**A roller coaster ride into the future -Sept 2020**

With all that is going on around our industry it sometimes feels that we are in the midst of a very long roller coaster ride – sometimes scary, sometimes exhilarating - with many unknown twists and turns still to come.  With the long-term impacts of Covid still uncertain, the outcomes of Brexit trade talks with the EU in balance, new trade deals being sought around the globe and the ongoing climate and biodiversity challenges – it strikes me that agriculture and food are at the heart of many of these issues.

Covid induced lockdowns created unheralded food demand shocks in our country, as the consumption profile moved away from food services towards retail and the inevitable fallout for supply chains and products geared towards food services.  As we move precariously close to a second lockdown the significant uncertainty around the reopening of institutional canteens, hospitality sector operating capacity, etc. all continue to contort food demand profile.  The continuation of Government support schemes for self-employed businesses and furloughed staff remain important in maintaining consumer confidence and expenditure in the high street – including for food and drink. This pandemic roller coaster would appear to have a few twists and turns to play out yet before easing off.

Asides from Covid, the farming sector remains largely in the dark as to the future trade arrangements with the EU and whether our agri-food exports will be faced with tariffs to enter important EU markets – or indeed if our beef, dairy and cereal sectors will be afforded protection from EU product through the UK’s own tariff regime.  Last year, protection of the UK food and farming sector seemed the last thing on the UK Government’s minds with low or no tariffs announced in 2019.  However, the new tariff schedule announced this summer is a vast improvement – largely mirroring the EU’s tariffs – and therefore provides tariff protection against products coming from countries that the UK does not have a free trade agreement with.  However, even with an EU agreement trade will be slower due to border checks, export certification, etc and the recent announcement that lorries will require a permit to enter Kent highlights the scale of impact that border controls may have.

The recent defeat of the UK Government in the House of Lords on welfare and food standards in the UK Agriculture Bill shows there are many people still willing to make a stand for our industry.  However, agri-food is undoubtedly a pawn in the biggest of games – international trade – and we can expect longer term uncertainty as things get thrashed out with the EU and US (uncertainty that any country dealing with the USA can recently attest to).  Trade is a roller coaster that looks to have a long way to travel as even if we do not get an EU trade deal before the end of the transition period there will still be a desire to strike a deal at some stage in the future.

Future agricultural support policy is also a significant unknown just now and details in the UK Internal Market Bill make for stark reading if the UK Government were to deem the way the Scottish Government supports the farming sector in the future as detrimental to the internal market.  In Scotland, it would appear that there is a desire to maintain some elements of direct support in the long run – but whatever form that takes it is likely that farmers will need to deliver more for the environment for the money received.  Alongside food production and socio-economic arguments, it is clear to me that net zero emission targets alongside biodiversity will have increased policy focus in the future.  This means that farming systems will likely need to evolve and adapt to these challenges – or be faced with increased regulation. Whilst these climate change targets will be challenging to achieve the Scottish Government has already signalled its intent to support the sector to make the needed changes with their Sustainable Agriculture Capital Grants.  In England, Defra recently announced that they will need to continue with some form of direct payments through their Sustainable Farming Incentive as they transition to their Environmental Land Management scheme, demonstrating that delivering an alternative environmental payment system has a long way to go.  As I have said a few times – whilst there are issues with the Basic Payment Scheme it currently works and it is therefore likely easier to evolve the BPS to deliver more for the climate and biodiversity than to devise an ~~d~~ entirely new scheme that farmers and officials are unfamiliar with.  This is an undoubted roller coaster ride that will last a long time - the key to smoothing any transition and allowing businesses to invest with confidence is for the Scottish Government to give farmers a heads-up on what their long-term plans are as early as possible.

Whilst facing risks from political decisions regarding trade, governance and support, farming undoubtedly will have a pivotal role in reducing greenhouse gas emissions and improving biodiversity outcomes across Scotland.  In addition, as the providers of raw ingredients it will continue to be vital to the success and growth of Scotland’s food and drink sector whilst making positive contributions to the socio-economic fabric of our rural communities.  As such, whilst the roller coaster ride may have some hairy moments ahead, the track surely cannot end due to the critical role of the industry in feeding our nation and managing our lands.