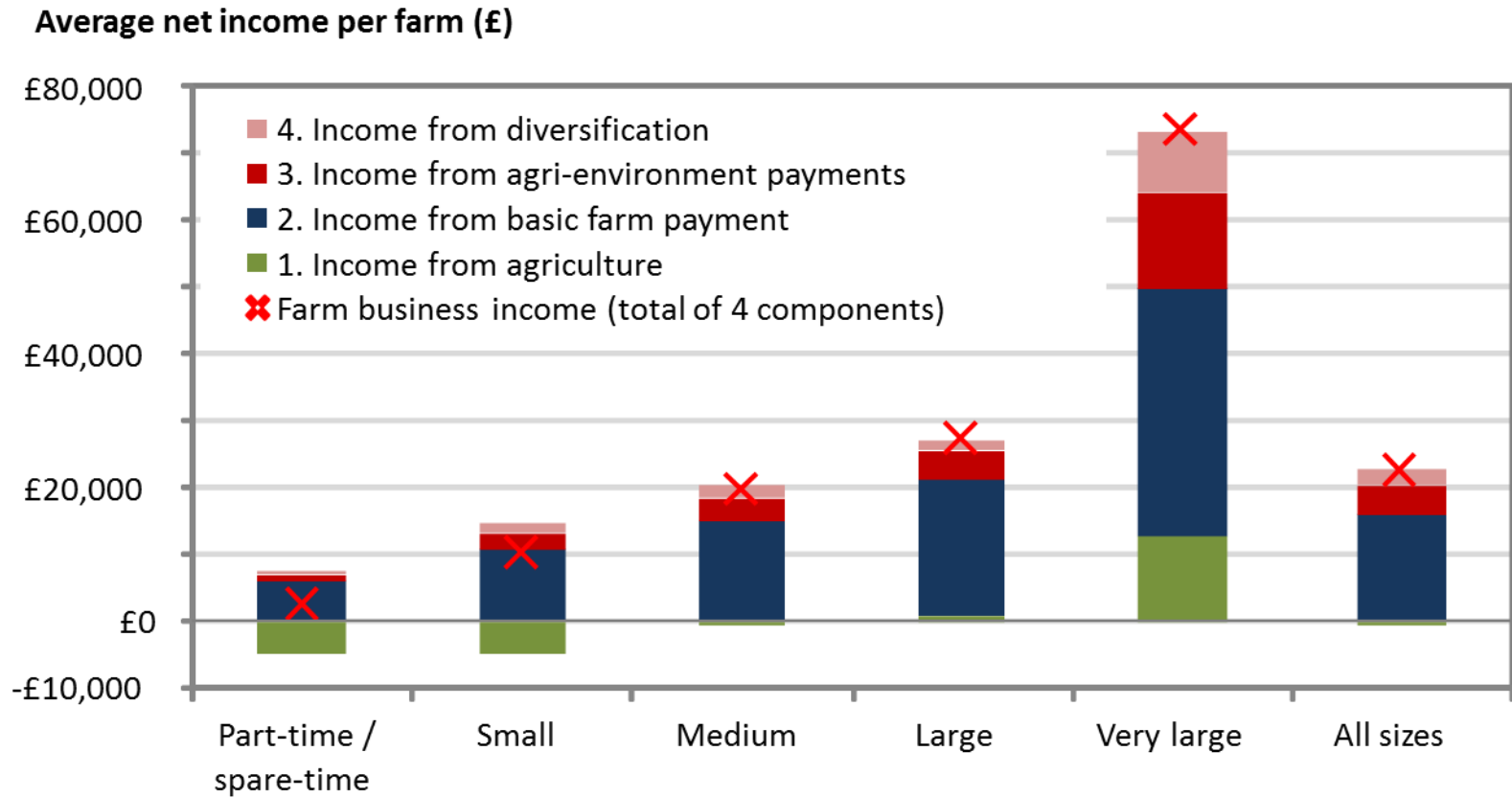


# Brexit and our land : meeting the challenge

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# Background farm data



# Brexit impacts

- Deal or no deal
  - Deal provides BAU in the shortish term
  - No deal has major downside for sheep farms, but positive for other sectors (unless UKG embarks upon unilateral trade liberalisation to keep food prices low)
  - Future FTAs likely to erode UK agriculture's home market position (and provide some new market opportunities)

# Policy drivers

- Wellbeing of Future Generations Act
- Wales Environment Act
- Water Framework Directive
- Habitats Directive
- WG rural policy statements
- More bang per (increasingly scarce) buck

# We need the land to be managed....

- For social reasons
  - Welsh language, community cohesion
- For economic reasons
  - Multiplier effect of agri spend, downstream supply chain jobs
- For environmental reasons
  - Outputs from land management have the potential to deliver climate change mitigation, improved habitat outcomes, water quality improvement, air quality improvement

# Policy conclusions

- Current CAP income support (and EU external tariff boundary) has been instrumental in insulating farmers from market-driven business improvement.
- Brexit is an opportunity to move away from this model. Some farmers will thrive in a competitive environment, others cannot
- Farms need to become more resilient in the face of potentially reducing support and increased competition

# Achieving resilience

- Improved efficiency and effectiveness
- Better supply chain integration
- Diversified income streams from agricultural and other land management activities will reduce volatility risk
  - E.g. Renewables, tourism, woodland management
  - Payment for public goods

