

# Speech: A World To Win

Friends, it's a pleasure to be here and a particular pleasure to follow Minette's brilliant speech. It's particularly reassuring, Minette, to know that at the end of what's been a highly successful year of your presidency that the NFU meets in good order under your leadership. And, of course, we meet at a time when the world is facing change.

Our world is at inflection point. Political, technological, social and environmental forces are reshaping the globe more powerfully than ever before, and at an accelerating pace. If we are together to meet, and master, those forces it will require of us – all – adaptability, imagination and clarity of vision.

## **A Union That Wins**

And when it comes to adaptability, imagination and clarity of vision this union is fortunate. Your President, Minette, is one of the most impressive leaders in British public life today. In her first year in office, and it has been a busy first year in office, she has already achieved a huge amount – and I know that she will succeed in achieving even more for you in the months and years ahead.

In the last year, thanks to Minette's leadership, and the combined efforts of her superb team – Terry Jones, Nick von Westenholz, Guy Smith, Stuart Roberts, John Davis from NFU Cymru among others – the NFU's voice has been heard at the heart of Government and the changes that you have asked for have, in many cases, been secured.

Alone among sectors, farming has quite rightly secured special treatment in future migration policy with the establishment of a new pilot seasonal workers scheme which has the potential to expand as the market requires in the future.

Again, thanks to NFU advocacy, changes were made this summer to rules on abstraction and grazing to help farmers through a particularly challenging time.

The NFU's careful deployment of arguments not only shaped our initial Agriculture Bill – the first for a generation – but amendments that your union have been instrumental in designing look set to strengthen it yet further.

Already, the Bill creates new powers to improve the functioning of the supply chain, to support farmers through extreme market disturbance, to safeguard producer organisations and provide new sources of income for farming business. And we are in new discussion about how to go further to support the sustainability of food production and to protect our high standards that Minette rightly underlined were so important in a competitive trading environment

We have been clear – across Government, from the Prime Minister down – that we will not lower our standards in pursuit of trade deals, and that we will use all the tools at our disposal to make sure the standards are protected and you are not left at a competitive disadvantage.

That is why today I welcome Minette's call to establish a Commission bringing together expertise from across the country and across sectors to ensure that we can maintain the world-class standards which give British food producers their well-deserved global reputation.

It's not just on maintaining standards that your voice has been heard. You have won guarantees on future funding too.

NFU advocacy has helped guarantee consistent levels of cash support for farming until 2022 – a more durable guarantee than any other EU nation currently enjoys.

And as we, like other nations, move to new methods of support, the NFU's arguments for a suitable transition period, and appropriate support for productivity investment during that period, have been heard, adopted and will be implemented.

Minette's own championing of a new Livestock Information Programme to strengthen animal health protections and give food producers a world-leading platform to compete on provenance and quality has also changed policy decisively and it has resulted in additional Government investment.

Alongside those changes, the NFU has also been central to establishing a new Food and Drink Sector Council, laying the groundwork for a new Food and Drink Sector Deal and initiating a new National Food Strategy – again the first for a generation.

We have also listened to the concerns expressed by people in this hall, and articulated so powerfully this morning by Minette, about the need to maintain focus and energy in the fight against Bovine TB. The independent Godfray report confirmed that targeted culling will continue to have an important part to play in tackling this dreadful disease – alongside work to further improve biosecurity – and Minette's support for the deployment of every tool at our collective disposal to tackle this scourge has been critical.

There's another scourge farmers have had to endure where more needs to be done – and that is the environmentally damaging and economically costly practice of fly-tipping. The concerns Minette has articulated on your behalf led to the launch of a waste crime review and new policies to tackle this criminality in our waste and resources strategy. The Environment Agency, the police and magistrates all now know that they need to do more and the powers are there. Fly tippers now face the prospect of unlimited fines for their crimes. And let's be clear- they should pay the price for their behaviour – not innocent farmers.

And when it comes to preparing for every Brexit eventuality, Minette's arguments for special protection for agriculture and food production in every

scenario, with particularly robust protections in the event of no deal, have been heard loud and clear within Government.

So on labour, fairness in the supply chain, support for POs, guarantees on future income, investment in productivity, investment in animal health, support for livestock farmers, support for all farmers facing climate stress, a greater emphasis than ever before in Government policy on food, action to tackle bovine TB, tougher penalties for waste criminals, sensible tariffs, defence of standards.

Minette has been winning battles for everyone in this hall. She is your champion and there could be none better.

Whatever the weaknesses in policy or delivery Government is responsible for, and I will turn to some of them in a moment, Minette and the NFU have been dedicated, indefatigable and successful, again and again, in getting things right for Britain's farmers.

And one of the critical reasons for that is that Minette, and your leadership team, understand that the future for farming, and food production, requires us all to lean in, to be change-makers rather than reactive or passive in the face of the forces re-shaping our world.

