



Unlocking the potential of the rural economy

The countryside has vast economic, environmental and social potential. Landowners and land managers are already helping to feed the nation, and fight climate change and nature decline. Now, many are diversifying their businesses, seeking to grow the economy, create skilled new jobs and strengthen their local communities.

They cannot do all of this alone. The rural economy is 19% less productive than the national average. Closing this gap would add £43 billion to the economy. If the rural economy is to succeed then the many barriers to economic growth in the countryside must be removed.

This document is part of a series of 'missions' published by the Country Land and Business Association (CLA), which represents 26,000 landowners and rural businesses in England and Wales. These missions are designed to help policy-makers unlock the potential of the rural economy – for the good of our rural communities and the country as a whole.

Profitable and Sustainable Farming

Mission One

The United Kingdom has long been at the forefront of agricultural best practice. Put simply, we produce some of the best food in the world, to some of the highest animal welfare and environmental standards found anywhere.

Land use, however, is more than farming alone. The choices made by farmers and land managers deliver important government commitments on food and energy security, net zero, nature recovery, water and air quality, and the health and well-being of local communities.

Increasingly, farming and the environment are considered two sides of the same coin – and it is on that basis that agricultural policy is being redesigned. The 'public money for public goods' model has extraordinary potential to deliver for the farm, the environment, the economy, and the taxpayer. The transition towards it, however, requires farmers to have confidence in government processes – specifically that the budget will be sufficient, that payments will be made on time, and that the issuing of annual standards is published promptly.

To deliver a profitable and sustainable farming sector, government must:

1. invest in a world-class agricultural policy;
2. deliver growth and efficiency in domestic farm production;
3. create an international trade policy that champions Great British food and drink;
4. build a thriving forestry sector to fight climate change, reverse biodiversity decline, and reduce reliance on commercial imports;
5. encourage more private landowners to engage in delivering long-term nature recovery; and
6. defend farm businesses from drought and flood.



To deliver a profitable and sustainable farming sector, government must take the following action.

1

Invest in a world-class agricultural policy

England and Wales have an opportunity to develop a world-class agricultural policy based on the premise of 'public money for public goods'. Moving away from previous subsidy models, new voluntary agricultural schemes pay farmers and land managers to deliver environmental and nature-friendly outcomes.

For these schemes to work, farmers need to have confidence that they will benefit their business.

Actions

- In England, secure an agriculture and environment budget of £4 billion per year for Environmental Land Management (ELM) schemes and productivity investment.
- In Wales, secure an agriculture and environment budget of £1 billion per year for the Sustainable Farming Scheme (SFS) and rural investment.
- Publish new standards promptly, with government commitments to ensuring the application and payment process is simplified.
- Ensure land being used for public and private environmental schemes is not subject to inheritance tax.

2

Deliver growth and efficiency in domestic farm production

To better grow our £127 billion domestic food sector, farms need to reduce waste, decarbonise, mitigate environmental impacts, and create skilled new jobs. In doing so we must identify activities that have the most growth potential – producing more fruit and vegetables, and produce that has traditionally been grown abroad, and opening up new export markets for our world-class food and drink.

Actions

- Ringfence an allocation of £400 million per year in England from the agriculture budget for investment in productivity growth. Funds should be targeted at research, innovation and knowledge exchange, farm business grants for equipment, and technology and infrastructure for production and added value processes.
- Strengthen the role of the grocery adjudicator to ensure fairness in the supply chain, incorporating responsibilities of supermarkets and intermediaries.

3

Create an international trade policy that champions Great British food and drink

Now with the power to strike its own free trade deals, the UK Government should unashamedly promote our produce around the world whilst understanding the importance of our world-class environmental and animal welfare standards at home.

Actions

- Seek to reduce or eliminate export tariffs on agricultural products, as well as 'added-value' products such as cheese and wine, in as many markets as possible.
- Avoid under-cutting UK farmers by ensuring all food and drink imported from a third country is produced to the same environmental and animal welfare standards required of domestic producers.

4

Build a thriving forestry sector to fight climate change, reverse biodiversity decline, and reduce reliance on commercial imports

Creating more woodland is necessary for the UK to meet its net zero targets. We need to plant more trees to fight climate change and reverse biodiversity decline, but landowners report bureaucratic hurdles and uncertainty around long-term financial commitments.

To reach ambitious environmental targets, we must use more timber in construction, but the UK continues to be the world's third largest importer of timber. A major boost to domestic commercial timber production is therefore needed.

Actions

- Ringfence £300 million per annum from the agriculture and environment budget in England, investing in the full lifecycle of forestry and woodland and its supply chain including skills and advice, tree nurseries, seed collection, tree planting, woodland management, and tree health.
- Reform and simplify the application process for small areas in the England Woodland Creation Offer to encourage more landowners to participate.
- Invest in and promote the trees and forestry sector as a career to train and develop the next generation of people to look after our trees and woodlands.



5

Encourage more private landowners to engage in delivering long-term nature recovery

The UK is one of the most nature-depleted countries on earth. Landowners and land managers can help reverse this trend – and many are already doing so – but they need support.

Actions

- Introduce targeted, easily accessible, long-term support through the Environmental Land Management (ELM) schemes and provide advice for those in designated sites such as Sites of Special Scientific Interest. This should be delivered through agri-environment schemes in order to maintain the skills, livestock and equipment needed to achieve the required positive land management.
- Recognise the wide range of long-term conservation activity that does not need formal protection but can contribute to meeting the targets while also providing an income through mechanisms such as Other Effective Area-Based Conservation Measures (OECMs).

6

Defend farm businesses from drought and flood

Farming and land-based rural businesses are uniquely vulnerable to drought and flood, putting national food security at risk – with additional harms to environmental projects likely too. The reduction of water pollution and stable access to water for agricultural purposes should be treated as a priority.

Actions

- Legislate to categorise water for food production as an essential use in drought situations to give greater security for productivity growth in crops such as fruit and vegetables in which the UK has low self-sufficiency.
- Secure funding through the agriculture and environment budget for on-farm water storage with a streamlined process that aligns planning, abstraction licences and grants to remove barriers and delays to investment.

The CLA

The CLA is here to help. We represent our members in a collaborative way, working with policy-makers from across government and across all political traditions. To discuss this document further, or to explore how you can help us in our mission to unlock the potential of the rural economy, please contact the CLA External Affairs team via email: externalaffairs@cla.org.uk.

The CLA exists to champion, protect and enhance the rural economy, environment and way of life.

We aspire to unlock the potential of the rural economy by promoting innovative ideas to a national audience and providing practical support to members. We do this so our members can feed the nation, create jobs and prosperity, invest in communities and protect the environment for future generations.