

Feb 6th, 2017, Noble House, London

After Brexit – Domestic Alternatives to the CAP

*UKAP: Options for transition away
from the current CAP ?*

David Harvey

A text?

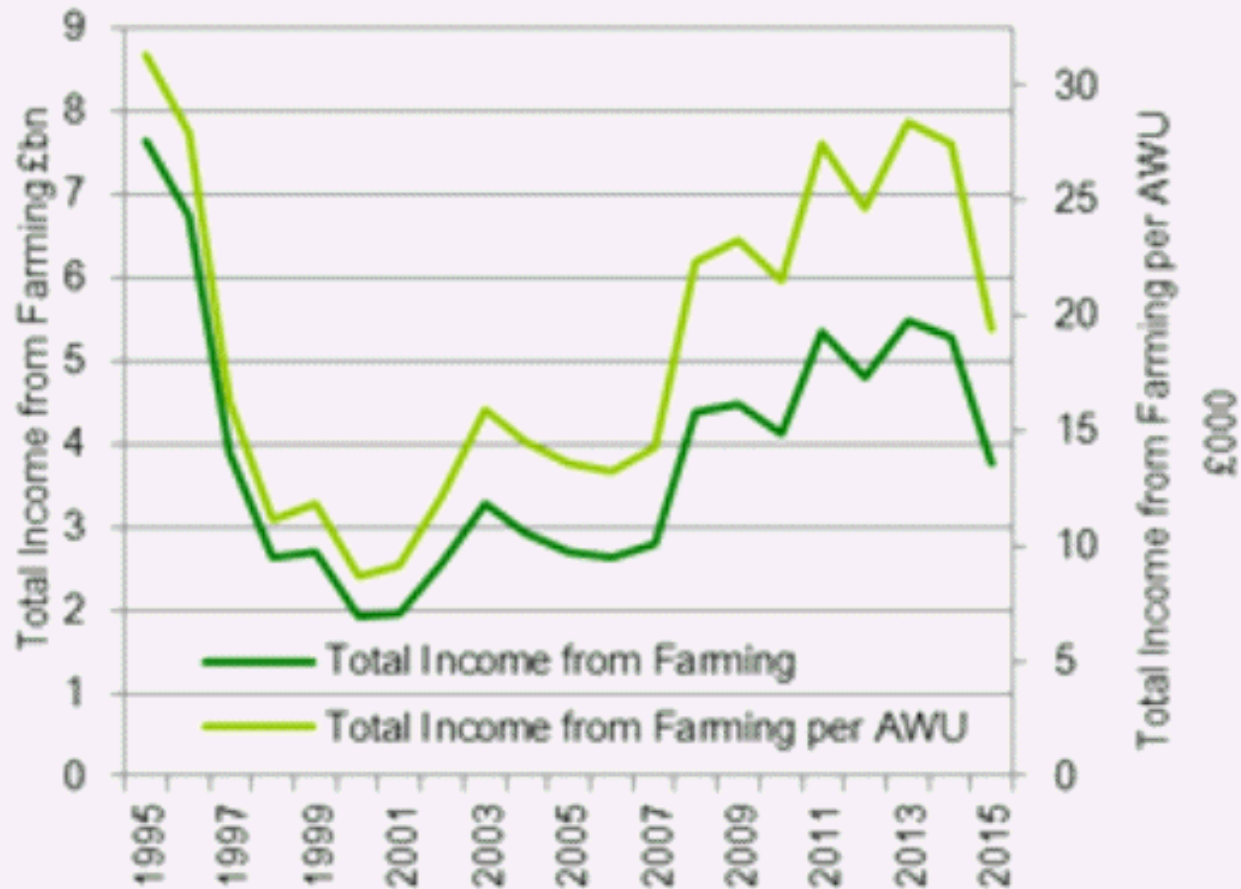
- “Subsidies could still be used to maintain farmers' incomes and for environmental stewardship,
- but for many producers they would not be able to compensate for the loss of competitiveness.
- Of these, the second (env. Stewardship) is preferable.
- There are few obvious upsides to Brexit, *but reforming the inefficient farming sector is one of them.*”
- (source: [The FT](#), FT View, 22.01.17)

