

The Rt Hon Owen Paterson MP speech on *Opportunity Agriculture*

At the Oxford Farming Conference 7 January 2014

Check against delivery

Introduction

I am pleased to be here again this year. I'm sorry I wasn't able to be with you this morning. I was in London updating Cabinet Colleagues on the recent and continuing floods.

At last year's Conference I set out my four priorities – growing the rural economy, improving the environment, and safeguarding both plant and animal health. All of these should create new opportunities for farmers and rural communities.

Britain is a world leader in science, technology and innovation. It started in the Agricultural Revolution and continues today with institutions like Rothamsted and the John Innes Centre at the forefront of developments on crop genetics.

We need to not only embrace new techniques and technologies, but also to apply new thinking to our policy-making and business models. As the Conference report highlights the industry should focus on the opportunities as well as the challenges.

Opportunities for the industry

Farming contributes over £9 billion a year to the UK economy. Food and drink is our largest manufacturing sector. The whole supply chain is worth nearly £100 billion, employing nearly 4 million people.

I firmly believe there is room for further growth, not least as a result of the industry's robust traceability, rigorous production standards and top quality produce. You have great opportunities to grow thanks to your well-deserved, world-wide reputation.

The world's population already stands at over 7 billion and is predicted to reach over 9 billion by 2050. Tastes and diets are becoming more westernised as middle classes continue to grow. This presents phenomenal opportunities to increase production for the domestic and export markets, and to sell our world-class science and technology abroad.

Exports and import substitution

I have been to numerous trade shows in the last year – Food and Hotel China in Shanghai, Moscow where we agreed a deal to export beef and lamb worth £100m over three years, Fancy Foods in New York, and Anuga in Cologne, the largest food fair in the world. All of these presented opportunities for food, drink and farming businesses to expand. There are

different strategies – designing products specifically for the export market, exporting the fifth quarter that we don't eat here, or targeted marketing of established products.

Just one example of the potential for exports is the lucrative Chinese pork market, which we opened up in 2012. It grew from £5 million in the first nine months to £14 million for the same period last year. This contributed to a 23% increase in pork exports to all non EU countries.

As British farmers and food producers you know that we grow some of the best food in the world here – so why is 24% of the food eaten in the UK imported when it could be produced here?

We have a top-class fruit and veg sector which produces everything from green beans to strawberries, yet we imported £8 billion of fruit and veg in 2012. We can't grow mangoes or pineapples, but we can encourage UK consumers and food businesses to buy Scottish raspberries or Kent apples.

This is a huge opportunity, and it's up to all of us – farmers, food manufacturers and government – to take action. By buying seasonal fruit and veg we can improve the nation's health, help the environment and boost the economy.

I've asked Peter Bonfield to lead our drive on public procurement of food. The public sector bought £2.1 billion worth of food and drink last year. That's an astonishing amount of money. The public sector should be taking advantage of our top quality products, supporting our world class farmers.

The Countess of Chester Hospital is one of many hospitals and schools that are leading the way in sourcing locally. The Trusts buys 92 per cent of its food from the UK. They have cut their meat bill by a fifth by sourcing fresh rather than frozen or poorer quality meat. By looking at the overall cost of meals – transport, cooking, storage, as well as the price of the food – they've changed their buying habits and saved significant amounts of money.

Agri-tech

In order to take advantage of expanding markets and opportunities, I want our farmers and food producers to have access to the widest possible range of technologies – from new applications of robotics and sensor technology to new LED lighting in greenhouses and cancer-fighting broccoli.

That's why in July we published the first ever Agri-Tech Strategy. It sets out the need to improve our ability to translate our world class research into practical applications that will make us world leaders not only in agriculture but also in the science and technology that supports it.

We have committed £160 million of which £70 million will help to commercialise new agricultural technologies and £90 million will establish world class Centres for Agricultural Innovation. There's a new unit in UK Trade & Investment to boost inward investment and exports in the sector. There will be an Agri-Tech Business Ambassador to drive forward exports in agricultural technologies.

GM Crops

Well-regulated GM technology presents some of the biggest and most exciting opportunities for agriculture.