## **A World Of Change**

And we should not underestimate – and I know we don't – the scale of change we all face. It's not just Brexit, although I shall say much more about our departure from the EU in a moment.

There are huge demographic changes coming. Our population is increasing, across the globe cities are growing and rural areas are depopulating, the numbers leading increasingly prosperous and middle class lives are mushrooming and all these changes are driving increased demand for food and especially high quality protein, cereals, fruit and vegetables.

At the same time, global warming and other environmental changes are rendering once fertile parts of the globe increasingly inhospitable for agriculture. The nations of the global north – Canada, the US, Europe and, pre-eminently, the United Kingdom will, inevitably, become more and more important in meeting the needs of a hotter and hungrier world.

There are huge opportunities for British agriculture to meet this growing demand and provide a growing share of the world's food supply.

But in doing so we must lean in to another profound set of changes. Technology is remaking our world and every aspect of our economy. There are – of course – some skills which no technological innovation can ever supersede. The hard-won knowledge of the Lake District shepherd hefting sheep as generations before him or her have done, the careful husbandry of other livestock, the delicate judgements growers make reflecting an understanding of their specific landscapes, they're all part of what makes farming such a unique profession.

But while farming depends on special skills, it is also being transformed by the technologies changing all our lives. AI and machine learning, big data and genomics, drones and robotics, decarbonisation of energy generation and advances in battery technology, biotech and life science breakthroughs, electronic monitoring and smart sensors and so much more are re-making the organisation and economics of food production.

Which is why we are investing more in R&D, making support available for investment in the technology which will make individual farm businesses more productive and encouraging collaboration and co-operation in the adoption of new technologies.

Many of these breakthroughs not only increase productivity, they also help us safeguard and improve the natural environment on which not just our future prosperity, but our survival, depends.

Precision application of pesticides and fungicides, drones rather than ground vehicles, gene-edited crops which require no additional chemical protection, data analytics which can refine and target necessary interventions, sensors which can alert us to animal disease and maximise dairy yields, all of these and more can both make food production more efficient and lighten our environmental foot print.

Which is all the more necessary given the scale of environmental pressure we are all facing. Last summer, as Minette reminded us, powerfully underlined the impact of climate change on food production. And as the world warms so the impacts, and volatility of those impacts, will only grow.

As the planet heats up, as oceans acidify, as our rivers and seas become clogged and polluted, as our pollinators become threatened, as the organic content of soil becomes depleted and biodiversity diminishes, the ability of our earth to remain fertile and fecund, to sustain plant, animal and human life, comes under greater and greater stress.

That is why concern for our environment, and careful steps to steward our natural capital, are not diversions from the business of food production, but as everyone in this hall knows they are – central to the future of our food economy. And no-one has been clearer in the need for food production and environmental enhancement to be twin goals of land use than Minette.

Her commitment in pledging that we should aim for a net zero target for carbon emissions from farming is precisely the sort of leadership on the environment the world needs to see. And I am delighted today to applaud her for her vision.

Our changing environment is not the only challenge to which we must rise in preparing our food economy for the future. We need to ensure that we adapt to the growing awareness, and concern, about public health.

With obesity and related conditions – such as diabetes and heart disease – on the rise we need to think more about how we develop a truly healthy food economy. And here I believe that British farming has a leadership role to

play second to none.

Every critical component of a healthy diet is produced by British farmers – better than anyone in the world. Cereals and pulses, salads and other vegetables, soft fruit and juices, milk, yoghurt and cheese, poultry and red meat – all the essential elements of a balanced and nutritious diet are produced in abundance and to the highest standards by the people in this hall.

I welcome the increasing public attention paid to the circumstances in which food is produced and the need to make healthy choices in our daily diet. This scrutiny only strengthens the hand of British farmers. A demand for higher standards, for more sustainable production, for high standards in animal welfare and more nutritious choices can only mean a demand for more high quality British produce rather than the alternative.

But while I welcome, as we all should, a more demanding approach from consumers, because British farmers are best placed to meet that demand, we should not shirk, and I will not shy from, defending every sector of British farming. British livestock and British dairy farmers produce the meat, milk and cheese which provide us with the protein, calcium, vitamins and other minerals which contribute to greater choice for all in meeting our need for high quality food.

Dairy farmers deserve protection from activists who would undermine their work, they – our dairy farmers, alongside sheep and beef farmers play a critical role in keeping pastures and other vital landscapes resilient and strengthening rural economies and rural society. That's why I am an enthusiastic supporter of initiatives such as Febru-dairy which remind us how much we owe our dairy farmers and why, at the end of a hard day at Defra, I am always happy to raise a pint – of full cream milk – to thank them for what they do.

