

Growing Our Future Food

Position Paper on Increased Global Demand for Agricultural Products – What Does it Mean for the East of England Farming Sector

Summary

This paper has been produced from a series of three breakfast discussions hosted by the East of England Sustainable Food and Farming Industry Group in conjunction with the East of England Development Agency (EEDA).

The events agreed that the World faces a significant challenge on production as population grows (by upto 50% by 2050), diets change (to protein rich) and new uses for crop products develop. Together this suggests we need to double agricultural output by 2050.

Unfortunately in parallel, urbanisation, loss of productive land to recreation and conservation use, climate change and the loss of soils in some locations means a reduced area of productive land will be available. This suggests average yields may need to treble by 2050.

However, all delegates agreed that in meeting this production challenge the UK must attempt to safeguard the environmental improvements which the sector has achieved in recent years. This will not be easy and it was recognised that compromise may well be needed, but it was agreed that environment and climate change considerations must underpin any action taken.

Those consulted were united in the view that this production challenge had to be met globally, but that enhanced domestic production in the UK has a key role to play for three reasons:

- Ethically we have a responsibility to produce food to avoid the UK imposing extra costs, shortages and environmental degradation on other countries;
- Practically as low UK output would make the global challenge greater;
- Economically because if the UK can develop ways to address the problem sustainably this would create opportunities in the UK as well as exports of products and intellectual property.

To address these multiple challenges four key areas for action were identified:

- The promotion of a **Supportive Economic and Commercial Environment** to encourage commercial investment in sustainable food production;
- A **Refocused Research and Development** effort to promote much more rapid commercialisation of the UK's World class research base in the agri-food sector;
- **Enhanced Skills and Recruitment of New Entrants** within the agriculture sector to provide a motivated, productive and dynamic workforce;
- The development of a **Clearer and Stronger Regional and National Voice** on the priorities for the whole food chain.

Whilst these events were focused on the East of England, it is believed that many of the issues and recommendations are equally applicable at the UK or EU level. The region looks forward to working with others to address these challenges.

Participants believe farmers can and will respond, but call upon the government and support organisations to enable this process by establishing a more supportive commercial environment to facilitate investment in production and sustainability.

1. The Challenge

The series of events on which this paper is based were informed by a paper (in full at annex B). The summary below sets out the key productivity challenges faced by the sector which formed the basis for the discussions:

- The East of England is an important and essential food producer for the UK.
- But, total production has fallen in recent years, yields have stagnated and the area of land in production has decreased.
- In addition, many developed countries, have stopped optimising production over the last 20 years. Agricultural policy has encouraged alternative uses for land, environmental schemes, low intensity farming and the sourcing of food from global markets.
- Low profitability has led (particularly in the UK) to a decline in investment in agricultural assets (land, buildings, machinery) and in agricultural employees and support (training, skills, research and knowledge transfer).
- New technologies are slow to develop through lack of production related research, and developments are not always adopted, such as genetic modification, through concerns about their use. This has restricted growth in yields, as has an increase in low input and organic farming systems.
- Globally the demand for food is predicted to double by 2050 as a result of rising world population, increased urbanisation and a growth in populations able to afford diets rich in animal protein.
- Bio-fuels have increased demand for agricultural production by 1-2%.
- At the same time production in some areas is declining through climate change, loss of land to urbanisation and restrictions on resources, particularly water.
- To meet these requirements global productivity per hectare will need to treble to meet demand by 2050.
- Climate change effects, such as the loss of land to sea level rise, make more extreme shortages of production possible.
- There is a moral obligation for the UK to produce food rather than taking food from global markets at a time when 850 million people are chronically hungry (UN 2008).
- Agricultural land fulfils important environmental and biodiversity benefits which need to be maintained if production is increased.
- The reduction in land in production and increased demand means the world needs to double agricultural production and treble yields by 2050.

The debate at the events focused on what these challenges meant for the region, UK and EU. Delegates were asked to consider how the challenge of increased production could be addressed, and to consider the role of the public and private sector in rising to the challenge.

The four areas for action outlined below are collated from the views delegates expressed.

2. Areas for Action

The key areas for action identified at the breakfasts were:

- 2.1. The promotion of a **Supportive Economic and Commercial Environment** to encourage commercial investment in sustainable food production.

The issue:

Concern was expressed that the direction of policy and the investment signals being received by the industry were not encouraging investment in production within the sector. Major areas of concern were:

- The lack of a PSA target for food production has led to an unbalanced policy framework in the UK which does not appear to support production. The reduction in staff responsible for production within DEFRA also means it will be difficult to develop a balanced policy;
- A refocused policy agenda must balance greater production with safeguarding the environmental improvements achieved recently. The government should build upon existing industry driven and respected initiatives such as LEAF marque rather than creating new public sector led programmes to support this;
- The UK needs an early warning system to track trends within sectors so that issues can be tackled before they become insurmountable;
- CAP reform must not micro manage different sectors, or favour particular production systems or sectors. Any solution must be market driven and encourage flexibility and diversity (conventional and organic, large scale commodity and niche added value or local) to allow producers to respond to production challenges and market signals as they evolve over time;
- UK production must not be exposed to a regulatory system which imposes extra costs compared to that in other producing countries. To do so risks exporting production to areas with lower welfare and environmental standards;
- EU regulation must also be realistic and risk based. The current proposals on pesticides, for example, are very damaging for production are not supported by sound science and run counter to the need to increase production;
- The withdrawal of Agricultural Building Allowances (ABAs) just as the sector needs to increase investment is a major disincentive for modernisation. It is problematic as it fails to recognise that farm building investments depreciate or the more much more supportive regimes in other countries in the EU;
- Production costs are rising faster than product prices and many farmers will leave the industry due to this and/or cashflow problems. To maintain production their exit from the industry needs to be managed and new entrants supported;
- Whilst a start has been made on vertical and horizontal collaboration in the food chain more still needs to be done to obtain the benefits seen in other countries;
- Proposals to allow land to flood are seen as very retrograde given the need for global productive capacity. As 57% of grade 1 land is below the 5m contour we have an ethical duty to maintain defences to ensure UK production is secured. Private landowners will in some cases be prepared to play a commercial role in preventing fluvial flooding by offering sacrifice land.

- Water resources limit agricultural potential globally, with the South and East of England and its intensive cropping being in the frontline of this problem. Current policy is not seen as being supportive of effective management of water resources due to restrictive abstraction licences and poor national water infrastructure. Replacing UK production with imports would increase the carbon footprint of most supply chains.

Suggested solutions:

- Establish a PSA target for food production owned across government;
- Establish a process to track trends in the industry to enable early corrective action;
- Push for a level playing field in regulation and through CAP reform both within Europe and with the rest of the World through the Doha round (– this must include moves to ensure the SFP and agri-environment programmes in the UK do not place UK producers at a competitive disadvantage);
- An urgent review of the withdrawal of ABAs is needed to create a supportive climate for investment by progressive commercial farm businesses;
- Support the development of supply chains, collaboration and the transfer of farm assets to progressive businesses via business support and the fiscal environment;
- Flood protection policy must safeguard productive farmland to meet future needs.
- A national strategic priority for water for agriculture should be established.

2.2.A **Refocused Research and Development** effort to promote much more rapid commercialisation of the UK's World class research base in the agri-food sector.

The Issue:

Concern was expressed that given the UK's World class research base to support agriculture more benefits from this did not reach farms. There was universal agreement that better use of research offers the prospect of increasing production whilst also addressing the acute environmental issues of our age including climate change. Major areas of concern were:

- The stagnation in yields seen in the UK in the last decade must be addressed to help the UK meet the production challenge. Research has a key role to play;
- The UK must utilise the whole range of opportunities available from biotechnology much of which is already being used in other parts of the World. It is recognised that in some areas this requires public acceptance but the industry and government has a responsibility to lead an informed debate to support adoption. This particularly applies to GMO's which should be evaluated on their individual merits. It is essential for leadership and honesty in this area as much of the food the UK imports has been produced using GMOs banned for use in the UK;
- The decline in publicly funded research focused on production must be reversed as it affects the UK's ability to be competitive, undermines the science base which is so essential to attracting and retaining international investment and affects the long term ability to retain the best talent in the sector in the UK;
- A new green revolution must be facilitated to create the step change in productivity which is currently needed;

- Correctly focused research also offers the prospect of opening up major new markets in health foods, co and by products of farming for industry and energy but these possibilities are not being realised;
- The withdrawal of all public support from near market research has left a major gap which is only being filled by global businesses commercialising research which gives them large short term dividends, this has seriously affected the uptake of beneficial scientific discoveries;
- The focus of research institutions funding on peer reviewed journal outputs seriously undermines their ability to support businesses. Whilst blue skies research is well funded and World class much of it fails to benefit UK Plc;
- The loss of established networks for dissemination (e.g. Experimental Husbandry Farms) has reduced technology transfer within the sector;
- The fragmented nature of the research infrastructure leads to competition between centres for funding rather than collaboration to drive competitiveness. This contrasts with the more collaborative approaches seen in Scotland (SAC) and the Netherlands (Wageningen) which support more technology transfer.

Suggested solutions:

- The UK urgently needs to embrace biotechnology (GMOs), and the industry and government must work together to achieve this;
- A revised national science policy for agriculture is needed which balances the need for both production and environmental research;
- DEFRA, BBSRC, HEFCE and other funders of agricultural research must work with industry to identify how to ensure more UK science is used to support production;
- More resources need to be focused on demonstrating new technology to farm businesses to plug the gap created by the loss of experimental farms;
- England's skills, research and technology programmes supporting the farm sector need to be better aligned to increase effectiveness and value for money.

2.3. **Enhanced Skills and Recruitment of New Entrants** within the agriculture sector to provide a motivated, productive and dynamic workforce.

