

NEW OPPORTUNITIES

THE IMPACT OF BREXIT ON RURAL BUSINESSES IN WALES AND SCOTLAND

In our 'New Opportunities' series, we presented the case for a coherent Food, Farming and Environment policy framework at the UK level post Brexit. In this document we focus on what that might mean for the relationship between Westminster and the Senedd and Holyrood. Brexit does not roll back devolution, but there will be a new dynamic and we argue that politicians in Cardiff and Edinburgh must do everything possible to ensure that rural businesses in Wales and Scotland prosper from the new arrangements.

Crucially, we suggest that there is a need for a level of consistency across the UK, so that farmers, landowners and rural businesses are not disadvantaged by geography: we must avoid internal trade barriers whilst allowing devolved nations flexibility of policy implementation.



ISSUES RAISED BY BREXIT

In our series of briefings, the CLA and Scottish Land & Estates have set out the key decisions to be taken:



DIRECT SUPPORT

There is an ongoing need to support agriculture and land management in the UK. Support structures must provide commonality so that areas of the UK are not disadvantaged, but also be flexible so that they can be tailored to provide support for different farming and land management systems and to tackle environmental priorities.



REGULATION

Exiting the EU presents an opportunity to re-think how to deliver the safety, standards and environmental outcomes that are necessary for all, whilst removing unnecessary and costly burdens on businesses. There is an opportunity to move towards a proportionate, flexible regulatory system that supports the rural economy, environment and communities.



TRADE

As the UK builds new trade relationships outside the EU, it must commit to securing robust deals for food and farming as a specific priority. The UK needs a dedicated team of trade negotiators in place with expertise in agriculture and the wider rural economy from across the UK.



LABOUR MARKET

Workers from the EU play a vital role in a number of sectors in agriculture and the supply chain, particularly in the processing and food and drink industries. Governments must ensure that there is a supply of labour to fulfil these vital roles that are essential to the prosperity of the rural economy.

THE KEY QUESTION FOR SCOTLAND AND WALES - FUNDING

There will be a need for a fair and transparent funding package associated with a Food, Farming and Environment policy framework. Consistency across the UK will be important and we believe that ring-fenced budgets will ensure farmers, foresters

and landowners have a secure and long term basis for support. The provision of funds through the block grant without ring-fencing could put support to rural areas at risk.

WHY THE RURAL ECONOMY MATTERS IN WALES AND SCOTLAND?

→ The Scottish and Welsh primary land-based sectors produce high quality products that are recognised across the world and which underpin the much larger food and drink industry. The unique selling points of Scotland and Wales – our landscapes, our high quality brands and our high standards – are the product of a vibrant rural economy.

→ Farming and forestry is the backbone of the rural economy in Scotland and Wales. These industries generate their own economic contribution but also underpin a wide array of support businesses that operate in rural areas. Land-based industries therefore play an important role in maintaining rural communities and the cultural heritage which is unique to these areas.

→ Our ability to respond to global challenges such as climate change requires a positive approach to land-use and land-use management. A prosperous rural economy is essential so that farmers and foresters are able to adapt and contribute towards delivering important international goals and commitments for public benefit.

ENVIRONMENT (WALES) ACT 2015

Wales has brought into legislation the need to sustainably manage our natural resources for current and future generations through a framework that delivers multiple benefits through land-use.

This integrated approach to land management is fundamental to improving the resilience of our rural economy and communities.

FUTURE GENERATIONS

The innovative Well-being of Future Generations Act places an onus on public bodies to act in an integrated manner with regard for long-term impacts and outcomes.

The goals and principles of the Act deliver a framework and vision that demands a world leading food, farming and environmental policy.

FARMING

- 6.1 million ha of agricultural land in Scotland with 52,000 agricultural holdings and 18,479 recipients of direct farm support.
- £489 million entered the rural economy via the main CAP schemes in 2015.



FOOD AND DRINK

- The Scottish food and drink industry's turnover has grown from £10bn in 2007 to £14.3bn in 2013.
- The food and drink industry is underpinned by Scottish farming.

