

# Designing agricultural policies: contextual considerations

## Guest Research Briefing

August 2022



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### **Overview:**

In this guest briefing, Dr Mary Dobbs and Dr Ludivine Petetin provide a basis to understand, evaluate and develop Welsh agricultural policies – especially financial supports – in an evolving context. It has been produced as part of the Senedd’s knowledge exchange programme.

The views are those of the authors, not those of Senedd Research or the Senedd. The content is based largely on the authors’ book *Brexit and Agriculture (2022)*, available to Members of the Senedd through the Library.



## Summary

It is the authors' view that updated agricultural policies are required on an urgent basis across the UK. The review of Welsh agricultural policy is challenging and significant given the withdrawal from the Common Agricultural Policy (CAP) following Brexit and the changes in market access between the UK, the EU and the rest of the world.

**Another Senedd Research briefing** (June 2022) outlines how Welsh agricultural policy was heavily shaped by, and dependent for funding on, the CAP. This included an underlying policy framework, encompassing 2 'Pillars' for financial support: Pillar 1 (income support) included the **Basic Payment Scheme** (BPS) and Pillar 2 (rural development support) included **agri-environment schemes**. The framework also encompassed tools such as **cross-compliance** and operated alongside EU food and environmental regimes, and market access as a member of the EU.

However, there is also some flexibility for Member States in how they implement the CAP. This was significant in the UK as agriculture is devolved, along with related areas of the environment, food and health (caveats discussed below). Further, the nature of farming and the context within which it functions differs considerably across the UK. Therefore, agricultural policy and practice already vary across the UK – despite some commonality founded in the CAP.

Wales must therefore carefully consider how to develop a tailored, suitable agricultural policy, reflecting on developments elsewhere (across the UK and in the EU especially) including broader changes created or instigated by Brexit.

This briefing outlines some of the key considerations for Welsh agricultural policy. It considers aspects of Welsh agriculture, including the very high proportion of land used for farming (c.90%), **nature of the land and farming** (e.g. considerable sheep farming in uplands) and its **multi-faceted roles** in society – economic, environmental and social.

It also highlights some of the **legal and political parameters** that agricultural policy operates within. **Domestic considerations** include dependence on the UK Treasury for agricultural funding, the impacts of the UK Internal Market Act 2020 and evolving common frameworks. **Internationally**, there are a raft of binding laws including in World Trade Organisation (WTO) law, environmental law and individual trade agreements. The UK Agriculture Act 2020's provisions on **agricultural support** and the WTO's Agreement on Agriculture are also key. This

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briefing considers the **evolving relationship with the EU**, focusing on the UK/EU Trade and Cooperation Agreement. It outlines issues regarding **regulatory baselines**, the **vulnerability and turbulence** in this policy area, and the **need for resilience**, before concluding with some **future considerations** that will need to be monitored carefully.

Together, these considerations aim to help Wales in designing a tailored, holistic, resilient agricultural policy.

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## Contents

<b>Welsh agriculture .....</b>	<b>1</b>
The role of agriculture .....	1
Nature of Welsh farming .....	1
<b>General legal and practical limits on devolved powers? .....</b>	<b>3</b>
Dependence on the UK Treasury and controls on support.....	3
The UK Internal Market Act – mutual recognition versus devolved policy?.....	3
Common Frameworks – a potential collaborative tool?.....	4
<b>Control of financial support for agriculture: the Agriculture Act 2020 and the WTO Agreement on Agriculture .....</b>	<b>5</b>
Amber Box.....	5
Blue Box .....	6
Green Box .....	6
UK controls to ensure compliance – the Agriculture Act 2020.....	7

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<b>Further international trade and environmental obligations .....</b>	<b>7</b>
<b>EU relations – retained EU law, the Northern Ireland Protocol and the Trade and Cooperation Agreement.....</b>	<b>8</b>
<b>Regulatory baselines .....</b>	<b>10</b>
<b>Challenges and ambition .....</b>	<b>11</b>
Vulnerability and turbulence in the sector .....	11
Ambition? Towards a resilient agriculture .....	11
<b>Conclusion.....</b>	<b>12</b>

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## Welsh agriculture

Agriculture is of multifaceted, fundamental importance across the UK. However, the roles it plays and the nature of agriculture itself vary considerably between and within the devolved nations. In designing agricultural policies, Wales must consider its own specific context and, for instance, the nature of the landscape in question.

