so ubiquitous that they threaten human health by encouraging fast evolution by bacteria and diseases. Indoor production does not however break the link to the soils – and their generally deteriorating state. The animals have to be fed from crops largely grown outside. These developments are a continuing process. They have revolutionised our planet: It is technology that has seen off the Malthusian nightmare and its technology that will be essential to keep it at bay in this century.

Chapter 4 : Common Agricultural Policy - Wikipedia

Agricultural policy is a big deal in terms of EU spending - only development aid for poorer regions can compare - but perhaps less so when compared to the UK's national budget.

It took 2, years for the practice to extend across all of the isles. Wheat and barley were grown in small plots near the family home. Sheep, goats and cattle came in from mainland Europe and pigs were domesticated from wild boar already living in forests. Under the Normans and Plantagenets fens were drained, woods cleared and farmland expanded to feed a rising population, until the Black Death reached Britain in This and subsequent epidemics caused the population to fall; one-third of the population in England died of the plague between In consequence, areas of farmland were abandoned. The feudal system began to break down as labourers, who were in short supply following the plague and demanded wages instead of subsistence and better conditions. Also, there were a series of poor harvests after about , coinciding with some evidence from tree rings of poor weather across the whole of northern Europe, which continued on and off until about The population did not recover to levels for to years. Agriculture boomed as grain prices increased sixfold by Improvements in transport, particularly along rivers and coasts, brought beef and dairy products from the north of England to London. At this time, Jethro Tull , a Berkshire farmer, had recently invented his famous rotating-cylinder seed drill. His book, *The New Horse Hoeing Husbandry*, explained the systems and devices he espoused to improve agriculture. The book had such an impact that its influence can still be seen in some aspects of modern farming. Charles Townsend , a viscount known as "Turnip Townsend", retired from Parliament in and in the years between then and his death in , introduced turnip farming on a large scale. This created four-crop rotation wheat, turnips, barley and clover which allowed fertility to be maintained with much less fallow land. Clover increases mineral nitrogen in the soil and clover and turnips are good fodder crops for livestock, which in turn improve the soil by their manure. Between and , the English population nearly tripled, with an estimated increase from 5. This was achieved through intensified agriculture and land reclamation from the Fens, woodlands, and upland pastures. The crop mix changed too, with wheat and rye replacing barley. Nitrogen fixing plants such as legumes led to sustainable increased yields. These increased yields, combined with improved farming machinery and then-new capitalist ways of organising labour, meant that increased crop production did not need much more manpower, which freed labour for non-agricultural work. This depression was so severe that landlords as well as tenants suffered financial ruin, and large areas of farmland were entirely abandoned. This showed the problems of the ancient landlord and tenant system in running new-style, capital-intensive farms, and it caused concern in Parliament. The system began to improve, for example by distinguishing between farm improvements that the tenant should fund, and those the landlord should fund. The repeal of the Corn Laws steadied prices, though agriculture remained prosperous. At that time, Parliament was concerned with the issue of tenant right , i. This was down to local custom which might vary from place to place. In a parliamentary committee examined the possibility of a standardised system, but a Bill on the matter was not passed until Great Depression of British Agriculture The American Civil War ended in , and by , with new steam-powered railways and ships, the United States was exporting a substantial excess of cereals. At the same time, Britain suffered a series of poor harvests. By reliable refrigeration technology brought cheap frozen meat from Australia, New Zealand and South America to the British market, and Parliament felt it had to intervene to support British farming. The Agricultural Holdings England Act revamped the law on tenant right such that tenants received consistent levels of compensation for the value of their improvements to the holding and any crops in the ground. It also gave tenants the right to remove fixtures they had provided, increased the period of a Notice to Quit from six months to twelve, and brought in an agricultural dispute resolution procedure. Parliament responded with the Agricultural Holdings England Act , which prevented contracting out on terms less favourable than a normal tenancy. Subsequent Agricultural Holdings Acts in and further refined the dispute resolution procedure; required landlords to compensate tenants for their damaged crops if the damage was caused by game that the landlord did not allow tenants to kill; allowed tenants to choose for themselves what crops to grow, except in the last year of the tenancy; and

