



Nuffield Farming Scholarships Trust

Influencing the Policy Makers! Rural development and the shift to environmentally sensitive farming

The unintended consequences : "A comparative case study"

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Executive Summary

'Influencing the policy makers' is the product of a study, kindly funded by the Nuffield Farming Scholarship Trust. The Scholarship Award was given in 2009 and my study involved extensive travel in Europe, Argentina and Japan.

The overall objective was to examine how one particular policy intervention lever of the Common Agricultural Policy, namely Rural Development, and the move to environmentally sensitive farming has been implemented in Europe and how this policy has triggered unintended consequences elsewhere. The aim was to fully understand the implementation process of the policy, to then find ways that farmers and land based industries could more effectively engage and communicate with Government, which would help achieve their mutual objectives.

This was hopefully to ensure that any future policy intervention would be more practically implemented and enable farmers to raise to the dual challenges of feeding an increasing population and also meet the tough environmental challenges of drought, water scarcity, soil erosion and the effects of climate change.

The report :

- examines European implementation of the current Rural Development fund
- it summarises the objectives of the Common Agricultural Policy
- and looks at the future possibilities for a new financial perspective period of 2013-2020.

As a contrast and to understand more fully the effects of a European policy which seems to be have been driving down agricultural production, I visited Argentina to understand the experiences of the farmers operating there. I investigated some of the issues related to increasing agricultural output to the possible detriment of the environment.

Also the report investigates the agricultural policy of Japan which has similar competing priorities to Europe. I was seeking best practice and experiences that could be transposed to our own land based sector.

The report then highlights a number of conclusions from the three regions Europe, Argentina and Japan in terms of the Governments' policy objectives, the interaction and stakeholder engagement that is needed to represent farming to the wider population and also to designing policy intervention tools that are relevant and practicable. It is interesting to note that Europe has an advantage to the other areas studied and that Farmers, Politicians and Government officials are just people and that they have the same fears, goals and aspirations in every part of the world.

In its recommendations, the report focuses on actions for farmers, the organisations that represent them, Governments and all organisations and individuals who have an interest in agriculture. I believe that with the current discussion on the future of the CAP that this report is particularly timely.

Foreword

Try as I might it has just not been possible to condense nearly 9 weeks of travelling and a year and a half of study into this report. The statistics are telling as always. I've been twice round the world, my planning let me down there. A particularly large carbon footprint incurred for intercontinental flights means I shall be travelling on holiday by train and foot for the next ten years.

I visited three countries not on the European mainland plus twenty within the European continent. I have visited regions, towns and villages which I could not find on a map before I started my odyssey.

I have met more people from different nationalities and experienced more cultural exchanges than I would have dreamed to be possible. I have made friends with people who do not speak my language, and exchanged ideas and best practice with people whom I would never have normally encountered in my 'day job'.

It all started with an idea and conversation in a pub, I guess some of the most interesting ones do!

I have attempted a narrative which I feel is interesting and covers the range of experiences that I had. These are my views and interpretations and is told from my experiences. I may have left some elements out, I may have interpreted conversations in my way.

The whole Nuffield experience has been enriching and I am honoured and proud to have been selected to represent Nuffield on my travels. Without the support of the Trust and my friends and family none of this would have been possible.

I would like to thank everyone that I have met and everyone that has helped and all those that have enabled me to complete this study.

I hope that everyone who reads this will get some understanding out of the work that I have been undertaking for the past eighteen months.

Alex Page
December 2010

1. Introduction

An educational background in farming followed by a varied career in agriculture and land based industries firstly as an advisor for ADAS then as a civil servant specialising in the field of policy formulation has convinced me of the value of cooperative engagement; working and mutual understanding across Government, the complete agricultural sector and the wider general public. This can only be achieved by positive engagement, strong leadership, shared respect, close collaborative working and practical influencing.

I currently live in Brussels and work at the European Commission in the Directorate of General Agriculture and Rural Development. I have been based in Brussels for the past four years and am on loan to the Commission from the UK Government. I am employed as a Project Manager, leading the team evaluating, designing and developing the policy on the future of the Less Favoured Areas of Europe.



The work is varied and challenging, particularly working in the multicultural environment that is the European Commission, dealing with diverse stakeholders from the 27 Member States and all the other International and National organisations and individuals that are interested in this particular policy area.

2. Background

There has been a significant shift in agricultural and environmental policy on a global scale in recent years, particularly regarding environmental requirements and obligations placed on farmers and land managers by Governments. There has also been an increasing awareness in the public perception of how beneficiaries of public funding should be seen to be delivering public goods.

In the previous fifty years or so the European countryside and those working in it have been occupied with, primarily, food production. However the Common Agricultural Policy (CAP) has undergone a series of paradigm shifts. The reforms of the CAP have already weakened the link between payments and production. These reforms have been led from Bruxelles and farmers and the Associations that represent them have been running to catch up with the obligations placed upon them.

The European Unions (EU) Rural Development policy has been designed to help farmers and other recipients, to become less reliant on direct income support. It has three key aims:

1. Improving the competitiveness of European agriculture.
2. Environment and land management.
3. Diversification and quality of life.

This fundamental move toward maintaining and improving the environment and biodiversity of the rural areas does however collide with the efforts to ensure that the EU's agricultural output is maintained or boosted.