### The role of agriculture

**While farming makes up 71% of UK land-use**, Wales has the highest proportion with **90% of Welsh land** used for farming (including via common rough grazing). Agriculture can, for instance, contribute to food production, security and sovereignty; protect and improve ecosystems; enhance community life; foster economic activities based upon food; and provide income to individuals with otherwise limited financial means.

It plays a significant role in Wales, e.g. the **economic contribution of agriculture in Wales** is greater than the national average (0.7% Gross Value Added for Wales and 0.5% for the UK in 2019). It also has **important implications** for tourism and the Welsh food and drink sector. Further, although Wales (and the UK) remains a **net agri-food importer**, domestic agriculture contributes significantly to the provision of food that is essential to address the urgent issues of **food poverty** and food security. Thus, in designing agricultural policy and financial support, consideration needs to be given to individual farmers, the wider community and beyond.

Agriculture simultaneously has the potential for negative impacts, e.g. on the environment, public health and on communities. This can be exacerbated by agricultural policies, as highlighted by the early versions of CAP which incentivised over-production – leading to intensive farming and **considerable environmental degradation**. In the context of nature and climate emergencies, care is required to foster desirable outcomes.

### Nature of Welsh farming

Farming across the UK **varies considerably**.

**Wales** has proportionally fewer large farms than England, with c. 27% of farms of at least 50 hectares (compared to c. 40% in England) and c. 14% of farms with 100 hectares or more (compared to c. 24% in England).

The **type of farming differs significantly** – Wales comprises 9% of UK agricultural land, but 27% (nearly 9 million) of (32.7 million) UK sheep, 5% of UK poultry and only 0.6% (30,000) of (over 5 million) UK pigs. The variations are reflected in the nature of land-use also, with Welsh agricultural land making up 17% of UK permanent pasture, 14% of UK grassland under 5 years and only 2% of UK agricultural land on crops and horticulture.

These variations are influenced by both historical and current contexts. Farming is impacted by local climatic, environmental, geographical and societal conditions. Across the UK, the landscape, attitudes, environment, culture, infrastructure and economy vary to different degrees. Approximately **80% of agricultural land in Wales** is deemed 'less favoured area' (LFA), with lower potential for output than average – impacted by the mountainous features, soil and weather. Of that, approximately 80% is severely disadvantaged. This contrasts sharply with **England that has only 16% LFA**. This does not prevent valuable, beneficial outputs, but impacts the nature of farming, quantity of output, economic viability and communities. Thus, small upland cattle and sheep farms are the most common form of farming in Wales, and there is a **high dependence on farm income support from the CAP**.

Welsh (and UK) agriculture is dependent on imports, including seeds, feed, fertilisers and machinery. Exports are also a key part of the farming economy, as highlighted by **2017 data** on Welsh lamb. Whilst 5% is consumed in Wales, 55-60% is consumed in the rest of the UK. The remaining 35-40% is exported with 95% of these exports going to the EU. The data on exports since then have **fluctuated considerably**, with impacts by Brexit and Covid-19. Although receiving financial support from the Welsh and UK governments and the CAP, this support then leads to economic benefits at a later stage as well as providing food domestically.

One clear example of varying attitudes towards farming across the UK is highlighted by the issue of genetically modified (GM) crops and related biotechnologies such as **gene-editing** (e.g. **CRISPR**). The UK Government is an advocate of such technologies and, following a **2021 consultation**, a **Bill** has been introduced that proposes to exclude gene-editing from restrictions on GM crops in England – which would impact on Wales due to the constructs of the UK internal market, and in particular the UK Internal Market Act 2020 as noted below. However, **Wales, Scotland** and **NI** chose an EU '**opt-out**' (permitting EU Member States, in part or entirely, to prohibit cultivation of EU-authorised GM crops). Wales is part of the **GMO-Free Regions Network**.

## General legal and practical limits on devolved powers?

Agricultural policy must work within legal and practical parameters. For instance, devolved powers' limits are reflected in the Government of Wales Act 2006 (as amended), Sewel Convention and, ultimately, UK parliamentary sovereignty. Further, the EU Withdrawal Act 2018 has broad sweeping impacts for devolved powers and policy. Three complementary points are highlighted here relating to dependence on funding; the UK Internal Market Act 2020; and common frameworks.