The European Academies Science Advisory Council's recent report highlighted the "compelling evidence that GM crops can contribute to sustainable development goals with benefits to farmers, consumers, the environment and the economy."

Later this month we are expecting an EU vote on the licensing of a GM insect-resistant maize for commercial cultivation. This is not a crop of practical interest for UK farmers. But if approval is granted, as it should be based on the scientific evidence, then it will be the first GM food crop authorised for planting by the EU for 15 years.

Whether or not this vote heralds a breakthrough in the EU's regulation of GM crops remains to be seen. Delays and blockages have been politically-motivated rather than based on evidence.

I will continue to make the case for a regime that allows fair market access for products once they have passed Europe's rigorous, independent scientific assessment.

Let me be clear, there are other tools in the toolbox, GM is not a panacea. But the longer that Europe continues to close its doors to GM, the greater the risk that the rest of the world will bypass us altogether. Europe risks becoming the Museum of World Farming as innovative companies make decisions to invest and develop new technologies in other markets.

New entrants

Looking to the future, the industry needs to be able to attract new entrants, bringing new ideas and enthusiasm to the industry. There are exciting opportunities at every level, ranging from agronomy to research and engineering. Many of these roles involve multi-million pound budgets, cutting-edge technology and the opportunity to innovate.

That's why the Future of Farming Review, led by David Fursdon, was so important. I am really keen to help young people find creative ways to join the sector.

CAP implementation

Turning to the CAP, the latest reforms don't go as far as I would have liked but I would like to pay tribute to Dacian Ciolos for addressing many of our concerns, to Simon Coveney for driving the deal through and to Peter Kendall for ensuring the views of the sector were robustly represented.

Just before Christmas I announced a package of measures that is fair to English farmers, delivers better value for taxpayers and supports this Government's commitment to improving our natural environment.

I am determined to use the CAP to enhance our landscapes, and the wildlife, plants and pollinators they support. At the same time, this deal will enable us to build on the strong foundations we already have to make English farming one of the most competitive and innovative industries in the world.

The package also had to secure a better deal for the taxpayer. We have had to make some tough decisions. But even with a smaller overall CAP budget English farmers are set to benefit from over £11.5 billion in Pillar 1 single farm payments from 2013 to 2019. That's around £1.6 billion each year going to farmers. And the environment will benefit from over £3 billion of rural development investment from 2014 to 2020. That's an average of about £440 million a year.

Setting the rate of transfer from Pillar 1 to Pillar 2 at 12 per cent, with a review in 2016, is the right way to balance the interests of farming while at the same time enabling us to continue to invest in our habitats and wildlife. This is why we will review the demand for agri-environment schemes and the competitiveness of English agriculture with the intention of moving to a 15 per cent transfer rate for the final two years of the Pillar 2 rural development programme.

At last year's Conference the special role of England's hill farmers was highlighted. I am pleased that for the first time ever, they will now receive the same direct payment rate on their upland farmland as their lowland counterparts. This will support farmers working in some of the toughest conditions and on the least-productive land, who manage some of our most beautiful countryside, providing important habitats for our plants and wildlife.

We want farmers to diversify their businesses. Rural tourism is worth £33 billion a year. Tourists come to England to see our iconic landscapes that owe their existence to the hard

work of farmers down the generations. That's one of the many reasons why we're spending a larger proportion of the rural development budget on improving the environment.

We need to keep the delivery of both Pillar 1 direct payment and Pillar 2 rural development as simple as possible. We must not introduce the same degree of complexity as in the last round of CAP reform which has led to us having to pay back £600 million in fines.

We will ensure that the implementation of the CAP is kept as simple as possible. We will continue to work with the industry to ensure that this is the case.

Opportunities for plant and animal health

While CAP reform dominated the agenda for much of last year, we must not lose our focus on plant and animal health. This is essential to a competitive industry with a strong focus on exports.

Plant Health

The long-term risk to farming from plant disease is often underestimated. That's why I've made it a key priority. The Plant Health Task Force has published their final report and we're already implementing some of their top recommendations such as the plant health risk register. We are also well on the way to developing a robust new biosecurity system.