FORESTRY

- 18% of Scotland's land area is woodland. 65% of the woodland area is under private ownership and 59% of the woodland is conifer.
- The contribution of forestry to Scotland's economy is £954 million GVA with £771 million coming from forestry and timber processing and £183 million coming from forest recreation and tourism. 25,000 FTEs employed in the sector.

CLIMATE CHANGE

- Scotland has set itself challenging greenhouse gas emissions reduction targets in the Climate Change (Scotland) Act 2009 and has developed a Land Use Strategy to help reduce emissions. Prosperous land-based businesses are better placed to help meet the challenge of climate change.

FARMING FUTURES

Wales has 1.5 million ha of agricultural land with 25,000 recognized agricultural holdings.

By area, the industry is dominated by livestock production but economically, dairy and arable crops make a significant contribution.

Small land-use change could have a significant impact on the economic viability of our rural communities.

FORESTRY

With 300,000 ha of forestry and woodland cover contributing £455 million every year to the economy and supporting over 11,000 jobs, trees are an important land-use for Wales that delivers essential economic, environmental and social benefits.

CELTIC CONNECTIONS

LESS-FAVOURED AREAS

84% of the agricultural land in Scotland and 80% of agricultural land in Wales is classed as Less-favoured Area for farming and food production. This brings challenges of profitability and viability for the rural communities in these areas which must be addressed if the industry is to prosper.

BIODIVERSITY

Scotland and Wales are home to some of the UK's most important, rare and diverse habitats and species. The obligation to sustain these areas and the opportunities that they provide must be realised.

TOURISM

Tourism is an important contributor to the economies of both Scotland and Wales and provides jobs and wealth for rural communities. Primary production and tourism are often the only viable options for remote rural communities seeking to improve their resilience. It is important that our tourism and land use strategies are complimentary.

INNOVATION

Farmers and foresters in Wales and Scotland need to be adaptive and innovative. Government policy must be responsive to innovation, but our governments must also support and promote innovation through research and development to ensure that agriculture and the rural economy continues to adapt to the modern, digital world.

PRIORITIES FOR WELSH AND SCOTTISH MINISTERS OVER THE NEXT FEW MONTHS.

1

CONTRIBUTE TO A FOOD, FARMING AND ENVIRONMENTAL POLICY FRAMEWORK AT THE UK LEVEL

→ It is in the best interest of farmers and land managers in Scotland and Wales to develop a UK-wide framework for Food, Farming and the Environment. Without this overarching framework our countries could be disadvantaged through unequal approaches to trade, support and regulation.

2

RESPECT DEVOLUTION WITHIN AN OVERARCHING FRAMEWORK

→ It is essential that Westminster recognises the different needs and contributions of each part of the UK. Each country has its own distinct challenges and opportunities and must be allowed to respond to these within an over-arching policy framework. A formal platform to do this is essential.

3

DEVELOP A FAIR AND TRANSPARENT FUNDING STRUCTURE

→ Scottish and Welsh MPs, MSPs and AMs must work together to ensure that there is a funding mechanism specifically to support the Food, Farming and Environment policy and wider rural development. Consistency across the UK will be important and we believe that multi annual ring-fenced budgets will ensure farmers, foresters and landowners have the best opportunity to prosper.

4

ENHANCE COLLABORATION BETWEEN GOVERNMENT AND INDUSTRY

→ Achieving a sustainable rural economy requires industry and governments to work together to align priorities for the mutual benefit of rural communities, natural resources and businesses. Collaboration is essential to maximise opportunities and foster a long-term vision for our rural heartland. The size of Wales and Scotland allows us to take advantage of creative solutions to shared problems.

5

DEVELOP A STRATEGIC APPROACH TO THE RURAL ECONOMY AND LAND USE

→ The devolved administrations must utilise existing frameworks such as the Land Use Strategy in Scotland, the Well-being of Future Generations and Environment Acts in Wales in the post Brexit world. These focus on achieving multiple benefits from the land and provide an aspirational vision for the future which will be useful in the development of the new UK Food, Farming and Environment policy framework.

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