

Speech: Environment Secretary speaks at NFU conference

As you rightly say, Meurig, food and farming faces some of the biggest changes of any sector as we leave the EU.

But with change comes great opportunities for what also is by far the UK's largest manufacturing sector.

This morning, you have highlighted a number of those opportunities and challenges.

So I do appreciate that your members are looking for clarity on specific issues – such as the future of direct payments, the prospects for seasonal agricultural workers, and access to the single market to name just a few.

And I don't for one minute underestimate the importance of these. Meeting with farmers in Somerset, Glamorgan, Sussex, Herefordshire and in my own constituency of South Northamptonshire, I've heard the concerns of your members first hand.

And I want to be clear that as a major contributor to the UK economy – contributing close to £110 billion each year – there is no doubt that there will be support for our vital food and farming industry after we leave the EU.

But I'm not going to stand here today and pre-empt the work the Government is doing to get the best possible deal for the UK.

Those negotiations will take time, and change is, of course, inevitable.

But I want you to know that I will fight your corner at every opportunity – and fight for the huge contribution you make to our communities, to our environment, and to our economy.

So, I don't have final answers today – but I do want, this morning, to outline my ambition for a future, more prosperous farming industry, and the five principles we must follow if we are to achieve this.

But first, I want to start by addressing CAP.

CAP and continuity

For more than 40 years, British farming has operated within the EU.

It's provided you with a guaranteed income, and an element of certainty in an otherwise unpredictable world. In turn, you've provided us with food produced to the highest of standards.

Nearly 86 thousand farmers are eligible for BPS payments – and for some of

you, I know it makes up as much as 70% of your bottom line.

I understand how important these payments are to you. But we also know how flawed CAP is – how it ties you up in red tape, offers poor value for money and fails to address the key issues you face.

It's a blunt tool that offers little reward or recognition for the services you provide to this country. And it's desperately complicated.

In 2015, too many farmers experienced delays and problems with their BPS payments.

Lessons have been learnt, and I am pleased that the RPA have made good progress with this year's claims.

As of today, 95.5% of farmers have received their 2016 basic payment, but I do recognise that if you're one of the 4,000 still waiting, you need to know when you will get paid.

So this week I secured agreement from the Treasury to offer a 75% bridging payment to anyone with outstanding claims at the end of March.

I am determined that we will do so much better for farmers when we leave the EU – with a system based on simpler, more effective rules, we'll be free to grow more, sell more, and export more of our Great British food.

Now, my first priority on coming into this job was to guarantee Pillar 1 income to 2020 – and Pillar 2 payments signed before we leave the EU for their lifetime.

This was to provide continuity during this period of transition.

But, as the Prime Minister made clear, leaving the EU requires us to take a step back and ask ourselves 'what kind of country do we want to be?'

And we must in turn ask the same question of farming: 'what kind of industry do we want to be?'

And how do we devise a system of support that properly takes into account the diverse types of farming, and the challenges unique to each?

So, for example, how can we ensure a more tailored approach – one that recognises the needs of hill farmers alongside those of arable farmers and protects our precious uplands as well as our productive fenland?

These are the kind of questions the current system can't even pose, let alone answer. With 80% of Defra's work currently framed by EU activity we now have a great opportunity, guided by our 5 principles, to strike the right balance.

Global demand

The first principle is trade.

As a global trading nation with so much to offer the world, we are looking to build new partnerships and strike the best free trade deals for Britain.

This year, exports of British food and drink topped £20 billion for the first time – a tremendous endorsement of our world class products and the importance placed on British provenance.

I've witnessed for myself the growing appetite for primary commodities like lamb, beef and dairy – products we've built our name on and that increasingly attract worldwide demand.

Without you, there would be no Great British brand.

In spite of growing success, we know that only 1 in 5 British food and drink producers are currently exporting. So how can we encourage farmers, exporters, and newcomers to access new markets?

I recognise that around 60% of exports go direct to the EU, and that 4 of our 5 biggest markets are there. The EU is our most important trading partner, a fact that won't change when we leave, and a relationship we are determined to uphold.

