

Cynulliad Cenedlaethol Cymru | National Assembly for Wales
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig | Climate
Change, Environment and Rural Affairs Committee
Ymchwiliad i ddyfodol Polisiâu Amaethyddol a Datblygu Gwledig yng
Nghymru | Inquiry into the Future of Agricultural and Rural Development
Policies in Wales
AAB 28
Ymateb gan CLA Cymru
Evidence from CLA Cymru

CLA Cymru: The Voice of the Rural Economy in Wales

1. One-third of the Welsh population lives in rural areas^[1]. Our rural economy supports some 459,000 people. In Wales rural business totals nearly 105,000^[2] enterprises. While land-based businesses form the backbone of these, a broad range of other businesses and sectors support the farmers and landowners and are essential for maintaining thriving rural communities.
2. £1 billion is invested by landowners into the rural economy^[3]. Given reasonable conditions, research commissioned by the CLA projects that this is likely to increase to as much as £1.8bn by 2020. This is strong, but fragile: the uncertainty of the post-Brexit economic landscape is such that, given unfavourable conditions, it is projected to drop by as much as 75%^[4].
3. We are committed to the well-being of the rural economy as a whole. Our membership includes representatives from all agriculture sectors. We are experts in land-based business as we represent the broadest possible range of economic players: farmers, estates and their associated businesses, service-providers, manufacturers and the supply-chain for primary producers and those who develop land as amenity or for tourism. The CLA represents around 32,000 members in England and Wales.

Fundamental Outcomes from Agriculture, Land Management & Rural Development Policies

4. As part of its response to Brexit, the CLA has produced a series of briefings – ‘New Opportunities’ - highlighting what it considers to be the key priorities.
5. **A Vision for a World-leading UK Food, Farming and Environmental Policy** - We have the opportunity to develop a world-leading policy framework that improves agricultural productivity, competitiveness and resilience. Our farmers and land managers are essential in providing us with a safe and secure food chain and they play a vital role in supporting our rural communities and managing essential natural resources to help meet challenges such as climate change.
6. As part of the UK Food, Farming and Environmental policy we have identified the fundamental outcomes needed:
 - *A Productive and Competitive Farming and Forestry Sector* – Our farmers need to be competitive in an international market. This means providing the sector with a secure foundation, driving professionalism and increasing skills throughout the industry. Investment in R & D and training, particularly business skills and technology transfer, is key for achieving this.
 - *Food Security* – In parallel to developing favourable trading arrangements, the sector must be resilient in the face of increasing volatility. The policy must promote innovative, sustainable ways to increase production and manage risk.

^[1] In England the same statistic is 20%.

^[2] pp4-5, CLA: Standing Up for Rural Business.

^[3] CLA research to be revealed UK-wide on 6 December, key Welsh stats on 1 December.

^[4] The Future of Rural Business in Wales: Unlocking Investment, Unlocking Potential: CLA, 1 December 2016.

- *Enhanced Protection for the Environment* – Farmers and land managers must be provided with the tools and support to meet the environmental challenges we face. The sector is well placed to support wider society in meeting complex environmental challenges such as flooding.
 - *Value for Money* – In light of increasing pressures on the public purse, the new policy framework must deliver value for money and transparency in the benefits that society as a whole receives in return for sector support.
 - *Clear, Proportionate Regulation* – Regulations will not disappear overnight – and many regulations have important quality and safety implications and help demonstrate the high value produce made in Wales. However, every opportunity should be taken to review the regulatory framework to ensure that it is cohesive, transparent and proportionate.
7. We believe that these outcomes can be delivered in Wales through harnessing the opportunities included within the Environment (Wales) Act. This legislation provides a robust adaptable framework that can support the societal benefits that the land-based sector is uniquely able to deliver. The National Natural Resources Policy enables Welsh Ministers to outline their policy priorities – to maintain or incentivize the positive practices and changes that contribute to the sustainable management of the land. Area statements should identify and explore opportunities at a more local level to support national ambitions or goals and SoNaRR is an impartial, evidence-based analysis to measure and evaluate success and steer future policy developments. With progressive support structures, farmers and land managers can contribute to the delivery of a number of goals under the Well-Being of Future Generations Act and provide multiple benefits in return for the investment made in these businesses.
 8. Our farmers need a trade policy that creates markets for farmers at home and abroad. For many in Wales, particularly those supplying the red meat market, securing a trading relationship with Europe post Brexit is a priority. The CLA believes that the most desirable option for achieving this is for the UK Government to negotiate a bilateral free trade agreement with the EU that secures tariff-free access and maintains the current high level of regulatory and customs convergence. In the longer term, opportunities for free trade agreements with the rest of the world need to be developed. These agreements can take time and relationships need to be developed and nurtured now; this preparatory work needs to start sooner rather than later.
 9. New trading opportunities certainly bring opportunities, but also risks, so in the short to medium term, support is needed to improve farmer resilience to enable them to compete in these global markets.
 10. A vital consideration to the viability of the sector is the need to be able to access a stable and productive workforce for the rural economy. Our farmers and food processes are particularly vulnerable to reduction in the current arrangements for free movement. Access to much needed labour can be negotiated with the EU as part of a bilateral free trade agreement so that our producers and supply chains are secure.
 11. Moving ‘beyond the farm gate’, there are many benefits in a policy that supports the wider rural economy. New and exclusive research^[5] commissioned by the CLA into rural investment identifies that private businesses will invest in rural communities, providing that the policy framework is there to support it.