prevented penal rents being charged except in special circumstances. The mass of legislation was consolidated in another Act of Further Agricultural Holdings Acts came into force in 1948, two in 1949, and a further consolidating Act in 1950. This has the effect of breaking up and pulverising the soil, leaving no visible furrow and facilitating the use of a seed drill for planting. Earlier ploughs were simply large hoes for stirring the soil, drawn by animals, that left furrows suitable for distribution of seed by hand. Although rationing during the First World War was limited to the end of 1918 and 1919, a change of mood arose about food security, and the Ministry of Food was created in 1918. There was a national feeling that a man who had fought for his country should be entitled to retire to a smallholding on British land that would provide him with a livelihood. This led to various initiatives, collectively called Homes for Heroes. By 1919 agricultural law had become openly redistributive in favour of ex-servicemen. County Councils had compulsory purchase powers to requisition land they could let as smallholdings. Ex-servicemen were the preferred tenants. The tenant could then buy the land and could ask the Council to lend them money to fund the purchase as a mortgage. Rationing in the United Kingdom British tanks in a Yorkshire cornfield in 1940. Before the Second World War started, Britain imported 55 million tons of food a year. By the end of 1940, this had dropped to 12 million, and food rationing was introduced at the start of 1941. It did not completely end until July 1945. The government tried to encourage people to grow their own food in victory gardens, and householders were encouraged to keep rabbits and chickens for the table. But with so much of the agricultural labour force fighting, pressure on food supplies worldwide increased throughout the war. The government estimated that in 1945 world meat consumption would exceed supply by 1. The Prime Minister suggested that if necessary, food supplies could take priority over supplies for the military, and considered the possibility of famine in the occupied territories after the war. It was a reaction to the privations of the Second World War, and was aimed at food security, so as to reduce the risk of a hostile foreign power being able to starve the UK into submission. The Act guaranteed prices, markets and tenure, so that a farmer could be assured that his land would not be taken away and whatever he grew would be sold at a known price. Yet another consolidating Agricultural Holdings Act followed it in 1950. These Acts made it harder to evict tenant farmers. With the new security tenants enjoyed, a system of rent reviews was necessary to take account of land price inflation. There were many other changes in the law, and each of these Acts needed negotiations between the Ministry of Agriculture and the National Farmers Union NFU to fix the support price to be paid for each agricultural product. They were enacted in a series of Agriculture Miscellaneous Provisions Acts in 1947, 1948, 1949, and 1950. This was limited to two generations of tenant. The report influenced ongoing discussions between the NFU and the Country Landowners Association CLA, who were trying to reach an agreement on new Agricultural Holdings legislation that could be presented to Parliament as having industry-wide support. This was agreed in 1949, but the two sides had not been able to agree a fundamental change to the security of tenure legislation. It did change the succession rules for existing tenancies such that a farmer might pass on his tenancy on retirement as well as on death—but no new tenancies from 1949 were to include succession rights. The Agriculture Act was concerned with the value of the milk quota attached to land, and particularly how it ought to be shared between landlord and tenant. Nowadays, milk quotas no longer exist, but other subsidies largely rolled up into Single Payments still must be divided between the parties. By 1949 they were called the National Farmers Union and were meeting in London. The Royal Agricultural University, which was the first agricultural college in the English-speaking world, opened as the Royal Agricultural College in 1845. It was granted its royal charter shortly after its founding. Thanks to government financial support for agricultural education in the 19th century, the Royal Agricultural College was followed by Writtle College in 1862 and Harper Adams University College in 1966. This is a fall of 4. This was the best performance in UK agriculture since the 1950s. Agriculture employs 1.2 million people, representing 1.2% of the population.

