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Finally Free to Green Agriculture Policy? UK post-Brexit Policy Developments in the Shadow of the CAP and Devolution

Enfin libres de verdir la politique agricole ? L'évolution de la politique britannique après le Brexit à l'ombre de la PAC et de la déconcentration

Endlich frei für eine grüne Agrarpolitik? Die politischen Post-Brexit-Entwicklungen des Vereinigten Königreichs im Schatten der GAP und der Dezentralisierung

Viviane Gravey

The UK government has pledged to deliver a 'Green Brexit' – with at its heart profoundly different agricultural policies post-Brexit, 'which put the environment first' (HM Government, 2018a, p. 4). While different Brexit scenarios include diverging trading arrangements with the European Union, all Brexit options mean leaving the Common Agricultural Policy (CAP) and developing new

domestic alternatives to the CAP. This article investigates what these new policies herald for the agri-environment. It reviews both past UK commitments to greening agriculture and current UK agricultural policy developments to gauge whether the promised 'Green Brexit' is not more of the same. It argues that far from breaking free of the CAP, the UK appears to be restaging central

debates of previous rounds of CAP reform, on the budget, on greening, and on WTO obligations. Furthermore, while it is too early to judge the outcome of policy development, this article highlights a number of concerns about the process of agriculture policy-making in the UK which casts doubt on the UK's ability to deliver coherent and ambitious policy change.



The UK has repeatedly pioneered agri-environmental policy instruments within the EU.

The UK's complex relationship with greening the CAP

The UK has repeatedly pioneered agri-environmental policy instruments within the EU. It was an early adopter of Environmentally Sensitive Areas in the mid-1980s, of cross-compliance in the 1990s and of modulation between the CAP's first and second pillars, in order to increase funding for rural development in the early 2000s; and it called for a public money for public goods model during the CAP 2013 reform. Beyond the government, UK environmental NGOs have played a key role in raising awareness of the environmental impacts of the CAP and advocating for reform alongside their European partners (Petetin *et al.*, 2019).

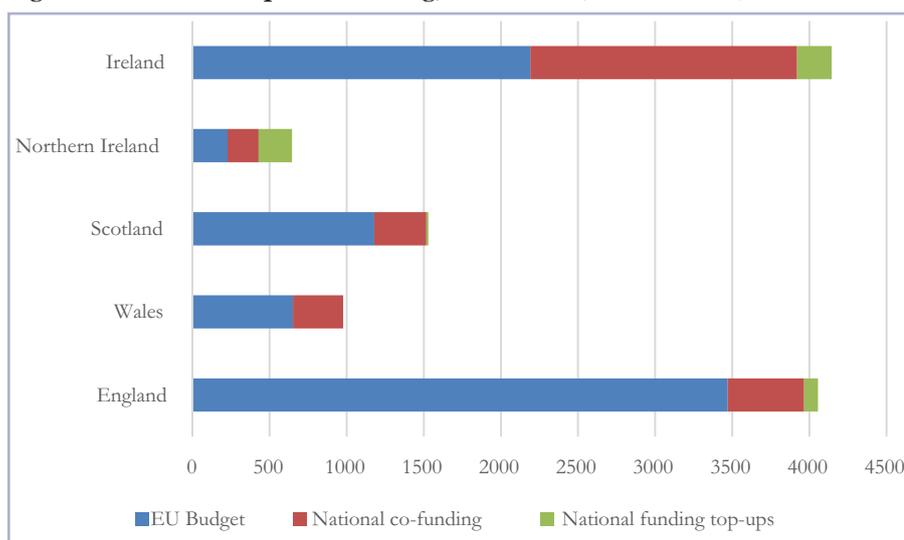
Yet UK support for greening agriculture has long been conditioned by

the UK's attitude to the CAP and the EU as a whole. Spending for agri-environment schemes is part of the CAP second pillar, requiring domestic co-funding. A comparison between UK and Irish spending on rural development illustrates how the UK's long-standing reluctance to increase EU-related spending has repeatedly constrained the UK's commitment to agri-environment schemes (Cardwell, 2010). Hence, for the 2014–2020 period, Ireland is spending more on co-funding rural development (Figure 1) than the four UK nations combined, and is spending over three times as much in co-funding as England alone. CAP greening instruments have also fallen foul of a second UK target namely, EU red tape. This was apparent during the 2016 EU referendum campaign when

the official Leave campaign vowed to get rid of the EU's 'hated cross compliance regime' and pledged overall to 'reduce regulations on farmers' (Vote Leave, 2016). Shortly after the referendum, the then Secretary of the Department of Environment, Food and Rural Affairs (Defra), Andrea Leadsom MP, promised there would be 'no more, ridiculous, bureaucratic three-crop rule' (Leadsom, 2017).