The Issue:

The future productivity of the sector is dependent upon both the continued flow of new talent into the sector as well as the development of new skills within the existing workforce. Given the many challenges facing the sector this issue has never been more important. Without the right skills the sector cannot rise to the challenge of increasing production within environmental limits. Major areas of concern were:

- Labour supply problems are increasingly restricting our ability to produce, with particularly acute problems in horticulture and the intensive livestock sectors. It appears the reduction in the Seasonal Agricultural Workers Scheme (SAWS) has been imposed by government without taking into account industry needs;
- Due to the increasing propensity for EU migrant worker numbers to decrease several sectors are in danger of being exported purely due to a lack of labour. This increases

UK imports, increases carbon footprints and can reduce animal welfare if these imports are produced in less responsible systems overseas;

- The support for skills development appears to be driven by departmental targets and is often not focused on business needs. The lack of flexibility restricts the ability of businesses to work with the public sector on skills;
- The number of agricultural students is now too low in the UK to meet the replacement rate needed as older workers retire. This has been compounded by the large withdrawal of Colleges from the sector;
- The sector needs more young entrants but the barriers to entry are very high and many older business owners are blocking entry to the sector.

Suggested solutions:

- SAWS numbers should be reinstated as a matter of urgency;
- Skills provision for the sector must be increased by creating greater flexibility in LSC targets and funding methodologies to ensure alignment with industry needs;
- Agricultural College provision of production related courses needs to be supported and new more flexible provision created;
- Support for new entrant schemes must be increased.

2.4. The development of a **Clearer and Stronger Regional and National Voice** on the priorities for farming.

The Issue:

Delegates felt that in general the sector was poor at getting its message across to the public, media and politicians. A more collective (along the food chain), positive and professional voice is needed to push the interests of the whole food chain. Major areas of concern were:

- A debate on the need for increased production is being held by the sector, but it has failed to engage the public or most politicians because the language and arguments used are incomprehensible to most of those outside the sector;
- The sector has, with a few exceptions, been poor at lobbying collectively on behalf of the whole food chain and produces arguments and documents which are too dense, too complicated and lacking in clear focus. Those to whom this debate is not their primary concern thus become rapidly disengaged;
- At regional and sectoral level there is a need to develop a clearer unambiguous voice on the need for sustainable increased production;
- At a local level there is a need to engage council leaders and officers to ensure that they are supportive of the needs of agricultural development, and can understand the economic and social benefits this can bring;
- Whilst national, regional and local lobbying is important, the sector must improve its connection with EU policy making as decisions taken at this level have major impacts (e.g. current pesticide proposals);

- The sector has made big improvements in its environmental stewardship in recent years. This should be applauded as it has undoubtedly helped to gain enhanced public support. Any arguments on production should be allied to this and must seek to build on this goodwill.

Suggested solutions:

- Develop a unified regional voice for the food chain which explains how production can be increased in environmentally responsible ways;
- Explain clearly why intensive production is needed to meet the production challenge;
- Develop joint activity with councils, regional, national and EU government to promote increased production;
- Reach out to those in influential positions in the media and politics who are not natural supporters of the sector.

Agenda for Change

The following list identifies the 20 actions agreed by delegates which need to be taken to address the challenge of increased production whilst maintaining the environmental gains achieved in recent years.

Supportive Economic and Commercial Environment

1. Establish a PSA target for food production owned across government;
2. Establish a process to track trends in the industry to enable early corrective action;
3. Push for a level playing field in regulation and through CAP reform both within Europe and with the rest of the World through the Doha round;
4. An urgent review of the withdrawal of ABAs is needed to create a supportive climate for investment by progressive commercial farm businesses;
5. Support the development of supply chains, collaboration and the transfer of farm assets to progressive businesses via business support and the fiscal environment;
6. Flood protection policy must safeguard productive farmland to meet future needs.
7. A national strategic priority for water for agriculture should be established.

Refocused Research and Development

8. The UK urgently needs to embrace biotechnology (GMOs), and the industry and government must work together to achieve this;
9. A revised national science policy for agriculture is needed which balances the need for both production and environmental research;
10. DEFRA, BBSRC, HEFCE and other funders of agricultural research must work with industry to identify how to ensure more UK science is used to support production;
11. More resources need to be focused on demonstrating new technology to farm businesses to plug the gap created by the loss of experimental farms;
12. England's skills, research and technology programmes supporting the farm sector need to be better aligned to increase effectiveness and value for money.

Enhanced Skills and Recruitment of New Entrants

13. SAWS numbers should be reinstated as a matter of urgency;
14. Skills provision for the sector must be increased by creating greater flexibility in LSC targets and funding methodologies to ensure alignment with industry needs;
15. Agricultural College provision of production related courses needs to be supported and new more flexible provision created;
16. Support for new entrant schemes must be increased.

Clearer and Stronger Regional and National Voice

17. Develop a unified regional voice for the food chain which explains how production can be increased in environmentally responsible ways;
18. Explain clearly why intensive production is needed to meet the production challenge;
19. Develop joint activity with councils, regional, national and EU government to promote increased production;
20. Reach out to those in influential positions in the media and politics who are not natural supporters of the sector.