

Debate Pack

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By

Philip Brien

Jonathan Finlay

Andrew Powell,

Matthew Ward

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The Future of the Welsh Rural Economy

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Summary

This briefing highlights issues around the future rural economy in Wales that are likely to be relevant in the debate on the 22 June in Westminster Hall at 2.30pm.

Economic output per head in areas of rural Wales is below the Wales average, although it has grown since 2010. This briefing includes Welsh economic output statistics, along with statistics showing employment broken down by industry sectors.

Section 1.2 of the paper looks at how much funding Wales received from the EU structural funds while the UK was a member of the EU, and reports how the UK government has said that it will replace this funding, including from the UK Shared Prosperity Fund.

Section 1.3 looks at Welsh agricultural exports and Wales' largest export markets for agricultural products.

As a result of EU exit, the UK no longer participates in the EU Common Agricultural Policy (CAP). Section 1.4 provides an introduction to the Welsh Government's current plans to provide agricultural support.

Section 1.5 looks at the levelling Up Fund and how the Levelling Up Fund and how this will apply to Wales.

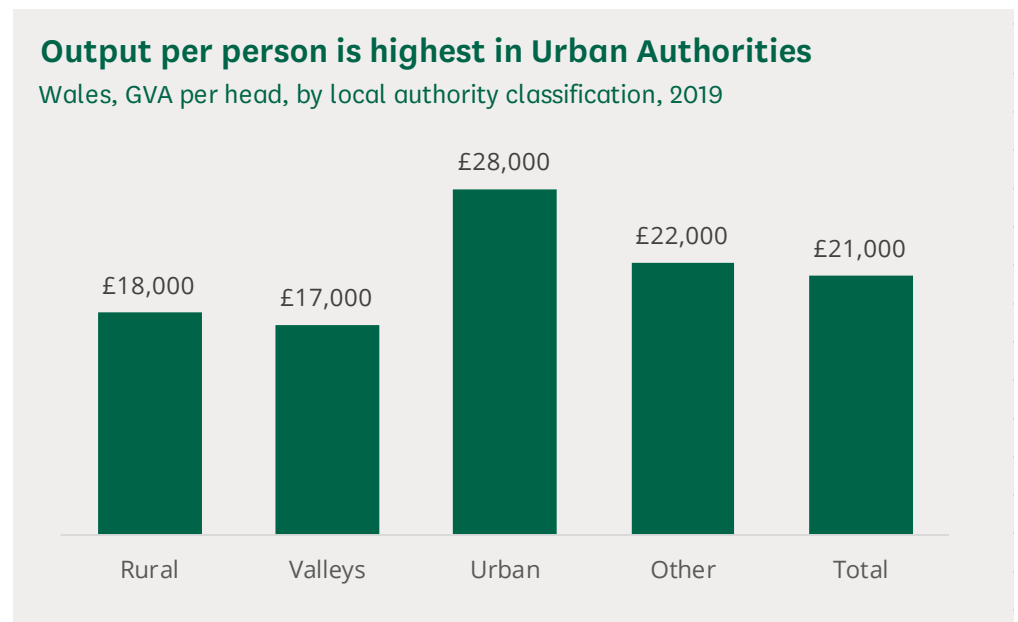
1 Summary

1.1 Economic Output

This section looks at how the economic statistics for Wales compare across local authorities in Wales that are classified as Rural, Valleys, Urban and Other.

In 2019, Rural authorities accounted for 28% of economic output across Wales, while Valley authorities accounted for 16%, Urban authorities for 32% and Other authorities for 24%. There has been little change in these proportions over the last twenty years.¹

