

# Farming for our future

The UK currently runs a massive £20bn trade deficit in food with the rest of the EU. In 1984 the UK was 78% self sufficient in food. It produced 95% of all the temperate food we needed at home. The early years under the EEC had been fine for farming. Then the EU put in milk quotas and other restrictions on us which began a long decline in our ability to sustain home production. The Common Fishing Policy led a fast decline in our fishing industry. We have seen home production fall from 78% to 60% of our needs. We now import more than a quarter of the food of the kind we can grow or produce for ourselves. This is despite having one of the best climates for growing what we need.

Under the milk quota system which lasted 30 years from 1984 the UK only had half the milk quota of Germany, and ended up importing a lot of processed milk products from the continent. The Danish pig industry, the Dutch market gardening and flower businesses and many others made big inroads into our home market. Our fishing grounds were taken over by the whole of the EU under the Common Fishing Policy. We changed from landing 1 million tonnes of fish in the year we joined the EEC, to landing just 400,000 tonnes last year. The UK became a net importer of fish, after years of being a net exporter with one of the richest fishing grounds in the world. The large quantities landed elsewhere meant we needed to impose more restrictions on the total catch.

When we leave the EU we will be able to design a fishing and farming policy that allows us to sustain higher levels of home production. It will need further investment. The UK could do more food processing to add value to the staples supplied by the farms. Much of this can be done through co-operatives or processing businesses working in partnership with the farms. Where farm size is relatively small mechanisation will also require collaboration, joint investment or rental agreements to mobilise the high powered and sophisticated machinery that can now automate farming and make it more efficient.

The UK is extending the growing season for everything from asparagus to strawberries by polytunnels. We presently only produce one fifth of our own apples, but have the techniques to greatly increase the output and the durability of the apples over a longer season. All this will be accelerated if the EU does opt for WTO tariffs rather than carry on tariff free as we propose. Only in agriculture are the tariff barriers potential high. They would require a rapid response from UK farms to fill the gaps caused by dearer EU product, rather than seeing us buying more from non EU sources overseas. Even without tariffs following the recent strong performance of the Euro against all major world currencies including the pound, UK farmers are in a good position to expand. Doing so cuts food miles, gives us the pleasure of local produce, and eats away at that colossal food deficit the EU has given us.

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## The German and UK elections – some political arithmetic that affects the talks

The pro EU media and papers in the UK wrongly reported both the UK and the German elections. They told us Mrs May and the Conservatives lost the UK election, whilst Mrs Merkel won the German election. It is a good idea instead to consider the actual results, now we know the final tally of top up seats in Germany.

Let's take the popular vote first of all. Mrs May and the Conservatives won 42.4% of the popular vote. This was up by 5.5 percentage points from 2015, and was the highest proportion of the vote taken by the Conservatives since Mrs Thatcher in 1983. That was a Conservative win.

In contrast, Mrs Merkel's combined vote for her CDU party and her coalition sister party the CSU fell by 8.6 percentage points to just 32.9%, a new low. Mrs Merkel's own CDU only polled 26.8%.

Mrs May stayed as Prime Minister, with many more seats than the next placed party. Mrs Merkel may stay as Chancellor, but has a lot of work to do to get the votes in Parliament to support her

Then let us consider seats lost. The Conservatives in the UK lost 13 seats, taking them down from 330 to 317. The CDU/CSU lost 65 seats, taking them down to 246. The CDU alone lost 55 seats.

As a result of the German system Mrs Merkel with her CSU allies control just 34.7% of the seats in the newly expanded 709 seat German Parliament. Mrs May and the Conservative party control 49.4% of the seats in the UK Parliament. Mrs Merkel's own CDU only has 26.8% of the seats.

Mrs May and the Conservatives in coalition with the DUP have a majority of 14. Mrs Merkel needs to sure up her relationship with the CSU, and persuade the Greens and the Free Democrats to enter an arrangement with her in order to construct a coalition.

It is commonly assumed that the May-Merkel exchanges will be very influential over the outcome of talks about the UK's future relationship with the EU. Doubtless Germany, as the largest country and economy in the EU and the largest paymaster of the EU, will continue to be more influential than its overall percentage of EU Council and Parliament votes. However, it is also likely to be the case that Mrs Merkel will find it much more difficult to offer decisive leadership given the need to make more demanding and more frequent compromises over the German position to keep a coalition going, assuming she is able to form one. In contrast Mrs May's DUP partners are

likely to be solid on Brexit, as they were a pro Brexit party in the last election.

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## Meeting with West Berkshire Councillors

On Saturday I met the Conservative group of West Berkshire Councillors. We discussed planning, housing, Council tax, Council funding, schools and school budgets, social care and other relevant issues.

I explained that I am continuing to press for a better deal for West Berkshire and Wokingham on schools funding, the overall levels of Council funding, and social care money. I also advised them of my view on Grazeley. I do not think the Councils should actively support a substantial settlement at Grazeley without promises about government money for the infrastructure that would be required, and without some reassurances about resisting other major sites on appeal.

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## Cheaper energy

Amidst all the drama of nothing happening in the Brexit talks the government announced it is going to legislate to place a price cap on energy prices. It wishes to instruct Ofgem to control prices of standard variable tariffs. It argues that the energy market is very damaged already by a range of government interventions and by the behaviour of some of the companies involved. As many customers do not switch from standard tariffs to the cheaper ones on offer, the government thinks the Regulator should step in and force prices down where they are high.

The companies respond that the market has plenty of competitors and people can shop around for lower tariffs if they wish. They also say they will abolish some of the lowest tariffs in response to any price cap on standard tariffs to limit their loss of revenue from these changes. The Regulator is unlikely to be able to stop them doing that.

So what do I think about all this? I welcome the aim of getting prices down for people. The legislation is likely to prove very popular in the Commons, with Labour liking the approach. Cheaper energy is a necessity both to boost people's living standards, and to foster an industrial revival which would thrive on cheaper fuel.

I think the longer term solution to cheaper energy is to promote more market competition, and to reduce the number of government interventions in the market that favour dearer energy solutions. It would also be good to revisit VAT on domestic fuel once we are out of the EU, as this tax is a further cause of expensive energy. We should get on with producing more of our own gas, as at the moment gas asfeedstock and fuel for industry has to be imported.

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## **Reception and dinner with Wokingham Conservatives on Friday 6 October**

I would like to say a big thank you to the organisers of the very enjoyable Conservative dinner last Friday. 200 people came. The Prime Minister joined us for the reception and spoke to us before dinner. I gave a short talk after dinner. There was a successful auction conducted in an entertaining way by Councillor David Lee. The staff at St Anne's Manor looked after us well.