### Dependence on the UK Treasury and controls on support

Wales depends on the UK Treasury for agricultural funding – something that is essential for developing, implementing and monitoring agricultural policy. While part of the EU, UK funding for agricultural policy was ring-fenced. Although future agricultural funding **is not intended** to be determined according to the **Barnett formula** and **the Bew report** outlined a number of options, it **is unclear** as to how precisely it will be calculated. For example, whether it might effectively be dependent on approval by Westminster or whether it will be ring-fenced from other funding under the block grant. Since EU agricultural funding ended there has been **disagreement between the Welsh Government and UK Government** on the level of replacement funding allocated to Wales for agriculture.

The UK Internal Market Act 2020 also enables the Ministers of the Crown to **provide financial assistance** or **regulate 'distortive or harmful subsidies'**, including within devolved nations – this could potentially **reduce funding to the devolved governments** and affect any policies. This has recently been supplemented by the **Subsidies Control Act 2022**, which introduces criteria for support.

### The UK Internal Market Act – mutual recognition versus devolved policy?

As per our **written submission** in March 2022 to the Senedd's Economy Trade and Rural Affairs Committee's inquiry on common frameworks:

The UK Internal Market Act 2020 contains 'market access' principles of mutual recognition (Section 2) and non-discrimination (Section 5) that ... apply across Great Britain (and, to some extent, Northern Ireland). ... [For] mutual recognition, the Act provides that any product produced or imported into one part of Great Britain and permitted to be used or sold there would be permitted to be used or sold anywhere across Great

Britain... [This is] without being bound by new 'relevant requirements' (introduced since the Act came into force), such as production methods, environmental standards, identification or tracing procedures and food characteristics (Section 3)...

Consequently, in seeking to maintain an open internal UK market, this principle impacts significantly on the effectiveness of any devolved nation's policies.

For example, if England permits the sale of gene-edited food or plants without special restrictions or labelling, then Wales would not be able to introduce new controls to prevent the import and sale of such food or plants (even if prohibiting gene-editing on its territory):

There are some exclusions under Section 10 & Schedule 1, e.g. to prevent the spread of pests and diseases that pose threats to human, animal or plant health. This is a narrow list and can only be amended by the Secretary of State... including now under Section 10(3):

to give effect to an agreement that (a) forms part of a common framework agreement, and (b) provides that certain cases, matters, requirements or provision should be expressly excluded from the application of market access principles.

## **Common Frameworks – a potential collaborative tool?**

The issue of '**Common Frameworks**' arises in areas where devolved powers are returning from the EU (and therefore where some degree of EU-wide framework existed). The questions are whether there should be a UK-wide (or other transboundary) framework in these areas and, if so, what type. **Principles and criteria were established** by the UK and devolved governments, including respect of devolution, and any frameworks were to be developed in a collaborative manner across the four nations and with stakeholder engagement (despite **critique** of the implementation of the process). A **mapping exercise** was undertaken and **revised several times**, identifying what common frameworks were deemed appropriate.

Provisional common frameworks (involving Concordats) exist (amongst others) on **agricultural support** (largely about open communication and 'crisis measures'), **fertilisers** (open communication, seeking harmonisation where possible and introducing guidance on use of new powers), and **animal health and welfare** (similarly about open communication, but also complying with baseline standards, managing divergence and seeking common approaches). The first two expressly incorporate the idea of '**no surprises**', i.e. open and early communication where divergence is intended.

Regarding **animal health and welfare**, while devolved powers are retained and the legal potential for divergence largely remains unchanged, divergences are meant to be justified:

there should be an assessment of the impact on the functioning of the UK Internal Market, the ability of the UK to negotiate/implement international trade agreements and other international obligations; and any divergent approaches must not change baseline standards in a manner harmful to biosecurity or welfare.

This in principle means that, for instance, England could not diverge to reduce standards to facilitate trade, whereas Wales might be permitted to diverge to increase standards or levels of protection but an impact assessment would be required (including on the functioning of trade agreements). The Concordats also address dispute resolution.

Of note, common frameworks offer the potential to limit the application of the Internal Market Act's principles (including mutual recognition) and/or to help shape policy development across the UK (e.g. to enhance standards and reduce the risk of a deregulatory race to the bottom). Their design therefore can support devolved policy considerably.