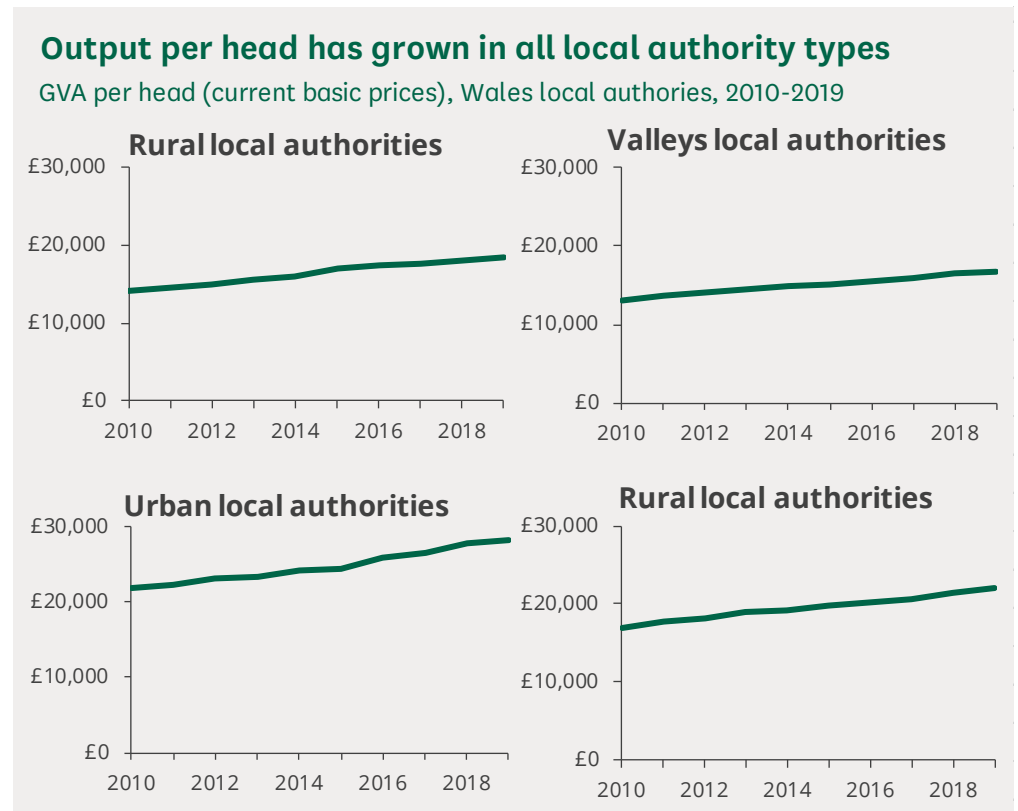
Output per head of population in 2019 was greatest in local authorities in Wales classified as Urban and least in those classified as Valleys. The output in Rural authorities was slightly above that of the Valley authorities, and is below the Wales average.



Source: Office for National Statistics, [Regional gross domestic product: local authorities](#), 26 May 2021

There has been an increase in output per head for all the types of local authorities since 2010, as shown in the chart below:

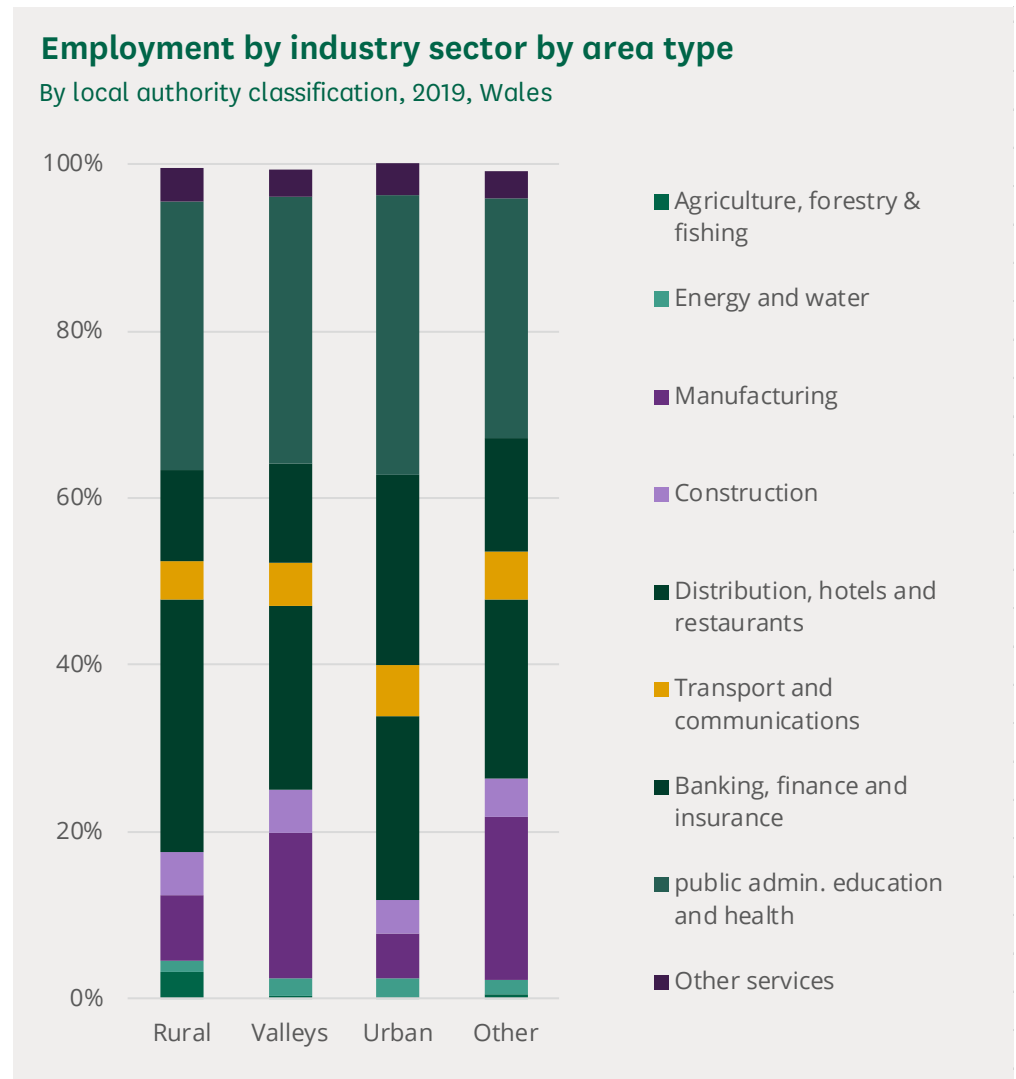
¹ To measure how large an economy is, we look at its total output – the total value of new goods produced and services provided in a given time period, using a measure called Gross Value Added or GVA.