As the Prime Minister outlined last month, we want tariff-free and frictionless cross-border trade with Europe.

So with zero tariffs and zero non-tariff barriers as our starting point, we are striving for the best possible access for our farmers and food exporters.

In 2016, exports grew by 9%, with growth in a number of key markets – including a 49% increase to China, 30% to Poland and 17% to Spain.

To get more companies taking advantage of export opportunities, such as the UK-China barley agreement, we have a dedicated government team working with potential exporters in the Great British Food Unit.

They are helping to identify and open new markets for our award-winning produce, as well as providing the skills, knowledge and contacts to take British businesses even further.

Our International Action Plan for Food and Drink has identified a number of priority markets, including the US, China and India, which offer the greatest potential to grow our exports.

Farmers work hard to maintain our reputation for superb tasting, high quality food, produced to high welfare and traceability standards – so let's spread that reputation further around the world.

Productive and competitive

A sector that exports more will rely on a more productive workforce, using the latest technology and data.

However, the current CAP arrangements offer little investment or incentive,

so I want to make productivity and innovation the second principle of a new farming system.

Productivity is the major challenge for our economy as a whole – and the Government's Industrial Strategy outlines the need to raise skills, leadership and business management.

We need to build on excellent initiatives like McDonalds' Progressive Young Farmers and Bright Crop to demonstrate to talented young people that farming offers a great career.

We've made some progress towards increasing the number of apprentices on farms.

But how can we encourage a greater understanding of the food chain?

And how can we help more people with the right skills into food and farming?

As for seasonal agricultural workers, I have heard loud and clear the vital role they play in many farm businesses, not least the horticultural sector.

But at the same time, we mustn't forget that a key factor behind the vote to leave the EU was to control immigration.

So I want to find out what kind of labour you need, in food processing as well as farming, whilst exploring the role innovation can play in support of this.

As I've travelled the UK, I've seen a whole raft of new technologies that complement the workforce.

This Government has invested £450 million in agri-food research and development – and I was pleased to see that under the leadership of Peter Kendall and Jane King, AHDB have placed innovation, productivity and knowledge exchange at the heart of their new strategy.

And today's Feeding the Future report sets out the research and development required to modernise farming over the next 20 years.

But I know there are also large numbers of farms that are yet to seize these opportunities.

So how, in the future, can we help farmers secure the capital they need to enhance innovation, and how can we help them combine together to improve their power and influence in the supply chain?

I want to use this opportunity to allow innovation to flourish – not just for the sake of productivity, but also as a means of improving the landscape around us.

Sustainable

And this leads me to our third principle; the environment.

British farmers don't only produce world-class food, but as part of that process, they care for and shape some of our most iconic landscapes.

Yet, whilst 70% of our land is farmed, just a small percentage of funding is directed towards the provision of these environmental services.

So, alongside a fair return from the market, farmers must feel incentivised and rewarded for caring for the environment.

The current CAP has improved over recent years, but in trying to do more for the environment, farmers have found themselves confronted with unnecessary bureaucracy.

So as we leave the EU, we have an opportunity to take a fresh look at these schemes and think about what mechanisms are needed to promote the twin goals of productive farming and environmental improvement.

I want to consider, for example, how we will strike the right balance between national frameworks for support measures whilst tailoring them to local landscapes and catchments.

And how can we incentivise as many farmers as possible to undertake environmental improvements on their land?

The Farmer Cluster concept, pioneered by the Game and Wildlife Conservation Trust and Natural England is a great example of how farmers can come together, at a landscape scale, to farm productively whilst delivering greater outcomes for soil, water and wildlife – such as boosting the number of grey partridge in Lincolnshire or harvest mice in Hampshire.

We all know that good farmers produce excellent food at the same time as improving the environment – and by increasing the use of technology alongside traditional farm husbandry, more farmers will be able to achieve both of these things.

