



# Farming and the Future

A Discussion Paper on  
Policy for Agriculture



# Foreword

GRANT ROGERSON, CHIEF EXECUTIVE



**As we move through our 150th anniversary year here at ANM Group, I have often paused to reflect on what our founding members would think of today's Scottish agricultural industry.**

From simple beginnings in 1872, we have grown into one of the nation's most progressive producer-owned farming, food and finance businesses. We are extremely proud of the role we play in Scotland's rural community and economy. From our Thainstone headquarters in Aberdeenshire, our work stretches across the country.

It's a position which provides us with important insight into the workings and voices which make up Scotland's agricultural - and wider rural - tapestry. Auction marts like ours are a critical link in our food supply chain, handling £601 million of livestock sales last year in Scotland alone, and bringing so many people and parts of the industry together at the same time.

That is why, as part of our anniversary events, we believed it important to bring people from all sides of agriculture together for our ANM Beyond 150 Conference, to explore the future of farming in Scotland.

The discussion was productive and lively. We expected nothing less. Our industry is deeply concerned for its future, and open debate, leading to meaningful action, is what's needed if we are to find a genuinely progressive way forward for Scottish agriculture which delivers for not just our farmers, but for the environment and consumers. Food security and self-sufficiency has never been more important, and we need to be responsible for our own food production.

So, what would our cooperative's founders have made of the points aired? I am positive that they would be staggered by the fact that the UK's self-sufficiency in food continues to stagnate at around 60%<sup>1</sup>, and the uncertainty that continues to engulf this sector's future - compounded by a lack of clear direction from our policy-makers.

They would, though, be extremely proud of the care our members and customers take in producing a product which is so rich in provenance, supporting Scotland's world-renowned - and highly valuable - food and drink sector.

The need to provide a clear framework for the future has never been greater, especially when set against the current backdrop. In order to play our part, and progress towards the future that we all want, our farmers need to be equipped to address these challenges through progressive policy tools.

Whilst it is not always recognised, there is no doubt that Scottish agriculture is a keystone sector within Scotland's economy. With open minds, innovation and diversity, we can increase the value of the nation's agriculture industry rather than wait for it to decline. But only by working with the industry can the Government achieve meaningful change. And let's be clear about what we mean by this - governments must listen to the people who work in the industry, who have the experience and practical know-how, as a major part of the policy-making process.

Our thanks go to everyone who has contributed to our conference and in creating this discussion document. We hope that it can provide constructive viewpoints as we all seek to ensure the future of farming in Scotland is progressive, sustainable and successful.

<sup>1</sup> Defra, United Kingdom Food Security Report, December 2021: <https://www.gov.uk/government/statistics/united-kingdom-food-security-report-2021>



# The herd size debate

## FEED THE NATION

**The size of Scotland's suckler cow herd remains one of the most critical and contentious issues facing farming, and unsurprisingly, this pressing theme dominated discussions at our conference.**

There are significant concerns throughout the industry that Scottish livestock farmers will be expected to reduce herd sizes or produce the same - or even more - with a smaller suckler herd as a crude tool to reduce climate emissions. This concern has been compounded by the lack of any meaningful progress on a future Scottish agricultural policy and the refusal of the Scottish Government to act on the recommendations of the Suckler Beef Climate Group, which had attracted support from across the livestock sector as being sensible, progressive and deliverable.

Notwithstanding the debate on future policy, the unfortunate reality is that with the current economics of beef production creating losses for many farmers, a reduction in the suckler herd could be a foregone conclusion. But we must be clear about what the implications of a reduction in Scotland's herd size would be for the environment, our food security, and the economy.

If the goal is to reduce the herd size in order to cut emissions, then it is inevitable that we will rely on importing produce. However, this will simply export the emissions problem elsewhere in the world, where standards of production do not match the very high standards farmers produce to here in Scotland. Moreover, it also exports the government's responsibility for domestic food security - making us reliant on others out-with the UK to feed the nation.

The importance and impact of Scotland's herd size should not be underestimated. The implications of change highlight the fragility of the whole rural supply chain. A significant reduction in Scotland's suckler herd, for example, is not simply something which affects farmers. Livelihoods far beyond the farm gate are impacted - from auction marts, to haulage firms, machinery companies, vets, feed manufacturers and the processors who supply our supermarkets with the high-quality grass-fed meat of which the nation is so rightly proud. All of this impacts upon our national economy.

If Scotland's climate policies view agriculture as an add-on and look to cut emissions via crude interventions, then it is highly likely we will see a reduction in suckler numbers by the back door. The conference heard how livestock numbers can be sustained and managed whilst emissions cut, **but only if the sector is profitable**. As we heard from our conference panel, we believe that it is possible to achieve profitability and climate improvements whilst maintaining the size of the suckler herd by creating an agricultural policy that has climate action and resilience at its heart: building in effective carbon accounting measures, proper grading of cattle, adding value through our livestock production systems, and assistance to help farmers make efficiencies where they are possible.



The mood among our members is clear: **we need an agricultural policy which is up front - particularly on herd size.**

# A sense of direction

Scotland's beef sector does not operate in isolation. Far from it. In fact, the North East is an illustrative example of the rich tapestry of Scottish agriculture where all sectors - beef, lamb, crops, pigs, poultry, dairy, soft fruit and field vegetables - are all interdependent on one another's success.

Without agricultural activity on our land, there is no progress towards net zero targets, and no custodian to oversee the quality of the countryside soil, air and water that Scotland's precious biodiversity relies so heavily upon.

But as we make progress on tackling emissions and sequestering carbon on-farm, it's clear that we cannot lose sight of costs. Soaring input costs - outstripping sale prices - are putting a significant strain on producers, some of whom may well walk away from farming. This is bad news for food supplies and our economy, and the issue must be recognised in the post-Brexit support mechanisms being developed.

Farmers need the right policies in place to be able to improve profitability, accelerate change and feed the nation. The mood at our conference was clear: We need meaningful action that provides farmers and crofters across this rich agricultural tapestry with a suite of tools and measures to profitably sustain and grow their businesses - enabling them to take more back from the marketplace and embed sustainability into everyday practice.

To achieve this, our conference was in broad agreement that there are three pillars which should underpin the future agricultural policy direction - **environmental responsibility, economic viability and social acceptability**. As with the make-up of Scotland's agricultural sector, these three themes are all interdependent on one another.

## ENVIRONMENTAL RESPONSIBILITY



- Our panel recognised that policy has not always been best designed to encourage emission reductions and further sequestration activity. Although it is true that livestock currently contributes three-quarters of all agriculture emissions, significant strides have been made within the industry in recent years to reduce these impacts. Scottish agriculture has seen a 15.9% reduction in net emissions over the last 30 years<sup>2</sup>, and UK beef production produces half the amount of CO<sub>2</sub> emissions per kilogram of product than the global average<sup>3</sup>. We need further assistance to accelerate this trend.
- Many farmers are already undertaking climate actions and have biodiversity rich units through production based efficiencies, grassland management, and habitat improvements. Future agricultural policy must award those that are already undertaking these actions, whilst also ensuring incentive for others to follow their lead. The policy must also reward continual improvement and results: we cannot simply pay farmers to make changes if those changes do not deliver meaningful emissions reduction and environmental enhancements.
- It is widely recognised that varying carbon accounting systems only serve to confuse the landscape when it comes to the balance of emissions from cattle and on-farm carbon sequestration. In spite of these challenges, farmers must build carbon foot printing into the business model in order to draw a line in the sand now, and begin to benchmark activity. The gains we are making will be lost unless we all work to establish the baseline.

<sup>2</sup> QMS, Having Positive Conversations About Red Meat, January 2021 - [https://www.qmscotland.co.uk/sites/default/files/qms5400\\_veganuary\\_pack\\_final2.pdf](https://www.qmscotland.co.uk/sites/default/files/qms5400_veganuary_pack_final2.pdf)

<sup>3</sup> AHDB, Carbon Footprints: Food and Farming - <https://ahdb.org.uk/knowledge-library/carbon-footprints-food-and-farming>



## ECONOMIC VIABILITY



- Future agricultural policy can be resilient in the face of economic volatility. It is possible to mature the current system of direct support in order to build in additional conditions, and maintain the flexibility to either ramp these conditions up or scale them back based on economics or other factors.
- As well as being an environmental obligation, it was recognised by our panel that carbon foot printing will become a commercial requirement very shortly - if not already.

## SOCIAL ACCEPTABILITY



- In all that we do, we cannot afford to lose sight of consumer views of the livestock sector which have a greater bearing than ever on our work. The biggest obstacle that needs to be overcome among the public today is the guilt factor.
- There is a significant majority of people who are confused or don't have fixed opinions on agriculture and public misconceptions on how food is produced in Scotland compared to the rest of the world. Industry can do far more to tell a positive story about the livestock sector and educate consumers that it is not as simple as switching livestock production systems to alternative protein crops or importing produce from less sustainable sources. There is a role for government and agencies to assist industry in delivering this good news story, and helping people take pride in choosing locally sourced produce.
- We should engage and inform people about the unintended consequences if we do de-stock our hills. Policy is all about unintended consequences and stopping them from happening.
- We cannot offshore our emissions in the same way that we cannot offshore our labour - we have high standards which give us a moral obligation to produce food in this country as opposed to importing it from elsewhere that do not have as high standards. This is a social responsibility of our governments, which the industry must come together to communicate strongly.

# ANM Beyond 150: Recommendations

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## THE INDUSTRY IS CLEAR.

It wants to have profitable, sustainable businesses that feed the nation to fulfil its environmental obligations, through improved carbon-cutting production methods, genetic improvements and better biodiversity. These benefits can be brought to the fore through the implementation of an effective, re-drawn agricultural policy.

## THE TIME FOR TALK IS OVER.

In recent years the Scottish Government has commissioned numerous expert panels and reports to discuss and examine direction of future agricultural policy. It's now time for this considerable expertise and advice to be put into action. Industry groups are keen to work closely and constructively with Scottish Government to test and implement practical actions.

## MAINTAIN THE SUCKLER HERD.

Rather than introducing a climate policy that crudely equates emissions reduction to headage of livestock, introduce an agricultural policy that has climate action at its heart - allowing efficiencies to be made whilst maintaining the suckler herd and takes everything into consideration when importing produce. The beef sector is too important to Scotland's wellbeing, economy and environment to get this wrong - and it must be recognised that, with the vast majority of Scotland's utilisable agricultural area only being suited for livestock grazing, this land cannot simply be repurposed to grow alternative protein crops. We must maximise our assets.

## RECOGNISE WHAT AGRICULTURE DELIVERS.

Policy must reflect the rich tapestry that makes up Scottish agriculture and the myriad industries and livelihoods that depend upon agricultural activity. Government can play a role in helping to educate the consumer about what it is that agricultural support payments deliver back to them - in terms of economic returns, food security, and environmental stewardship.

## DON'T REINVENT THE WHEEL - BUILD ON PROGRESS AND INVEST TO IMPROVE.

It is possible to build upon the best elements of our current agricultural policy, building in additional environmental or regulatory conditions in order to unlock support, and maintaining flexibility to enhance resilience to market, economic and environmental shocks.

## LEARN FROM OTHERS.

Scottish agriculture can boost Scotland's economy and compete in the global marketplace in the face of current economic pressures and environmental challenges. But to do this, we must learn from the agricultural policy tools and measures that are being implemented elsewhere - from our closest neighbours to our fiercest competitors - to ensure the system is fit-for-purpose.



**#ANMbeyond150**



# Our expert panel

ANM Group is grateful for the participation and thoughtful insights provided by the expert panel present at the ANM Beyond 150 Conference. Their expertise informed a lively and informative discussion among the members and customers present at the event, many of whom have contributed their views and experience as we have formulated this position paper.



## PROFESSOR JUDE CAPPER

Professor Jude Capper is the ABP Chair and Professor of Sustainable Beef and Sheep systems at Harper Adams University (Shropshire, UK), and is also an independent Livestock Sustainability Consultant.

Jude's research focuses on modelling the sustainability of livestock production systems, specifically dairy, beef and sheep. She is currently working on projects relating to on-farm greenhouse gas emissions from UK beef production; climate footprints of smallholder farming; the impacts of livestock health and welfare on system sustainability; and technology use in South American beef production. Jude is Chair of the Route Panel for Agriculture, Environment and Animal Care and Vice-Chair of the Green Apprenticeships Advisory Panel at the Institute for Apprenticeships and Technical Education. She is also the Treasurer of the National Beef Association and a Liveryman of the Worshipful Company of Butchers.



## STEVEN THOMSON

Steven Thomson is a Senior Agricultural Economist at SRUC, specialising in rural economy,

environment and society. He has 30 years experience in applied agricultural policy analysis and rural development research and is considered an expert on contemporary agriculture systems and how they relate to agricultural policy. This knowledge he has applied to his work on the Scottish Government's farmer-led groups and the 2016-2021 Strategic Research Programme on Sustainable Land Management and Rural Economies. He has also undertaken research on how Covid-19 and Brexit will impact Scottish agriculture and the wider rural economy.



## GEORGE BURGESS

George Burgess is Director of Agriculture and Rural Economy in the Scottish Government, a position he has held since

March 2022. In this role, he oversees the Agriculture and Rural Economy Directorate, helping it to support Scotland in being a global leader in sustainable and regenerative agriculture, creating the policy framework to shape agriculture and the rural economy, engage with agricultural, rural, food and drink stakeholders, and provide financial support to the sector - among other responsibilities. Prior to his current role, George was head of the Food and Drink division. Originally from North East Scotland, he has an MA in Natural Sciences and a PhD on Electron Microscopy from the University of Cambridge.



## JIM WALKER CBE

Jim Walker is a former President of NFU Scotland and Chair of QMS, he was Co-owner and

Managing Director of Argent Energy leading up to its sale in 2018. He is a columnist for the Scottish Farmer, and was recently appointed Chief Executive of Scot Bio.

Jim Co-Chaired the Scottish Government's Suckler Beef Climate Group, set up in February 2020 and which reported in October 2020. He also sat on the panel set up by the UK Government to review the intra-UK allocations of domestic farm support 'convergence' funding in 2019.

Established in 1872, ANM Group is one of the largest and most progressive producer-owned farming, food and finance businesses in Scotland and ranked in the top 25 of UK co-operatives.

As a co-operative organisation our members are at the core of our business. With more than 150 years at the centre of the agricultural and business community in Scotland and highly diversified with interests in the land and property market, industrial plant, machinery and equipment, and in the events and hospitality industry, we are dedicated to maximising returns for our 5,000 members.

## #ANMbeyond150

Throughout our 150th year celebrations in 2022, our #ANMbeyond150 campaign is highlighting the good work which Scottish agriculture is delivering now to protect our environment and our climate for another 150 years.

## SUPPORT OUR CAMPAIGN

Agricultural businesses are at the heart of everything we do and we would like to hear from you on the actions you are undertaking in your business – no matter how big or small – to reduce your environmental footprint and secure the future of the agriculture sector for another 150 years. Get in touch with us at [marketing@anmgroup.co.uk](mailto:marketing@anmgroup.co.uk).

You can also support the #ANMbeyond150 campaign by joining the discussion on social media and sharing our content. Look out for the #ANMbeyond150 hashtag on Facebook, and like and share our posts and videos.

## KEEP IN TOUCH



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