Chapter 5 : Agricultural implications of British EU withdrawal for rest of the EU | CAP Reform

The key objectives of the common agricultural policy (CAP), as enshrined in the EU treaties, are to: Increase agricultural productivity thus to ensure a fair standard of living for agricultural producers; stabilise markets; assure availability of supplies; ensure reasonable prices to consumers.

The butter mountains, wine lakes and export refunds are all long gone. As is only to be expected, the nature of the CAP reflects real economic and political pressures placed on democratically elected politicians. It is not unknown for UK ministers to adopt economically imperfect policies faced with the same level of political pressure. But the negative views of the CAP consistently held across the UK political spectrum since UK accession – that is for over 43 years – undoubtedly contributed to the jaundiced national view of the EU as a whole and, ultimately, to the Brexit vote. Though the criticisms of it are in some respects overstated, the CAP is ill-suited to UK circumstances and the fact that its rules will cease to apply here is a good thing. In particular, the much larger agricultural sectors in many other EU member states make it very costly for the UK, because of the EU common financing rules. Much of the UK financial contribution to the EU, which gave rise to the need for a UK rebate, came in effect from UK contributions to agriculture in other member states. Table 1 illustrates UK agriculture compared to agriculture in other EU member states and relative to the UK economy as a whole. It shows that agriculture is less important to the UK economy than to the economies of other countries in the EU. This explains much of the difference in attitudes demonstrated by UK and other EU ministers over the years. Their objective interests are different. When the UK joined the Community in 1973, the Treaty of Rome did not require there to be a common Community agricultural policy. An alternative approach of coordinating national policies was also explicitly allowed. However, the establishment of a common policy had been favoured by vocal parties, especially in France, which stood to gain a lot from common financing rules. Accordingly, common policies had been agreed for the main agricultural commodities in the 1960s, and by the CAP was well established and aspiring members had to accept it. When the UK first joined the CAP in 1973, the policy was notorious for its expense, high consumer prices, excessive intervention, variable import levies and export refunds. It had very high consumer and financial costs, was regarded as a triumph of European co-operation by the Six and as an abomination by most of the rest of the world. This is the CAP which many people remember. It has been extensively modified over the past 43 years, and many of the policy instruments that characterised it before and after – such as intervention buying, import levies and export refunds – have now effectively disappeared. Post-Brexit, the UK will have the opportunity, if desired, to develop a completely different agricultural policy – though with the proviso that to meet WTO obligations overall government support to UK industry, as expressed in Producer Support Estimate calculations, should not rise. Agricultural policy should have these attributes: Do these desired attributes point to the need for a major policy change? This is because the CAP has had many of the inefficiencies on which it built its early reputation reformed away. Furthermore, after Brexit it looks fairly certain the UK will only be paying for UK agriculture, not for agriculture in other countries. Given the turmoil that would be faced by British farmers if the CAP were radically altered in negotiations, there is no great pressure from any quarter for major change. The administrative structure to support the present system is already in place, and building a new one would incur significant cost. All this is compatible with the statement made by the Chancellor in August that existing payments in certain areas, including agriculture, would continue until at least 2020. I recommend they should continue, no doubt with modifications here and there, for a lot longer. There is no need to specify exactly what changes there might need to be after Brexit, but two areas stand out for examination. The first is the bureaucracy and complexity of the present payment system. Many claim that this could be significantly simplified with no loss of rigour. With billions of pounds of public money at stake, there must be proper accountability. The second concerns the level of area payments. Some statement of government policy will be needed so that farmers can plan ahead. If the UK were outside the full single market, then post-Brexit UK national rules would apply in policy areas such as plant and animal health and GM foods. Sometimes this could be an advantage: If, as many believe, GM has a significant role to play in meeting future food supply

sustainability, it would be sensible to make rapid progress for the benefit of future generations. Some groups in the UK are opposed to GM as a matter of principle. But it is to be hoped the scientific view would prevail, and there would be an opportunity to ensure it did. It represents the views of the author and not those of the Brexit blog, nor the LSE. As a junior official he worked on the Wilson and Heath bids to enter the Common Market. He was subsequently seconded as first secretary at the UK Permanent Representation in Brussels. He was Permanent Secretary

Chapter 6 : What would Brexit mean for farmers and the Common Agricultural Policy?