Source: Office for National Statistics, [Regional gross domestic product: local authorities](#), 26 May 2021

Employment by Industry Sector

Employees in rural local authorities in Wales are more likely to be working in certain sectors than workers in the other areas. They more likely to have workers in the Distribution, hotels and restaurant sectors than the other areas, for example, and also more likely to have workers in the Agriculture sector.



Source: Office for National Statistics, Business Register & Employment Survey (BRES) via Nomis

1.2 Agriculture support policy in Wales

As a result of EU exit, the UK no longer participates in the EU Common Agricultural Policy (CAP). Agriculture is a largely devolved policy area. The UK Government and devolved administrations are each pursuing their own approach to the future of agricultural support. In Wales this includes both continuing programmes similar to the CAP for the immediate future, and developing a new scheme to promote sustainable land management.

This section provides an introduction to the Welsh Government’s current plans. For more information on the development of a post-EU exit agricultural support policy in Wales, see also the Senedd Research article [“A new landscape for farmers and nature?”](#) (25 May 2021).

Continuation of current schemes

The CAP has provided support to farmers and the agri-food sector under two main “pillars”.

Pillar 1 includes direct payments to farmers, and rules governing a common market in agricultural products. The main direct payment scheme under pillar 1 is the Basic Payment Scheme (BPS). Pillar 2 covers rural development programmes, including agri-environment schemes like Glastir in Wales.²

For the immediate future, support schemes similar to those under the CAP will continue to operate in Wales, governed by a combination of retained EU law and new domestic legislation. The following sections provide more information on the continuation of direct payments and the rural development programme.

Direct payments to farmers

The UK [Agriculture Act 2020](#) included powers for the Welsh Government to continue the Basic Payment Scheme beyond 2020. For information on the other provisions of the Act, see the [Library paper on the Agriculture Act 2020](#) (CBP 8702, 3 December 2020).

In December 2020, the Welsh Government Minister for Environment, Energy and Rural Affairs, Lesley Griffiths, confirmed that farmers would receive “the same level of total payment”, across BPS and associated schemes, in 2021 as they had in 2020. This takes account of a “new simplified BPS calculation”, and the removal of the separate “greening” payment.³

The Welsh Government has also said that it intends to continue BPS in 2022, “subject to confirmation of funding from the UK Government”.⁴

Rural development

The Welsh Government Rural Development Programme (RDP) covered the period 2014-20, and support will continue with EU and Welsh Government

² European Parliament, The Common Agricultural Policy (CAP) [accessed 18 June 2021]; Welsh Government, [Brexit and our land: Securing the future of Welsh farming](#), July 2018, p. 19

³ Welsh Government, [Written Statement: Publication of Basic Payment Scheme \(BPS\) financial budget ceiling for 2021 scheme year](#), 21 December 2020. Under the EU direct payment schemes, farmers receive the “greening” payment if they comply with certain mandatory environmental practices (some farmers are exempt). Following EU exit, the Welsh Government has decided to roll the greening element into the overall BPS budget rather than it being considered as separate, and also to remove the crop diversification requirement which it says is unnecessary given Welsh agricultural practices (while taking steps to retain the environmental benefits of the other greening requirements through BPS cross-compliance rules). See [Sustainable Farming and Our Land: Proposals to continue and simplify Agricultural Support for Farmers and the Rural Economy](#), November 2020.

⁴ Welsh Government, [Written Statement: Publication of the Agriculture \(Wales\) White Paper](#), 16 December 2020

funding until 2023.⁵ The RDP in Wales includes the [Glastir](#) agri-environment schemes.

The Welsh Government has criticised the UK Government over the continuation of rural development funding following EU exit. Lesley Griffiths said in February 2021 that a shortfall would result from the approach being taken:

[...] I would like to place on record my deep frustration and disappointment shared by many in Wales's rural communities with the way in which UK Government has decided to renege on their commitment to replace the rural development funding that we are losing as a result of our exit from the European Union. Rather than replace the funding in full, they have taken the decision to subtract from replacement funds the amount we are still receiving from the European Union, as well as a proportion of those funds used to deliver the RDP. This has created a £137 million loss to the rural economy of Wales in next financial year alone.⁶

The UK Government has said that farmers would receive the same total funding in 2021 as in 2019, when the Conservative manifesto had committed to maintaining the annual budget:

In our 2019 manifesto we promised to maintain the current annual budget to farmers for the lifetime of this parliament. At the recently concluded Spending Review the UK Government met this commitment by providing new exchequer funding on top of the remaining EU funding in each nation to ensure that farmers receive the same total funding next year as they received in 2019 when the manifesto commitment was made.⁷

A new agriculture policy for Wales

Each of the UK nations has been pursuing its own approach to farm support following EU exit. Following a number of consultations, the Welsh Government published an [Agriculture \(Wales\) White Paper](#) for consultation in December 2020. The White Paper explains the Welsh Government's approach, which it said would be legislated for through an Agriculture (Wales) Bill in the subsequent Welsh Parliament term (following the election in May 2021).