## Control of financial support for agriculture: the Agriculture Act 2020 and the WTO Agreement on Agriculture

A key objective of the **WTO Agreement on Agriculture (AoA)** is to reduce agricultural support through a variety of mechanisms. The Agreement distinguishes between three 'Boxes' for support: Amber, Blue and Green. While the AoA and related provisions in the UK's Agriculture Act 2020 impose some constraints on devolved nations' financial support schemes (and care must be taken to ensure compliance), there remains significant flexibility. This section derives from our book, *Brexit and Agriculture*, and is discussed in more detail there at pp.50-57.

### Amber Box

Amber Box support is deemed trade-distortive (e.g. 'coupled' income or product support, including support on agricultural inputs such as electricity or seeds). Support is permitted up to a certain level for each WTO Member (this varies across Members and types of support). Typically, Members are entitled to two forms of de

minimis exemption. First, product-specific domestic support that does not exceed 5% of a country's total value of production of an agricultural product. Second, non-product-specific domestic support that does not exceed 5% of a country's total agricultural production. **Matthews argues** that the UK would not find 'de minimis subsidy limits too constraining' due to the existing level of support.

## **Blue Box**

Blue Box support looks similar to Amber Box payments, but crucially it requires farmers to limit production and thereby minimises distortion. It is exempt from reduction commitment, i.e. no international obligation exists on the UK to cap or reduce such support, including within devolved nations. Payments are based on fixed area and yields (not prices) or made on 85% or less of the base level of production or for livestock payments made on a fixed number of heads.

## **Green Box**

Green Box payments are permitted without cap or reduction commitment, if they have no or minimal trade-distorting effects or effects on production. Resulting programmes must comply with the basic and policy-specific criteria set out in Annex 2 of the AoA; yet, there is no actual definition of a Green Box payment.

Within Annex 2 of the AoA, paragraphs 5, 6, 12 and 13 are of particular interest since they provide avenues to support Welsh farmers post-Brexit. They are generally-speaking, complex, vague, and not fully tested in front of the WTO's Dispute Settlement Body. Crucially, paragraphs 5 (on direct payments to producers) and 6 payments are not restricted to 'extra costs or loss of income' (in comparison with paragraphs 12 and 13), enabling more far-reaching and flexible financial support to producers. Paragraph 6 entails unlimited direct income support – although still technically fully decoupled from production – and is the main mechanism used by the EU's CAP. Finally, paragraphs 12 and 13 are particularly important for Welsh (and UK) schemes. They only enable payments to offset the 'extra costs or loss of income' (aka income foregone) due to complying with environmental or conservation programmes (paragraph 12) or being based in disadvantaged areas (paragraph 13). What precisely 'extra costs or loss of income' entails is not clear and provides some further flexibility, although this has been interpreted relatively narrowly by both the EU and the UK to date.

Overall, the Agreement on Agriculture provides controls on Amber Box Payments, but leaves fewer controls on Blue or Green Box payments once criteria are met. However, those criteria are reasonably vague and flexible, and also have been

insufficiently tested to date. There would appear to be considerable flexibility for Wales to make Blue or Green Box payments in compliance with the AoA (and some Amber Box payments).

## UK controls to ensure compliance – the Agriculture Act 2020

The UK's interpretation of its international commitments under the AoA are essential here, as discussed in *Brexit and Agriculture*, pp.103-108.

**Section 44** of the Agriculture Act 2020 facilitates the UK Government in ensuring UK compliance with the WTO Agreement – as it has ultimate responsibility for this. As previously under the CAP, the devolved administrations can set their own limits for support falling under the Green and Blue Boxes without limitations by the UK Government. However, the Act means that a **threshold can be decided centrally** for payments falling under the Amber Box and these payments could be lower than the overall amount permitted for the UK under the WTO Agreement. The Secretary of State can also set **different limits** on Amber Box support across the four nations.

**Section 45** enables the Secretary of State to establish the rules for classification of financial support into WTO Boxes and for dispute resolution regarding classification. Whilst devolved administrations may be involved in the initial classification, the Secretary of State can act as the ultimate arbiter. Overall, therefore, the UK Government has considerable controls over Amber Box supports in Wales – including those Wales may consider to fall within other Boxes.

