

## Written evidence submitted by the Calon Cymru Network Community Interest Company (HIL0005)

### The Economic and Cultural Impacts of Trade and Environmental Policy on Family Farms in Wales

#### Submission from Calon Cymru Network CIC

Calon Cymru Network (CCN) is a community interest company working on sustainability and community development in the rural Heart of Wales railway corridor. CCN was established in 2009 and has contributed position papers to national and local governments; supported community land trusts; and participated in community working groups and committees.

Our members are architects, planners, food systems experts, and sustainable development consultants. We share concern for sustainable development, and a belief that it is possible to promote new forms of local development that can lead to a more balanced and equitable world.

This Call for Evidence and the five questions posed fall squarely within our remit. We believe we can offer an innovative yet practical contribution to the work of the Welsh Affairs Committee. With that in mind we respond to each question in turn, and finish with a summary of our ideas and suggestions.

#### 1. Uniqueness and Cultural Significance of Family Farms in Wales

Wales is a nation of small, culturally important but relatively poor farms.

Wales has 17% of the UK's farm holdings on 10% of the agricultural land. The 37,000 holdings in Wales are mainly small, family-run farms: 20,000, 54%, are under 20 hectares (49 acres) and only 5,000, (13.5%) exceed 100 hectares (247 acres). In England next door, almost 24% of holdings are over 100 hectares, and fewer than 39% are below 20 hectares.<sup>1</sup>

As well as being a land of relatively small farms, rural Wales is the heartland of Welsh as a living language in everyday use. Until recently farmers formed a critical mass of Welsh speakers who could live their daily lives largely through the medium of Welsh. Between 9% and 10% of people in Wales aged 45+ spoke Welsh daily in the year to end-June 2021<sup>2</sup>. In farming communities daily use of Welsh by people other than schoolchildren is much higher than in urban areas. Despite this, *A Rural Vision for Wales*<sup>3</sup> reports that:

“The proportion of residents able to speak Welsh decreased in over 80 per cent of wards across rural counties of Wales between 2001 and 2011. The decrease in Welsh speaking capacity in these areas commonly resulted from a combination of out-migration by Welsh speakers, for education, employment or to find affordable housing, and in-migration by non-speakers. A minimum of 70 per cent of a population able to speak Welsh is considered to be required in order for Welsh to function as the everyday language of a community, and ten wards in rural Wales dropped beneath this threshold between 2001 and 2011. Overall, in 2020, 65 per cent of people in Gwynedd, 52 per cent in Anglesey, 40 per cent in Ceredigion and 31 per cent in Carmarthenshire claimed to use Welsh on a daily basis.”

---

<sup>1</sup> *Agriculture in the United Kingdom 2020*, from the Department for Environment, Food and Rural Affairs, derived from table 2.4.

<sup>2</sup> *Annual Population Survey 2021*.

<sup>3</sup> *A Rural Vision for Wales*, Aberystwyth University, January 2021, section 4.63.

Family farms and the rural communities in which they are located are critical to the prevention of further linguistic decline. Apart from the cultural and historical value of Welsh, the language has economic value for tourism, helping to make Wales a highly distinctive destination.

## **2. Main Challenges**

### **2a Rural Poverty**

The people of rural Wales are not affluent overall. One third of farms in Wales, 33%, had net farm income of less than zero (i.e. a paper loss) in 2019-20. This was slightly better than in the rest of the UK: in England 36% made less than nothing, in Scotland 38% and in Northern Ireland, 34%. Net farm income is a realistic measure because it includes imputed costs for rent on owned land, and for unpaid labour (except for the farmer and, where appropriate, the farmer's partner). Just 10% of farms – about 3,700 -- in Wales had net farm income over £50,000, a smaller proportion than in the other UK nations. In England, nearly a quarter, 23%, of farms had income this high. The average net farm income in Wales was £14,000, and in England, £32,000.<sup>4</sup>

### **2b Dependence on Subsidies**

Farming communities are heavily dependent on subsidies. In 2020 subsidies were estimated to account for 90% of total income from farming in Wales.<sup>5</sup> Financial support is now highly vulnerable to post-Brexit changes such as the end of Single Farm Payments. Meanwhile, there are legitimate questions about agriculture's continuing reliance on state support. Are subsidies not propping up an unsuccessful industry, in the hands of mainly elderly farmers (with a median age of 60 across the UK in 2016)?<sup>6</sup> In the past, government ministers have downplayed the importance of British and Northern Irish agriculture, on the grounds that we can import whatever we need. When Margaret Beckett was Secretary of State for Environment, Food and Rural Affairs she said in 2005:

“We have not got people working on what we might call food security as such, not least because I am not sure how long it is, but it is certainly many decades, more than a hundred years at least, since the United Kingdom has been totally self-sufficient in food. We have long been a trading nation, and very proud to be so, and, in consequence, a nation that imported food, among other things, from elsewhere.”<sup>7</sup>

This assumption, that food will always be available from some part of the world, was widely accepted at the time, but soil impoverishment and climate shocks mean it is more questionable every year. Ongoing state support will help achieve greater self-sufficiency in food, ecosystem repair, and biodiversity recuperation, all contributing to resilience.

