

# PRESS RELEASE

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## FARM SUBSIDY UNCERTAINTY THREATENS WIDER RURAL ECONOMY



With barely a year to go before the UK leaves the EU, and with apparently conflicting views between UK government ministers let alone between the UK and the 27 other EU nations, there's a warning to both farmers and rural businesses to get prepared.

Tom Bishop, an associate partner with BCM Rural Property Specialists in Sutton Scotney who is also director of a business managing and farming more than 6,500 acres of arable land and around 1,000 acres of pasture across the Berkshire / Oxfordshire border, is concerned that the arrival of subsidy payments in recent weeks may have clouded the issue for farmers.

“With subsidy cheques reaching approximately £227/ha (£92/acre) in 2018, up significantly from the previous year but mainly as a result of the drop in the value of the pound against the Euro, farmers and landowners have welcomed the money's arrival as it's often what keeps them from making a loss,” explained Mr Bishop

“The majority of farmers have now been paid, with a few more complicated claims still to be resolved, but the large jump in subsidy payment over the last couple of years has been a significant buffer against losses.

“However, post BREXIT and amid the fears of payment capping, tapering, and the need for more environmental benefits to continue receiving Government support, the drop for many as a new payment system is introduced by Environment Secretary Michael Gove is an unknown amount and could yet be a real shock.

“Mr Gove has again reiterated to farmers that he favours payments based on environmental and animal health improvements but this could conflict with the push for worldwide trade deals that threaten to lower standards for food imports.

“Should the latter scenario develop, the more expensive UK food might have no place in a market flooded with cheap imports – farmers could then be receiving subsidies for unsaleable product.

“Farmers and landowners obviously need to take stock and identify how a drop in subsidy will affect their businesses. Mr Gove is pledging to continue to farm support until 2024 but has already mentioned there will be changes before this date leaving farmers with no clear idea of the formula for future payments.





“My advice is to look at budgets as perhaps half farmers’ future payments may be via environmental and welfare benefits that are tough to deliver. As farmers look at costs to make savings, I fear the effect on the local and regional rural economies. Subsidy payments do not stay in farm bank accounts for long; much of the money is already committed to paying existing bills or funding future improvements.

“Contractors, machinery dealers, even local shops and pubs, could feel the pinch. It’s time for the whole rural community to plan now for a worst case scenario and enjoy the benefits if things turn out to be better.”

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