

FARMING

Reasons for optimism as Cop26 talks gain ground

Land agent and surveyor expert, **Hugh Townsend**, shares his initial opinion of agriculture's future after week one of the 26th United Nations Climate Change Summit



ONE might be forgiven for looking with trepidation at the latest news from Glasgow's most recent diplomatic circus. What are the implications of that global methane reduction agreement? Will the commitment to ending deforestation affect feed prices? Should I worry about this carbon tax Environment Secretary George Eustice mentioned in passing?

We are more optimistic. There is scope here for dropping a cliché about the Chinese word for "crisis" (whose second character actually translates to something closer to "change point," aptly enough), but we would not even go that far. In fact, when examined closely, there may well be scope for some more generalised cautious optimism.

Trading places

For example, we should consider the Australia / New Zealand trade deals currently being finalised. Currently the beef and sheep sectors are (not unjustifiably) worried about low cost imports, which the deals seem to allow without tariffs within the next 15 years. However, let us consider the obligation announced by the Government in the wake of Cop26 regarding carbon reporting by the largest UK companies. This is likely to include the major supermarkets, but also might catch larger "food service" companies such as Wetherspoons or Pret A Manger. Given rapidly-rising consumer focus on environmental performance, and the general anxiety among the nation's executive elite at visibly being "part of the problem," this should provide a strong incentive for those companies to cut their emissions.

Even the BBC is prepared to grudgingly admit that actually meat produced in the UK tends to be environmentally exemplary, relatively speaking. It looks more favourable still when its possible competitors need to travel quite literally halfway around the globe to get here. Therefore, if those companies wish to continue to sell meat, (and despite what animal rights' organisations might like us to believe, demand for it does not seem to be going anywhere), their incentives to source it from these shores will be

stronger than ever. In marketing terms it will also be worth a greater premium than it was previously.

A rising focus on emissions globally may even be of some help to our export market, insofar as consumer tastes elsewhere also tend towards the environmental. If the meat we produce remains as environmentally strong as the National Farmers' Union (NFU) suggests, this will become an increasingly important competitive edge against those nations who can make no such claims.

This land is our land

There is a more general point also about land as a possible climate asset. There is widespread acknowledgement that land can be used in all sorts of ways to both store emissions and mitigate climate change effects, from reducing flooding to providing habitats for struggling species. The Government will of course become increasingly keen to encourage this kind of use. However, it is the agricultural sector which continues to hold most of the land, and so it is them the Government must convince to undertake or allow the actions it wants to see.

We are seeing the opening salvo of this encouragement, in the form of the Sustainable Farming Incentive (SFI) pilot, biodiversity offset trading, and various flavours of woodland grant amongst other measures. However, this is only the beginning. As we move closer to 2050 and our net zero target, the Government will face more and more pressure to bring in further improvements. There is concern about the use of the "stick," to discourage those farming practices which the Government disapproves. However, we are not talking about that here.

The Government will need to encourage further improvements, by which we mean active changes made to the land to meet their objectives, consistently and increasingly as the target moves closer. One can be fined for non-compliance, but fining for not taking active steps such as putting in a new shelter belt, re-wetting or establishing a dedicated wildlife habitat would be an extreme breach of historic legal principles in peace time. As the



> Scotland's First Minister, Nicola Sturgeon, viewing a vertical farm at the Cop26 Summit in Glasgow

Jane Barlow / PA

easier sources of these improvements are used up, we believe farmers will need more and more money to carry on making them. This means, for the Government to meet its medium term, as well as short-term, objectives, the money paid for this will have to increase.

A new set of values

Linked to this are the consequences for the land market. We have already seen a doubling in the values of lower-grade agricultural land driven by corporate interest in woodland creation. The pressures on corporate interests for this kind of activity we believe are unlikely to subside. That means this driver of rising value is only going to accelerate with time. This may be a major benefit to the less productive

owner-occupier farmer as the value of their holding also rises.

Moreover, as the land price grows and supply of woodland carbon becomes constricted, other forms of carbon may come to the fore with prices rising further as a result. Those farmers who are able to reach net zero themselves may then have increasingly valuable assets for a captive market in their soils, hedges etc.

In short, what we are seeing already is a greater appreciation of the various benefits land can provide other than food. These benefits should not be seen as an agricultural "Macbeth" set to usurp food production from its rightful place as the correct land use, aided by the "three witches" of legislation, activism and corporate interest. Rather, they are an extra string to the

farmer's bow; a growing and readily available diversification open to landowners across the country to supplement existing business ventures and benefit from a changing future.

Whatever else happens in the coming years and decades, land will not only be a secure asset. It will be a vital part of the means to achieve the future Governments across the world are now committing to see, and this can only be a good thing for those controlling it.

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