The Common Agricultural Policy (CAP) is the EU policy to provide financial support to farmers in member states. It is one of the founding policies of the original Common Market, and brings together national intervention programmes into one scheme to allow farmers to compete on a level playing field while protecting against volatility in.

At least one in five of the top UK recipients of CAP subsidies were for farms owned or run by aristocratic families, say Greenpeace. Press Association Thursday 29 September At least one in five of the top recipients of CAP subsidies in the UK last year were farm businesses owned or controlled by members of aristocratic families, an investigation by environmental campaign group Greenpeace found. Household goods billionaire Sir James Dyson, who campaigned for Brexit, is also in the top While not illegal, the practice has been heavily criticised. Also on the list were organisations such as the National Trust, which Greenpeace said had used their subsidies for important conservation work like managing habitats. The government has promised to maintain CAP subsidies post-Brexit until while a domestic system is put in place. Prince Khalid Abdullah al Saud, who owns champion racehorse Frankel, has reportedly described his farming interest as a hobby. The billionaire rubbished claims that British international trade would suffer outside the EU as he backed the campaign to leave Europe. The billionaire landowner died in August and left his fortune to his year-old son. Greenpeace said this was more than what was paid to the bottom 55, recipients in the single payment scheme combined. The department said the pair had declared any potential conflicts of interest, complied with the ministerial code and were cleared to discuss the future of the grants post-Brexit. The investigation comes after Chancellor Phil Hammond promised that current levels of farm subsidy would continue until at least , even after the UK leaves the EU. A prominent Tory MP, numerous donors to the Conservative party and a Saudi Prince were also amongst the hundred biggest recipients of the subsidy, the investigation found. The majority of the CAP though is still dominated by untargeted subsidies that provide little in return. As we move toward the EU exit door, we need to take the opportunity to create a policy that encourages other farmers and land managers across the country to do much more for the environment, and provides greater support for those who are already farming in ways that benefit nature. Other recipients in the Top include wealthy foreign owners not featured in the UK Rich List “ including the internationally famous racehorse breeding operation Juddmonte Farms, owned by Prince Khalid Abdullah of Saudi Arabia. The payments take up the vast majority of the farming subsidy pot. The investigation also found that: Political pressure The news comes as the government is under mounting pressure to set out how farming subsidies will work in the UK once the country exits the European Union. What are direct farming subsidies? New environment minister benefits from thousands in EU farm subsidies Brexit campaigners could see millions in taxpayer handouts guaranteed Campaigners have long argued this system disproportionately benefits large landowners, and has not delivered enough public benefit for the amount of public money spent. Offshore ownership For some recipients in the Top , farming makes up a tiny proportion of overall income. The rest of the money came from its thoroughbred stud farm and horse racing. Three other firms in the Top are owned offshore, including Saker Estates and Palgrave Farming Company Ltd, which both use complex ownership structures in Jersey that hide the identity of the owner. Saker Estates received over half a million pounds from the single payment scheme last year. A spokesperson for Saker Estates declined to comment when asked by Energydesk to disclose the identity of the owners. The landed gentry More than one in five of the Top are owned or run by aristocratic individuals or families, many of whom have inherited titles and thousands of acres of land. The business is based on a 22, acre country estate, of which around 10, acres is farmland. The company is owned through an offshore trust based in Jersey, although there is no suggestion that this is to avoid tax. A Buckingham Palace spokesperson told Energydesk: As for the vast majority of farmers in the UK CAP support is an important part of our income and helps deliver the intended public policy objectives of maintaining food production, social fabric and environmental standards in rural areas. When contacted by Energydesk Mr Drax declined to comment. GFL is bound by the rules and regulations defined by the Common Agricultural Policy and in the same way as any other UK farming business. We accept that our income may go down as a result of subsidy reform. The

