

Paper/Poster Title

Assessing the prospects of the Sustainable Farming Scheme in Wales, fit for success or of limited relevance?

Abstract prepared for presentation at the 97th Annual Conference of the Agricultural Economics Society, The University of Warwick, United Kingdom**27th – 29th March 2023**

Abstract	200 words max
<p>Post-Brexit agricultural support policy development in Wales is taking a holistic approach to sustainability combining economic, environmental and social goals in one scheme to replace the CAP. It is taking a different model compared to the other UK nations or the EU. But the challenges faced by farming have intensified with COVID and the Ukraine war including the input/output price squeeze. We used the agrarian diagnosis, a holistic case-study approach to analyse selected farm focused territories that represent typical trends in Welsh farming. We identified and quantified future scenarios relating to a range of challenges faced by Welsh farming and made a territorially sensitive impact assessment by applying those in successive steps to farm models originating from the case-studies. We first assessed the impact of the current macro-economic evolution, before considering the adoption and impact of the planned SFS with a specific focus on tenanted farms, the new form of tenancy and tree-planting, as these elements have featured heavily in stakeholder responses to the Welsh scheme. The results show that the current economic context represents a challenge for those farms using high levels of production factors. Particularly for these, it is possible to identify how the Welsh scheme could deliver many improvements; nevertheless, problems remain around impacts upon (or implications for?) generational renewal, competing land uses and supply-chain and technological lock-ins.</p>	
Keywords	Territorialised, Policy impact, Agrarian diagnosis, Prospective, Farming systems
JEL Code	Q18 see: www.aeaweb.org/jel/guide/jel.php?class=Q)
Introduction	100 – 250 words
<p>Post-Brexit agricultural support policy development progresses in Wales which is taking a holistic approach of sustainability combining economic, environmental and social goals in one scheme to replace the CAP. It is therefore taking a different approach and using different mechanisms compared to the other UK or EU nations. But the challenges faced by farming that were identified at the beginning of the consultation process have intensified with COVID, the acceleration of the Climate Change mitigation, the Ukraine war including the input/output price squeeze or competing land use. On the flipside, the scheme as it stands is ambitious, with a sustainability audit, a high conditionality universal layer and a more place-specific optional and collaborative layer, training and accompanying farmers and the sector will also be key. Funding for the scheme post 2024 is not ring-fenced.</p>	
Methodology	100 – 250 words
<p>Given the localised nature of farming and how it revolves on a longer time scale while dealing strong operating constraints we aim to understand the impact of those important changes on typical Welsh farming systems. Using the agrarian diagnosis, and localised case-studies with a systemic approach</p>	

enables us to obtain modelled farm archetypes, which can be defined and examined economically. We propose to select a range of those in different case-studies to represent traditional and new styles of Welsh farming business and study what could be the impact of the proposed policy in the economic environment that we are facing at the moment.

This analysis helped to identify a range of challenges faced by Welsh farming in past articles, some growing increasingly important across Europe. We identified future scenario for Welsh farming from secondary market trend analysis reinforced by fieldwork estimates and an institutionally informed analysis for future policies. We did a territorially sensitive impact assessment by applying those economic and farming system change in successive steps on some farm models originating from the case-studies, reinforced by general findings from those. We first assessed the impact of the current macro-economic evolution, before turning to what could be the adoption and impact of the SFS plan with a specific focus on the tenanted farms, the new form of tenancy and tree-planting as those elements have featured heavily in the response to the Welsh government scheme

Results

100 – 250 words

The results show that the current economic context represents a challenge for the farms using high amount of production factors without necessarily producing a highly valued output, therefore not only focusing on imported inputs. Farms with high product valuation, high added value linked to efficiency or niche production would be in a better position. Past investments with low added value generation would be the ones for which these scheme proposals are most challenging. In that horizon the Welsh Government scheme has the potential to deliver some changes for all types of farming systems and landscapes, with opportunities to improve the added value of nearly all typical production systems studied. However, it might not deliver all the social goals identified by policy-makers, particularly smooth generational renewal or increased horticultural/fruit production. We also identified the fact that production system 'lock-in', linked to agro-ecological conditions, agreements and associated prescriptions, or farms in high-specification production sectors, could prevent adaptation unless accompanied by a systemic supply chain approach. This is one element that might usefully be included in the final tier of the Welsh government scheme.

Discussion and Conclusion

100 – 250 words

The results of our analysis also suggest a few additional points: agro-ecology and adaptations geared around self-sufficiency, animal welfare as envisioned by the Welsh government could deliver some benefits, but the positive effects will be felt gradually. Likewise additional work productivity gains would not be available on all farms and not economically justifiable or financially viable from the family farm point of view. As a result we might need counter-cyclical investment in the general economy and on farms to preserve social and environmental services linked to a sustainable level of farm income and a level of stability. This is something on which the Welsh government has a better track record than England. Particularly challenging for the Welsh context as in Europe, are the polarisation of land use, towards efficiency/lean/productive/larger farms vs extensive/little management/opportunity based farms. This divide is likely to grow stronger if reassurance is not given around the future scenarios. This could lead to a fragmentation of the landscape, splitting delivery of the three pillars of sustainability, which is something that works against the Welsh holistic vision.