

Three Counties Agricultural Society Farming Conference

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Introduction

There is great debate in rural areas about the continuance of current farming subsidies after Brexit and their nature. In some ways, however, this is akin to looking through a telescope from the wrong end. Leaving the Customs Union and lowering the prices of food, clothing and industrial materials benefits all consumers, particularly the most disadvantaged, many of whom live in rural areas. Professor Patrick Minford has forecast a 10% fall in food prices, saving £305 per household per annum, or some £8.2 billion overall. That, therefore, should be the key priority.

Happily, leaving the Single Market and Customs Union is now Government policy, and we have seen the willingness of countries across the world – Australia, China, India, Japan, New Zealand, the United States – to enter into free-trade agreements with us after Brexit. We are thus well placed to prosper and, even in the absence of any deal with the EU, must continue to recognise that no deal on trade is far better than a deal which ties the UK into the European regulatory framework and so takes opportunities off the table.

We will, for example, be able to remove the absurd tariffs on foods which we produce little of ourselves – representing a 14% saving on bananas, 8.8% on melons and 20.5% on tomatoes, for example. There is no reason that we should continue to ask consumers to subsidise European farmers when equally good products exist outside.

Our post-Brexit approach to agriculture must be global in its outlook and must, correspondingly, move away from subsidies and protectionism. It is vital to recognise at the same time, however, that for all the benefits to all consumers, such a change may create potential problems for the much smaller proportion of people in the agricultural sector which must be addressed.

I am confident that food producing areas have nothing to fear from global free trade. British farmers can compete on the world stage, breaking into markets presently denied them. We can learn the clear lessons from countries like Australia and New Zealand, who moved away from subsidies in the 1980s, and must free producers to embrace the most advanced and most effective technologies to boost their productivity.

There are, however, certain areas of the rural economy which could not survive by food production alone, and these we should continue to support generously for the enormous public good which they do in maintaining and nurturing the environment, on which sits a £30 billion annual tourism industry.

Free trade and subsidy reform

For those areas, we can look to the successful policy in Switzerland, where particular services are remunerated through direct ecological payments with the aim of creating valuable plant and animal habitats. Farmers are rewarded for extensive meadow land, permanent flowery meadows, preserving natural field margins, reed beds, hedges, copses and wooded river banks amongst others.

A key facet of the Swiss approach is its significant support for Alpine farmers, exceeding CAP payments. Many of these farmers would struggle to compete on the basis of food production alone, but are crucial to the environmental maintenance of the Alps. Every summer, some 220,000 sheep, 20,000 goats, 120,000 cows and 350,000 calves spend three months on upland pastures, and farmers receive payments for this transhumance on the condition that they farm in an environmentally-friendly manner.

We must recognise, however, that moving away from production subsidies is a prerequisite for forging new trade deals. Abandoning the CAP thus affords an opportunity for far-reaching subsidy reform; we ought to be open to learning lessons from across the world, including New Zealand, which abandoned subsidies in the 1980s.

Those reforms were born of necessity: Government debt had increased from under 10% of GDP in 1976 to 41% by the mid-1980s, signalling a looming public debt crisis. Nonetheless, the removal of subsidies had the effect of increasing the sector's incentives to respond to market signals by adopting new methods of production. It is significant that the reforms provided only very limited transitional support to assist these changes, and by and large they were left to be taken as business decisions. The farmers themselves were thus given responsibility for their own commercial viability.

New Zealand subsidies had risen to 34% by 1983, as given by the OECD Producer Support Estimate, and were consequently the overwhelming influence on farmers' decision making. As a result, a nation of 3.5 million people had 70 million sheep, and soil erosion became a serious concern, with ever more unsuitable land being used for unsustainable flocks. By 1983, as the OECD reported, the situation had worsened to such an extent – with no market and no room for storage – that the New Zealand Government ordered six million tonnes of sheep meat to be turned into fertiliser.

In the 30 years since, sheep numbers have more than halved, but a spectacular increase in productivity has meant the New Zealand still produces a similar quantity of meat. By 2012/13, lambing percentages had increased by 23% and lamb carcass weights by 27% over 1990/91, which is a convenient base year in which any residual effects of subsidies were negligible. Over the same period, the weight of lamb sold in kilograms per ewe has increased by 89%, and milk solids per dairy cow have increased by 31%.

As well as the removal of protectionism, pro-active work on market access has been a vital component of this remarkable progress. New Zealand approached trade liberalisation from many angles, and today has free trade agreements with all 10 nations of ASEAN, and is the only country in the world to have separate arrangements with China, Hong Kong and Taiwan.

