**The times they are a-changing**

I’ve been recently marking third year assessments and it reminded me what a changing policy environment we really live in. There were some truly excellent answers looking back at the impacts of the main CAP reform packages over the last 30 years. In my feedback I regularly found myself commenting how the recent shift to regionalised BPS meant a reduction in the amount of support received by some producers meaning their ability to absorb price shocks (such as the “beef crisis”) is now much reduced. It is vital that our future farming leaders fully understand the policy environment in which they operate - meaning agricultural, trade and environmental policy – all intrinsically linked. Why is it so important? Because, as Dylan sang – ‘the times they are a-changing’.

We live in strange times indeed. When we thought that the turmoil and uncertainty that Brexit brought was bad enough along came the global Covid19 pandemic which is really testing the strength of Governments, businesses, people and food supply chains around the world. Who could have imagined that 6 months after news of Covid19 started filtering from Wuhan that the global economy would be turned upside down, and major airlines would be going bust and global tourism would be on its knees. The globalisation drive we have been accustomed to has been temporarily stalled and countries like USA and China have become more insular and protectionist – something I will come back to.

Farmers up and down Scotland have been getting on with “business-as-usual”. Whilst there are undoubtedly some challenges - the sector has seen relative stability and I suppose it should therefore consider itself fortunate when compared to, for example, the hospitality and tourism sector. Many agri-tourism businesses are feeling the strain and the hope can only remain that once lockdown is lifted “staycations” will lead to steady custom – a spike in demand for them.

Covid19 has pulled the rug from under the feet of the markets. Where to sell prime cuts – steaks, joints, etc. that the restaurant trade and caterers normally use. The milk market has also taken a beating – with much lower demand coming through from food service sector. Covid has undoubtedly affected carcase balancing opportunities for processors – selling different part of processed product to different markets (including abroad) – have you seen how many chicken wings you can get just now for £2? The domestic consumer in the UK appears to be a fussy one – apparently having a liking for mince, burgers, chops, sausages, chicken breasts, lamb legs, etc. and turning away from the 5th quarter and many of the other cuts that would have regularly been used 30 years ago. Without an active catering sector the food demand profile has changed – for how long?

It all comes back to the supply and demand equation and currently the balance is not in farmer’s favour – the sooner the likes of MacDonald’s Greggs, Costa, etc. get back on their feet and institutions get workers back into offices the sooner the market will get a needed demand side boost and increase in price. The Covid19 impacts may, however, be felt for longer than we would like as supply is now backing-up in many countries – either on farm or in storage (including some supported through the EU’s Aids to Private Storage scheme). This backed-up supply will need to come onto the market at some stage and this will only suppress prices for a longer period.

The fruit and veg sector in Scotland remain in a challenging position with regards to workforce – and the sheep sector will also be short of some its regular shearing squads. The Scottish horticulture sector needs around 10,000 seasonal workers a year – not an easy number to fill due to Brexit concerns. On top of that, Covid19 travel restrictions have led to real worrying times for growers. It has been great to see concerted efforts being made to try and match labour supply with demand. Again – balancing the equation. We should spare a thought for the amenity horticulture growers – they should be in the middle of their short “peak season” supplying bedding plants for our gardens. The impact on garden centre closure for some nurseries has been significant – and because it is not of “national security” there has been no targeted support scheme.

Whilst agriculture has been knuckling down and getting on with farming throughout the Covid19 lockdown the UK Government continues to press-on with the Brexit agenda. There is an opportunity to request an extension to the transition period – but that looks as if it will come and go (June) without a second glance.

That brings me back to protectionism – something the WTO tries to limit. There was much noise made about the voting down of Neil Parish’s amendment to the UK Agriculture Bill to try and enshrine UK standards in agricultural legislation – providing a safeguard against imports of “lower standard”. Whilst I admire the sentiment and the ambition – I also immediately thought of two things. Firstly, Brexit was partly sold on free trade and ‘consumer price’ was part of that –indeed it was mentioned in Defra’s Health and Harmony consultation. Secondly, and this goes back to something I covered with the students, it is really difficult for countries to use animal welfare and environmental standards as barriers to trade without falling foul of the WTO.

Questions of ‘how are standards measured’, ‘who will do the measuring and accreditation’, ‘will this lead to tariffs on whisky and salmon exports’ and ‘should this not be part of food safety legislation’ (where it is covered in EU law) sprung to mind. Do we really know how to embed greenhouse gas emissions, biodiversity, water, soil and air quality, animal welfare metrics into food supply – remembering for WTO all these things have to be scientifically based? The EU already lost the hormone beef argument with the US under WTO ruling – and had to cede increased access for grass fed US beef at reduced tariff in compensation to try and stave off more punitive retaliatory responses from across ‘the pond’. Trade and trade deals are a messy business as Australian farmers can attest – caught between China and USA flexing muscles.

The UK Government recently revised our tariff schedule (list of import taxes paid on product brought into the UK) that is notified to the WTO. The positive story is that the Government have clearly listened to sectoral concerns over the lack of tariff protection and have announced improved protection for agri-food, roughly equivalent to the EU. However, the amount of tariff free quota for beef and lamb remains pretty high therefore offering limited protection to those sectors. But for dairy, pork and the cereal sector the message was more positive. There is always a downside though – the UK Government stressed in its announcement that these tariffs would be faced by everyone except those with a Free Trade Agreement – and we know who the two big negotiators in town are - the US and the EU - both wanting to sell food to the UK. There’s lots to play for – and that is before we start thinking about the direction of future agricultural support.

**The times they are a-changing – 937 words**

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We live in strange times indeed. When we thought that the turmoil and uncertainty that Brexit brought was bad enough along came the global Covid-19 pandemic which is really testing the strength of Governments, business, people and food supply chains around the world. Farmers up and down Scotland have been getting on with “business-as-usual”. Whilst there are undoubtedly some challenges - the sector has seen relative stability and I suppose it should therefore consider itself fortunate when compared to, for example, the hospitality and tourism sector. Many agri-tourism businesses are feeling the strain and the hope can only remain that once lockdown is lifted “staycations” will lead to steady custom – a spike in demand for them.

Covid19 has pulled the rug from under the feet of the markets. Where to sell prime cuts – steaks, joints, etc. that the restaurant trade and caterers normally use. The milk market has also taken a beating – with much lower demand coming through from food service sector. The domestic consumer in the UK appears to be a fussy one turning away from the 5th quarter and many of the other cuts that would have regularly been used 30 years ago. Without an active catering sector, the UK’s food demand profile has changed – for how long?

It all comes back to the supply and demand equation and currently the balance is not in farmer’s favour – the sooner the likes of MacDonald’s Greggs, Costa, etc. get back on their feet and institutions get workers back into offices the sooner the market will get a needed demand side boost and increase in price. The Covid19 impacts may, however, be felt for longer than we would like as supply is now backing-up in many countries – either on farm or in storage (including through the EU’s Aids to Private Storage scheme). This backed-up supply will need to come onto the market at some stage and this will only suppress prices for a longer period.

The fruit and veg sector in Scotland remain in a challenging position with regards to workforce – and the sheep sector will also be short of some its regular shearing squads. The combination of Brexit and Covid19 travel restrictions have led to worrying times for growers. It has been great to see concerted efforts being made to try and match labour supply with demand. Again – balancing the equation.

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