# Creating a market

- Currently little or no market for public goods (by definition)
- To create a market we need to:
  - Define the goods we desire
  - Value the goods we desire
  - Be able to measure delivery of those goods
  - Have land managers who are equipped to deliver
  - Have baseline regulation that enables additionality



# Payment for public goods

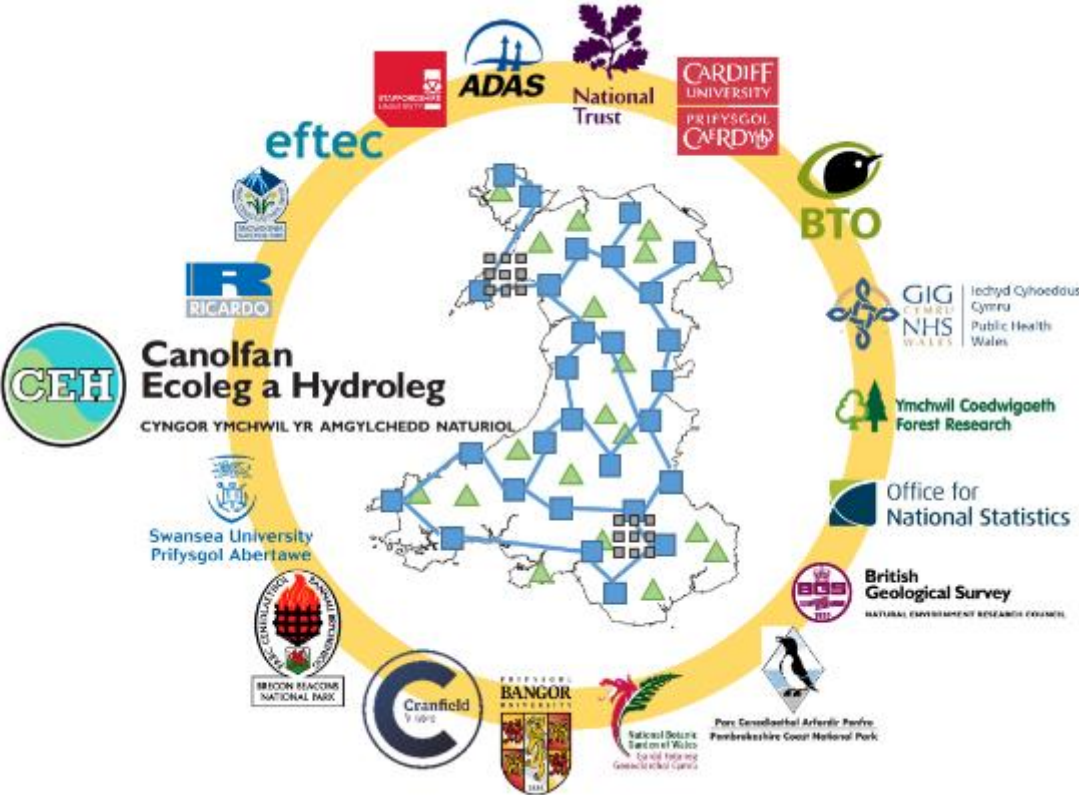
Public goods payment is for outcomes, not inputs

May need proxy outputs for measurement purposes

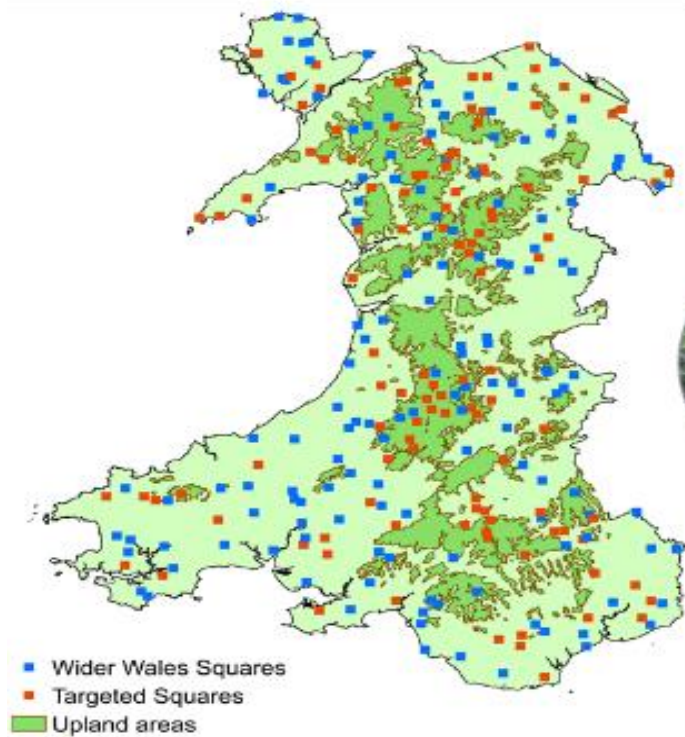
Payment to reflect the 'social value' of outcome, derived through 'willingness to pay' research.

Only outcomes with evidence of a causal relationship between actions and outcome delivery to be included.

# Data requirements for a public goods scheme



# ERAMMP datasets



# Outputs

- Locations for a range of public goods (down to farm/field level), taking into account existing constraints.
- Locations of 'best value' (overlapping public goods)
- Values for public goods
- GHG change modelling
- And more....

# Conclusions

- We are increasingly confident that a public goods scheme is deliverable, paying social values for defined outcomes.
- Successful implementation will require a significant level of advice and support.
- For many farmers this will be a significant new income stream and a big part of a diversified farming business.