

## **IPC Speech**

Thank you for giving me the opportunity to speak to you today.

I'd like to start by providing you with an overview of where I see farming in the UK today.

This industry contributed £5.6 billion to our economy in 2006. It uses 75% of the country's land area. It employs over half a million people.

One of my main tasks as farming minister is to help this industry operate as efficiently as possible. While at the same time reflecting our key economic, social and environmental goals.

Our economic goals are about supporting farmers in building a profitable, innovative and competitive industry.

About developing strong connections between farmers and their markets.  
About further reform of the Common Agriculture Policy and strengthening links in the food chain.

Our social goals are focused on supporting farming's wider contribution to the rural economy.

Environmentally we want to see farming fulfill its unique role in the countryside. And make a positive contribution to the environment.

Farming is important because it is on the front-line of many challenges we face.

Challenges like liberalisation. The end of protectionism. New, more competitive, free markets. CAP reform. And the global demand for food.

Commentators have said that trade liberalisation and the end of the CAP as we know it will mean the end of farming.

Not true.

The increasing global population, economic growth and climate change mean long term demand is growing. Trade liberalisation should be seen by many as far more of an opportunity than a threat.

And when you look outside the European Union experience suggests that we should not shy away from liberalisation. The New Zealand model shows that farming will not collapse without subsidy as we know it. In fact it is likely to become more efficient and more competitive.

Many people now accept that the type of production-orientated subsidies we had in the EU prior to reform was outdated. And that it was right for us to start to move away from this system.

The world as a whole is moving on too. The public are demanding reform. And we must face this reality sooner rather than later so the sector can be better placed to compete on the global stage.

This UK vision for farming must be taken forward at a European level. Everyone needs to get involved in the up and coming Health Check of the CAP. We need to remove production constraints such as dairy quotas. We need to even up the playing field and get everyone to decouple their subsidies fully from production. And everyone needs to convert their agricultural funds into rural development programmes.

This will reduce Government interference in farming and target public money on the delivery of environmental benefits.

We also want to reduce regulatory burdens across Europe. We want to see real behaviour change in the farming sector. We're not in the business of mindless compliance for compliance's sake. We want to see how, and where, we can reduce the cost of compliance.

We want to create a clear straight forward framework integrated within the EU's competition rules. A clear framework that enables us to define agricultural goals, maintain the environment and promote sustainable development.

It is the job of Government to establish this regulatory framework and in doing so create opportunities.

Opportunities that will allow farms to add value. The UK's organic sector being a prime example.

Here we have given considerable financial support to this sector to encourage conversion, and help meet the increasing demand for organic food.

By 2010 our aim is for the UK produced share of this market to have increased to 70%, a level in excess of that for conventional produced food.

The fact that UK produces less than 70% of the food eaten in the country focuses the mind sharply on the issue of internationally traded food.

Some people in the UK and the EU are concerned that meat from the Americas will flood European food markets. But the increased use of

commodities for fuel. The growing populations and economies of countries like China and India mean global demand for food will rise. As will the opportunities for European farmers as diets change in developing economies. While at the same time diets in the developed world change as we cut down on the richer tastes enjoyed by previous generations.

Like any country, we want a reliable supply of food. Consumers have a diverse demand for food and so it makes sense for us to have a diverse supply of it. This approach enhances our food security by spreading risk and making sure that we don't put all our eggs in one basket - literally.

Trade liberalisation and an efficient market driven world economy gives us access to a wide range of food. But this should not be regarded as a green light for us to just grab increasingly scarce supplies. In fact it should allow us to trade openly stimulating growth and development worldwide.

But our food security is more robust than many developing countries. But in the context of climatic, economic and demographic change our relatively comfortable position should not be taken for granted. The recent extreme weather conditions in Europe over the past few years provide us with a stark reminder of this.

But equally important to our food security is our environmental security.

We want to see our landowners and farmers promote environmental security. We want to see them protect wildlife. Encourage biodiversity. Maintain our landscapes, and protect our historic environment.

Farming has a unique place in our country's way of life. Farmers are the guardians of the countryside. They are part of the UK's national identity. They help feed us, provide employment in the rural economy and contribute to brand UK.

So a balance must be struck to ensure growth and production are sustainable. Particularly in the face of climate change. Farming is on the front line and is first to feel its effects.

In response farmers need to be flexible. They need to be able to adapt to evolving pressures like erratic weather patterns and increased attacks from pests and diseases.

Farmers also need to be ready to make the most of the businesses opportunities that climate change can bring. I know some farmers in the south of the country are already growing new types of crop. Others are producing biomass to replace fossil fuels.

And of course all farmers need to play their part in combating climate change by reducing the significant environmental footprint they leave on the land.

A land that is a finite resource. A resource that across the world is under increasing pressure from the needs of a rising population, the effects of climate change and over exploitation.

Across the world we need to ensure the air that we breathe and water that we drink is clean. We need to make sure the soils that we work are healthy. These basic resources are the raw materials for a strong global economy.

We realise that for the UK to remain competitive in such an economy we need to grow our share of international markets. The competitive environment for the food and drink sectors is tough and getting tougher. This puts new pressures on suppliers; as consumer trends continue to shift and the Single European market grows in importance and size.

The UK sector needs to consolidate or cooperate – big isn't necessarily beautiful. Small isn't necessarily sustainable. Value needs to be added and created within the supply chain. The sector needs to diversify and

innovate. It needs to differentiate products and reconnect with its customers. It needs to recognise the threat of climate change. It needs to help to mitigate it. But it also needs to recognise that there are opportunities to be had.

The UK and EU can become leaders in green farming – developing solutions that reduce the use of natural resources and reduce pollution.

In conclusion the agriculture sector is central to our ambitions for the future. Aside from its primary role of food production, it has a crucial relationship with rural development, the environment, land use, trade and energy production.

The sector is in the front line of our approach to climate change. And through this we must develop competitive sector while at the same time reducing its environmental footprint.

We are looking to develop a shared vision with our partners. A vision founded on a long term view of the sector's funding and the policy framework that governs it. We need to move forward and secure further reforms that will put the industry on a stronger footing for generations to come.

Thank you.