Agriculture post-Brexit: a battleground for the UK's constituent nations

*Agriculture is a devolved matter which is also subject to EU policy-making. **Micheal Keating** writes that while there is agreement on the need for UK-wide frameworks to govern certain areas of agriculture post-Brexit, there is currently no agreement among the UK's nations on what form they should take. He argues that funding will likely be cut and that the UK government may not wish to allow devolved governments to continue supporting the sector.*

Agriculture is one of those areas currently both devolved to Scotland, Wales and Northern Ireland, and subject to European policy-making. If nothing else were done, these competences would revert to the devolved territories, with little by way of overall UK policies. The EU Withdrawal Bill proposes that these, like other 'retained EU competences', should come back to Westminster, with some of them 'released' back to the nations. Currently, there is a stand-off on the matter, with the Scottish and Welsh Governments refusing to recommend legislative consent for the Withdrawal Bill and proposing their own Continuity bills to keep the powers to themselves.

Both sides have agreed on the need for UK-wide frameworks, which would cover two areas: support payments for farmers; and regulations. Without this, trade across the UK would be difficult and it would not be possible to include agriculture in future trade agreements, with the EU or third countries. Farming representatives themselves also support frameworks and generally would like to keep the EU regulations to allow continued trade with Europe.

Harvested fields in Scotland. Credit: Gordon Robertson (CC BY 2.0)

The disagreement is on what form these frameworks would take, whether imposed from London or negotiated among the four nations. The Scottish and Welsh governments, supported by most farming interests across Scotland, Wales and Northern Ireland, insist on the second. They fear centralization and that, if they were to get piecemeal powers released from Westminster, coherent policy making would be made difficult.

In fact, there is already substantial policy divergence across the UK as the full discretion allowed under the Common Agricultural Policy (CAP) is applied at the devolved level. So the devolved nations have already capped the maximum payments to large farmers, something that Michael Gove has recently suggested could be done in England after Brexit. Scotland has retained some production-linked payments. Rural development schemes under Pillar 2 of the CAP have differed.

These variations stem partly from policy choices and partly from objective conditions. Around half of farm incomes in England come from the CAP, but in Scotland it is three quarters, in Wales it is 80% and in Northern Ireland 87%. 85% of farm land in Scotland is in 'areas of natural constraint' such as hill farms; this is 81% in Wales and 70% in Northern Ireland, compared with only 17% of farm land in England. In the remoter parts of Scotland and Wales, agriculture has important social and cultural roles, while in most of England the emphasis is on intensive production. If the UK policy frameworks are too constraining and reflect English conditions and priorities, the devolved territories could suffer.

The other key issue is spending. Currently, Northern Ireland receives about £1400 per head of population from the CAP, compared with £860 in Scotland and Wales and £340 in England. Although the money comes from Brussels, it is the UK Government that decides on the final allocation, and last time around they adjusted the sum for each of the nations by the same percentage. The money is earmarked for agriculture and not put into the devolved spending block. In future, the money might be put into the block and then adjusted according to the Barnett Formula, which would allow the devolved nations to keep their advantage. Alternatively, there could be a new hypothecated agriculture grant, which would tie their policies to UK priorities.

It is likely, in any case, that funding will be cut and the UK Government has made it clear that it wishes to move away from the present pattern of subsidies in England. In that case, it might not wish to allow devolved governments to continue to support agriculture, as that would upset fair competition. This, in turn, hinges on what counts as a subsidy and what might be allowed under the UK's internal market regime or under future trade deals. The present subsidies are permitted under WTO rules but that might change in the future. If free trade deals are signed with low-cost agricultural producers in the Americas and Australasia, that could also undercut higher cost producers around the UK, even if they are allowed to continue to pay subsidies.

There are currently discussions in the devolved nations as to the future of agricultural and rural policy but, until the UK framework is clear and the amount of power they will have is established, it is difficult to progress.

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Note: the above draws on the author's report The Repatriation of Competencies in Agriculture after Brexit.

About the Author

Michael Keating is Professor of Politics at the universities of Aberdeen and Edinburgh and Director of the Centre on Constitutional Change.