New Zealand's food and drink exports have grown at a compound annual rate of 8.3% per year over the last 15 years. That rate has been 15% per year for the last decade for processed foods, and nutraceuticals have seen an annual growth of 18%. Drinks, led by wine, have achieved annual export growth of 24% in the 15 years to 2010. Wine exports alone have increased from \$10 million in 1984/5 to \$1.6 billion in 2016.

The horticultural sector has been among the chief beneficiaries of the move away from subsidies. Prior to the reforms, it exported little as the subsidies to meat, wool and dairy far outstripped those to horticulture. In 1983/4, for example, New Zealand exported \$42 million worth of kiwi fruit and \$140 million of horticultural products, but by last year kiwi exports alone were over \$1 billion, with total horticultural exports around to \$4 billion.

The benefits of controlling its own regulations – what former New Zealand High Commissioner Sir Lockwood Smith calls “the value of unilateral liberalisation” – have also come to the dairy industry. New Zealand produces only 3% of the world's milk, insufficient to grow its economy alone. It must instead add value to the milk of other countries.

It does so through joint ventures with other countries, using its position at the WTO. One project with the Netherlands exports lactose, a by-product of Dutch cheese production. Another in the UK turns this into galacto-oligosaccharide and produces whey for infant milk formula and other milk products; As a result, Sir Lockwood concludes that “We produce only 3% of the world’s milk, yet we control over a third of all international trade in dairy products.”

The changes have also stimulated new industries. New Zealand had no deer industry and exported no venison in 1984, but the national deer population is now around 2 million and the earnings from exports are in excess of \$100 million.

This independence gave rise to several industry-led initiatives with the aim of improving the sustainability of the New Zealand agricultural sector. A range of voluntary codes of practice, for, among others, the pork and logging industries were drawn up, along with guidelines for grazing and the responsible use of fertiliser. These projects were born not only of the general consideration of sustainability, nor in the face of potential regulatory pressure, but also in response to changes in the market. It is well known, for instance, that consumers are increasingly concerned with how a product is produced, and there is consequently a market incentive for farmers to establish demonstrably sustainable, environmentally conscious means of production.

The reforms also had a positive environmental impact by reducing the use of fertilisers and pesticides, decreasing pollution levels in rivers, reducing the farming of marginal land and increasing biodiversity. Land clearance and overstocking, which had been major causes of high levels of soil erosion, were stopped. The production of livestock has instead been intensified on better land rather than hills prone to erosion, and hills have been reforested leading to a million hectares or 50% increase in area under plantations.

New Zealand is not the only country to have benefitted from such radical reform. Since the 1980s, Australia has moved from a heavily regulated agricultural market, including price controls and financial support, to the third-least subsidised agricultural sector in the world.

The results have been remarkable. Australia has signed 9 free trade agreements in the last 12 years, and trade liberalisation has reduced the cost of everyday items for consumers, allowing them to spend more money in the rest of the economy. Meanwhile, the agricultural sector (99% of which is made up of family-run farms) have seen reduced input prices allow them to compete globally, as one of the most successful agricultural sectors in the world, without the need for subsidies. The Australian High Commissioner Alexander Downer was a vocal proponent of

these reforms as MP for Mayo. The dairy farmers of the Adelaide Hills – the core of his Liberal Party vote – were furious, but have prospered since, either by selling or consolidating their farms or by diversifying into wine.

Downer is absolutely right when he summarises the Australian outlook:

“I am not aware of any country that has become rich by being protectionist, or by following an economic model based on import substitution. Hermit kingdoms are not happy, wealthy or successful. Protectionism hinders, rather than helps, an economy.”

New technologies

Global free trade, therefore, presents a host of new opportunities for British farmers and growers. But the first priority in growing the rural economy must be to increase food production and in those areas where production is a viable source of income, the key to future success lies in the uptake of new technology. From automation to bio-technology, we must be alive to the opportunities of innovation in seeking to offer farmers the greatest freedom to grow their businesses and consumers the greatest choice of products at the best prices, all the while conserving and nurturing the natural environment on which we all depend.

The overly prescriptive interpretation of the Precautionary Principle which the EU relies upon and – although the ban on chlorine washing predates the Principle’s official adoption for food safety in 2000 – this reluctance to permit a technology which is being increasingly embraced around the world is yet another embodiment of an underlying and ultimately damaging philosophy.

It is an appalling indictment of the EU regime’s extreme technological risk aversion that the world’s largest chemical company, BASF, has abandoned all further biotechnology research for the European market. Their entire blight-resistant potato project has moved to the USA, which was terrible news for a constituent of mine who rang me to say that he had sprayed his potato crop 15 times that season, and that developing GM blight-resistant potatoes was the only solution.

The UK stands to be a world leader in the biotechnology sector. Having banked £1.13 billion last year, we are already the world’s third largest biotech hub in financial terms. We are home to the fantastic facilities of the John Innes Centre, Harper Adams University and others, whose developments stand to have massive implications for farmers and growers in the years ahead.