And I am particularly conscious that it is dairy – and even more so livestock – farmers – who face the biggest challenges if we fail, as a government, to secure a good Brexit deal.

## **Securing The Best Brexit**

A majority of farmers voted for Brexit – as did I – and I can understand all too well why farmers did.

The inflexible operation of the Common Agricultural Policy – the three crop rule, the requirement to apply for support by fixed dates after wrestling with the most convoluted bureaucracy, the requirement for mapping and re-mapping which treats honest farmers with grotesque insensitivity, the rigidity with which rules on field margins and hedge cutting have been applied – all these and so much more need to be reformed fundamentally.

Life outside the EU and the CAP will allow us to apply necessary rules with greater proportionality and flexibility. The work of Dame Glenys Stacey in her outstanding report on farm inspection and regulation shows us how to

reduce the regulatory and inspection burden and showcase higher standards.

That is not the only gain which life outside the EU can secure for British farming. We can re-make the nature of farm support, directing money to the most deserving.

We can target support for small farmers, upland farmers and innovative active farmers for the goods they generate which are not rewarded in the market.

We can reward better those who are doing all the right things environmentally. And we can support others to make changes they hanker after but whose upfront costs have so far been a deterrent.

And we can forge the right sort of new trade deals. We can secure better access to international markets where demand for lamb is rising even as it falls in Europe.

We can ensure those cuts which UK consumers don't favour find a bigger share of the market in the areas like the Far East and beyond, allowing better carcass balance and thus equipping domestic producers to meet more of the home demand in areas such as pork and bacon where domestic producers can replace Danish and Dutch production.

All these gains – and more – are open to us as we take back control of food and farming policy and instead of submitting to an out of date and out of touch one size fits all EU policy we can tailor future policy to our needs.

But all these potential gains are potentially compromised, indeed put at severe risk, if we don't secure a deal with the EU.

The deal the Prime Minister has secured already holds out the prospect of tariff and quota-free access to the European market, with the minimum of friction and the flexibility to operate wholly outside the CAP.

Parliament has asked the Government to improve that deal – specifically by seeking changes to the Northern Ireland backstop and alternative arrangements to the customs approach envisaged in the backstop. The PM and others are negotiating hard in Brussels this week to secure those changes and I am optimistic we will see progress. And I am also optimistic Parliament will back an improved deal.

Because if we leave without a deal then there will be significant costs to our economy – and in particular to farming and food production.

As things stand, just six weeks before we are due to leave, the EU still have not listed the UK as a full third country in the event of no deal being concluded. That means as I speak that there is no absolute guarantee that we would be able to continue to export food to the EU. I am confident we will secure that listing, but in the event of no deal the EU have also said they will impose strict conditions on our export trade.

If we leave without a deal the EU has been clear that they will levy the full external tariff on all food. That means an increase of at least 40% on sheep

meat and beef, rising to well above 100% for some cuts. The impact on upland farmers and the carousel trade in beef would be significant and damaging.

The vast majority of our sheep meat exports – 90%- go to the EU, France in particular. Tariffs at that level would increase prices dramatically. We know that other nations are hungry for that trade. Other EU nations – from Spain to Romania – would seek to supply French markets. And nations like New Zealand and Australia would still have tariff-free trade for a specified quota of sheep meat to the EU while we would have no such access in the event of no deal.

Of course, our exports are in demand because of the high quality of our fresh produce – second to none in the world. But if European buyers do switch contracts because tariffs make our exports significantly more expensive it will be difficult to re-establish our market access even if those tariffs come down in the future.

Tariffs are not the only problem we would face. All products of animal origin entering the EU would face SPS checks. The EU's current position is that 100% of imports would need to be checked. And, in order to be checked every import would need to go through a border inspection post.

A huge proportion of our food exports to the EU currently go through Calais. As I speak there are no Border Inspection Posts at Calais. None. The French authorities promise to invest in BIP capacity but with just six weeks to go we face considerable uncertainty over future arrangements.

The requirement for checks will inevitably slow the processing of exports, and for every lorry that is delayed at Calais there is a knock-on effect for other haulage and the rapid turn-around of roll-on roll-off ferries.

We can expect, at least in the short term, that those delays in Calais will impede the loading of ferries, constricting supply routes back into Britain and furring up the arteries of commerce on which we all rely. That will only serve to increase transport costs for British exporters.

In addition, UK exporters will also need to comply with new customs paperwork, we'll need to work with HMRC for new registrations and we'll need to supply Export Health Certificates where none have been required before.

New labelling will be required for UK products of animal origin exported to the EU and some sectors, such as organic food producers, may not have their products recognised as distinct until some time after we leave.

The combination of tariffs, in some cases doubling or more the price of exports, new checks which will be time-consuming and costly, increased transport frictions and cost, new labelling, customs and SPS requirements will all create significant difficulties for food exporters – small businesses and in particular small livestock farmers would be the worst hit.