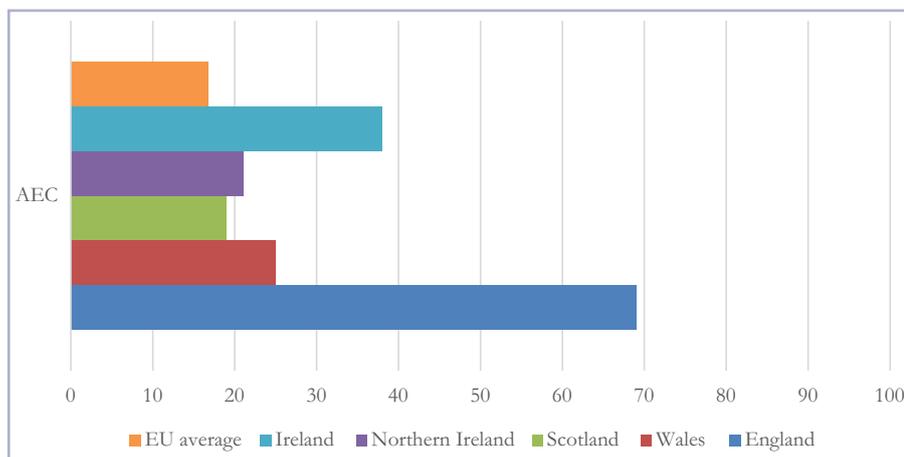
“ Les mêmes débats et lignes de faille, qui ont longtemps animé les débats politiques dans l'Union européenne, sont reproduits à plus petite échelle au Royaume-Uni. ”

Figure 1: Rural development funding, 2014–2020 (million euros)



Source: European Commission (2019b).

Figure 2: Agri-environment-climate payment share of rural development funding (%)



Source: European Commission (2019b).

While the UK's reluctance to spend more on EU schemes has limited the UK's budget available for rural development overall, UK rural development schemes are putting a greater priority on agri-environment-climate (AEC) schemes than the EU average (Figure 2). But there is a wide variation within the UK, with a high of 69 per cent of rural development budget spent on AEC schemes in England compared to only 19 per cent in Scotland.

This sharp divide illustrates how under the flexible umbrella of the 2014–2020 CAP each of the UK's four nations have developed divergent farming policies. It exposes a further problem: when it comes to agriculture, England is not representative of Great Britain or of the United Kingdom as a whole. This presumption was frequent in the aftermath of the EU referendum. For example, there was a call by 'Britain's largest farmer', the National Trust, in August 2016 for direct payments to be phased out and 'British' farm subsidies to take the form of AEC schemes; this was first and foremost a conversation in a specific English context where AEC already dominat-

ed rural development (*The Guardian*, 2016). More concerning perhaps was Michael Gove's first speech as Defra Secretary, 'The Unfrozen Moment - Delivering a Green Brexit' in June 2017; the speech failed to mention devolution, or to acknowledge that a Green Brexit was not in his gift, but would require co-operation with the three devolved administrations for it to be delivered (Gove, 2017).

An 'environmental super power' in the making?

On his arrival at Defra in June 2017, Gove expressed very different views on farming and the environment than his predecessor. Whereas Leadsom focused on 'cutting the red tape that comes out of Brussels', stating her plans would 'free our farmers to grow more, sell more and export more great British food' (Leadsom, 2017), Gove pledged to turn the UK into an 'environmental and economic super-power'. These two different perspectives, co-habiting within the same political party, illustrate how stakeholders face a new lack of long-term certainty as policies become dependent on the vagaries of British politics.