^[5] As per page 1, ref 3

12. This research generates four conclusions that lead us to call for cross-governmental thinking and policy to maximise investment in the rural economy for the benefit of the community.
- a) Policy must capitalise on **the long-term - generational – thinking** in farming/landowning – under-represented in other economic sectors.
 - b) **Barriers to growth must be removed**: issues in the planning system and mobile-phone/online connectivity impede investment and productivity.
 - c) Policy must **ease and secure new investment**, encouraging increase in productivity, innovation, job-creation and the formation of supply chains.
 - d) **Brexit provides a unique opportunity** to change and improve the current EU driver system and create a bespoke system for rural business. The Brexit promises must be delivered.
13. **Structural Options for Rural Funding** - Brexit offers a unique opportunity to improve the current arrangements to support rural development. The structures of CAP, and socio-economic funding mechanisms within it, have isolated the rural economy from mainstream economic development activity. We have an opportunity to reconsider how economic development in rural communities is supported. The structure and nature of rural businesses will fail to compete with the sharper outcomes of jobs created and safeguarded used in mainstream economic support policies. However, the other sectors do not have the resources at hand to deliver some of the broader outcomes Welsh Ministers aspire to through the Well-Being of Future Generations Act. While the family farm is still the heart of the rural economy, modern business practices and developing technologies have enabled the rural economy to carve out a niche working environment. It is uniquely placed to deliver economic prosperity, climate change and growth alongside environmental, cultural, and social development. The uniqueness and the benefits demand a bespoke support structure with cross-departmental input from the department of rural affairs and economic development.
14. CLA Cymru has already written to Ken Skates, Cabinet Secretary for Economy and Infrastructure suggesting the need for a rural arm to the new economic strategy for Wales. The Committee may wish to consider the opportunities that this offers to bring the experience of economic development and rural development together.

Lessons from Current and Previous Policies and Policies Elsewhere

15. Policies to date have tended to lack a clear, comprehensive vision from Ministers and Government. Lack of vision leads to stagnation and fragmentation. It fails to deliver value for money as independent schemes are disjointed and do not deliver the transformational change we need. Ideas like the Strategic Initiative, as envisaged under this round of RDP funding, do offer a positive framework that could lead to the level of change needed, but have so far lacked the commitment from all parties to realise delivery.

Should Wales develop its own agricultural, land management and rural development policies or should it be part of a broader UK-wide policy and financial framework?

16. As part of the 'New Opportunities' series, CLA considered the specific question of UK or Welsh-led policy. We recognise that Brexit brings to the fore a number of constitutional issues that require consideration and resolution before we can understand the implications on farming and the wider rural economy.
17. Despite the uncertainty, we identified a number of priorities:
- a. **Welsh Ministers must play their role in developing the UK Food Farming and Environmental Policy.** It is in the best interests of all farmers for there to be a level of commonality and consistency across the UK as, without this, we risk creating areas of disadvantage through unequal approaches to trade support and regulation.
 - b. **Devolution must be respected.** 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 overarching policy framework. Current arrangements where DEFRA is the voice of England and the voice of the UK cause difficulties. A formal platform needs to be established where the component parts of the UK - Scotland, Wales, Northern Ireland, and England have equal status in developing a holistic UK framework policy.
 - c. **Understanding the funding arrangement is key.** It is widely understood that Barnett is not well structured to support farming and rural businesses. We have been advised that Wales currently gets 16% of the CAP budget, and if this was to go through the Barnett formula, Wales would get an equivalent to 3% of the CPA budget. For this reason, we suggest that there needs to be a ring-fenced budget to support the UK Food Farming and Environment policy, and that Wales gets its proportion of this. A stand-alone budget also ensures that there are no disadvantages across the home nations, and also offers a framework that enables longer term multi-annual payment opportunities essential to delivering the long term benefits that land owners are uniquely placed to deliver on behalf of society.
18. CLA Cymru acknowledges the difficulties of this approach and we are not attempting to devalue or roll back the current devolution settlement. We do not underestimate the constitutional challenges and the political reality, but have approached the question from a practical perspective in terms of what offers the best outcome for our members, and indeed the industry as a whole.