These competing priorities of food production and the provision of eco system services, especially with a global rise in population, has seen a movement in agricultural production and output away from Europe toward the emerging economies and developing nations.

This has left farmers in Europe disenfranchised with Governments, angry at the additional cost burden placed on them and confused by the conflicting policy priorities.

"It is a tall order to meet the ever increasing demands of society"
Pekka Pesonen, Secretary
General, COPA-Cogeca

With this increased emphasis on, and support for, Rural Development (RD) seeking economic, environmental and social outcomes, compared with increased food production, Farmers have to learn new skills, consider diversification opportunities and work within the policy framework that seems to discourage production.

The study aims to identify ways of communicating with policy makers to meet the needs of the wider farming community, and the perception of the public. I plan to demonstrate how those in the industry can influence the decision makers to better design a future CAP which will benefit all stakeholders.

3. The study

As a starting point, to help explain how the agricultural sector can better engage with Government. So as to then be able to influence and cooperate with policy makers to produce a more resilient and practicable future policy, I wish to examine how Government Policy has moved away from supporting primary production and the effect that this has had on farming sectors in diverse regions of the globe.

I have investigated three key elements

1. Examined how the environmental management of land is affected by governmental policy decisions in differing regions around the world and the impact that these decisions have on other regions.
2. Examined how Governments, business and individuals in one region respond to the policy interventions of external Governments and the subsequent opportunities that arise.
3. Focus on the unintended environmental land management consequences by using a cross-regional comparison of Europe, Argentina and Japan.

As a basic premise I have assumed a shift in rationale in policy intervention, which has been observed over the past ten years: 'Spending public money on public goods'. This then has led to a number of unexpected outcomes:

- An unintended corresponding increase in agricultural production elsewhere in the world, mainly due to the requirement in Europe, and elsewhere, to halt the decline of biodiversity.
- This production moving to regions in the world, mainly, but not limited to, emerging economies, developing and under developed areas.
- However, these areas are now changing their agricultural practices to provide greater outputs, for example meat and grains.
- These regions have previously been incredibly rich in biodiversity and have also been delivering beneficial eco system outputs.

I am seeking to answer the fundamental question:

How should UK farmers respond to these challenges?

I shall then propose a number of recommendations that can be used by farmers, land managers, policy makers and others to better engage in the debate and ensure that future policy is designed with local, regional, national and global mutual considerations taken into account.

My study examines the individual and mutual interactions of the agricultural sectors of European, South American and Japanese and the agricultural policy of each region and the influence that these have on the Agri-environmental policy and production systems of those regions of the world and also the interaction with other areas.

I intend to examine the current policy levers, set down by the European Community in the CAP. I did this by:

- Undertaking a desk based review of policy evolution over the past 10 years in the EU and how this has led to changing emphasis and production patterns.
- I also studied the agricultural and environmental land management practices of Argentina and the policy tools implemented by its Government.
- An in depth study of agricultural practices and policy intervention levers in the highly developed region of Japan

The result of this work is this report which I hope will assist in understanding the mutual effects these differing regions' policies have, to enable farmers and the land based sector to participate in the debate on CAP reform.

4. Setting the Agricultural Scene

Agriculture and the Economy

Agriculture and related industries play a key role in the economy of Europe. In fact the Community has approximately 14 million agricultural holdings and accounts for 27 million people employed full time.

The primary and value added food sector is one of the largest and most dynamic sectors in Europe. It consists of 310,000 enterprises and employs over 4 million people. Accounting for total annual sales revenue of €800 billion, it supplies extremely competitive national and international markets with diversified, high-quality products.

The competitiveness of Europe's agrifood industries depends on the capability of agricultural production to meet their exacting specifications (quantity, healthiness, quality).

This food sector employs 14% of the working population in Europe. It provides, by virtue of its nature, economic services that, although indirect, are nevertheless crucial. Mainly this is because it ensures that a degree of activity and employment is maintained across the whole of Europe, even in economically underdeveloped regions and less favoured areas (LFA). More fundamentally, it is a source of employment for categories of the working population in which the level of employment is low (young people of working age, poorly qualified workers).

Agriculture and the environment

Utilised Agricultural Areas (UAA) occupy approximately half the total land area of the European Union. Agriculture can help mitigate climate change by reducing its own Green House Gas (GHG) emissions, by producing renewable energy and sequestering carbon. Also the conservation of biodiversity and habitats through land management has a key role to play in the environmental challenges faced today by amongst other things climate change, protection of water resources, protection of habitats and biodiversity, landscape upkeep and restoration.

Agriculture and the consumer

The CAP has provided assurance for the cautious European consumer that both the food they eat and the environment that is managed by farmers benefits from very high safety and health standards and strict conditions. This has produced an agricultural production system that has become far more sustainable.

contd. on next page

Agriculture and the world

Europe is trying to lead the world in modern trade and production systems. It is seeking to remove all export subsidies. It is pushing for greater liberalisation at the same time as pursuing its obligations on the international stage.

By 2050, if the top end of the United Nations population growth graphs come to pass, the planet will need to feed some 9 billion people. To ensure that the population is adequately fed this will require an increase in global agricultural production of approximately 70%. European agriculture will therefore be vital in achieving a global food balance.

How should we combine the two competing priorities of the Environment with the need to provide healthy and sufficient food to an ever growing population?

5. The European model

We are currently at a crucial moment for the future of Europe and its agriculture.

The Paris declaration for a Common Agricultural and Food Policy is still relevant a year later.