single payment scheme was based on the amount of agricultural land the claimant had at their disposal. However, the new system remains largely based on land ownership. The new scheme also bars some businesses from claiming the subsidy if they also operate airports, railway services, waterworks, real estate services, or permanent sports grounds. However, these businesses are still able to claim BPS if, for example, they have more than 36 hectares of eligible land. The top ten September 29, by Crispin Dowler and Lawrence Carter Some of the richest people in the country are receiving millions of pounds in EU backed agricultural subsidies “ according to a major Energydesk investigation. Leading charities “ who benefit from the current set-up “ have called for the scheme to be reformed to promote wider social and environmental objectives. Other recipients include members of the Sunday Times rich list, aristocrats, royalty and wealthy foreign investors. Energydesk was unable to reach Mr Smart for comment. The two have actively campaigned for reform of the current subsidy system. A spokesperson for the National Trust said: Around two thirds of this is for agri-environment schemes delivering specific benefits for the natural environment at our places. The rest comes from the general subsidy for farmers that we receive. We reinvest this subsidy income in our farms and estates to help us deliver our charitable purpose to look after special places for ever, for everyone.

Chapter 7 : Common agricultural policy

Warwick Lightfoot, the Director of Research at the Policy Exchange think tank, blasted the EU's common agricultural policy and branded it the "least successful" programme on the continent.

When it was created in 1962, the CAP supported farmers primarily through ensuring artificially high prices for their products. As a direct result, farmers were encouraged to produce more and more. But this gave farmers a guaranteed buyer, so they knew they could produce and sell as much as possible. This led, in the 1970s, to huge stored surpluses of commodities including infamous amounts of butter and wine actually industrial alcohol – there were never vats of Cabernet or Chardonnay lying around. PA Since then, more than 20 years of CAP reforms have led to the removal of these high prices and, with it, the ending of such surpluses. These are two slightly different ways of measuring national wealth – but not that different. For the entire EU. Payments into the EU budget are based on national income whereas the amount a country receives in EU farm subsidies is largely dictated by the size of its agricultural sector. This means a richer, urbanised, nation like the UK, where farming is relatively small, and which is a net food importer, will tend to be a large net contributor to the EU budget. In the 1970s, when the UK was comparatively poorer, it started to receive a partial rebate on its net payment. Even now, although the country has become much richer, it still receives a rebate. Grape farming in Bulgaria: The Brexit case One argument made by Brexit advocates is that payments to the EU could then be spent on other things. Yet the numbers above show how little money the UK would actually gain from this. On the one hand, Theresa Villiers, a cabinet member and a Brexit supporter, recently suggested that the UK could spend even more money on agriculture if it left the EU, limiting the money available for other policies. On the other, as a previous decision not to fund rural development shows, the Treasury is not well disposed to these areas of spending. The rural economy could lose out. This indicates the uncertainty surrounding an EU exit and the nature of the financial battles within the UK that would ensue. After Brexit, it would have to negotiate a new set of obligations with the WTO, including negotiating with the EU over a share of the trade permissions already granted. This is no simple task, and the EU would have little incentive to be generous in those negotiations.

Chapter 8 : Common Agricultural Policy | The Institute for Government

For decades, the British farming community has been the recipient of generous subsidies under the EU's Common Agricultural Policy. Last year CAP payments to the UK totalled about Â£3bn, making.