I took Michael Gove to Harper Adams University last month. We saw the Hands-free Hectare and I was particularly interested to see a robotic strawberry harvester at work. The machine moves smoothly along a row, analysing each strawberry against a memory bank of images to determine its ripeness. Ripe strawberries are picked with its arm and placed into a punnet. When the punnet is full, it is placed on a conveyor and loaded ready for shipment. The crop can thus be taken from the field to the consumer without having been touched by human hands.

The potential ramifications of such technology — improved efficiency, better hygiene, significant labour savings — are enormous, and developments like this ought to form the bedrock of our new agricultural outlook, so long held back by European policy.

Glyphosate and no till

Farmers are used to adapting to changing times. To take one example: A farmer in my constituency, Tim Ashton, has been an enthusiastic advocate of no-till farming.

Before the repeal of the Corn Laws, Shropshire was predominantly an arable region, but turned to livestock and dairy as circumstances changed. Farmers like Tim Ashton are now adapting once again. Imagining a sector without subsidies, he has gone back to arable and is seeing spectacular results with no-till. He has cut his production costs by 60% and can now compete on world prices with Kansas, Argentina and Australia.

The new technology also allows for new systems of soil management. The soil provides a habitat for an extraordinary diversity of species and providing ecological services worth some £1.5 trillion to the global economy each year; improvements, and in particular no-till farming, can see it thrive still further.

Soils managed with no-till can improve water filtration and storage (and so reduce flood risks), and reduce the cost of crop production, the levels of soil erosion and diffuse pollution. As a result, no-till techniques can greatly reduce the environmental impacts and enhance the sustainability of agriculture.

When I visited Tim last month, he told me that he had now given up counting the barn owls on his land, so abundant had they now become. Given the long-term and wide-ranging benefits which no-till provides, growers could be supported by the taxpayer through the transition process as part of the wider scheme to reward farmers for environmental good they do.

However, this all depends upon sanity on glyphosate. Systems like no-till cannot flourish if we continue to equate sustainable, environmentally-friendly farming with practices that are completely without pesticides and herbicides. Glyphosate is critical for no-till producers, providing an effective way to eliminate winter growth without damaging nearby crops or plants and without the need for aggressive ploughing.

Without glyphosate, fighting weeds will be more expensive and more complicated. It has long been regarded as the most effective herbicide available and, as the Agriculture and Horticulture Development Board concluded, “the widespread use of glyphosate in no-till practice does not appear to be an environmental problem.”

Calls for glyphosate to be banned in the European Union have been driven by a study undertaken by the International Agency for Research on Cancer (IARC) which said it was ‘probable’ that glyphosate is carcinogenic. Such claims have been denounced by scientific studies and regulators.

The scientist who advised the IARC, Christopher Portier, received \$160,000 (£121,500) from law firms bringing claims by cancer victims against the manufacturer, and yet did not declare those earnings when he wrote to the European Commission suggesting that it accept the IARC classification. Questions have thus been raised surrounding the legitimacy of the IARC’s findings, and yet a potential glyphosate ban looms, threatening to make British farming less competitive – just as we seek out new markets.

It was good to learn that the British negotiators pressed for a renewal of glyphosate’s licence in October, but we must ensure that outlook prevails as we forge our own policy. It is foolish to regard a potential ban on glyphosate as emblematic of “going green.” Rather, a cheap, safe and effective herbicide is an integral part of ensuring that productive, environmentally-friendly farming practises continue to put food on our tables for years to come.

It would be a tragedy if promising new approaches like no till were stopped by nothing more than an aggressive campaign with no scientific basis.

Neonicotinoids

Their over-cautious, intransigent approach to technology has resulted in the EU’s ban on the use of neonicotinoid insecticides, ostensibly to stem a decline in the honeybee population. This might seem a reasonable response, but for the fact that, quite simply, the honeybee population has not been in decline. In Europe and

North America, honeybee numbers are higher today than they were two decades ago when neonics were first introduced. The same is true for wild bees. The observed declines before 1990 ceased or were reversed around the time when neonics were first introduced.

When the ban was first imposed, the EU cited the work of the French scientist Mickaël Henry. M. Henry now confesses that he may have overdosed the bees with neonics in his experiments, as many of us suspected at the time, and admits he has "no real clues" how much insecticide bees encounter in the field.

As a result, the European Commission now concedes that the neonics ban "was at no time based on a direct link on bee mortality." Which raises the questions: Why were neonics banned in the first place and why does the ban still stand?