UK Ag: Current Position

- **Gross Value Added: £9.2bn.**(average (2011/15))
- **“Subsidies”:** £3.3bn (of which, DPs, c. £2.5bn)
- **GVA @ factor cost: £12.5bn**
- *Less: Depreciation: £4.1bn., Interest: £0.36bn.,
Rent: £0.36bn., Labour: £2.5bn. (Total £7.25bn.)*
- **TIFF: £5.2bn** (of which, 48 to 63% is ‘subsidy’)
- **Farmers’ own labour worth between £4.3 & £6.8bn.**
- **“Market” return on own capital of £6.bn.**
- **“Market” return on land?**
- **Is this a ‘competitive’ industry?**

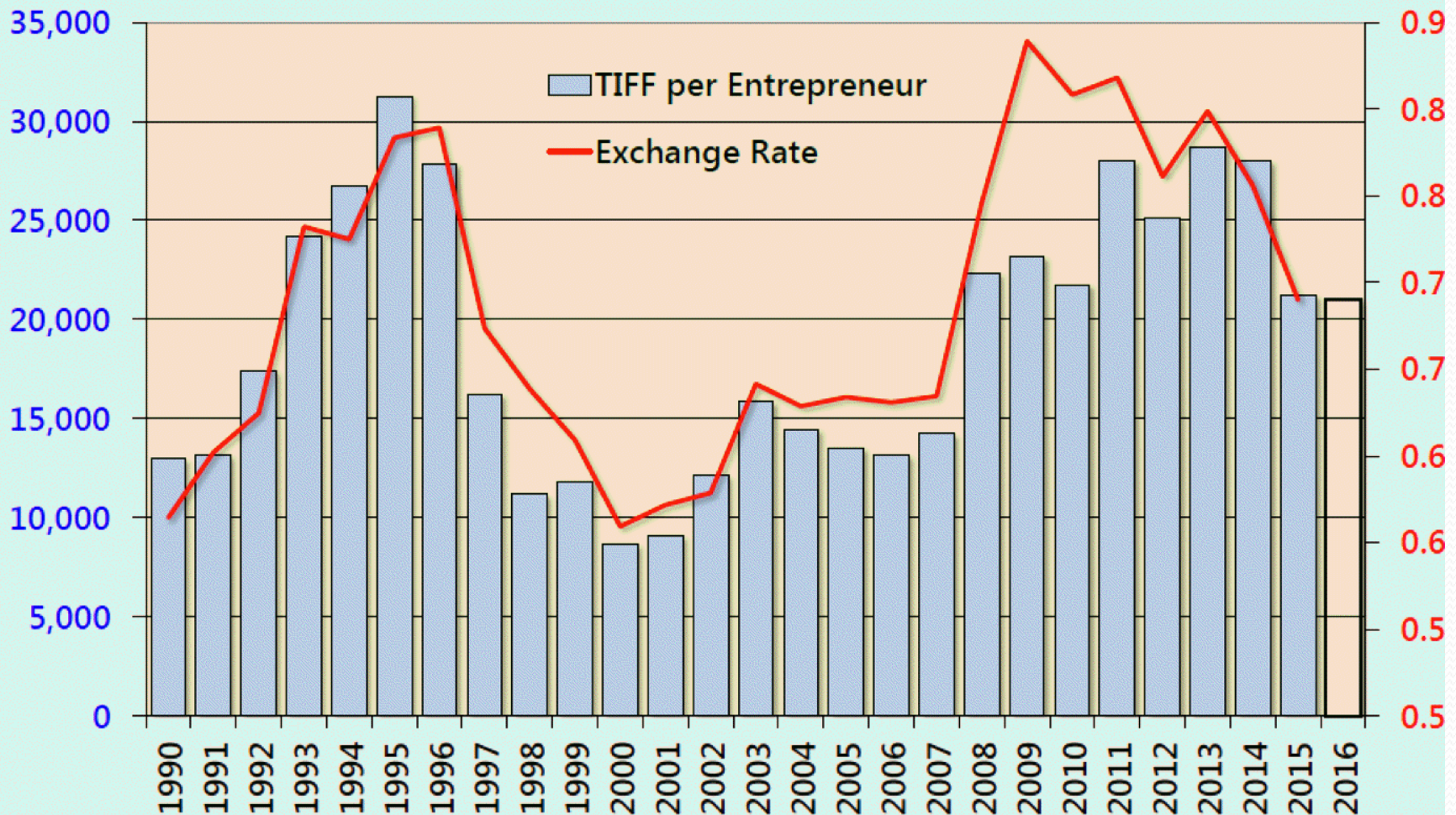
UK Ag: History (1)