“to ensure the rational development of agricultural production, to ensure a fair standard of living for the agricultural community, to stabilise markets, to assure the availability of supplies, to ensure that supplies reach consumers at reasonable prices”

It is still a stated policy objective, and core to the CAP, that agriculture is central to some of the key issues of society, namely; food, preservation of natural resources, job creation, the economic vitality of regions and the provision of public goods.

Agriculture is a key tool for Europe in its political and economic development but how best should it respond to the issues facing it? There needs to be a balanced approach between economic markets and the choices for:

- food that is safe
- the environment
- and the rural areas.

But in all these interlocking areas of climate change, global political and food insecurity, the volatility of global market prices and the resurgence of health crises, what is the simplest way to ensure this?

There are choices to be made for European agriculture and food policy. Farmers need to engage Governments and the public and ensure that any principles which are followed are implemented in the most practicable way:

It is stated by the European Commission (EC) that such principles should be:

- Develop a European food model, of great diversity with the caveat, that the supply of food is at the same time, safe, healthy, of high quality and accessible to all.

Europe must be able to respond to the needs of 500 million consumers and contribute to the world's food balance. Therefore, European agriculture must be both competitive and sustainable.

- Give farmers the means to better respond to a flexible market. In order for them to be able to invest and develop future potential. The CAP should

assure them a stable, decent income in the face of growing market volatility.

This will require the development of a Regulatory framework capable of addressing situations of crisis and extreme market volatility. It will also require a fair relationship between all partners in the supply chain.

- Addressing environmental challenges and the possible role that agriculture plays in delivering positive outcomes is too strategic an activity to be seen as just a mechanism to tackle climate change impact reduction and mitigation.

However as any free market activity, agriculture must take account of the contribution it can make to protect the environment. It is also the fundamental issue of agricultural potential that could be jeopardised, as well that needs to be explored.

This is the crucial reason why European policy must place agriculture in a position to produce and also value its environmental contribution.

- When assessing and framing these choices, security of food and health, preservation of the environment and of rural areas.

These are all clearly public goods but they come at a cost that farmers cannot and should not bear alone.

a. Common Agricultural Policy

As the first major common European policy, the CAP has made a very substantial contribution to the character and makeup of Europe. It has gone through a number of recent reforms.

'European agriculture is the business of every European.'
Commissioner Mariann
Fischer-Boel

The key ones were implemented in 1992, 1999, 2003 and 2008 and have enabled the CAP to adjust to the evolving challenges of an ever expanding population, the pressure from the tax paying citizens who require public money to be spent on public goods, the effects of climate change and the need for mitigation and adaptation, plus the market volatility which has been recently experienced in hydrocarbon fuel prices and the food and commodities markets.

All of these have allowed European agriculture to thrive and to position it in achieving the following;

- Increasing market orientation of agricultural production.
- Feeding Europe by modernising its agriculture.

- Controlling surpluses.
- Including rural development as a goal.
- Developing a quality-focused policy.
- Including the protection and sustainable management of the environment.

What are the main issues for the CAP?

The CAP today is worth €55 billion equivalent to 41% of the European budget. In 2013, it will account for approximately 32% of the Community's budget. It represents some 0.5 % of public expenditure in Europe when national budgets are included.

So what are some of the future objectives likely to be?

Food security - shield European production base against crises and physical damage.

Looking after the natural resources and climate change.

The wider development of rural areas

These diametrically opposed priorities have and can be delivered by the policy levers of Pillar 1 payments the Single Payment¹ and Pillar 2 the Rural Development mechanism. However the design of this mechanism also has to be able to fit with the diverse needs of 27 Member States whose agriculture is very different and ranges from the Arctic North to the hot arid South and the continental climates of the Central belt, a wealthy Western area and the deprived post communist states.

b. Rural Development: what does it currently look like?

In the figure on the next page the current architecture of RD is displayed. It has been based around three axes;

1. Competitiveness
2. Environment and land management
3. Diversification and quality of life

¹ Single Payment Scheme (SPS) implemented 2005, per Ha subsidies based on historic cropping and stocking levels, irrespective of current practice.

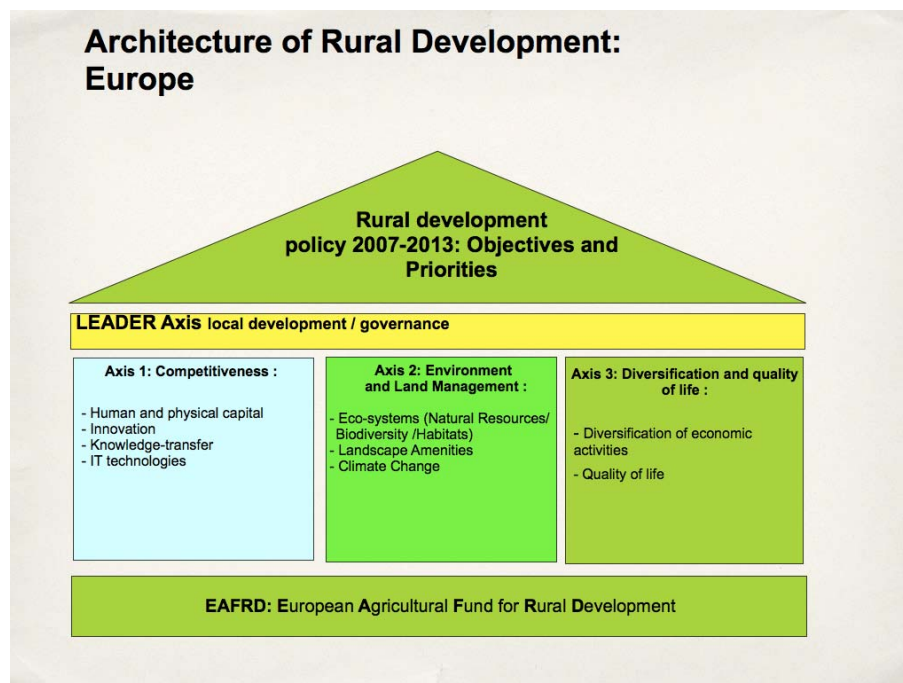
Member States can select different measures from the three axes depending on the particular national and regional priorities. However they must spend a minimum percentage in each of the axes:

10% Axis 1 and 3

25% Axis 2

and a minimum of 5% in the Leader section.

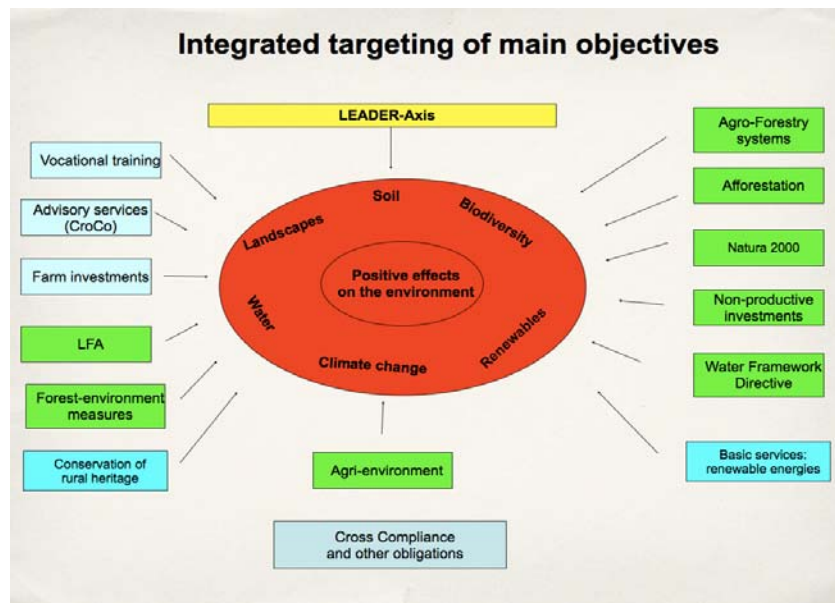
In my studies I found little evidence of farmers being involved in the construction of the national and regional priorities set out in the individual Member State plans. This had led to poor utilisation of the whole instrument, in some cases a big underspend of the budget resource available.



Future CAP model design

The complexity of the policy objectives expected by policy makers from farmers and land managers can be seen in the figure on the next page. The measure is seeking to achieve so many different objectives that to applicants of the scheme the measures can be confusing and therefore uptake is poor. If industry had engaged with the Member States authorities at the beginning of the process of discussion with the European Commission, a more rational output and farmer driven policy lever could have been designed.

see model on next page



So what are the future Criteria and trade-offs of a successful scheme?

For both the designers and user of the policy a number of elements need to be borne in mind for the future:

- Effectiveness and efficiency in creating measurable added value
- Simplification versus accountability
- Flexibility versus targeting

In the recent policy document from the European Commission *'Rural Development post 2013 "Green Growth"*, the EC stated two guiding principles for the development of a new policy for farmers.

'Produce more with less' - providing incentives for making better use of all of the resources available in rural areas. In essence Pillar 1.

'Stimulate growth and create new jobs' while increasing the overall well-being of the rural population (through preservation of the natural resource base, balanced territorial development etc.), Pillar 2

c. Reflections.

- a) The EU citizen is now predominantly urban based and seeks value for money for its tax payments.
- b) Politicians will by necessity listen to the voter; farmers should be more aware of the current zeitgeist.

- c) The EC policy on CAP has two key competing priorities: Food and the Environment.
- d) Farmers need to get closer to the designers of policy to ensure a fit-for-purpose intervention lever.
- e) Communicate the value of agriculture in terms of societal benefit.
- f) Farmers' organisations should begin a process of engagement with all those in society from the youngest to the oldest to clearly explain the positive externalities that agriculture brings. A clear and reasoned argument needs to be made.
- g) Don't just relay on the past, change is inevitable.

"Just as the CAP has proved able to transform itself in recent years, there is a need to decide on the future needs and role of agriculture and rural development in the EU 2020 vision and to gear public investment and innovation efforts to deliver a thriving rural economy."
p. 24 of the Political Guidelines for the Commission 2009-2014

6. Argentina, land of opportunity?

In October and November of 2009 I visited Argentina and Uruguay. I met a wide range of stakeholders from across the complete spectrum of farmers and farming associations, national, regional and local Government, agricultural multi-national companies, and the consumer (amongst a great deal of others).

Agricultural output in the emerging economies will boom over the next decade. As rising world incomes and urbanisation takes place, consumers' diets will diversify with an increase in the consumption of meat and dairy products.