“ Dieselben Diskussionen und Meinungsverschiedenheiten, die seit langem die Debatten über die EU-Politik anheizen, werden in kleinerem Umfang ebenso im Vereinigten Königreich wiederholt. ”

Gove's proposed new farming policy is a cornerstone of his 'Green Brexit' agenda, set out in a consultation paper in February 2018: *Health and Harmony: the Future for Food, Farming and the Environment in a Green Brexit* (Defra, 2018). *Health and Harmony* centres on: first, a 'public money for public goods' agenda;



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second on a gradual phasing out of direct payments during an 'agricultural transition' as farmers become more competitive and less reliant on subsidies; and third on a new 'regulatory culture', with a re-think of enforcement, penalties, risk management and support for innovation.

Contrary to Gove's 'Unfrozen Moment' speech (2017), the *Health and Harmony* consultation acknowledges devolution, whilst opting for a 'balance between cohesion and flexibility'. Some commitments apply UK-wide, such as to 'maintain the same cash total funding for the sector until the end of this parliament'. The document further guarantees 'as a minimum, equivalent flexibility for tailoring policies to the specific needs of each territory as is afforded by current EU rules' and promises a

'significant increase' in decision-making power. Cohesion will be maintained via the establishment of a number of domestic UK common frameworks with a range of objectives from enabling the functioning of the UK internal market, to managing common resources and ensuring compliance with international obligations.

The devolved administrations each responded to *Health and Harmony* by running a consultation of their own: *Brexit and Our Land* (Wales), *Stability and Simplicity* (Scotland), and *NI Future Agriculture Policy Framework* (Northern Ireland) (Hart and Maréchal, 2018). Some key differences emerge – both Scotland and Northern Ireland are keen for some, smaller amounts, of direct payments to continue for some time whereas England and Wales favour



UK support for greening agriculture has long been conditioned by the UK's attitude to the CAP and the EU as a whole.

quicker phasing out. Some analysts believe that *Health and Harmony's* cut to direct payments is likely to lead to a sharp drop in the number of farmers in England (estimated at 25 per cent; see Dobbs *et al.*, 2018); conversely proposals in the rest of the UK are intent on minimising structural change. While public goods are mentioned in all four consultation documents, 'only in England is the principle of "public money for public goods" fully followed through into policy design' (Hart and Maréchal, 2018, p. 3). Some commonalities can be found too. On environmental issues, a major shift away from previous implementation of the CAP in all four nations is an attempt to pay farmers for environmental *outcomes*, not practices; and the use of pilot schemes to test new approaches. Wales and Northern Ireland are keen for funding for public goods to go beyond income foregone and additional costs, but this raises questions about compatibility with WTO commitments. Finally, the proposals mention an environmental regulatory baseline, but fail to define it (Hart and Maréchal, 2018).

“ The same debates and fault lines, which have long animated EU policy debates, are replicated on a smaller scale within the UK. ”

What should we make of *Health and Harmony's* call for flexibility and cohesion? The four consultations reveal different visions for farming and the environment behind the shared language of public goods: also on whether policy should limit or encourage structural changes; and on where the environmental baseline separating 'polluter pays' from 'provider gets' should be drawn (Matthews, 2013). Moreover, there is very little on cohesion in these consultations. Cohesion-building is instead parked – pending a distinct



Current debates in the UK echo discussions during the CAP 2013 reform: what is an equitable repartition of funding between countries?

process of UK intergovernmental discussions on the establishment of common frameworks in areas such as agriculture and the environment where EU law intersects with devolved competence – under the umbrella of the Joint Ministerial Committee. However, this process is failing to deliver an agreed environmental baseline. In April 2018 the UK Cabinet Office proposed its own list of common frameworks, which surveyed 153 policy areas of EU law (HM Government, 2018b). The document argued that, for 24 of these areas, legislative common UK frameworks may be needed, for 82 non-legislative frameworks may be required, but for 49 policy areas no limits to policy divergence were considered necessary. Farming and food related issues – such as plant health, food labelling, pesticides, GMO marketing and cultivation, organic farming and agricultural support – formed the bulk of the 24 areas for legislative frameworks. Conversely, environmental policy was split between three categories: chemicals would see legislative frameworks, air quality non-legislative frameworks, and water quality no frameworks at all. This major shift away from legislative frameworks binding for all four nations (as EU directives and regulations were) highlights the support for increased policy divergence overall, and the lack of commitment to maintaining a common environmental baseline across the UK. This opens the way for many shades of green in UK

agriculture after Brexit – not a coherent environmental 'superpower'.

