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Centre for Agricultural Strategy

STRATEGIES FOR THE RURAL ECONOMY

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Opening Address by Earl Howe

CENTRE FOR AGRICULTURAL STRATEGY CONFERENCE: 30 JUNE 1992

Mr Chairman, Ladies and Gentlemen

I am very pleased to be able to address you today and to open this conference. John Gummer has asked me to say how sorry he is that he could not be here but as many of you will know he has had to attend an extra Agriculture Council which has been called for today.

You will not be surprised that I would like to spend just a few minutes talking primarily about agriculture and its role in the countryside. I make no apologies for that. Agriculture has traditionally been and remains an important part of the rural economy, not only as a direct employer of labour but also as a consumer of local goods and services and as a provider of raw material for rurally based industries.

The farmer has always had three roles, as a food producer, as a rural business man and as a custodian of the environment. Over 80% of the countryside is farmed and the countryside today is very much the creation of mans involvement with nature through agriculture down the centuries.

In terms of Government's role the main emphasis has traditionally been on the farmer as a food producer. Ever since ancient Egypt, governments have been judged against their ability to feed their populations. Indeed, as I don't need to remind you, the Common Agricultural Policy was primarily designed to ensure stability of food supplies. We all know how successful that policy has been and it is only with the assurance of that success that attention has been turned to the farmer's other roles.

An important watershed was the passage of the Agriculture Act in 1986 which placed a statutory duty on Agriculture Ministers to balance agricultural policies with the needs of the

/countryside. This

countryside. This was quickly followed in 1987 by the first of our environmental schemes, the Environmentally Sensitive Areas Schemes, which offered financial rewards to farmers for providing environmental benefits by taking care of the countryside in specified ways. Just as we asked them to farm in traditional ways designed to protect sensitive landscape and habitat through the Environmentally Sensitive Areas Scheme, so we pay them for planting farm woodland under the Farm Woodland Premium Scheme and for modifying their farming practices through the Pilot Nitrate Sensitive Areas Scheme to reduce nitrate leaching. All these schemes broke new ground in that they sought to reward farmers for their stewardship of the countryside in ways which would protect and enhance the environment. They were introduced in parallel with changes to the farm capital grant schemes which refocused these schemes away from investment which would simply add to surplus production, to measures designed to enhance the environment and avoid pollution.

Following a review of the Environmentally Sensitive Areas last year we have embarked on a major expansion of the programme throughout the United Kingdom. The UK budget will increase fivefold over 3 years to £65 million. In England alone it will increase from £8 million to £45 million and we will have 22 ESAs covering 12% of the countryside.

Last month agreement was reached on the adoption of an "agri-environment action plan" as part of the wider CAP reform settlement. This will require Member States to draw up programmes with a range of options, depending on localities, to encourage farmers to take care of the countryside. The options include:

- crop or livestock extensification,
- organic farming,
- environmentally friendly management,

/- protection of water,

- protection of water,
- set aside for at least 20 years for environmental purposes,
- management of land for public access and recreation.

This builds on the success of our ESA scheme as well as providing scope for new schemes such as the encouragement of organic farming. We now have a year in which to draw up our implementing plans and we will wish to consult widely in doing so.

However, welcome as the agri-environment action plan is, it should not be seen as the beginning of unlimited state support for environmental measures. Nor can environmental policy be simply bolted on as an extra to the main body of the CAP. We are committed to making environmental concerns central to the operation of the CAP.

In last month's settlement we made a start on that process of greening the CAP. Apart from the agri-environment plan which I've mentioned:

- the beef sector arrangements now include limits and a payment to reward extensive production, and
- almost all arable producers claiming aid will have to set aside 15% of their arable land. This will be subject to environmental management conditions.

Most importantly of all the Agriculture Council affirmed its commitments to pursuing the requirements of environmental protection as an integral part of the CAP and called on the Commission to make early proposals taking full account of these requirements. We are clear what we expect from the Commission.

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The statement of position by the United Kingdom in the minutes of the Council declares that the granting of direct payments to farmers should be subject to appropriate environmental conditions designed to safeguard the environment of the farm concerned. It requests the Commission to propose amendments to the regulations to this effect. As we assume our Presidency of the Council of Ministers of the European Community tomorrow, we shall seek to give practical effect to that declaration.

Now, no speech on CAP reform would be complete without a reference to a realistic strategy for forests and woodlands. I am pleased to note that, at the Forestry Commission's recent Conference on Forestry Expansion, there was wide agreement on the value of a national strategy for an expansion in the country's tree cover to increase all the economic, social and environmental benefits that our forests supply. And of course I also welcome the conclusion of the Earth Summit in Rio which demonstrated the international meeting of minds that the world needs both more forests and improved management of existing forests. These exactly reflect the central aims of the Government's forestry policy as we re-stated them last September.

Which are:

first:

the sustainable management of our existing woods and forests.

and second:

A steady expansion of tree cover to increase the many, diverse benefits that forests provide.

This brings me on to the farmers final role, as a rural businessman. A recent survey has shown that 50% of farmers already have some form of diversified activity. But there is

/clearly scope

clearly scope for more. Both the English Tourist Board and tourist authorities in other Western European countries see rural tourism as one of the main growth areas in the next 10 years in their industry. The Ministry is already helping farmers to exploit market opportunities through the provision of free advice from ADAS, and through grants to help with capital and consultancy costs. We have also been working with the local authorities and the Rural Development Commission in developing local strategies and in helping to ensure that due attention is taken of the need for economic development in the countryside.

Economic development clearly has to be balanced against the need to conserve the countryside, and planning authorities have to make difficult decisions. Agriculture and Environment Ministers emphasised the importance of that balance only last week at Stoneleigh when they launched the new planning guidelines. It is an issue which I am sure you will have at the heart of your deliberations today. It is important for the future of the countryside and for the nation as a whole that we get that balance right.

Both these aims have multiple objectives and that is something we wanted to recognise explicitly in formulating our forestry policy.

Through the Woodland Grant Scheme the Government provides incentives for management and planting of forests and woodlands. The area of woodland is increasing - at some 1700 hectares a year - which is good, although I would be pleased to see it increase faster: how to achieve this is a question I commend to the Conference.

What is particularly pleasing is that planting of broadleaved woodlands, particularly in England, has increased markedly in recent years. However, we are not resting on our laurels. We are alive to the need to adjust the incentives to meet the changing opportunities and needs of the rural economy; in our

/Election Manifesto

Election Manifesto we promised to carry out a review of them, and this we will do.

The rural economy must adapt; and adaptation means changes in the landscape, with the attendant risks of environmental damage. To avoid these risks, we have extended the consultation procedures operated by the Forestry Commission to include environmental impact assessments, with greater participation of those experienced in environmental matters.

The Prime Minister has proposed to the leaders of other developed countries that they all adopt action plans for the agreements made at Rio. For the forestry agreement, I believe we can look forward to a broad consensus on the shape of our national strategy. This means the right trees in the right places with full regard to the interests of farmers, foresters, environmentalists, and all those who live and work in the rural areas.