World net production of commodities is forecast to grow by 22%;² however among the 30 members of the OECD it is forecast to rise by only 10% and in Western Europe it will stagnate. Has the CAP gone wrong? What is the implication for farmers elsewhere in the world?

Crop and dairy prices, in real terms, will rise by between 16%-45%, the opportunity for the European farmer may be being hampered by current policy direction and an over reliance on subsidy.

Overview

Argentina has been emerging from a period of recession which hit its trough in 2002. Its politics are predominately left wing and urban based.

In the past six years the economy has grown by a healthy 8%, faster than all the other big economies except China.

However, in the recent months prior to my visit, the economy was contracting, sales were down by 10%-15% and inflation was, officially, 9% (unofficially 25%). With the slow down in the world agricultural commodities prices by up to 25% Argentina is at a point of flux.

With fears of another recession, how the Government reacts and formulates policy is crucial to the way forward for farming in Argentina.

Farming policy in Argentina is causing real problems in some minds. A large tax on farm exports has been implemented to support public spending. Originally the policy was acceptable as the cost of the currency made exporting very attractive. However as the economy slows and the export tax has been, again recently, increased farmers have become more militant, going on strike and protesting, which in some areas has undermined confidence elsewhere in the economy.

Argentina is the eight largest country in the world and has a population of some 40.5 million and covers 2.7 million square km.

² 'Agricultural outlook' United Nations-OECD report June 2010

Its main agricultural outputs are soya, maize and sugar which have all been planted in greater volume over the past few years. Wheat is also important but the area grown has been slowly contracting.

For animal products beef has always been the number one output but this has been falling and milk has been increasing.

a. So what do the farmers think?

Snr Raul Roccatagliata the chief negotiator for the Sociedad Rural Argentina (SRA), a farmers' association, talked to me about the problems and opportunities faced by Argentinian farmers.

Argentine farmers are facing an uphill struggle at the moment, I am told. There has been a long term drought in the key growing area of the 'Southern Cone' which has led to severely reduced yields. World prices for commodities are falling and the economy has been contracting making the Argentine Peso expensive and so reducing the export market. Government policy intervention is also severely affecting the farmers with sudden and unplanned export tariffs and restrictions further hampering the ability of the farmer to respond to the market and plan for the future.

All of this has led to almost open warfare between the farming community and the Government. This is not a good position to be in, policy and intervention only works if it is mutually beneficial otherwise it all becomes unworkable and one party feels aggrieved and therefore is less willing to participate.

For example the wheat plantings are at an all time low and one of the world's primary wheat producing areas may find itself in a situation where it is not able to support its own domestic requirement, only the second time in the country's history that this will have happened.

Beef production is also falling, 2008 saw Argentina export less beef than its neighbour Uruguay, the first time this has happened.

Agricultural exports are crucial to the economy, it generates foreign currency which is used to repay loans. However Government intervention, to meet its own domestic political agenda, namely to keep domestic food prices low, has meant that farmers have been faced with export taxes of, at some times 35% and, at worst, a complete blocks on any exports.

To prevent this volatility affecting them farmers are now tilling vast tracks of land and moving to single crop production, mainly soya, which is then exported to China for animal feed, thus replacing a two-crop cycle with only one harvest per year. This in turn is reducing the availability of home grown food, causing a downward spiral that has seemingly no end in sight.

Farmers realise that action needs to be taken if they wish to secure their future. The

SRA has organised a movement of collective and co-ordinated farm lobby groups, based on a model from the Brazilian Farmers Unions, which will engage with the Government and build on the support that they have from the public. Good luck and I hope to see some positive results in the future.

b. The cherry on top

Carleti Fruit

I spent a very informative day with Snr Alberto Carleti and members of his management team.

This firm has been established for over 50 years in a beautiful area just south of Mendoza in the west of Argentina. It owns more than 300ha with a diverse range of soft fruit cropping

They are one of the largest exporters of soft fruit, and the leading exporter of cherries in Argentina.

The majority of produce is sent under contract to the UK via supermarkets. In fact 27% of all its production goes to the UK, with over 84% of the output going to four EU countries.

The farms are all involved in assurance schemes that are part of the obligation required by UK retailers, and the quality and traceability is second to none. They are fully certified under Tesco's Nature's Choice, Euregap, HACCP and BPM.

Talking with Mr Carleti and his team, I felt I could have been talking to any farmer in Europe. It seems that they all have similar aspirations and constraints and although the constraints are not exactly the same, they seem to have the same consequences (as those encountered in Europe) to a certain extent.

The price that is paid by the supermarkets is very volatile, even when consumption remains roughly the same.

The environment plays a large part in the planning process, access to quality water being a big issue in this region

Lack of business support, especially access to financing, restrictive Government intervention, red tape (a recurring theme throughout my study) and export taxes (especially in Argentina) all play a part in the business planning process that Snr Carleti goes through.

c. Where has all the water gone?

One of my most memorable visits was with Hernan Mora, the chairman of the Mendoza and region water and irrigation board, and not because he also had an organic vineyard specialising in the production of Malbec!

We spent the day looking at some of the issues around the supply of water to the region. Mendoza is in the foothills of the Andes within the rain shadow; it does however have good fertile soil which if irrigated can produce a stunning range of crops and a multi annual harvest.

However this region is suffering due to some of the issues arising from climate change and a lack of regional investment within the irrigation infrastructure. This is mainly due to lack of available funding and a disinterest from the Regional Government.