## Further international trade and environmental obligations

The UK and Wales must continue to comply with other relevant international law, beyond the AoA. These evolve over time, including as the UK ratifies new agreements. As these bind the devolved nations in devolved matters, any mechanisms for input by the devolved administrations is valuable.

Relevant international laws binding the UK (and Wales) include general international trade agreements, e.g. the General Agreement on Trade and Tariffs (GATT), the Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) Agreements (which are all part of WTO law). They also include multilateral environmental agreements, such as the Biodiversity Convention, Basel Convention

on transboundary waste and CITES (international trade of endangered species), as well as the Paris Agreement on Climate Change and the most recent Glasgow Climate Pact. Although they tend to be less specific and harder to enforce, they nonetheless constitute binding international law. As potential trading partners are also likely to be bound by these laws, this will have knock-on effects for the UK and Wales, e.g. through **general prohibitions in the EU** on receiving transboundary waste from non-EU countries (a highly over-simplified statement), or through States availing of exceptions to facilitate trade restrictions.

Furthermore, as the UK signs up to trade agreements (or environmental treaties), it will bind itself in various manners – e.g. potentially enabling access by cheap imports, raising standards on some aspects, reducing standards in others. These international agreements will have considerable impacts upon devolved nations and their policies and laws. However, they are concluded by the UK Government, with **limited formal opportunity for direct input** or **influence** by devolved nations. The recently established UK **Trade and Agriculture Commission** has an important role here, with **influences seen already** from its **2021 report**. Its **enhanced role** includes providing reports on potential trade deals, enabling effective parliamentary scrutiny – facilitated also by recent **UK Government commitments**. It is worth noting that, despite commitments previously made in Parliament, the UK Government **did not facilitate time** for Parliamentary debates on the Australian FTA. However, the UK Government does engage with devolved governments during the negotiations on devolved matters, typically **via more informal channels**.

## EU relations – retained EU law, the Northern Ireland Protocol and the Trade and Cooperation Agreement

Despite Brexit, there remain significant legal, political and economic links between the UK/Wales and the EU. This is reflected across key laws such as the EU Withdrawal Act 2018 and the Trade and Cooperation Agreement. Wales must be aware of the specific legal implications, as well as practical challenges for access to markets or labour, and any competitive (dis)advantages that might accrue.

Brexit means that the UK is no longer part of the EU Customs Union and Single Market, nor bound by EU law per se (caveats apply as outlined below). Brexit thereby creates opportunities for the UK (and the devolved nations) to design its

own policies with greater freedom. It also creates **new challenges** for agriculture including access to markets and labour, with long delays at transport links between the UK and the continent (such as ports and the Eurotunnel/Shuttle) being one obvious consequence.

As stated, there remain significant legal, political and economic links. Key points included the continuation of retained EU law via the EU Withdrawal Act 2018 ensuring some degree of cohesion and coherency in law and policy across a wide range of fields. Further, while the Northern Ireland Protocol provides Northern Ireland (NI) with some considerable advantages (including a competitive advantage relative to Great Britain's (GB) farmers regarding access to the EU market), in conjunction with Brexit it does lead to increased checks and controls between NI and GB. It also leads to increased regulatory divergence between NI and GB, e.g. with NI obliged to continue to comply with some EU laws and with the Internal Market Act's principles not applying equally to NI. The **trade and environmental implications are significant**. This is an important factor in considering trade with NI and also for GB products competing with NI goods.

Generally, the main treaty to consider is the UK/EU Trade and Cooperation Agreement (TCA). The TCA is a framework agreement that is **subject to review at least every 5 years** – it can be developed further with supplementing agreements or dismantled depending on the wishes of the UK and the EU, including via a 12-month termination clause. However, it is binding international law. Significantly, it prohibits tariffs and quotas for goods that meet rules of origin requirements – enabling preferential treatment for them. Without this prohibition, the UK's and EU's general external tariffs would have applied to each other's products, including agri-food inputs and outputs.