Though green groups claim that neonics devastate bee populations, there remains much scientific debate over how much neonic residue gets into the pollen that bees consume. The fact remains that there has been no "bee-pocalypse." The reality is that the policy was more influenced by the hysteria of non-governmental organisations and their baseless predictions than a sober analysis of the science. As a result, an increase in insect pests has led to crop losses in fields across Britain and Europe. The rapeseed area planted in Britain for this year was 557,000 hectares, representing a thirteen-year low and continuing a decline which has issued since the ban. In 2016, British farmers lost around £20 million and almost 28,800 hectares of crops due to the ban.

Michael Gove has done some excellent work as Secretary of State at DEFRA. His forging ahead with a domestic ban on ivory sales in particular will have enormous benefits to elephant conservation in Africa. But I would not be a candid friend if I did not say that his decision to ban almost all neonics is a mistake.

Their key advantage lies in the fact that they are not usually sprayed on a crop, but inserted into the plant as "seed dressing", making for less damage to non-pests. This means that farmers need not repeatedly use older and more dangerous sprays — including pyrethroids — which contaminate water courses, pose a threat to aquatic life and which, in any case, are ineffective as pest populations quickly become resistant to them.

Michael Gove has said very little about how he anticipates farmers protecting their crops from aphids and other pests without neonics. Are they to use older, more damaging and less effective sprays, or are they to give up growing crops all together? Such questions need answering urgently if arable farming is not to become another casualty of wrong-headed European thinking.

Chlorinated chicken

Another example of such thinking came this summer, with the debate on whether American chickens washed in chlorinated water should be allowed to be sold in the UK as part of a new trade agreement with the US.

Chlorinated disinfectant processes are nothing new. They are allowed by the WHO and Codex Alimentarius, and the European Food Safety Authority has raised “no safety concern” over the active substances used in the rinses. More recent studies have corroborated both the safety and the effective anti-microbial activity of chlorine dioxide, as well as suggesting that spraying does not select for increased resistance of carcass bacteria to subsequent anti-microbial drugs. In any event, the doses of chlorites and chlorates consumed by eating chicken – which are lowered still further by evaporation during cooking – are so low as to be negligible in relation to human health.

A number of European countries, including Belgium, Denmark, France and Switzerland, routinely use chlorine rinses to disinfect fish, often eaten raw so there is no evaporation during cooking. In the UK, a study by the Food Standards Agency’s Committee on Toxicology revealed that “in a 150g bag of salad, there would be less chlorine and chlorination by-products than is permissible in a 250ml glass of tap water” and concluded that the results “did not indicate any cause for concern with respect to the presence of chlorination by-products in prepared salads.”

Most compelling of all is the prevalence of Salmonella and Campylobacter in the USA and the EU. Per 100,000 of population, it is estimated that the EU sees 71.0 cases of Campylobacter compared to 13.45 in the USA, and 23.4 cases of Salmonella compared to 15.45 in the USA. Differences in methodology mean that such figures cannot, of course, be considered definitive, but at the very least they demonstrate that American practices keep the vast majority of consumers safe from these most common of food-borne diseases, particularly noting that Americans consume over twice as much chicken per head as Europeans.

The Government does not have the right to deny consumers a choice of products and prices, nor the right to deny farmers the use of every safe, effective tool at their disposal. Nature cannot be cowed or coerced by hysteria or sentiment. We must be rigorous and level-headed if we are to forge the best possible future arrangements in the best interests of consumers and farmers alike.

If we are to take full advantage of Brexit, we must do away with the prescriptive EU approach, too often motivated less by science than the emotive slogans of

powerful lobby groups. We must balance the Precautionary Principle with the “Innovation Principle”, which runs:

“whenever any policy or regulatory decisions are under consideration, the impact on innovation should be fully assessed and addressed.”

Thus, both the risks and benefits of any proposed new technology would have to be weighed against the risks and harms of existing technology. It would ensure that policy makers had to consider the potential of new innovations rather than simply strike them down, and force them to assess whether any regulation was likely to stifle progress. It would stimulate confidence, free producers to drive up their productivity and encourage investors in innovation to the UK for the long term.

Conclusions

Leaving the European Union and climbing out from its protectionist wall is great news for agriculture. It gives the United Kingdom a chance to rid ourselves of its stifling, backward-looking approach to technology and, in so doing, offers farmers a fantastic opportunity to increase their productivity.

New technologies must be embraced, and feasible new developments must be assessed rationally and soberly. That way, British farmers can remain globally competitive and all consumers can reap the price-lowering benefits of increased free trade around the world.

For too long, the EU has sought to pre-empt and pick technological winners or, worse still, have set their faces against new technology on the grounds of little more than ill-informed sentiment and prejudice. A rational, approach, based always on the best available scientific evidence, allowing the invisible hand of a liberalised market to grasp and elevate the technologies most likely to be beneficial in practice, is the surest means of delivering stable, sustainable and — most crucially — affordable policies well into the future.