The Common Agricultural Policy CAP of the European Union EU is in many respects a highly dysfunctional policy which fails to achieve its objectives or only does so at considerable cost. Nevertheless, it remains a cornerstone of the EU, accounting for around 40 per cent of the EU budget, and many UK and European farmers are dependent on it for their continued survival. When the Treaty of Rome established the Common European Market in , state intervention was a major feature of agriculture in the six founding member states. If the principle of free movement of goods was to apply to agricultural produce, national support policies which were incompatible with the Common Market had to be transferred to the European level. It was also believed that agriculture as a sector had very distinctive characteristics. Output is considerably influenced by the weather and this leads to either over production or under production. Prices can be highly volatile, especially for commodities traded globally. The basic objectives of the policy have not changed since the Treaty of Rome. The advancement of agricultural productivity depends not so much on actions by the EU as technological advances and improvements in the knowledge base of farmers. The way in which the policy has been implemented has changed over time. Originally, farmers were supported through a system of intervention purchasing. This meant that a floor price would be fixed for a particular product and farmers could sell any surplus into an intervention store where they could be held until they were sold at that price provided that it met basic quality standards. This encouraged farmers to produce more than they would otherwise have done, particularly products for which there was not increasing demand. The EU faced the problem of disposing of these stocks. One way of doing this was to provide subsidies to exporters to sell the surpluses in countries outside the EU. However, this led to trade wars with countries like the United States which also started to subsidise its exports. It also undermined producers in developing countries who were unable to compete with stocks of, say, skimmed milk powder dumped on their domestic markets. Export subsidies are now being phased out, but the EU retains very high tariff barriers against imports, particularly in sectors such as meat and dairy products. Although member states and their regions have some discretion in how they calculate this payment, it is essentially based on the size of the farm and the payments it has received in the past. In some respects the CAP could be seen as a welfare policy to help smaller farmers in remote areas with higher payments for farms in areas of great disadvantage. In the UK, Pillar 1 payments outweigh Pillar 2 payments by a ratio of approximately 3: Most of the subsidies paid are, therefore, not targeted to particular policy objectives. Environmentalists object that the CAP has encouraged more intensive forms of farming in the EU with a greater reliance on fertilisers and agrochemicals. Soils may be damaged and serious water pollution may occur. The subsidies paid under the CAP have also had the effect of forcing up land prices, making it difficult for new entrants to come into the industry other than through inheritance. The workforce is ageing and this does not help innovation. What would the consequences of Brexit be? Brexit would create an uncertain environment for UK farmers. Agriculture is unlikely to be a priority in the negotiations that followed a UK exit from the EU. Pillar 1 subsidies to farmers would be vulnerable as the Treasury has always been opposed to them and would be likely to seize the opportunity to phase them out. The main complaint of farmers and not only in Britain about the Common Agricultural Policy CAP relates to the transaction costs involved in form filling and what are seen as the unduly onerous nature of some regulations. In political terms, there is substantial domestic support from environmental, conservation, animal welfare, public health and consumer lobbies for appropriate regulation of agriculture. UK farmers benefit to some extent from the political cover provided by farmers in other member states where agriculture is a higher percentage of GDP or there is a strong cultural attachment to farming as an activity. If Britain votes to remain in the EU, the UK government will continue to press for the reform of the CAP so it focuses more on the competitiveness of European agriculture and the pursuit of environmental objectives. Securing reform up to now has not been easy, but some progress has been made and the worst features of the CAP have been eliminated. The views

expressed in this analysis post are those of the authors and not necessarily those of the UK in a Changing Europe initiative.

Chapter 9 : The EU's farming policy is hated " but what comes next may be worse

Jun 23, 1964. Within a year, Britain was calling for wholesale reform to the common agricultural policy (CAP) and in Harold Wilson's Labour government called a referendum.