However, the TCA brings back customs formalities and other non-tariff barriers between the UK and the EU (where under EU membership there was almost none), which encompass a wide range of elements that largely depend on border controls. These include entry and exit summary declarations, security declarations, various haulier permits, sanitary and phytosanitary (SPS) checks and controls. This leads to extra burdens, eating up time and money, demanding new expertise, and frequently simply making engaging in imports or exports unappealing or even financially unviable. For example a Welsh producer who exports to the EU (or NI, due to the Protocol) must comply with all **requirements** within both the UK and the EU and vice versa, e.g. domestic regulations alongside the UK's import of products, animals, food and feed system (**IPAFFS**) and the EU's Trade Control and Expert System (**TRACES**).

Consequently, while the TCA provides a much better position for agri-food trade than a no-deal Brexit would have entailed, it does not nullify all the challenges posed. Instead, as demonstrated by the major tailbacks in Kent for instance, it leads to lengthy delays and that has knock-on effects with costs, increased chances of goods perishing and impacts on animal welfare etc.

The **TCA** does include provisions in relation to environmental protection and issues of competitiveness, with a common objective to achieve net zero by 2050 (Article 355) and agreed cooperation on animal welfare, antimicrobial resistance and sustainable food systems (Articles 69 and 84-86). The **level playing field provisions** also include an obligation of non-regression in environmental matters (and labour and social standards), and the potential for sensitive, regulatory alignment – where trade and investment are impacted. However, these are quite vague, challenging provisions to use and would also add to the ongoing political tensions, i.e. they **may not be of much use in practice**, other than to curb possibly more extreme divergences. More generally, the '**Brussels effect**' and the desire to access and compete on the EU market/with EU goods may lead to considerable influence within the UK to keep similar standards with the EU.

As the EU is a prime market and historically a source of labour and agricultural inputs, it is also important to take account of developments in the EU such as the implementation of the EU Green Deal, the Farm to Fork Strategy and the current CAP reform.

## Regulatory baselines

Pre-Brexit, farmers across the UK had to comply with EU and domestic rules on the environment, food and human health. Furthermore under CAP, as detailed in the **Agricultural support Senedd Research briefing**, cross-compliance applied (even if criticised) – farmers could be financially penalised if they did not fulfil statutory mandatory requirements or good agricultural environmental conditions. Post-Brexit, questions have arisen over the level of standards and the tools to help ensure compliance.

On first appearances, standards across the UK appear unchanged due to the EU Withdrawal Act 2018 and retained EU law, as well as the non-regression obligation in the TCA. This is complemented in Scotland by commitments to mirror EU law in these areas and in Wales by the incorporation of National Minimum Standards. However, retained EU law has been amended and could change further in future, with **some indications** that this will occur shortly in **England**, e.g. via the Brexit

Freedoms Bill. **Divergence is arising** and likely to increase. Furthermore, even where the standards remain the same, without the general **EU governance mechanisms**, the effectiveness of these measures is undermined.

Although England on appearances is **moving away from cross-compliance** it appears likely that the devolved nations, **including Wales**, will either incorporate relevant standards directly into agricultural policy or develop versions of cross-compliance. There is an opportunity to learn from the critiques of the CAP in ensuring compliance with standards.

## Challenges and ambition

This section outlines some of the vulnerabilities of agriculture and the turbulence it faces, which increase the value of developing an ambitious, resilient agricultural policy.

### Vulnerability and turbulence in the sector

Agriculture is a highly complex and vulnerable area. It entails **substantial investment** in land, equipment, labour, livestock/plant materials, feed/fertiliser and much more, over seasons and even generations.

It "is also highly dependent on external factors – in its production and then in its role as an economic activity" (Brexit and Agriculture, p.3). Thus, it does necessarily reap investments in the short-term and is vulnerable to environmental changes (whether individual, short-term changes or more broadly due to climate change), pollution, diseases, changes in consumer tastes, fluctuations in the market, price volatility etc.

UK agriculture and agricultural policy have faced **considerable turbulence** since the Brexit referendum. This includes disruptions to supply chains, uncertainty around future payments and impacts on availability of labour. It has also been impacted by global political uncertainties, trade negotiations with non-EU States, **Covid-19** and most recently the war in Ukraine and escalating inflation.

### Ambition? Towards a resilient agriculture

Political turbulence, climate change, war, food insecurity, poverty and financial instability, vulnerability of agriculture and the environment are global concerns, even if their precise manifestations vary. However, Welsh agriculture is unique and

differs from other UK nations – a policy designed for one context cannot be applied identically in another. Agricultural policy must address both the immediate and the long-term issues in a resilient, holistic and tailored manner (Brexite and Agriculture, pp.112-122).