Over 75% of the water that enters the channels, which are fed by the glaciers high in the Andes, is lost due to leakage, evaporation and badly maintained and out of date equipment.



Snr Mora has tried to get farmers interested in investing in new equipment which will reduce usage but the investment at the moment is not worth the cost due to the low price structure of water, which is enshrined in local directives. Even if the farmers could access the funding, banks will not lend to them due to the volatility of the Government policy and there is no funding forthcoming from any local Government source.

In ten years' time, I am informed, there will be a water shortage in the region. With receding glaciers, climate change effects and lack of investment the water usage is unsustainable and there is no thought for the future. Short termism is affecting long term planning.

d. Reflections.

- (i) Output is constricted by Government fiscal policy and domestic political considerations.
- (ii) Sudden and high taxes on agricultural products can be implemented without prior discussion and this severely affects medium to long farm planning.
- (iii) Minimal inputs are available, due mainly to lack of available financing and political uncertainty.
- (iv) Argentina has the climate and the topography to be a major agricultural producer.
- (v) Water scarcity is becoming an issue; if agricultural output increases this will be a real problem in 10 years time.

'The biggest single constraint to my business is, Government intervention policy'
Snr A Carleti

- (vi) Biodiversity is abundant; two recent surveys on bird population has shown no decline over the last 10 years. Will this stay the same in the future?
- (vii) GM crops need less water and less chemical than conventional ones, but what are the consequences of using these? Argentina is being used as a proving ground for GM technology.

7. Japan, has the sun set on Agriculture?

August 2010 was reserved for my tour of Japan. Japanese agriculture is made up of over 2.5 million farmers. However 90% of these are classed as small scale with the average farm size being 1.6ha, and the average age of farmers being 70. The total area under cultivation is 4.7 million ha.

This farming structure, which is strongly based in traditional Japanese social values, has seen the rise of a very strong political lobby amongst farmers and farmers' organizations. However now with a new Government farmers are being marginalized, due to the perception, partly real, that farmers and their associations have supported the previous party in power and actively campaigned against the current ruling party.

It has also been clear that over the past 30 years or so the general direction of Japan's food self-sufficiency ratio has declined sharply across all agricultural enterprises. It has now got to a point where 60% of the food is imported.

I had a number of particularly interesting meetings and again met a broad cross section of stakeholders from Government officials and politicians, farmers and farming organisations, a wide range of academics and the general public.

a. The national and regional approach.

I am very grateful to Mr Shigeki Mori the Director-General for Bureau of Agricultural Management, Department of Agriculture Hokkaido Government, and his entire Department for spending valuable time with me to explain and discuss the issues facing administrators in Hokkaido province.

Hokkaido is the largest province in Japan but is also the most sparsely populated; its agriculture is similar to Europe with a farm size and average yields similar to the UK.

However the province is also far removed from the political centre of Tokyo and due to the way that Members of Parliament are allocated Hokkaido is not well represented in central Government.

I heard a number of issues which again are remarkably similar to some of the concerns of UK farmers.

- Currently there is a rural depopulation trend. This is occurring in all parts of Japan, but due to the very rural nature of Hokkaido province, this is having a marked effect on rural services and critical mass.
- Farmers' numbers have fallen by approximately 200,000. As part time farmers give up and move to the cities more and more problems are occurring in 2010 alone with the management and maintenance of the land.

- Rice is the main enterprise, but not profitable without subsidy. The Hokkaido Government's policy is divergent from that of central Government. The regional Government would like to further support agriculture but it does not have the funds to do this nor is it capable of instigating its own legislation which would enable it to do so if it had the funds.
- 400,000 ha of land abandoned and increasing every year, this is a real concern. If land is abandoned it has a knock on effect particularly with irrigation infrastructure as traditionally this is managed by each farmer in turn down the line. If one farm ceases operation then the infrastructure is also abandoned.
- Consumer trends are changing. This is true all over Japan, for example rice has been part of the culture of Japan for the past 2400 years. The consumption however has fallen by nearly 50% since the '70s and meat protein is replacing it.

It was really interesting to debate with all the people I met and see how they engaged with National politicians and administrators whilst listening to their own regional politicians and farming stakeholders, trying to achieve the best outcome for the province.

b. Hear what the future has to say.

Kyushu University

I spoke to a group of students under the programme: 'The relay lectures, Quantitative and Qualitative analysis for Agriculture, Environmental and Rural Studies' Master/Doctor Course'.

Under the watchful eye of Prof. Dr.Yabe Mitsuyasu and his colleague Dr. Hisako Nomura, I was allowed to set out my proposal and theories. Most of the students on the course come from South East Asia, but there were people there from Iran, Burma, Vietnam, Cambodia, Bangladesh and China amongst others.

We had a very detailed discussion about the general direction of agricultural production, the issues around food self-sufficiency and the interaction with environmental land management.

The discussion finished with a general debate on politics in Japan and the influence of agriculture.

Most of the students were either Government officials or University lecturers improving their knowledge base. They had some fascinating insights into how they believed their own nations reacted to global agricultural influences.

Universally they all mentioned that they believed that European intervention did not create a level playing field for the rest of the world to compete with.

They all had an interest in seeing their own nations becoming self sufficient but they believed that the majority of farmers were producing agricultural produce to sell on the world market as this delivered much needed hard currency which was societally more important than feeding the domestic population.

