



Food, Farming and Land Quarterly

Spring 2016

Welcome

Welcome to the latest edition of Food, Farming and Land Quarterly, discussing current issues in the food, farming and land sector.

If you would like further details on any of the areas covered in this newsletter then please contact one of our team or visit our website at www.burges-salmon.com

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This edition of FF&LQ reports from the Oxford Farming Conference 2016. The Conference heralded the beginning of the Brexit debate and the themes picked up by the speakers on that subject were also reflected in a subsequent debate, involving Burges Salmon partner Sian Edmunds, reported on below on p2. The Conference speakers also discussed the application of science and entrepreneurship to farming, prompting thoughts on the future of UK farming long after the referendum.

One speaker warned about the dangers of arguing only from fixed and polarised viewpoints. When that happens the consequent heated debate makes for good viewing and reflects the passion which affects

many farming issues, but answers are often not found wholly on one side or the other. For the last six years OFC has been shadowed by the Oxford Real Farming Conference, taking place at the same time and also concentrating on both the big policy questions and the details of practical farming. There are clearly significant differences between the attendees at these two conferences, but there is also potential for common ground – for instance in considering soil protection and other sustainability issues which concern farmers of all hues. Maybe now is the time for the two conferences to do a little more than occupy their splendid venues at opposite ends of Oxford High Street.

POLITICS Tories v Labour

In the first session of the conference Liz Truss, the DEFRA Secretary of State for Environment, Food and Rural Affairs spoke as did her Labour shadow, Kerry McCarthy.

Key points from the Secretary of State were:

- DEFRA is to be modernised and turned into a “trail blazer for government”. Many in the industry will believe it when they see it.
- She offered strong support for continued badger culling (although she was careful always to say that she was acting on advice of the Chief Veterinary Officer). “I will do whatever it takes to get rid of this terrible disease”.
- The Secretary of State was asked whether there was a ‘Plan B’ for farm subsidies in the event of the UK deciding to leave the EU (“Brexit”). She nakedly dodged answering the question (although it is reported in the press that in a later press briefing, she acknowledged that DEFRA had no ‘Plan B’).

Many had low expectations of Kerry McCarthy’s speech. Being an avowed vegan is perhaps not the best starting point for addressing a farming conference. However, she came over surprisingly well.



Liz Truss



Kerry McCarthy

- She was against badger culling because she doesn’t think it is justified by any evidence of its effectiveness.
- More surprisingly, she said she was open-minded on the question of GM.
- She supported giving greater strength to the Grocery Code Adjudicator, which will have no doubt found favour with many of the primary producers in the room.

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Brexit: round 1 (day two of the conference)

Like a double espresso to start the second day, Owen Paterson (MP, eurosceptic and former DEFRA Secretary of State) and Phil Hogan (EU Commissioner for Agriculture) gave us what looked to be the essence of the Brexit debate in a small cup.

For Owen Paterson this was a choice for autonomy. Leaving the EU would free up precious resources and mean that there was more to spend on agriculture. There would be less regulation and less influence for NGOs and campaigning groups. An exit would open the door to a more local approach to dealing with agricultural policies.

Phil Hogan had a simple message – as part of the EU, the UK enjoyed top table status and negotiating strength. When the important deals were done the UK was there. An EU-less UK would be left sitting in the corridor, waiting to be told what the grown-ups have decided. He said that the EU worked for the UK in agriculture. The UK got its way on the majority of agricultural matters where it wanted a particular policy adopted.

The exchange was a telling insight into how the debate is likely to be framed in the run up to the referendum; on the one hand a broad appeal to nationalism, and on the other an approach saying “Do not risk what you have got”.



Owen Paterson



Phil Hogan

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Brexit: round 2 (The House of Lords a week later)



From left: Guild of Agricultural Journalists President and Crossbench peer Lord Curry of Kirkharle, Owen Paterson and Sian Edmunds

Sian Edmunds, a partner in the firm's Food Farming and Land team, participated in a lively panel debate at the House of Lords on the topical issue of 'Brexit' and the potential impact on the rural economy if Britain votes to leave the EU.

Speaking at the Guild of Agricultural Journalists' President's reception and debate, the panel comprised Sian, Owen Paterson MP, NFU president Meurig Raymond and Brian Gardner, author of an Agra Europe report on the issue.

Sian called for the government to let agri-businesses know what the alternative plans for farming subsidies and international trade agreements are in the event that Britain leaves the EU. She argued that this detail is needed so that an informed debate can take place ahead of the referendum. The government has so far refused to give details of its 'Plan B' proposals for the economy, including farming subsidies, if Britain votes to leave.

Meurig Raymond suggested that the government is creating a fear of the unknown by refusing to explain what is likely to happen if the UK exits. However, former Defra Secretary Owen Paterson, a leading

voice in the 'out' campaign, argued that the debate was being driven by 'scare stuff'. He insisted that the UK government would continue to support UK farmers if the public voted to come out of Europe, but could give no guarantees about what level of support was on offer. He also claimed that regulation would be reduced as a result of an exit.

In direct contrast, both Sian and Brian Gardner took the view that if the UK wanted to continue trading with the EU post-Brexit then it would be obliged to adopt many EU regulations, whilst having no say in the formation and implementation of that legislation.

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SCIENCE

How can science help end hunger?

This year's conference benefitted from a number of very accomplished and/or persuasive speakers and Dr Bram Govaerts, a research scientist working on maize and wheat improvement in Latin America as part of a Global Conservation programme, was one of the best.

Sustainable intensification is the method to counteract world hunger over the next three or four decades. It depends on improved plant breeding to increase yields and combat disease. However, for science to focus on that alone without improved agronomy would be like driving a Ferrari along a dirt track; the seeds must be used in the right environment for their full benefit to be felt. Science must not forget about the need to preserve water, fertiliser, soil structure and soil fertility.

The key is for science to be adapted and applied:

- to specific issues in food production
- to the farmer, to make sure that he can use the science
- to the wider public, to make sure that the wider debate, for instance on "GM", is not bogged down in a polarised and sterile debate.

Government has a large part to play in providing resources such as research funding, thereby encouraging talented scientists to specialise in technological innovation for farming.



Dr Bram Govaerts



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Step-change science



Julian Marks

Industry and farming leaders described current innovations and future changes that are transforming agriculture through science. These included state of the art sheep farming in Pembrokeshire using identity tags and the logging of key traits such as lameness or better than average performance. This is then linked to targeted culling of the flock and selecting for the best traits, leading to great improvements in performance.

Julian Marks of Barfoots gave a glimpse of the future of global food production and how his business grows around the world chasing the seasons and then ships produce in special containers each with bespoke monitoring and climate control.

There was also an emphasis on the growing use of data to drive productivity, combatting the demands of a rising population and its



food needs, and the reduction in land available. New products, capable of modelling soil mineral content to enable it to be adjusted long before problems would normally be spotted, were showcased.

This was a glimpse of the future and a reminder of just how high-tech this most traditional of industries is at the cutting edge.

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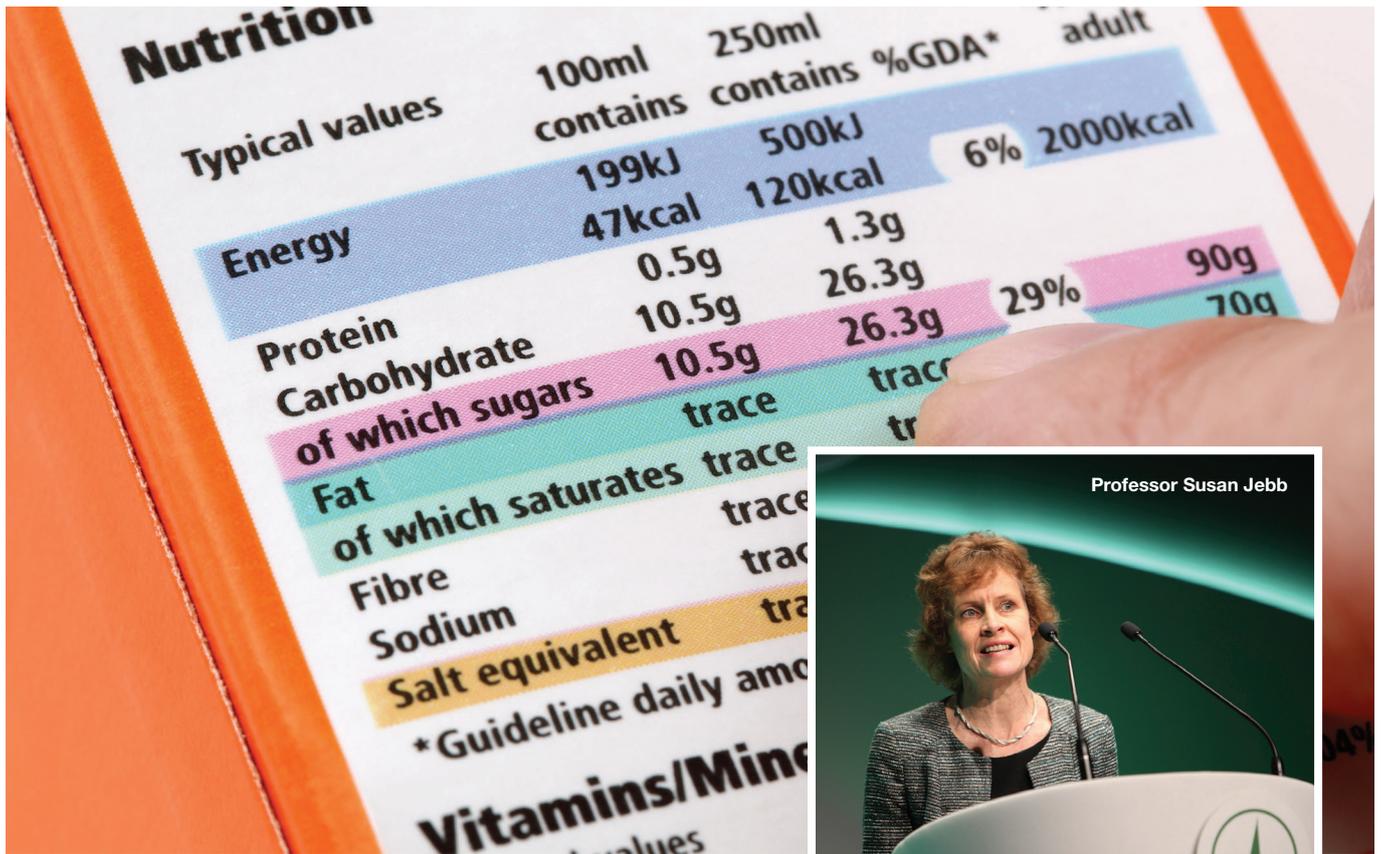
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Is food the new medicine?



“No” was the short answer given by Professor Susan Jebb, Professor of Diet and Population Health, University of Oxford. It is much more important than that. Professor Jebb reminded us of what we know all too well; in our fast-food culture, we have lost the art of eating well.

A global study has concluded that diet is the leading risk factor for ill health. It comes ahead of smoking, high blood pressure and high BMI, and costs the NHS in excess of £5 billion a year.

Professor Jebb stated that, quite simply, our food is killing us. However, rather than scare stories she wants a positive message to pervade. Whilst not the new medicine, food is the best means of prevention and, more fundamentally, we as a nation cannot achieve environmental security and human development without addressing the basic issues of health and nutrition.

“Professor Jebb stated that, quite simply, our food is killing us. However, rather than scare stories she wants a positive message to pervade.”

Professor Jebb sees obesity as a symptom of poverty – it is not a lifestyle choice, it is because children are getting sugar, fat and lots of empty calories but no nutrition. Some 2 billion people worldwide suffer from “hidden hunger” – a lack of micronutrients and undernourishment. Nutrient deficiency in the soil, in plants and livestock is a global issue that is contributing to the nutritional deficiencies found in humans. Farmers play an integral role in growing diverse nutritious foods. Agriculture has the potential to close the nutrition gap.



The inspirational Dr Pearse Lyons, founder and president of Alltech, has been working on Omega 3 provision from algae as an alternative to the widespread use of fish oil and as a more palatable means of fortifying eggs. The conference heard of the huge potential for such work to contribute towards the reduction in rates of Alzheimer’s and cancer which, in an aging population, could produce significant benefits for the population as a whole.

Whilst brand new food groups demonstrate the extent of innovation in the sector, huge strides have already been taken by way of the reformulation of existing products. For example, the UK is a world leader in reducing sodium in processed food. Supermarkets are a huge part of the environment within which people make their dietary decisions. By encouraging large players in the market to reformulate their products to reduce saturated fat, salt and sugar many people can be assisted in redressing the balance of what they eat. Judith Batchelar, OBE, Director of Brand, Sainsburys referred to that organisation’s success in guiding purchasers’ decisions through the use of “traffic light labelling” displayed prominently on food packaging. She also referred to work being carried out to extend the growing season in the UK to achieve “nutritionally fresher” foods on supermarket shelves.

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ENTREPRENEURSHIP

Entrepreneurship: a kiss of life for the UK farming sector?

Co-authors Graham Redman (The Andersons Institute) and Dr Muhammad Azam Roomi (The Bettany Centre for Entrepreneurship at Cranfield) presented the 2016 Oxford Research Report entitled 'Entrepreneurship: a kiss of life for the UK farming sector?', sponsored by Burges Salmon.

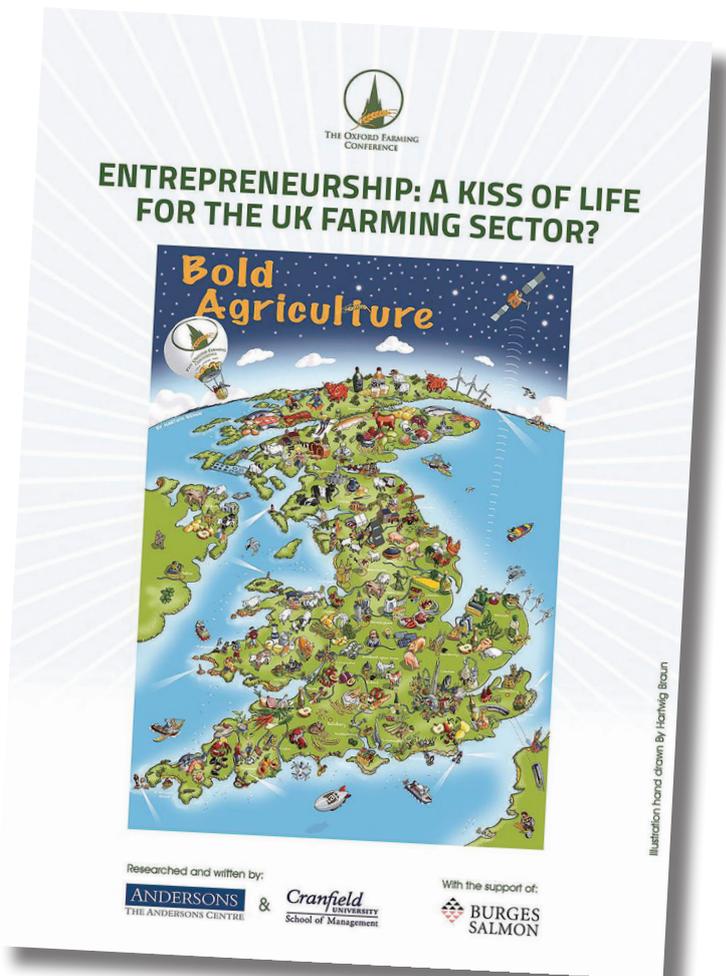
The report looks at entrepreneurs generally, as well as studying the farming community in particular, and illustrates its findings with 20 inspirational case studies from the sector. The report found that entrepreneurial farms tend to be more profitable and that there is huge scope for UK farming to learn lessons and improve returns.

The authors define entrepreneurship as 'the pursuit of opportunity without regard to resources concurrently controllable'. They reported that, whilst there are many hardworking and risk taking farming businesses in the UK, this is not the same as entrepreneurship. What differentiates entrepreneurs is their willingness to embrace and implement a dynamic process of vision, change and creation for commercial gain. Entrepreneurship is not simply about developing or expanding what is already there but about making innovative changes to the running of a business.

"...entrepreneurial farms tend to be more profitable and that there is huge scope for UK farming to learn lessons and improve returns."

The controversial conclusion of the report is that farming is less entrepreneurial than many other industries in the UK. The authors put this down to a number of factors, including embedded historic attitudes such as prioritising sustainability for the next generation, food security and survival, as well as issues such as poor rural infrastructures. They also concluded that the multiple objectives of many farming businesses (namely as a home, a way of life and an inheritance for the next generation) could be a hindrance to taking risks with entrepreneurial activities.

The good news is that all of us have the capacity to be entrepreneurs. Entrepreneurs can be bred, or 'pushed', into entrepreneurialism through circumstance or determination: they are not always simply born, or 'pulled' into it. The report also finds that farms are great places to start entrepreneurial businesses as they generally contain valuable resources and a strong capital base from which to work. The entrepreneurial farmers that return good profits continue to look after the underlying farming enterprise as 'the goose that laid the golden egg', whilst using it as a platform to develop and implement changes to enable their businesses to grow.



The authors called for the sector to work together to influence policy changes to provide better training and mentoring schemes to assist those who are pushed into entrepreneurship through circumstances, such as reductions in commodity prices, increasingly challenging environmental factors and declining political and monetary support for the sector. They concluded that, with some additional help, many farming businesses could take bold steps to implement change and increase profits.

If you have not already received a copy of the report and would like one, contact matt.evans@burges-salmon.com or sian.edmunds@burges-salmon.com

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Entrepreneurship in action

The final session of the Conference illustrated some of the conclusions of the 2016 OFC Report through the stories of entrepreneurs in the farming sector. The common themes were an aggressive attitude to risk, a willingness to venture into uncharted territory and a strong focus on the future – for the antipodeans in particular, there is no time for hindsight.

“The common themes were an aggressive attitude to risk, a willingness to venture into uncharted territory and a strong focus on the future...”

The Westmorland Group introduced, by video, their ‘gastro-motorway services’ at Tebay on the M6 and Gloucester on the M5. These are food businesses first and foremost, having been developed as extensions of the family farming business, and have become destinations in themselves. The family firmly believes that taking risks and being able to accept failure are key to entrepreneurial success.

James Walker, an Australian farmer and founder of Agrihive, grew up and farmed in inhospitable mid-Queensland where it is not uncommon to go without rain for two years. This has necessitated a flexible and innovative approach to farming. Adaptability is key, as is spotting opportunities. This has enabled James to be particularly well placed to develop inventive thinking to sustain profitable farming.

James launched Agrihive to bring innovation to the agricultural sector and to develop advance thinking, financial literacy, ‘disruptive innovation’ and

entrepreneurship amongst farmers. One initiative is to develop a forum for farmers to be able to post issues and challenges that they face and for people working across the sector (and outside it) to offer advice and potential solutions which are then available for others to benefit from.

Emlyn Evans from The Squab Group told the story of his family business, which is diverse now but with its roots firmly in farming. It started as a farming business in Warwickshire, diversifying initially into a moving and storage business and then self-storage operations operating away from their Leamington Spa site.

Emlyn backed farming as a good base for a diverse business, particularly as it breeds various skills for running a business, but also being asset-backed and so flexible and attractive to lenders.

The final speaker was Craig Carr of Carrfields in New Zealand. His parents initially diversified out of farming into a machinery service business. More recently, after a number of business acquisitions (and disposals) they bought Canterbury Seed, which is New Zealand’s oldest seed business, as well as riding the New Zealand dairy boom and their business is now global. He stressed the need to learn the value of hard work as a child, but also the benefits of informal assistance from outsiders to help guide the entrepreneur, only moving that into formal governance structures much later in the process.

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