Resilience entails that agriculture and resulting policies are able to absorb and respond to shocks – adapting if necessary, but largely maintaining their functions and overall aims. It involves developing the adaptive capacity of agriculture, but also of each aspect relevant to it, e.g. the farms, farmers, land, water, community, market, supply chains etc and the policies, laws and structures supporting and guiding agriculture. To achieve this, it ought to be based on socio-ecological perspectives (reflecting the multifaceted nature of agriculture and interdependence on society and ecology), **agri-food democracy** (encompassing the voices of all stakeholders) and **net zero** (as agriculture has the potential to both **contribute to climate change** and simultaneously be impacted by it) (Brexite and Agriculture, pp.127-141).

## Conclusion

Agricultural policy and practice cannot develop in isolation to what is happening elsewhere – in other regimes or localities.

We have already seen the initial impacts of issues such as the pandemic and Brexit, but these will continue to resound, e.g. through affecting the availability of labour, and impacting on market access, consumer preferences and financial resources (of farmers, investors and consumers). The queues in Kent or the non-tariff barriers between GB and the EU (and NI) are real. Some producers and retailers have ceased to supply both NI and the EU as a result, with profit margins reducing and paperwork increasing.

For others, the impacts are only starting to materialise and will increase significantly in the future – e.g. due to climate change, food insecurity, inflation and the war in Ukraine.

For instance, whilst the UK has escaped relatively lightly to date, more extreme weather events are becoming the norm and these will impact directly in Wales and indirectly via affecting feed crop production in other countries. Further, global food insecurity and climate refugees could increase pressure on supply chains. Yet, in seeking to mitigate climate change, net zero must also be achieved – as reflected in both domestic and international commitments.

Agriculture must play its role in reducing emissions, including through reducing the number of livestock, shortening supply chains, reducing the reliance on fossil fuels and managing land in a manner to avail of carbon capture potential.

Simultaneously, the war in Ukraine is having devastating effects within that country, but the ramifications will be felt worldwide. On an agricultural front, millions of people are being displaced, with thousands expected in the UK. Ukraine and Russia both are significant sources of grains/cereal crops, fertilisers, and sunflower oil, so the war will impact the availability of food and feed worldwide. This is being seen with the disputes surrounding **Odessa and grain exports**. Russia is also a major source of fossil fuels, which are similarly hit by sanctions, leading to limited and more expensive agricultural inputs; and this has affected debates regarding energy supplies. A significant proportion of agricultural labourers under the new seasonal worker visa last year were from Ukraine. Consequently, the war in Ukraine will have multiple impacts on agriculture and highlights the interconnected nature of global supply chains and dependence on specific States. **Inflation is adding to these factors**, increasing input costs for farmers (and others in the supply chain) whilst reducing the money available to consumers to purchase food.

And for others still, we are yet to see what the impacts might be, e.g. the future development of common frameworks, as well as their interaction with the Internal Market Act; the role of the Subsidies Control Act; UK trade deals, e.g. with Australia, New Zealand or India; and the implementation of the EU Green Deal and Farm to Fork Strategy.

Alongside these are developments such as the **UK Agricultural Partnership**, which might provide a **valuable forum** for stakeholders to help feed into policy and practices across the UK.

These examples highlight the need to look outwards and, long-term, identify potential events and their impacts, monitor situations, and reflect on the significance for agricultural policy/practice. Resilience must be embedded but in light of new insights. This may entail risk diversification, e.g. through avoiding monocultures, sowing crops suitable for different times in the year, having suppliers of inputs from multiple countries, or short supply chains. It could involve developing self-sufficiency in renewable energy, thereby ensuring energy security – for farmers and for Wales as a whole. Similarly, this could entail a shift away from dependence on mineral fertilisers and developing (suitable, environmentally-friendly and safe) fertilisers based on human and animal waste. It might involve the devolved nations and stakeholders having active, structured input into the negotiation and implementation of trade deals. An iterative process of monitoring, reflection/review

and reform/adaptation if necessary is a bare minimum, but building some of the elements above into Welsh agricultural policy (and surrounding policy areas) would lessen the need for more dramatic overhauls and reactionary measures where shocks occur.