The Government is, of course, doing everything it can not just to secure a deal but also to mitigate the impact of leaving without deal. The NFU and others have made strong arguments about the need to ensure stronger tariff

protection for British farming, in particular stronger protection for British farming than any other sector of the economy.

In particular, you have argued that we need tariffs on sheepmeat, beef, poultry, dairy, both milk and cheese; and pig meat in order to safeguard our valuable domestic production. Your concerns have been absolutely heard and announcement on new UK tariffs in a no deal scenario – with specific and robust protections for farming – will be made shortly.

And, of course, we also have the power to intervene to provide direct cash support to the most vulnerable sectors and I will not hesitate to provide the support required.

But while I can and will energetically and determinedly try to deal with the consequences of no deal let no one be in any doubt how difficult and damaging it would be for British farming.

Of course, Britain is a great and resourceful country and no sector of our economy is harder-working and more resourceful than our farmers and food producers. Over time we would get through.

But I emphatically do not want to run the risks that leaving without a deal would involve.

It is critically important that every decision-maker in London, every parliamentarian who will vote in coming weeks, understands what no deal would involve for British farmers and food producers. No one can be blithe or blasé about the consequences.

Which is why I hope you will make your voices heard, as you have already, in asking our MPs not to undermine or put at risk the potential gains of Brexit by voting for us to leave without a deal.

Of course, there are many other areas where your voice must also be heard by decision makers in the weeks and months ahead – and other areas where Government can and must do better.

## **Reform Starts At Home**

We have to do better in the delivery of countryside and environmental stewardship payments. They are still in a mess, the consequence partly of historic IT procurement decisions and the split responsibility for scheme administration between Natural England and the RPA, which led to inefficiency and confusion.

Yes, it is the case that the rigidities of EU rule-making made delivery more difficult. But we must take responsibility in Defra for our share of the errors and I do. Which is why we have put in place a new management structure and delivery mechanism for all farm payments.

We have seen an improvement this year in BPS delivery and we will be making further changes to secure full payment for those whom have waited far too



long.

We have also committed to making payments to 95% of CS 2018 customers by March 31, and to meet this target I can announce today that we will introduce bridging payments of between £24 and 28million in early April. So no eligible recipient will wait beyond early April to receive the payment that they deserve.

We also expect to pay 95% of CS final payments by the end of July 2019. And in order to bring down processing times, and speed up completion claims by a month, we will move to making full CS payments straight away.

On ES, there is still more we want and need to do, and our focus is firmly on making operational improvements. We expect to complete 95% of ES 2017 final payments by the end of July.

Since the beginning of October, the remaining 18,000 ES agreements have been handled by the RPA; that number will fall to around 13,000 next year as some people are moved over into CS when their HLS agreements run out. The process should become more efficient now that it is being handled by a single body with a clear line of command. And Paul Caldwell and the team at RPA are already beginning to deliver the changes that we all need to see.

And, of course, as I already mentioned, on BPS claims, 97.4% have been completed this year, with a total value of £1.68billion. This is the best performance by the RPA since the scheme began in 2015, but any farmers still waiting at the end of March will be automatically offered a 75% bridging payment in early April, in order to secure their future.

I hope these steps will underline how committed we are to improving the payment system. But I know there is more to do.

As there is with our Agriculture Bill. You are right, Minette, to demand that the Bill be properly scrutinised, that thoughtful amendments be considered fairly and more changes made. The Agriculture Bill is not the last word in our plans to support British farming – far from it.

There is much more that we can do to ensure that in procurement policy, trade policy and research investment we strengthen the position of domestic food producers. But we must also use this Bill to create the best possible framework for the future and listen to you as we do so.

I began by outlining the scale of change we all face – in Government, in industry, in society and in farming and food production especially. My ambition is to manage and channel that change to strengthen British farming and the British countryside.

I love the United Kingdom and its countryside in all its diversity and beauty. I was brought up in Aberdeen in a family that has been in the food business for generations. My dad ran a small business providing high quality food to consumers across the UK and my first job after school was working in a farming co-operative, so I want to do everything I can to support our food producers and farmers to lead and prosper in the future.

I believe together we can, if we make change our ally, that if we meet the challenge of improving our environment we can demonstrate global leadership in strengthening our rural economy, if we recognise that economic change provides us with an opportunity to feed more of the world more healthily than ever, we can strengthen rural society and our rural economy. I believe that political change enables us to design policies that suit all of the nations in the UK and all of our rural communities more smartly and sensitively than ever before and I believe technological change allows us to lead the world, as we have in the past, in pioneering a new agricultural revolution that plays to our country's immense strengths.

I know we can meet, and master, these challenges of the future and I know we will do so if we stay true to the best traditions of British farming exemplified by all those of you in this hall today.