The Welsh Government's approach to future support centres on promoting Sustainable Land Management (SLM), "enabling current and future generations of farmers to be rewarded for the sustainable production of food and for their contribution to the health and wellbeing of our nation". It is

⁵ Welsh Government, [Agriculture \(Wales\) White Paper](#), 16 December 2020, p. 35

⁶ Welsh Parliament, [Plenary 23 February 2021](#), c242

⁷ [PQ 126937](#), 15 December 2020

proposed to replace BPS and agri-environment schemes with a single Sustainable Farming Scheme:

The White Paper sets out our proposals to replace the Basic Payment Scheme (BPS) and other EU agri-environment schemes with a single direct support scheme for farming. Our proposed Sustainable Farming Scheme will reward farmers appropriately for the production of additional non-market goods (improved soils, clean air, clean water, improved habitat condition, actions to reduce global warming) at levels above those set by regulation through the management of land in a sustainable way. It will also provide advice and support for farmers and farm businesses.⁸

The White Paper also contains proposals for regulatory reform of agriculture in Wales. On rural development, it states that the Welsh Government is “considering how to establish interim domestically funded rural development arrangements to compliment the EU spending commitments” for the period 2021-24, and in the longer term proposing to “provide support to the wider industry and supply chain where that support enables the continued delivery of SLM and, ultimately, benefits Welsh farmers”.⁹

The National Farmers Union in Wales (NFU Cymru) has said that the White Paper proposals “do not share NFU Cymru’s ambition and vision for the sustainable growth of the food and farming sector in Wales”. NFU Cymru President John Davies said that “I am pleased that the White Paper recognises the strong case for supporting farmers into the future, but I am also clear that we should be ambitious for our future plans”.¹⁰

Environmental groups such as RSPB Cymru and the National Trust have broadly welcomed the White Paper as promoting sustainable farming, while the National Trust also called for “a clear road map for the development of the scheme, with a commitment to prepare and support farmers and land managers through the transition”.¹¹

The consultation on the White Paper closed on 26 March 2021, and responses are currently being reviewed.¹²

⁸ Welsh Government, [Written Statement: Publication of the Agriculture \(Wales\) White Paper](#), 16 December 2020

⁹ Welsh Government, [Agriculture \(Wales\) White Paper](#), 16 December 2020, p. 36

¹⁰ NFU Cymru, [White Paper policy proposals do not match industry's ambition, says NFU Cymru](#), 28 March 2021

¹¹ RSPB, [One step closer to a sustainable farming policy](#), updated 17 December 2020; National Trust, [Farming in Wales](#) [accessed 18 June 2021]

¹² Welsh Government, [Agriculture \(Wales\) Bill](#) [accessed 18 June 2021]

1.3 Agriculture and trade

In 2020, the value of Welsh agricultural exports was £495.6 million – this was equal to 2% of the UK’s agricultural exports.¹³

The table below shows Welsh agricultural exports in 2020. The EU accounted for 77% of Welsh agricultural exports in 2020, with the Republic of Ireland accounting for just over a fifth of Welsh agricultural exports.

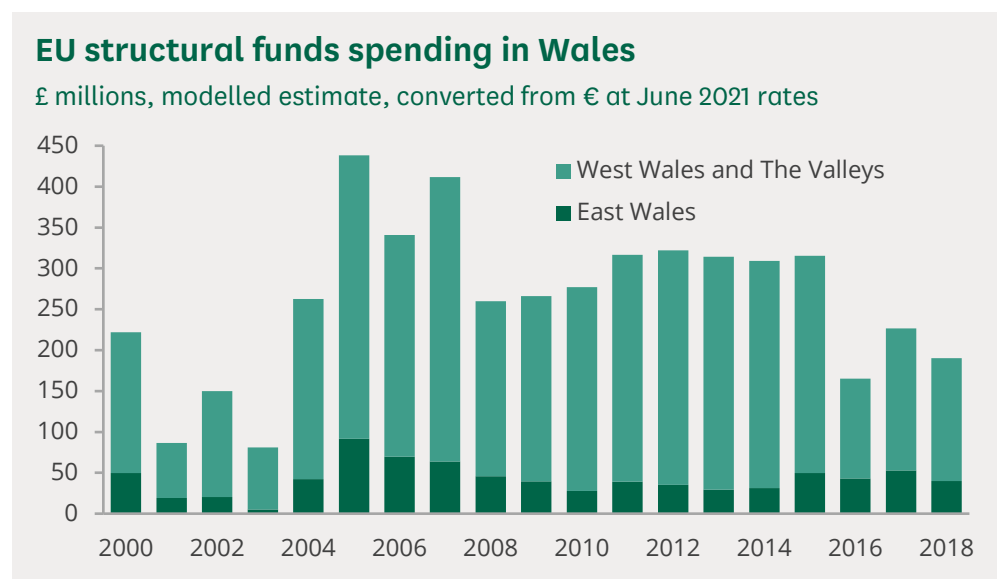
Welsh agricultural exports, 2020		
	£ millions	% total
Irish Republic	105.5	21.3%
France	66.7	13.5%
Germany	47.4	9.6%
Netherlands	47.2	9.5%
Italy	25.5	5.1%
Spain	21.5	4.3%
Belgium	21.2	4.3%
United States	19.7	4.0%
Turkey	13.3	2.7%
Poland	12.7	2.6%
EU	382.8	77.3%
Non-EU	112.7	22.7%
Total	495.6	100.0%

