

Brigg Monitor Farm meeting report

Meeting topic: Fit for the future, Brexit update and succession in practice

Speaker: Sarah Baker (AHDB)

Date: 25 January 2018

Location: Hibaldstow Village Hall, Hibaldstow DN20 9DY

For more information, visit: cereals.ahdb.org.uk/brigg



Key messages

- Changes to trade can have a positive or negative effect depending on whether the UK is a net importer or exporter
- Rising labour costs will impact all sectors
- AHDB have developed [three scenarios](#) for Brexit which can be used as an indicator to consider what Brexit means for individual farm businesses

Brexit – an impact assessment

- **Change is coming**
“But the truth is that if we try to avoid change, hold the future at bay and throw up barriers to progress then we don’t stop change coming, we simply leave ourselves less equipped to deal with change as it arrives.”
- **Expect Direct Payments to disappear....**
“Paying land owners for the amount of agricultural land they have is unjust, inefficient and drives perverse outcomes.”
“...moves away from subsidies for inefficiency to public money for public goods.”
- **Ambition for future trading relationships....**
“...we are confident of building a new economic partnership with the EU that guarantees tariff-free access for agri-food goods across each other’s borders.”
- **Fit with the AHDB priorities....**
- “There is a tremendous opportunity for productivity improvement in our farms.”
- “I believe we should also invest in technology and skills alongside infrastructure, public access and rural resilience.”
- “...innovative and dynamic approaches are enhancing the environment, safeguarding animal welfare, producing food of the highest quality....”

Three scenarios. . . .

Evolution

- Free Trade Agreement made with EU
- Agriculture support, labour costs and regulation unchanged

Unilateral liberalisation

- No trade deal with EU, but UK unilaterally lowers all tariffs to zero
- 50% reduction in agricultural support
- Permanent labour costs rise

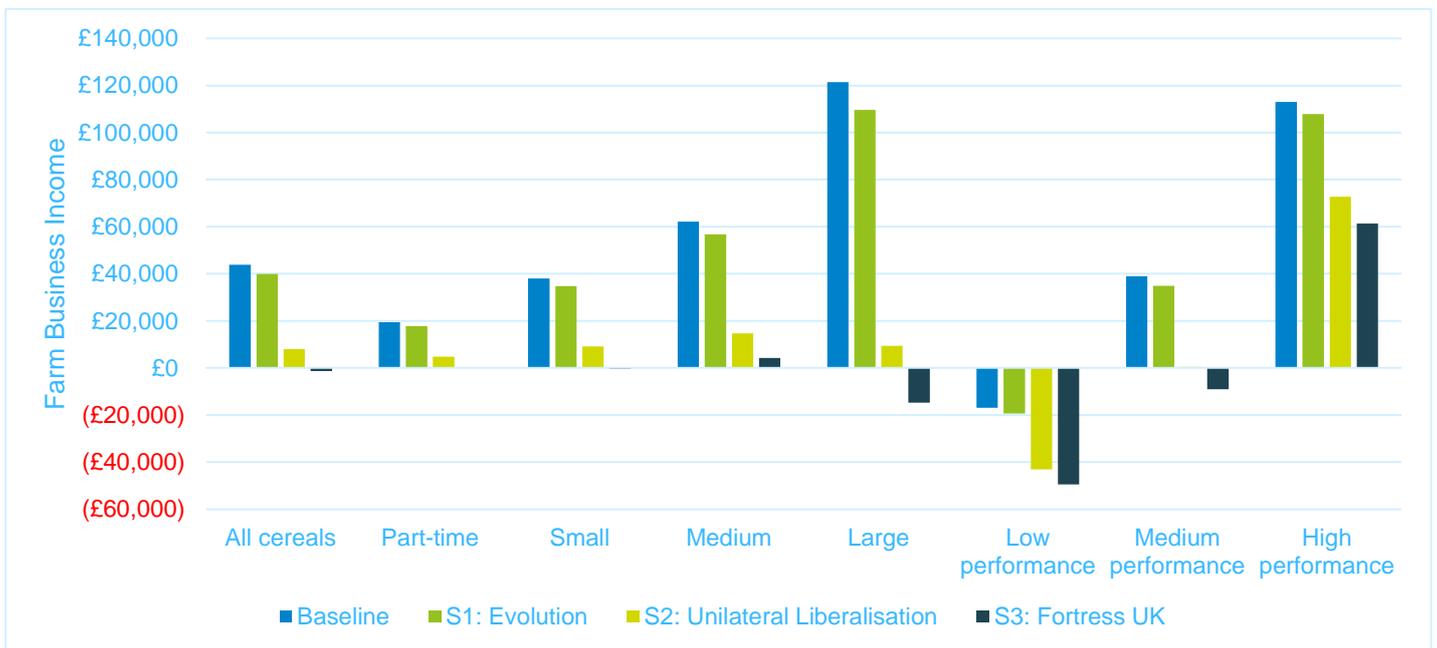
Fortress UK

- No deal with EU
- WTO tariffs apply
- 75% reduction in agriculture support
- Labour (permanent and seasonal) costs rise

- Exchange rates, whilst incorporated into the EU price forecasts are otherwise assumed to be constant
- Farm data is taken from the Farm Business Survey (FBS)
- Changes to Farm Business Income (FBI) indicates where the financial pressures resulting from the scenarios are likely to arise
- These results can be used as an indicator to consider what this means for individual farm businesses

Key points

- Under AHDB's specific scenarios, changes in agricultural support have the most significant impact on farm business incomes, in those sectors which have high levels of support
- Changes to trade can have a positive or negative effect depending on whether the UK is a net importer or exporter.
- Rising labour costs will impact on all sectors, although are much more significant in horticulture, due to the high proportion of labour to total costs.
- The top 25% of farms (in terms of their output/input ratios) are shown to be in a far stronger position to cope with the changes associated with the scenario.



Find out more – Links to AHDB information sheets or research

[Brexit scenarios: an impact assessment](#)
[Post-Brexit prospects for UK grains](#)
[AHDB Skills for both employee and employer](#)
[Employment contracts \(Gov.uk\)](#)
[NFU employment services](#)



For more information on Brexit, visit ahdb.org.uk/brexit

Next meeting

Date: 22 February 2018

Topic: Machinery cost management

Time: 10.00

Location: Hibaldstow Village Hall, Station Road, Hibaldstow DN20 9DY

For more information contact: Harry Henderson

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To find out more about Farmbench, AHDB's benchmarking tool, contact: Thomas Wells

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