Brexit policy-making in the shadow of the CAP

Understanding the long-lasting influence of the CAP on future UK policy matters is, in part, linked to the European Commission's views on future trade and competition: 'as from the date of Brexit, the UK would become overnight the main agri-food trade partner of the EU, both in terms of exports and of imports' (European Commission, 2019a). The CAP, despite increasing variation among Member States, aimed to maintain a certain level playing field and fair competition. The Irish 'backstop', as set out under the draft UK-EU Withdrawal Agreement, aims to maintain this level playing field through the continued application of key EU food standard regulations in Northern Ireland, and capping UK agricultural support in relation to both past UK support and contemporary EU support. It is also a story of *path dependence*. *Health and Harmony* and even more so its devolved counterparts are embracing gradual change, with a long transition away from the CAP and in part a continuation of direct payments. Critically, the present *path dependence* goes beyond detailed policy instruments and debates on whether direct payments would be phased out and how. In many ways, the same debates and fault lines, which have long animated EU policy debates, are replicated on a smaller scale within the UK (Petetin *et al.*, 2019).

The issue of WTO compliance, central to past CAP debates, is making a comeback. The four nations disagree on how to interpret the WTO's green box rules when it comes to paying for public goods as both Wales and Northern Ireland want to go beyond 'income foregone' (Hart and Maréchal, 2018). Conversely, the UK Agriculture Bill gives Defra the power to limit the amount of spending across all three WTO boxes (amber, blue and green), thereby limiting the ability for the devolved nations to spend more than England (Dobbs *et al.*, 2018). Current debates in the UK echo discussions during the CAP 2013 reform: what is an equitable repartition of funding between countries? Most funding for the devolved administrations in the UK is linked mainly to population number, under what is called the Barnett

formula. EU funding – notably CAP and regional funding – is not linked to this formula. Scotland, Northern Ireland and Wales would all lose large proportions of their farming funding if it were to be allocated on a population basis. Gove promised that Defra will oversee the design of a new repartition key, meaning that the department making policy for England will decide what is 'fair' in sharing spending across the UK. Finally, both the current CAP reform and the post-Brexit policy in the UK are faced with a same problem: how to allow greater divergence without undermining an environmental level playing field.

In conclusion, while the UK government's current commitment to 'put the environment first' calls for radical post-Brexit change, the policy-making

process does not augur well for such change. Instead, it bears sharp similarities to CAP debates old and new. Within the EU, the UK's commitment to greening agriculture was repeatedly undermined by its opposition to increased spending for CAP and its growing euroscepticism. Outside of the EU, the UK's renewed commitment to greening agriculture risks faltering once more due to broader national and international political tensions. These difficulties are linked to fraught power sharing under devolution, the challenges of guaranteeing a shared environmental baseline across the UK, and agreeing a fair budget for agriculture policy throughout the four nations, as well as the uncertain contour of any UK-EU deal and future UK trade policy.

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Summary

Finally Free to Green Agriculture Policy? UK post-Brexit Policy Developments in the Shadow of the CAP and Devolution

 Since the EU referendum, the UK government has pledged to deliver a 'Green Brexit', with a profound rethink of agricultural policies in line with a 'public money for public goods' agenda. Will Brexit finally set the UK government free to green its farming policies? To answer this question, this article looks back at the UK's Common Agricultural Policy greening record and at early proposals for future UK policy. It shows that while UK governments have pioneered and pushed for many green instruments in the CAP, their overarching priority remained to limit funding – both EU and national – for agriculture. After Brexit, the UK will be leaving the CAP, yet early policy discussions in the UK show that UK decision-makers face very similar challenges to their EU counterparts: how should agriculture policy be funded and how should funding be shared between the UK four nations? How much divergence in policy is acceptable without threatening the level playing field? In the UK these challenges are compounded by, first, the devolution settlements, with agriculture and environment in devolved competences while trade is reserved to the UK government; and second, the uncertainties surrounding the future trading relationships among the UK, the EU and the wider world.