Trusted

The fourth principle underpinning a new agricultural support policy must be the promotion of animal and plant health and welfare.

British food is renowned and respected for its high standards of animal welfare, food safety, and food traceability.

It's one of the most compelling reasons for consumers to buy British.

We've gone further and faster than many in the EU when it comes to improving welfare standards.

We were in the vanguard of banning veal crates, sow stalls and battery cages.

And our 2015 manifesto states that 'high animal welfare standards will be incorporated into international trade agreements...'

I am committed to honouring this pledge – and working with industry to improve our welfare standards, whilst ensuring that we are not put at a competitive disadvantage.

The Union flag represents all that's great about our food – we are in the top four in the world for animal welfare – and leaving the EU will not change that.

We must also respond to the global threat of anti-microbial resistance.

This Government wants to see a reduction in the unnecessary use of antibiotics in animals, without putting health and welfare at risk.

Last month I went to meet Abi Reader, Wales' Woman Farmer of the Year, on her dairy farm, where she's been able to reduce antibiotic use by as much as 40% – and improved milk productivity as a result of careful investment in a better equipped dairy parlour.

So in the same way we led from the front on animal health and welfare, I want us to do the same on AMR.

Resilient

The fifth and final principle for our future policy thinking is that of resilience.

Farming is often tough because it faces a unique combination of risks, ranging from the price of oil and commodities, to the threat of flood and storm damage.

One of the biggest risks facing the industry though is the continuing threat of bovine TB – a disease that last year led to the slaughter of 28 thousand cattle in England – and I'm sure that many of you in this hall will have had personal experience in your own herds.

It's a disease that can devastate a rural economy, and the families and individuals dependent on it. I know from my constituents farming in the 'Edge Area' the stress and anxiety of testing day – and the physical risks they, their workers and vets face when trying to get cattle through the crush.

No farmer should have to go through this.

That's why I am committed to our 25 year eradication strategy.

Last summer we rolled out the cull to seven additional areas – all of which were successful.

And this year, I want to extend that even further.

It's thanks to you and the efforts of farmers on the ground that our strategy is working – and that we are now close to declaring half of England officially TB-free, two years ahead of schedule.

But that's no reason to take a step back. In fact, if anything, we must increase our efforts.

This Government will continue to work with you to use every tool at our disposal to beat this disease – and ultimately, end the blight of bovine TB for good.

The past few months have also been very worrying for the poultry sector.

The housing order we have implemented to reduce the spread of Avian Influenza remains in place until 28th February – but if the veterinary assessment stays the same, we hope to be able to take a more targeted approach to controls in England and will be making further announcements shortly.

But disease isn't the only challenge you face, as your recent Flood Manifesto identified.

The Morpeth flood alleviation scheme is just one example of how farmers can provide crucial storage to reduce the risk of flooding.

And we're not just protecting homes and villages – our six year capital floods programme will better protect an extra one million acres of prime farmland by 2021.

So from flooding, to market volatility and disease – as we leave the EU, what policies do we need to help and support farmers to manage risk?

Conclusion

So, to conclude, these are the five principles that will frame the future of food and farming policy.

Since last summer, we've been having regular discussions with organisations from across the sector and beyond.

But today, based on these principles, we are stepping up this engagement to ensure we hear as many views, from as many different perspectives, as possible.

On Thursday I will be meeting Ministers from each of the Devolved Administrations in Edinburgh – and throughout March and April we will be holding a network of events right across the country where ministers and officials will be able to hear your views first hand.

We have a once in a generation opportunity to transform our food and farming policies and it's vital you are a key part of this process

It is only with the the hard work of farmers that we can put quality food on our tables, that we can drive our valuable exports, and that we can improve our environment.

That's why I am determined we should follow these five principles to guide us through a period of change, and provide a foundation for the sort of industry

we want to build over the coming years.

I want farmers to thrive outside of the EU, and I will fight to get you the best deal – at home, in Brussels and around the world.

By working together, I am confident a stronger industry and a bright and prosperous future awaits British farming.

Thank you.