Bovine TB

Last year we took a very significant step forward in our efforts to tackle Bovine TB in England. In the 10 years up to last January 305,000 otherwise perfectly healthy cattle were destroyed. The latest figures show that between January and September 2013 a further 24,618 cattle had to be slaughtered, that's an average of over 90 cattle a day. It will cost taxpayers £1 billion over the next 10 years if we don't take action.

We are using every tool available including tougher movement controls for cattle, better biosecurity on farms and working to develop effective and usable cattle and badger vaccines. Our ambition, as set out in the draft TB Strategy, is to achieve official TB freedom for all of England within 25 years.

We are investing over £1 million this year in cattle vaccine safety trials and other development work to design field trials and the DIVA test. Even if the trials go according to plan, the EU Commission has said that it will be at least 10 years before we would be allowed to use it.

That's why we also need to address the disease in wildlife. No country has successfully dealt with TB without tackling the disease in both wildlife and cattle. That is the clear lesson from countries like Australia, Ireland, New Zealand and the USA.

We have always been clear that the culls in Gloucestershire and Somerset were pilots from which we would learn lessons. We will wait for the Independent Expert Panel to report before making a decision on wider roll out.

I pay tribute to the NFU, local farmers and landowners who undertook the culls, often in the face of intimidation by a small minority who are determined to stop this disease control policy.

Contrary to many reports, significant numbers of diseased badgers have been removed. And farmers in those areas are confident that they will see a reduction in the disease.

This Government will not shy away from the difficult decisions required to stop this disease. Last year we took the first steps on the road to TB free status. I want to see healthy badgers living alongside healthy cattle.

Regulations

Farmers will not, however, be able to seize the very real opportunities that exist both domestically and internationally if we don't free them up to do so, if we don't get out of their hair.

As Ronald Reagan once said: "The nine most terrifying words in the English language are: 'I'm from the government and I'm here to help.'"

I start from the position of trusting farmers. That's why over the next 5 years we will reduce costs to all businesses by at least £1 billion through cutting red tape. We are removing £13 of compliance costs for every pound added and we're reducing the overall domestic regulatory burden by removing two regulations for every new one introduced.

We're working on making the most of earned recognition. 14 out of 31 on-farm inspection regimes now allow farmers and food producers to earn recognition.

The Environment Agency's Pigs and Poultry Scheme allows its 740 members to earn recognition, get an £880 reduction in fees and save time as they have an inspection every three years rather than every year.

That's why we have introduced an earned recognition scheme in egg marketing which will reduce on farm inspections from two or three a year to one a year. The FSA are working to implement earned recognition on animal feed from April 2014 – a scheme that could reduce on-farm inspections by 10,000 a year.

Considerable progress has already been made on Livestock Identification and the complex rules governing animal movements but I know that many of you would like us to move faster.

We introduced electronic reporting for Pigs in 2011 and will be doing so for sheep from the spring. We negotiated changes to EU sheep tagging rules for the “historic flock” generating savings of up to £11 million for sheep farmers over three years.

As we implement CAP, I will not risk the smooth running of the RPA which we’ve worked so hard to turn around. Let’s not forget that in the last CAP round we paid out over £600 million in fines in part because we couldn’t get the money out in time. Not to mention the extreme stress that this caused many farmers.

That’s why despite wanting to move as quickly as possible on Livestock Identification and movement controls I will not make any changes that jeopardise the successful delivery of CAP reform in 2015.

Today, I am announcing my intention to implement the recommendations made by the Farming Regulation Task Force to simplify how we define livestock holdings in England to avoid confusion around the rules. We will also phase out cattle tracing links and Sole Occupancy Authorities to further streamline the regime, reduce red tape, and improve our disease capabilities. These changes will be made during 2016 and 2017.

Once we have completed the much needed simplification of livestock movements we will review the rules on Standstill.

We are being responsible by moving at a pace that will deliver what we want without risking our animal health or disallowance from the EU.

Concluding remarks

To conclude, this is an exciting time. New technologies and markets present farming with unprecedented opportunities to grow. But these will come to nothing if we don’t continue to tackle threats to our plant and animal health. If we don’t reduce the stranglehold of red tape.

It’s crucial that government and industry work together to capitalise on these opportunities. We are making excellent progress. I look forward to working with you over the next twelve months.