### **2c Farmers' Ages and Education**

Education helps farmers prepare for and adapt to the challenges they face. Overall, farmers in Wales have lower education levels than in England. Only 43% have a college or university education, compared with about 65% in England.<sup>8</sup> Demographics at least partly explain the relative scarcity of

---

<sup>4</sup> *Agriculture in the United Kingdom 2020*, from table 3.4.

<sup>5</sup> *Aggregate Agricultural Output and Income 2020*, from the Welsh Government.

<sup>6</sup> *Agriculture in the United Kingdom 2020*, table 2.6.

<sup>7</sup> Evidence to the House of Lords Select Committee on the European Union, July 6 2005.

<sup>8</sup> *Diversification and Resilience of Welsh Farming Prospects after Brexit*, National Assembly for Wales, December 2019.

higher education qualifications among Wales's farmers. Their average age is about 60, and between 2010 and 2017 the proportion aged under 45 fell from 14% to less than 10%.<sup>9</sup> Farmers over or near state pension age had fewer opportunities than the current generation to benefit from higher education. Their reluctance to retire reflects the valuable Inheritance Tax exemption enjoyed by owner-occupied farmland, and this in turn limits land availability for new farmers with original ideas but no family background of land ownership. The future viability of farming cannot be considered in isolation from the land taxation regime.

## **2d Planning Law Favours the Status Quo**

Local planning authorities in Wales have endeavoured to follow Welsh Government guidance to protect countryside from development. The rationale is that rural landscapes and views are precious and should be protected. Yet to confront the climate emergency and achieve long term sustainability, we need to promote changes in land use and cater to the housing and social needs of those who like and work in rural areas. The goal has to be a countryside that produces more and a wider range of food, sustainably, and supports a higher population for land-based activities, food processing and timber processing.

Supply chains will be shorter and more local, and food processing will be located close to areas of production. The greater emphasis on local food will require more people living and working in rural areas, on the land itself and working in new services responding to a more diverse land use systems. For this to happen, planning regulations should be updated to enable young families working in the rural economy to find affordable housing in the villages where their farms are located, and have reasonable access to schools and health services.

## **3. Implications of Free Trade Agreements**

Wales, with plentiful pasture, can produce slow-growing grass-fed beef and lamb without removing cereals from human consumption, but the constriction of export markets following Brexit dramatically cuts farmers' export options, especially for Welsh farmers whose lamb has long been a premium product in EU markets.

While the UK Government promises new free trade agreements and market for UK food products, these agreements may be damaging for Wales's farmers. The recent deal with Australia, for example, threatens the Welsh lamb industry. A future USA deal would open British markets to cheap meat produced to lower animal health and welfare standards. We understand the pressures on government to secure supplies of cheap food for households subject to harsh economic pressures, but poor-quality foods have negative consequences for the health and vitality of the population.

More positively, if Welsh agriculture can adapt to the opportunities that new trade deals may present, their impact could be beneficial to exporters.

## **4. Climate Change**

Climate change will also impact on future trading prospects, as it is expected to restrict exports, and sea and air transport costs will rise as fossil fuels are phased out. The UK population's capacity to afford high-quality meat and dairy products will probably be of prime importance to Wales's livestock producers. However, rising income inequalities work against adequate diets across the

---

<sup>9</sup> Ibid.

population, and official statistics show that income inequality is increasing: “Growth in income of the poorest fifth of people did not keep pace with inflation, which led to the median income of the poorest fifth falling by an average of 3.8% per year between FYE [financial year ending] 2017 and FYE 2020. Median income of the richest fifth continued to grow steadily between FYE 2017 and FYE 2020, meaning that some measures of income inequality have increased over this period”, said the Office for National Statistics in *Average household income, UK: financial year 2020*.<sup>10</sup>

Under this scenario, the market for prime Welsh meat and dairy products is unlikely to grow by very much: the wealthiest households cannot consume more food than their physiology can process, and the poorest households are forced to buy as cheaply as possible just so that they do not always feel hungry. At the same time, climate change will be impacting overall global food production. The *Climate Change Risk Assessment 2021* from Chatham House<sup>11</sup> warns that by 2050 there is likely to be a need for nearly 50% more food globally, but unless there are dramatic emissions cuts, yields could fall 30%, with the potential for catastrophic events such as crop failure in multiple regions at the same time, drying up exports.

In Wales, the impacts of climate change are already evident. Changing rainfall patterns undermine the basic assumptions of hill farming, for example restricting summer haylage and silage making, making stock and soil care more complex during wetter winters, and causing more damage from winds and floods.