They saw industrial growth as the way that they would improve the living standards of the population.

I was really impressed with the passion and commitment that all the students and staff possessed. They were aware of the global situation but were firmly rooted in the needs of their individual countries; it was an inspiring day. I made a great number of friends and will scan the news constantly over the next years to see how they all fair when they eventually go home.

c. Reflections

It is interesting to note that the challenges faced in Japan seem remarkably similar to our own.

- 1 How does Government fundamentally change consumer preference? It is the stated aim of the incumbent Government that they will increase rice consumption by 10% over the next 3 years. This is a laudable objective but no one could explain to me how they would achieve this - although I did see lots of posters and TV ads that extolled the values of eating more Japanese rice.
- 2 Competing priorities with international obligations. Japan is a primarily export driven economy in electronics and cars especially. The need to ensure that markets are open to these products has meant that Japan is fully engaged in international agreements and most of these are detrimental to domestic agricultural production.
- 3 Future fiscal constraints. The life expectancy is the highest in the world, with the aging population there is huge pressure on the social welfare budget in terms of longer pension payments, increase in health care cost, reduced tax raising. The budget that is likely to be cut first is not these but agriculture's. As most of agriculture is unprofitable without support farmers are thinking long and hard about investing and there is a serious lack of succession planning.
- 4 How to ensure food security? This is an Island nation similar to the UK. No one seemed overly concerned that self sufficiency is falling so drastically. They have (within the modern era), and never could be, 100% sufficient. However there does not seem to be any future scenario planning. This would concern me if I were a citizen.

8. Conclusions.

Farmers can complain about their fate and defend protectionist policies - in line with the general farming print media - or they can grasp the opportunities open to them. Farmers – Farmers' representatives and all interested stakeholders - should engage with Government and vice versa, at the strategic level and at the earliest possible moment in the policy cycle so as to co evaluate and design any future policy.

1. **A strong partnership leads to more effective policy.** Farmers, Farmers' representatives and all interested stakeholders should engage with Government and vice versa

The 100,000-odd members of the National Farmers Union compete with the 1.3 million RSPB members and 3 million National Trust members, with different views on countryside management. The expectations of an urban-focussed public are demanding on the agricultural community. However, opportunities for farmers and land managers are enormous.

2. **Good communication is key to ensuring public support.** All those associated with agriculture and land based industry (farmers to Government) should be able to better explain to the wider public the *raison d'être* for policy intervention in agriculture.

At the farmer level, disconnection between producer and consumer is great. All those associated with agriculture and land based industry (farmers to Government) should be able to better explain to the wider public the *raison d'être* for policy intervention in agriculture. If the justification is for public payment for public goods then it should be clearly outlined (this does not preclude suggesting that an income support to ensure critical mass of farmers is not a public good).

3. **A co-ordinated government approach** to agriculture and environment is beneficial.

Farmers have been and are viewed by a large percentage of the general public as being nothing more than a group, that is wealthy, privileged and supported wholly by the public purse. This is not my personal opinion but the whole industry, I include Government in this, has a responsibility to its members and also for the good of the current and future consumer. We need to show a collective responsibility and sell the whole of the industry to everyone.

'What experience and history teach is this - that people and governments never have learnt anything from history, or acted on principles deduced from it'
Hegel 1770-1831

4. UK Agriculture needs a **stronger co-ordinated voice.**

International institutions need to engage on key issues involved in global

agricultural production and the links with environmental management and food production. The developing world is sometimes hampered by domestic political agendas which profess to liberalise the agricultural agenda but in reality just move production patterns around the globe. Food scares and free market speculation on commodities have seen a rise in market volatility and regionalised food inflation.

5. **The shifting of environmental degradation around the world is not an adequate response to the problems at hand.**

Farmers, land managers, civil servants and politicians are fundamentally the same around the world. This means that there is a unique opportunity for the UK farmer to evolve and prosper.

6. **Do not only think local, think global.**

We are currently at a critical time to influence future UK and EU policy. There is time to influence the future direction of the CAP for the benefit of many or for the betterment of fewer farmers. For the overall benefit of farmers and the UK the former should be pursued.

7. **Use our strong negotiating skills** and ability to create consensus to the benefit of the many.

International and especially EU and UK Government Institutions should use more effective 'cost benefit analysis' when designing and crafting Agricultural and environmental regulations.

8. **Use and design new models** for assessing the impact of policy formulation

With the anticipated rise in world population, likely to be 9 billion by 2050, and the need to feed it, there will have to be a dramatic increase in productivity to meet the global needs.

"Agriculture not only gives riches to a nation, but the only riches she can call her own."
Samuel Johnson 1709-1784

9. **Plan for the future**, food production will be constrained by available water and land. Business as usual is not an option lets plan now and future proof the CAP for the next 30 years.

Food commodity volatility has become more and more common over the past few years, in fact prices have doubled in some markets. This has placed agriculture at the centre of the policy debate. As part of this debate we need to be honest internally, and externally. production needs to occur where it is most efficient and trade should be wholly liberalised so that the sector can respond to market signals.

10. Food security does not mean self sufficiency, we need to **make the best use of land and other resources.**

9. Recommendations.

I believe that if we follow these recommendations, UK farming will be able to position itself in a place of strength. There are so many positive benefits that can be derived from the industry both directly and indirectly.