Source: HMRC, [UK Trade Info](#)

1.4 EU funding and the UK Shared Prosperity Fund

Wales received significant amounts of funding from the EU structural funds while the UK was a member of the EU, and it will continue to receive decreasing levels of funding from this source until 2024-25 as the funds wind down.

¹³ Data from HMRC, UK Trade Info. Agricultural exports defined as exports of “food, feed and drink”, which includes raw agricultural products, processed foods, beverages and animal feeds.



Source: European Commission, [Historic EU payments - regionalised and modelled](#), 29 May 2020; converted to sterling using HMRC's [June 2021 exchange rate](#)

As the chart above shows, Wales as a whole has received varying amounts of funding from the EU's structural funds, but in recent years it has typically been in the hundreds of millions of pounds.¹⁴ Funding has always been heavily weighted towards West Wales and the Valleys, which was (along with Cornwall and the Isles of Scilly) one of only two “less developed regions” in the UK in the EU's 2014-20 funding framework, and therefore eligible for greater levels of funding.

Now that the UK has left the EU and the transition period has ended, no new EU funding will be available. The UK government has said that it will replace this funding from several sources. Those parts of the structural funds which were focused on agricultural development will be replaced by the UK's new farm funding system, as provided for in the [Agriculture Act 2020](#). Those which were more focused on regional development, employment and skills – the European Regional Development Fund (ERDF) and European Social Fund (ESF) – are the main focus of the forthcoming [UK Shared Prosperity Fund](#) (UKSPF).

In an evidence session of the Welsh Affairs Committee in January 2021, Secretary of State for Wales Simon Hart confirmed that Wales would receive an average of £375 million per year in funding. This would consist of a tailing-off of the existing EU funds (as the funding programmes wind down), with the UKSPF ramping up at the same time to provide the same overall level of funding.¹⁵

¹⁴ Wales's share of the 2014-20 EU structural funds framework came to an average of about £387 million per year, but the actual amounts paid out vary considerably from year to year. This is because the funding is paid out in arrears, reimbursing applicants for spending on projects that has already been incurred.

¹⁵ Welsh Affairs Committee, [Oral evidence: Responsibilities of the Secretary of State for Wales, HC 96](#), 14 January 2021 (Q219-220)

The Welsh Government and Welsh Parliament have both made clear their opposition to the Shared Prosperity Fund's design, specifically the way in which it is directed from Westminster (unlike the EU structural funds, which were administered in Scotland, Wales and Northern Ireland by the devolved administrations).¹⁶ This was also a point of contention in debates over the UK Internal Market Act 2020, which provided the Government with the legal power to provide assistance via the Shared Prosperity Fund (see sections 4 and 6.6, in particular, of [the Library's briefing on the Act](#)).

The Shared Prosperity Fund has not yet been launched. Some of the main details were included in the [2020 Spending Review](#), which also said to expect the investment framework for the Fund in spring 2021. The Government now says to expect it "[later this year](#)". In the meantime, the UK Community Renewal Fund has been launched to provide funding for 2021-22. This will provide £220 million and will initially be focused on 100 "priority places". Although we don't yet have specific figures for the amounts of funding that will go to each area, most of Wales is covered by "priority places". Further details are available in the Library's Insight post [EU structural funding: Will the UK Community Renewal Fund bridge the gap?](#)

1.5 Levelling Up Fund

The Levelling Up Fund was announced in the [2020 Spending Review](#) last November. This stated the fund would be worth £4.8 billion, with £4 billion of this to be spent in England and £0.8 billion to be spent in Scotland, Wales and Northern Ireland. the [Fund prospectus](#) states for the first round of funding, "at least 9% of total UK allocations will be set aside for Scotland, 5% for Wales, and 3% for Northern Ireland" – this works out as £432 million for Scotland, £240 million for Wales and £144 million for Northern Ireland.

The Spending Review described the purpose of the Fund thus:

This will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. It will be open to all local areas in England and prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less government investment in recent years.¹⁷

The Government published a [prospectus](#) alongside the Budget - this stated that the Fund would focus on capital investment in local infrastructure and would be delivered through local authorities in England, Scotland and Wales.

The prospectus states funding will focus on those areas "most in need of levelling up" – those areas are determined by an index published alongside

¹⁶ See section 3.1 of [the Library's briefing paper on the Fund](#).

¹⁷ HM Treasury, [Spending Review 2020](#), CP 330, November 2020, pg. 4

the prospectus that ranks local authorities by on a scale of 1 to 3, with those ranked 1 considered most in need and those ranked three least in need. These ranking are split evenly between all local authorities in England, Scotland and Wales – a third are ranked 1, a third ranked 2 and a third ranked 3.

The ranking system is based on three criteria:

- need for economic recovery and growth;
- need for improved transport connectivity;
- need for regeneration.

The table below shows the 22 local authorities in Wales and their priority rank – 17 were placed in priority category 1 (i.e. most in need), 3 were placed in priority category 2 and 2 were placed in priority category 3.

In England, Category 1 places will be eligible to receive targeted capacity funding, to support them in preparing high-quality bids, though all places in Scotland and Wales are eligible for this capacity funding, independent of their place in the index.

Levelling Up Fund - priority categories for Welsh Local Authorities

Local Authority	Priority category
Blaenau Gwent	1
Bridgend	1
Caerphilly	1
Cardiff	1
Carmarthenshire	1
Ceredigion	1
Conwy	1
Denbighshire	1
Merthyr Tydfil	1
Neath Port Talbot	1
Newport	1
Pembrokeshire	1
Powys	1
Rhondda Cynon Taff	1
Swansea	1
Torfaen	1
Wrexham	1
Flintshire	2
Isle of Anglesey	2
Vale of Glamorgan	2
Gwynedd	3
Monmouthshire	3

Source: HM Treasury, [Levelling Up Fund Prospectus](#)

The [methodology](#) shows how places were ranked; table 5 shows the criteria used to assess places In Wales the criteria used to rank places was based on data showing levels of productivity, unemployment and skills and the vacancy rates in commercial premises and private dwellings.

Every local authority is eligible to submit at least one bid. The first round of the Fund will focus on three themes - transport projects, town centre and high street regeneration and cultural investment.

Details on how to apply are shown in [chapter 6 of the prospectus](#) - bids must be submitted by noon on Friday 18 June 2021.

2

Press articles

[Welsh lamb and beef key drivers of rural economy as £99m upturn seen in 2020](#)

The National, 3 June 2021

[Pandemic boosts value of Welsh livestock sector](#)

Farming UK, 1 June 2021

[Australia trade deal: Welsh identity at risk says Drakeford](#)

BBC, 20 May 2021

[Farmers in UK devolved nations face big drops in income post-Brexit: Scottish farmers could lose £170m by 2025, with Welsh and Northern Irish ministers also critical of new regime](#)

Fiona Harvey

The Guardian, 7 January 2021

[Welsh government cries foul on post-Brexit farm funding: Westminster accused of short-changing farmers and rural communities by £137m in Spending Review](#)

Judith Evans

Financial Times, 26 November 2020

[Mixed reaction to Welsh farm payments consultation](#)

Ed Henderson

Farmers Weekly, 28 October 2020

[Mid Wales economy: Could start-up 'cluster' boost growth?](#)

Caleb Spencer

BBC, 11 October 2020

[Wales's rural economy receives £106m Covid funding boost from Welsh Government](#)

Owen Hughes

Daily Post, 8 September 2020

[Rural grants worth £53m 'given without value for money checked'](#)

BBC, 30 June 2020

[Coronavirus: Don't forget rural communities, farmer pleads](#)

Rachael Garside

BBC, 22 May 2020

[Coronavirus is Another Blow to Wales' Rural Economy](#)

Nigel Hollett

Business News Wales, 28 April 2020

[How Brexit could change the face of rural Britain](#)

The Economist, 1 September 2018

[Brexit and the challenges faced by farmers and rural communities: Whatever changes are made to agricultural policy, the impact will ripple out into the surrounding rural areas](#)

Laura Battle

Financial Times, 29 September 2017

3 Parliamentary material

3.1 Written questions

[Rural Areas: Question for Department for Environment, Food and Rural Affairs: UIN HL13931](#)

Asked by The Lord Bishop of St Albans

Asked on 4 March 2021

To ask Her Majesty's Government what plans they have (1) to encourage tourism in rural areas, and (2) to revitalise local rural economies.

Answered by Lord Gardiner of Kimble

Answered on 18 March 2021

The Prime Minister set out in the Reopening Roadmap published on 22 February the Government's intention to publish a Tourism Recovery Plan in Spring. We are working with the Department for Digital, Culture, Media and Sport to ensure tourism in rural areas is embraced and rural organisations are consulted.

We work closely with the Ministry for Housing, Communities and Local Government to ensure that plans to revitalise local economies take into account the needs of rural economies. The UK Levelling Up Fund prospectus sets out how the Fund will help invest in infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport, and investing in cultural and heritage assets. The UK Community Renewal Fund will support innovative responses to local challenges and local needs in urban, rural and coastal areas across the UK, to help local areas prepare for the introduction of the UK Shared Prosperity Fund from 2022.

[Economic Situation: Rural Areas: Question for Department for Environment, Food and Rural Affairs: UIN 121287](#)

Asked by Alberto Costa

Asked on 26 November 2020

To ask the Secretary of State for the Environment, Food and Rural Affairs, what steps his Department is taking to ensure the long-term sustainability of the rural economy.

Answered by Rebecca Pow

Answered on 4 December 2020

On 30 November, Defra published 'The Path to Sustainable Farming: An Agricultural Transition Plan 2021 to 2024'. This document will help farmers and land managers better understand what changes are coming as part of the seven-year agricultural transition period, now that the UK has left the EU. The Environmental Land Management scheme is the cornerstone of our new agricultural policy and it is intended to provide a powerful vehicle for achieving the goals of the 25 Year Environment Plan and commitment to net zero emissions by 2050, while supporting our rural economy.

Defra is working with other departments on a range of other measures to support rural economies and help address long-term productivity challenges. This includes the UK Shared Prosperity Fund which will support investment in rural infrastructure and businesses and the £5 billion UK Gigabit Programme targeted at connecting hard to reach areas. Defra will shortly publish the first annual rural proofing report on how the needs of rural areas in England are being addressed.

[Food: Exports: Question for Department for Environment, Food and Rural Affairs: UIN 68702](#)

Asked by Jim Shannon

Asked on 3 July 2020

To ask the Secretary of State for Environment, Food and Rural Affairs, what discussions he has had with Cabinet colleagues on ensuring that the (a) planning and (b) regulatory frameworks support agri-food producers that want to increase the level of their exports.

Answered by Victoria Prentis

Answered on 13 July 2020

The food sector is the UK's largest manufacturing industry, and a major contributor to the UK economy. UK food and drink exports play an important part of the success of the sector, and in 2019, UK food and drink exports were worth £23.7 billion - up 4.9% from 2018.

The Government highlights the importance of our agriculture and food production in the National Planning Policy Framework (NPPF). The NPPF requires local planning authorities to take into account all the benefits of the best and most versatile agricultural land. Where significant development of agricultural land is shown to be necessary, planning authorities should seek

to use poorer quality land in preference to that of a higher quality. They should also consider the needs of the food production industry, and any barriers to investment that can be resolved by planning.

The NPPF states that, to promote a strong rural economy, local and neighbourhood plans should promote the development and diversification of agricultural and other land-based rural businesses. Moreover, local planning authorities are asked to encourage the reuse of brownfield land, provided that it is not of high environmental value. This is to recognise the character and beauty of the countryside, and to maintain the strong protections in place for Green Belt and other designated countryside.

Further longstanding support for farmers is provided by the rights to carry out various types of agricultural development, as set out in the Town and Country Planning (General Permitted Development) Order 1995.

Further demonstrating my department's collaboration across Government, on 22 June 2020, we announced a 'bounce back' plan of trade measures for the agriculture, food and drink industry. These are designed to help support businesses that have been impacted by Coronavirus. These new strategic interventions were the product of joined up engagement between the Department for International Trade (DIT) and Defra.

The package offers immediate support to help businesses in the industry grow their trade activity overseas. The measures support producers and manufacturers throughout the food supply chain, from farm to fork, and has been developed with input from trade associations, businesses and DIT's regional and international networks. They include the announcement of the first Defra Agri-Food Counsellor serving the United Arab Emirates and wider Gulf Region, who will aid in addressing regulatory barriers to export for our agri-food producers.

[Agriculture: Subsidies: Question for Department for Environment, Food and Rural Affairs: UIN 763](#)

Asked by Luke Pollard

Asked on 11 February 2020

To ask the Secretary of State for Environment, Food and Rural Affairs, what steps her Department is taking to develop a system for a full range of public goods; what steps her Department is taking to ensure that system is (a) equitable and (b) transparent; and whether decisions taken under that system will be open to appeal.

Answered by Victoria Prentis

Answered on 18 February 2020

The Agriculture Bill will introduce ambitious new schemes in England, based on the principle of “public money for public goods”, which will allow us to reward farmers and land managers who protect our environment, improve animal welfare and produce high quality food in a more sustainable way.

Our Environmental Land Management (ELM) scheme is the cornerstone of our new agricultural policy. Founded on the principle of “public money for public goods”, ELM is intended to provide a powerful contribution to achieving the goals of the 25 Year Environment Plan and commitment to net zero carbon emissions by 2050, while supporting our rural economy.

We are working closely with a range of environmental and agricultural stakeholders to collaboratively design the new ELM scheme so that it is fit for purpose. We are currently running a programme of Tests and Trials, the priorities for which are the building blocks we will need for the National Pilot, due to commence in late 2021 and run to 2024. The National Pilot will provide a critical opportunity to test and refine the scheme design prior to full roll out of the ELM scheme in late 2024 across England.

Clause 3 of the Agriculture Bill provides the Secretary of State with the power to make regulations to check, enforce and monitor the conditions of financial assistance provided under the Bill. This includes the power to establish a mechanism for appealing against decisions. Clauses 4 to 6 of the Bill also require the publication of multi-annual financial assistance plans, annual financial reports and impact and effectiveness reports. This transparency will enable public scrutiny of our future spending plans and the extent to which Government funding for agriculture, horticulture and forestry activities has been delivered on a value for money basis.

[Food: Rural Areas: Question for Department for Environment, Food and Rural Affairs: UIN HL15251](#)

Asked by Baroness McIntosh of Pickering

Answered on 11 April 2019

To ask Her Majesty's Government what assessment they have made of the importance of the food and drink industry to the rural economy; and what steps they intend to take to ensure that food safety standards are maintained.

Answered by Lord Gardiner of Kimble

Answered on 29 April 2019

The food and drink industry, and the wider agri-food sector, forms an integral part of the rural economy whether in primary production, manufacturing,

retail, or hospitality. The Government recognises its importance and provides a range of support for the industry and the rural economy as a whole.

The UK has world leading standards of food safety and quality, backed by a rigorous legislative framework. We will maintain these high standards once the UK leaves the EU.

Rural Economy and Food and Drink

Various figures demonstrate the importance of the food and drink industry to the rural economy. The industry employed 3 million people in 2017 in England, over 475,000 (16%) of whom lived in rural areas. 31% of all business units that produce food products or beverages are in rural areas. Food and drink manufacturing in rural areas in England (excluding animal feed and pet food) had a turnover of £11 billion in 2017. In 2016 an estimated 2% of the gross value added of predominantly rural areas came from farming, forestry and fishing.

The Government provides a range of support for the rural economy. We are investing over £500 million in rural businesses and communities through the socioeconomic schemes within the Rural Development Programme for England. This includes over £250 million for rural business growth and broadband infrastructure through the Growth Programme; £150 million for locally identified business and community priorities through LEADER; and £140 million for improving farm performance through Countryside Productivity. Rural communities can also receive support through Local Enterprise Partnerships (LEPs).

The Government also provides support for the agri-food sector. Defra's work on the Industrial Strategy includes the Food and Drink Sector Council, the Food and Drink Sector Deal (currently in negotiations) and the Food and Drink LEP Network. The Government promotes increasing agricultural productivity through a range of programmes including the Transforming Food Production Fund and the Agri-Tech Strategy. The Government will publish a National Food Strategy once we leave the EU.

Food Standards

When we leave the EU, we will maintain our current high standards. We will keep our existing UK legislation, and the EU Withdrawal Act will convert EU law into UK law as it applies at the moment of departure.

As noted above, the UK has world leading standards of food safety and quality, backed by a rigorous legislative framework. We will maintain these high standards once the UK leaves the EU.

We are working closely with the Department of Health and Social Care, the Food Standards Agency, the Department for Exiting the European Union and the devolved administrations to ensure that the UK's world leading reputation for food safety and standards continues after we leave the EU.

Maintaining safety and public confidence in the food we all eat is a high priority for the Government. We are committed to upholding and strengthening our high standards. Future trade agreements must support the UK's food safety, animal welfare, and environmental standards.

The Secretary of State has been clear on numerous occasions that we intend to maintain our standards when pursuing any trade deals.

3.2 Oral questions

[Rural economy](#)

HL Deb 26 November 2020, c 369-72

3.3 Debates

[Productivity: Rural Areas](#)

HC Deb 14 October 2020, 195WH-212WH

[Covid-19: economy](#)

HL Deb 4 June 2020, c 1459-1501

[Rural Economy \(Rural Economy Committee Report\)](#)

HL Deb 8 June 2019, c 2028-2072

[Rural areas: public services](#)

HL Deb 9 July 2018, c 834-850

[Rural Economy of Wales](#)

HC Deb 28 November 2017, 95WH-114WH

3.4 Select Committees

[Time for a strategy for the rural economy](#)

House of Lords Select Committee on the Rural Economy, 27 April 2019

4 Further reading

4.1 Library briefings

[British meat and dairy products](#)

House of Commons Library, December 2020

[The Agriculture Act 2020](#)

House of Commons Library, December 2020

[Rural Economy and UK Agriculture: Issues for the New Parliament](#)

House of Lords Library, January 2020

[Brexit: Trade issues for food and agriculture](#)

House of Commons Library, November 2019

[House of Lords Rural Economy Committee Report: Time for a Strategy for the Rural Economy](#)

House of Lords Library, October 2019

4.2 Other

[How changes in the rural economy post-Brexit might impact upon healthcare/health inequalities in rural Wales Research Briefing February 2019](#)

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[Rural development in Wales: looking backwards, looking forwards](#)

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[The Implications of Brexit for Agriculture, Rural Areas and Land Use in Wales](#)

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