As yet there is no adequate UK Government climate change mitigation strategy of help to affected farmers. CCN believes that the Welsh Government should develop its own response and make full use of its devolved powers to prepare farmers for the changes ahead and to provide mitigation measures. Innovative and sustainable landscape management must be part of the Welsh governmental programme, for example to control rainwater run-off and prevent downstream flooding.

Environmental protection and food production need to be considered together. It is not a case of ‘either’ ‘or’. The UK is far from self-sufficient in foods and should raise self-sufficiency.

“Government statistics in 2018 showed that the UK is approximately 61% self-sufficient in all foods and 75% in “indigenous type food”; figures show that UK self-sufficiency has been declining for the past 30 years,” reported *Food security: What is it and how is it measured?*<sup>12</sup> The figures refer to food consumption as it is, with a high meat content, not as it needs to be if swift climate change is to be slowed. A good conversion rate for cattle, for example, would be 6kg cereal to yield 1kg of meat. Livestock that are fed cereal-based diets consume foodstuffs that would be more efficiently fed directly to people.

## **5. Looking to the future**

Rather than being framed as a problem, these different challenges taken together represent a huge opportunity for Welsh farmers.

On the agricultural side, fruit and vegetables are the Cinderella of UK food production. Only 16% of UK fruit consumption and 56% of vegetable consumption were met from home-grown supplies in

---

<sup>10</sup> Released January 21 2021.

<sup>11</sup> The Royal Institute of International Affairs.

<sup>12</sup> House of Commons Library, February 7 2020.

2020.<sup>13</sup> Current consumption is not adequate consumption. According to the NHS, in 2017 only 29% of adults ate the recommended five or more portions of fruit and vegetables daily.<sup>14</sup> Yet if agricultural and public health policy are aligned, changes in dietary habits can also present Welsh farmers with exciting new opportunities.

Wales has a tiny horticultural sector. Just 5% of farmland in Wales grows crops other than grass. Cereals, oilseeds, roots, beans and so on, including ornamental plants, and fruit and vegetables for human consumption, occupy one-twentieth of the agricultural land.<sup>15</sup> The fruit and vegetables deficit is being addressed by a small number of commercial growers, and also by applicants for planning permission under the Welsh Government's One Planet Development scheme which supports carbon-neutral and carbon-negative food production.

Applicants under this scheme are not infrequently opposed by existing farmers who claim that it is not possible to support a family on the typically small area, below 50 acres and often under 10 acres, that applicants can afford. One Planet Development in Wales is unique in the UK. Successful applicants are now showing that it is possible rapidly to raise the fertility of previously unproductive grazing land, so that it can grow a wide range of horticultural and speciality crops, from blueberries to quinoa, nuts to herbals teas, and medicinal plants to edible flowers.

The current trend for the UK Government is to focus on encouraging farmers and landowners to provide 'ecosystem services' to aid biodiversity and improve resilience to climate change, but there is no reason why ecosystem services should inhibit food production. One Planet Developments, and some long-established farms, show that regenerative food production methods also improve ecosystems and biodiversity.

To address the economic, cultural and environmental challenges discussed above, changes in planning and are needed along with an integrated strategic framework in which key economic, social and environmental sectors work together more effectively.

The national and local governments need to be fully aware of the new realities of climate risks and likely supply disruptions and aim to develop an integrated strategy that diversifies farm production and allows the rural populations to increase to levels at which public, voluntary and commercial services can be sustained.

The Welsh Government also needs to be ready to provide appropriate support so that farmers can adopt new, greener technologies and respond to new markets. And it needs to promote long term sustainability through payments for eco-system services and policies that create robust – and younger - rural communities that are prepared and able to respond to the challenges and opportunities above.

## **Summary**

On the basis of the evidence above, Calon Cymru Network makes the following points:

- a) Family farms are essential to the future of the Welsh language, which has cultural, historical and economic value.

---

<sup>13</sup> *Horticulture Statistics*, July 20 2021, from the Department for Environment, Food and Rural Affairs.

<sup>14</sup> *Statistics on Obesity, Physical Activity and Diet, England, 2019*, May 8 2019.

<sup>15</sup> *June 2019 Survey of Agriculture and Horticulture: Results for Wales*, November 20 2019.

- b) Family farms and farming communities will be increasingly important in the future as contributors to local food supplies, as climate change and resource constraints reduce global yields and quantities available for export, even if new trade deals are signed.
- c) Farms will have to diversify into greater output of foods for direct human consumption, but there is some resistance to this among the farming community in Wales, accustomed as it is to raising livestock on pasture, much of which is poor quality.
- d) Ecosystem improvements are vital, and they can be integrated into food production.
- e) The planning system in Wales, and land taxation policy for the UK, need adjustment to encourage resettlement in the countryside.

*October 2021*