1. **Go to the top and sell your idea.**

It is always possible to find the person who has the most influence; this is not to say that is the individual who has the most knowledge. Policy is normally made by individuals who have knowledge and work on the portfolio most. These are the individuals who are the most useful to both acquire information from and provide information to.

Policy makers are not in the business of having to listen to the message but if approached correctly they can be very useful allies, both in helping to sell an idea and in championing causes. Influential people enjoy getting ideas aimed at helping them achieve their goals.

You should at the least expect decision-makers to be competent; however do not believe that they are anything other than normal humans. Even the best of decision makers and the most influential are human.

2. **Focus on the future - 'let go of the past'.**

If there is a trait that is particularly riling to all those listening, it is the need for some to whine about the past. If you have ever known someone who incessantly whines, you will appreciate the sentiment. When Organisations/ Sectors or Individuals consistently whine, they retard any chance they may have for bettering the future. Nobody wins.

"I have always said there is only one thing that can bring our nation down - our dependence on foreign countries for food and energy. Agriculture is the backbone of our economy."
John Salazar, 1953 - to date

By focusing on the future, it is possible to focus on what can be achieved tomorrow, not on what was *not* achieved yesterday. This future orientation will increase the likelihood of effectively influencing decision-makers. It will also help build better long-term relationships with people at all levels.

3. **Be prepared to look at the argument from both sides.**

Look to contribute to the greater good—not just the achievement of your objectives.

Effective negotiators relate to the needs of the individuals and organisations, not to their own needs.

When influencing decision-makers, focus on the impact of your position. Don't assume that others can automatically make the connection between the benefit of your options

4. Present a realistic "cost-benefit" of your option.

Every organisation has limited resources, time, and energy. The acceptance of your idea may well mean the rejection of another idea that someone else believes is wonderful. Be prepared to have a realistic discussion of the costs of your idea. Acknowledge the fact that something else may have to be sacrificed in order to have your idea implemented.

I see no reason for giving the capital employed in agriculture greater protection than the capital vested in other branches of trade, manufacture, or commerce.
Joseph Hume 1777-1855

By getting ready for a realistic discussion of costs, you can prepare for objections to your idea before they occur. You can acknowledge the sacrifice that someone else may have to make and point out how the benefits of your plan may outweigh the costs.

5. Consider all stakeholders' points of view .

A great number of negotiators spend some time being negative about others. Before starting the talks, consider:

- Will this help our organisation?
- Will this help others?
- Can I actively engage the person I am talking to?

If the answers are no, no, and no, don't say it! There is a big difference between total honesty and dysfunctional disclosure.

A simple guideline for communicating difficult options and policy is to ask, "How would I want someone to communicate with me". Treat decision-makers the same way that you would want to be treated if the roles were reversed.

6. Be positive - don't just try to "win" or "be right."

Strive to win the big battles. Don't waste your energy and psychological capital on trivial points.

People's time is very limited. Do a thorough analysis of ideas before challenging the system. Don't waste time on issues that will only have a negligible impact on results. Focus on issues that will make a real difference. Be willing to lose on small points.

We can easily become more focused on what others are doing wrong than on how we can make things better. An important guideline in influencing is to always remember your goal: make a positive difference.

In summary, think of the time that you have spent "rehearsing the argument." Think of all of the knowledge you have. Think about how that knowledge can be of benefit. I would wish to see that by making a small investment in learning to influence decision-makers, there can make a large, positive difference for the future of UK farming.

10. Postscript

This study was proposed and accepted by the Nuffield Farming Scholarship Trust Selection Committee in February 2009. Since that time the world has changed fairly drastically in terms of Agriculture, World trade, the economy and my thoughts on the subject of my study.

We have witnessed the deepest recession ever, with the world economies contracting by 6-8% in the past eighteen months. Some areas have managed better than most with the emerging economies of the BRIC nations doing well (with the possible exception of Russia).

Political changes have also meant a sea change in direction of policy intervention; from a change in Government in the UK after 13 years of Labour we now have a coalition Government (for the first time in nearly 60 years).

A change in the treaties that govern the running of the European Union has also come into force with the Lisbon treaty, and a new set of European Commissioners has seen the political landscape change.

There has also been a noticeable change in the climate across large parts of the globe, with extreme weather events having a big influence on agriculture and its ability to feed the world.

Floods in Asia and fires in Russia has all meant that there is a greater demand for global agricultural trade.

Given these macro challenges how have I, as a Nuffield Scholar, been able to make a positive difference?

- 1 I have returned to the UK Government in London and am working to create a Department which has the potential to be flexible and respond to the demands of its stakeholders, whilst fulfilling the objectives of its Ministers.
- 2 I am in a position to help facilitate those with a farming interest to understand the mechanism by which policy is designed in both Europe and in the UK.
- 3 I am championing the need for an open dialogue, not at the expense of single issue lobbyist but for the general improvement of the land based industries and for the general public.
- 4 I actively engage in public speaking, to the farming community and also to the general public. I seek to educate them in the need to engage with Government at the earliest opportunity.
- 5 The achievement that I am most proud of and the one that I believe demonstrates the true worth of the Nuffield Scholarship Trust and ethos is that

I have decided to become a farmer. I hope that one day a fourth generation farmer named 'Page' will be able to say: this all started due to a Nuffield Scholarship.

I believe that each of the above repays the investment in me that the Nuffield Scholarship Trust has taken and I hope that I have been a worthy recipient of its faith.

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