Chart 3.1 Long term trends in real terms at 2015 prices



UK Ag: History (2)

TIFF and £/€ Relationship

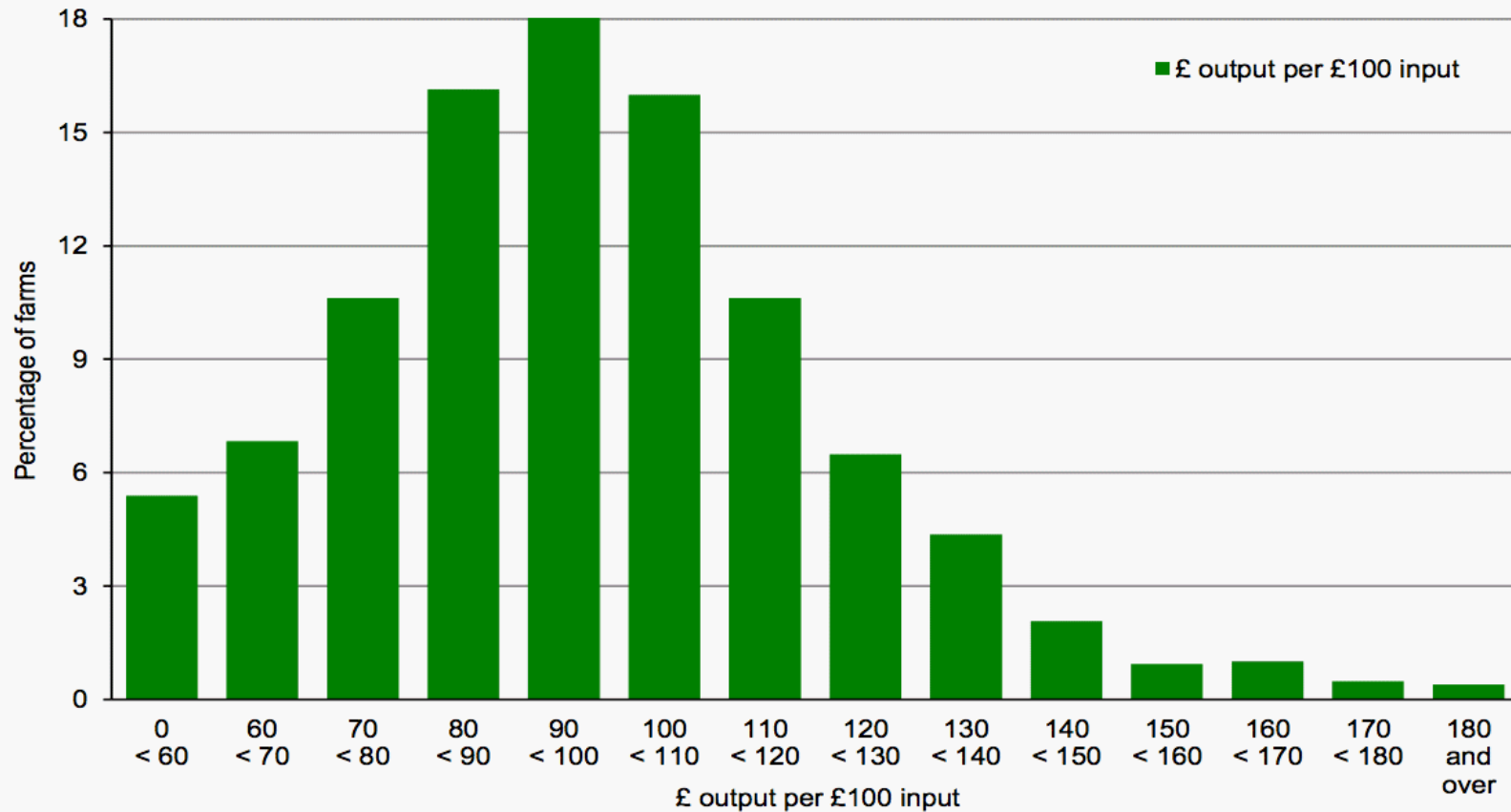


UK Ag: Performance 2014/15

Chart 3.3 Distribution of performance (a) across farms 2014/15; England only

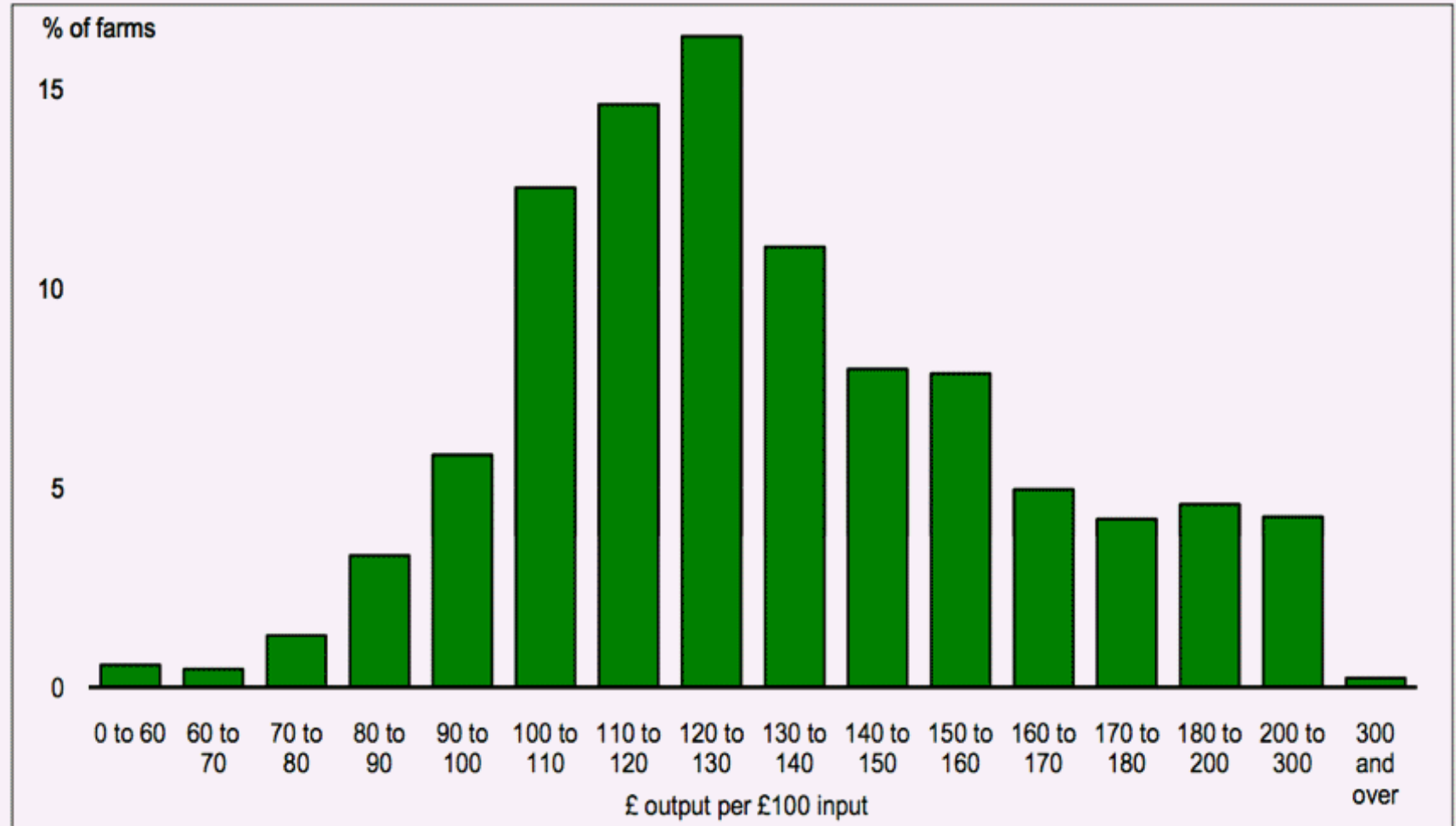
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UK Ag: Performance 2010/11

Chart 2.3 Distribution of performance across farms 2010/11;
United Kingdom (a)



UK Agric. Policy (UKAP)?

- Brexit DOES mean NO more CAP post 2020.
- So – what are the options?
- *Simple*: Continued direct payments?
- *Obvious*: all(?) in Pillar 2?
- *Or smart*: CARTs, with a carrot/horse
- *How to get there?* UKAP Bond?