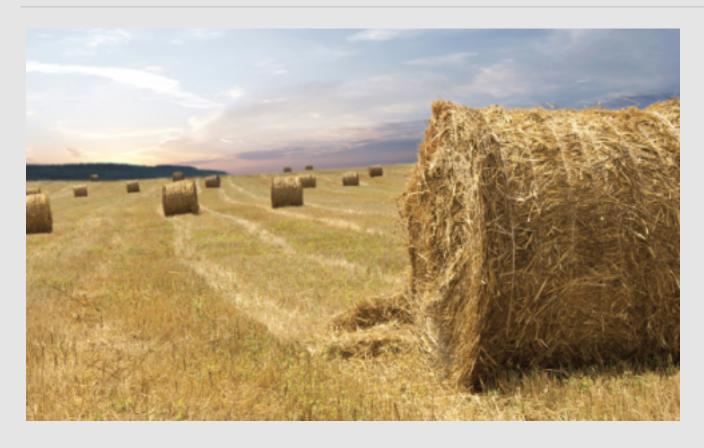


SEARCH



From Article 50 & Agriculture. March 2017 CARAS Bulletin No.47, pp.2-3

Professor Sir John Marsh, CBE, FRAgS offered the following key practical points to consider post-Brexit:

- 1. At what price in sterling will imports be available?
- a. Since prices are set in dollars we need a perspective on \$/£ rates and on world market prices.
- b. We know that prices will be volatile. In real terms they seem more likely to rise modestly in the long term.
- 2. At what price will UK farmers be able to access resources?
- a. Barriers to immigration are likely to raise costs for labour intensive sectors (unless seasonal worker derogations are implemented)
- b. Capital access will depend on the state of the economy. Attempts to shore up growth are likely to raise land prices a relatively safe haven.
- c. What competition will there be for land? A mixture of elements arise here:-

- i. Environmental policies that may restrict land use and impede some production systems (but new payments for Ecosystem Services need to accrue also...).
- ii. The market demand for land outside farming not only housing and roads, but leisure, heritage, industrial growth.
- iii. The prices farmers are able to pay for rent depending on their profitability and the risks involved in making investments that have a long life in a market that fluctuates.
- 3. This provides a basis for assessing the likely equilibrium level of agricultural production. There then follows other questions?
- a. Does this amount to a secure food supply? If not what options exist e g.
- i. Public policy that takes a share of the risk of price fluctuation
- ii. Public policy designed to increase output beyond the level the market will support.
- iii. Public policy focussing on the food chain making sure that there is a supply whether from home or overseas sources that can deliver basic nutritional needs, possibly including some rationing scheme.
- b. No UK government will want to allow food prices to consumers to rise. Bargaining power outside the EU could provide leverage for highly competitive external supplies.

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- Professor Sir John Marsh
- ① 17th May 2018

Comments

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