Common agricultural policy What is the common agricultural policy? Increase agricultural productivity thus to ensure a fair standard of living for agricultural producers Stabilise markets Assure availability of supplies Ensure reasonable prices to consumers In fact, with countries outside the EU generally able to produce agricultural products at far lower prices than member states - either because of the enormous size and the scale of their industries eg the USA, Canada or because of lower standards eg the developing world - the EU is largely keeping prices up. The price support system dominates the CAP debate, mainly because of its expense. Background Agriculture, and the CAP, is the area where European integration has arguably proceeded further than any other. Concerned that it would lose out in a common free market in industrial products, France demanded a common market for agricultural products that did not open up competition, but rather protected its farmers from it. The deal was popular at the time, due to food market instabilities, the disproportionate influence of food prices on inflation and a need to maintain domestic food industries for political reasons. The CAP was established in 1962. In addition, the focus on production and the use of chemicals and heavy machinery led to concerns about environmental degradation. There were also frequent accusations of CAP corruption and fraud, and in the early 1970s, the cost of CAP was seen as threatening to destabilise the whole community. The MacSharry reforms went a long way to replacing guaranteed prices with a new system of direct payments of compensation to farmers if prices fell below a certain level. The MacSharry reforms also offered compensation for farmers who pursued environmentally friendly practices. These reforms, which came into effect in March 1992, replaced production subsidies with a scheme of direct payments linked directly to compliance with a set of standards on food safety, animal rights and environmental concerns. The key thrust of the reforms has therefore been to break the link between subsidies and production, so that farmers produce for the market and not to gain financial support. However, at the time the rebate was agreed Britain was one of the poorer members of the EU; today it is one of the wealthiest and it has been argued that it is unfair for the UK to continue receiving a rebate when other less well off EU members do not. All interested parties at local, regional, national and European levels were invited to participate. And in May 1992 proposals were put forward to modernise and simplify the CAP in an attempt by the EU to mitigate the effects of global food prices. The current EU budget framework covers the period 2007-2013. The Commission stated that in line with other policy initiatives, the reformed CAP would "make a decisive contribution to Europe " in that it would "fight against climate change, support employment and growth, promote innovation and enhance both the economic and ecological competitiveness of agriculture. The consultation period was set to begin on 12 December and close on 5 March 2007. Controversies The CAP has been criticised for its large budget and for supporting inefficient agricultural practices. The 1992 reforms are accused of so far having done little to reduce its cost, and of leaving agricultural prices unnecessarily high at the expense of the consumer. By encouraging overproduction, the CAP forced the EU to buy up surplus produce, which it then sold on cheaply in the developing world - undercutting local producers and damaging local economies. Some have blamed the CAP for the practices that led to a series of food safety scares during the 1980s and 1990s, chief among them being BSE. It was also claimed that the distribution of funds under the CAP was unfair - with some 20 per cent of farms, primarily the larger ones, receiving 70 per cent of the subsidies. EU enlargement poses a serious challenge to the CAP: The massive cost of including these new states in prevailing CAP terms led to France and Germany developing a deal to freeze CAP spending between 2004 and 2006, and phasing in payments to the new members, in 2007. However, the CAP has contributed to an improvement in European agricultural efficiency by promoting modernisation and rationalisation. Average agricultural incomes have risen roughly in line with other sectors, markets have been stabilised, and the EU has been rendered virtually self-sufficient in all foodstuffs that its climate permits to be cultivated. The ten key points of the reform identified by the Commission were: Better targeted income support in order to stimulate growth and employment Tools to address crisis management which are more

responsive and better suited to meet new economic challenges A Green Payment for preserving long-term productivity and ecosystems Additional investment in research and innovation A more competitive and balanced food chain Encouraging agri-environmental initiatives Facilitating the establishment of young farmers Stimulating rural employment and entrepreneurship Better addressing fragile areas Simpler and more efficient CAP The UK government stated that it believed the Commission had identified the right challenges facing farming in the future, "particularly the need to increase food production to feed a growing world population and at the same time reduce environmental impact", but that their proposals "fall short of meeting them. The Commission also proposes to shift an additional 15 billion euros off budget Source: