



Cymru | **Wales**
yn Ewrop | **in Europe**

Ymgyrch Refferendwm UE Plaid Cymru
The Party of Wales EU Referendum Campaign

Wales in Europe Factsheet

Agriculture

Agriculture in Wales

Agriculture has long been, and continues to be, an industry at the heart of the Welsh economy. Welsh products and services in this industry have a positive and well-earned reputation across the world.

- Welsh food and farming delivers £5.8billion to our economy every year.
- Around 60,000 people in Wales work on farms, with thousands more employed in the supply chain and food retail.

What are the benefits of EU membership?

- The EU accounts for over 90% of Welsh agricultural exports.
- Funding from Brussels is significant; during the period 2007-2013, Wales received £2.2billion from the EU's Common Agricultural Policy.
- Wales continues to receive over £200million a year in direct payments to farmers through the CAP and Basic Payment Scheme.
- Moreover, in the period 2014-2020, Wales will receive £957million of funding from the Rural Development Programme - £555million of which comes from the EU. Wales will therefore benefit from around £2bn during the period 2014-2020 from CAP payments that support over 80% of farms.
- Recent market slumps across key Welsh agricultural sectors mean that direct payments remain as important as ever in helping to compensate farmers for market failure, to help manage price volatility and to reward high standards of farming.
- Both NFU Cymru and FUW have declared that Welsh agriculture is best served by remaining a part of the EU.
- Access to EU markets is vital to the Welsh food and drinks industry, particularly beef and lamb.
- Official figures showed that in 2014, approximately 35% of sheep meat produced in Wales was exported to the European Union, and up to 93% of Welsh lamb exports. 93% of Welsh beef exports and 98% of dairy exports are destined for EU countries.

- The market for Welsh red meat in Europe is worth to close to £200million a year - with a growing market for it as a premium niche product, particularly in Germany.
- Last year Hybu Cig Cymru received £3.2million worth of funding from the European Commission for the promotion of Welsh lamb and beef in key EU markets - Netherlands, Ireland, France, Italy, and Germany.
- The average net farm business income in Wales will have fallen 25% in the year up to March 2016, according to figures from the Welsh Government. Average farmgate milk prices in the UK had fallen by more than 10p/litre from their peak in late 2013. Sheep producers have been similarly hard-hit, with average prices about 20% lower than in 2014. In addition, British pig prices are 15-20% lower than they were a year ago. CAP helps to address the failures of agricultural markets to deliver a fair level of income for farmers.

What would happen if we left the EU?

- Farmers would lose preferential EU market access if the UK left the EU without a successor arrangement in place.
- The EU imposes an average tariff of around 14% of agricultural imports from non-EU countries, with higher rates on individual items. Outside the single market, dairy exports could attract a 36% tariff, and beef exports could be between 58 and 70%.
- If we left the single market and had to rely on World Trade Organisation rules, the extra cost of exporting British beef could be £240million a year, with an extra £90million added to the cost of exporting lamb.
- Countries like Norway, Iceland and Liechtenstein, which are not members of the EU but are members of the European Economic Area, have to fully comply with all relevant EU environmental, food safety and veterinary legislation.
- We cannot be sure of how long it would take for any negotiations with the EU to produce an agreement. We would have up to two years to secure a withdrawal deal, but a new trade deal would take significantly longer. Previous trade deals between the EU and other countries have varied in length - the going rate seems to be 7 years.
- If CAP support was removed, many UK farms would be unviable. Latest figures from DEFRA suggest that 55% of total agricultural income comes from CAP. A collapse in the farming industry would also have severe knock-on effects, because farmers support a diverse range of businesses and work opportunities for local people.
- Successive UK Governments have been pushing within the EU for the reduction of the CAP budget. Other EU Governments have defended support for farmers.
- There are no guarantees over what proportion of a UK agriculture budget would come to Wales. If Wales' proportion reflected current allocations, Wales would be worse off by around £85million per annum.

What could we do better in the EU?

- Plaid Cymru would continue to defend direct payments to farmers.
- The UK Government has been reluctant to draw down discretionary EU funds over the years, and this is one of the main reasons the UK's share of rural development funds is the lowest of all members on a per hectare basis.

- A Plaid Cymru Government would appoint an Industry Champion to promote Welsh food and farming with major retailers and processors.
- We would seek the early implementation of practical alternatives to the whole farm six day standstill rule that currently restricts animal movements thus hampering business flexibility.
- We would undertake another Working Smarter review to ensure that recent legislation has been proportionate and fair and does not unnecessarily increase red tape and gold plating.
- Plaid Cymru would encourage greater participation in agri-environmental schemes by ensuring that a part farm scheme is made available, open to all farmers and involving minimum bureaucracy, and will work with the industry to develop innovative ways in which Rural Development Plan funded agri-environmental measures such as Glastir can help deliver greater public benefits.
- We would work with Local Authorities and other partners to develop a national strategy to protect council farms, and increase procurement of Welsh food and drink amongst public services.
- A Plaid government would designate 2018 as a National Year of Welsh Food and Drink to promote Wales' quality produce in a sustained and intensive year-long campaign to encourage customers in the UK and abroad to buy more Welsh products.
- We would push to reform the Red Meat Levy rules to ensure the levy raised on Welsh livestock goes towards the promotion of Welsh produce. Current regulations mean that Hybu Cig Cymru loses out on £1 million per year that is vital to opening up new markets