Enfin libres de verdir la politique agricole ? L'évolution de la politique britannique après le Brexit à l'ombre de la PAC et de la déconcentration

 Depuis le référendum sur l'Union européenne (UE), le gouvernement britannique s'est engagé à mettre en place un «Brexit vert», repensant en profondeur les politiques agricoles conformément au programme «Des fonds publics pour les biens publics». Le Brexit va-t-il enfin permettre au gouvernement britannique de verdir ses politiques agricoles? Pour répondre à cette question, cet article se penche sur le bilan de la politique agricole commune du Royaume-Uni en matière de verdissement et sur les premières propositions relatives à la future politique du Royaume-Uni. Cela montre que les gouvernements du Royaume-Uni ont été des pionniers dans ce domaine et ont poussé à l'adoption de nombreux instruments verts dans la PAC, mais que leur priorité absolue restait de limiter le financement - à la fois européen et national - de l'agriculture. Après le Brexit, le Royaume-Uni quittera la PAC. Pourtant, les premières discussions au Royaume-Uni montrent que les décideurs de l'action publique britanniques sont confrontés à des défis très similaires à ceux de leurs homologues de l'UE: comment financer la politique agricole et partager les fonds entre les quatre nations du Royaume-Uni ? Quelle divergence dans les politiques est acceptable sans menacer les règles du jeu équitables? Au Royaume-Uni, ces défis sont aggravés par, premièrement, les accords sur la décentralisation, l'agriculture et l'environnement étant des compétences dévolues, le commerce étant réservé au gouvernement britannique; et deuxièmement, les incertitudes entourant les futures relations commerciales entre le Royaume-Uni, l'UE et le monde entier.

Endlich frei für eine grüne Agrarpolitik? Die politischen Post-Brexit-Entwicklungen des Vereinigten Königreichs im Schatten der GAP und der Dezentralisierung

 Seit dem EU-Referendum hat sich die britische Regierung dazu verpflichtet, einen "Grünen Brexit" umzusetzen, bei dem die Agrarpolitik in Übereinstimmung mit der Agenda "Öffentliche Gelder für öffentliche Güter" grundlegend überdacht werden soll. Wird der Brexit der Regierung des Vereinigten Königreiches endlich die Freiheit geben, ihre Agrarpolitik umweltfreundlicher zu gestalten? Um diese Frage zu beantworten, blickt dieser Beitrag auf die ökologische Bilanz der Gemeinsamen Agrarpolitik des Vereinigten Königreichs und auf erste Vorschläge für eine zukünftige Politik des Vereinigten Königreichs zurück. Es stellt sich heraus, dass die britischen Regierungen zwar Pionierarbeit geleistet und sich für viele grüne Instrumente in der GAP eingesetzt haben, dass aber ihre übergeordnete Priorität nach wie vor darin besteht, die Agrarausgaben - sowohl die der EU als auch der Mitgliedsstaaten - zu begrenzen. Nach dem Brexit wird das Vereinigte Königreich aus der GAP ausscheiden. Frühe politische Diskussionen im Vereinigten Königreich zeigen jedoch, dass die Entscheidungsträger dort vor sehr ähnlichen Herausforderungen stehen wie ihre EU-Pendants: Auf welche Weise soll die Agrarpolitik finanziert werden und wie sollten die Mittel zwischen den vier britischen Nationalstaaten aufgeteilt werden? Wie viele Politikabweichungen sind vertretbar, ohne dass die Chancengleichheit gefährdet wird? Im Vereinigten Königreich werden diese Herausforderungen noch folgendermaßen verschärft: erstens durch die Dezentralisierungsabkommen, wobei Landwirtschaft und Umwelt in dezentralen Zuständigkeitsbereichen liegen, während der Handel der Regierung des Vereinigten Königreichs vorbehalten ist. Und zweitens durch die Unsicherheiten in Bezug auf künftige Handelsbeziehungen zwischen dem Vereinigten Königreich, der EU und dem Rest der Welt.