

Farming sector needs changes and investments to meet green ambitions

Farmers need to be prepared to take action now in order to achieve Net Zero in the agriculture sector by 2050, according to new research undertaken by UCL and released by HSBC UK today.

The report, *Towards Net Zero in UK Agriculture* which was led by Dr Carole Dalin, examines the importance of reducing net agriculture emissions of greenhouse gases and how farmers can achieve this through changes to farm management.

The agricultural sector is both vulnerable to climate change and a strong lever for mitigation and adaptation. Government, regulators and consumers are increasing demands to implement sustainable practices to reduce emissions. This presents a unique challenge to farmers who need to maintain productivity and profitability from their core activity as food producers whilst also navigating changes in support levels and regulations post Brexit.

The research shows that a long-term focus on sustainability matters is needed and farmers must have a better understanding of their farms performance including greenhouse gas (methane, nitrous oxide and carbon dioxide) emissions and carbon capture accounting.

A detailed investment plan is essential if farmers are to secure growth in the future, as well as reaching the government's Net Zero goals. Some of these changes will have an immediate impact on productivity as well as emissions, while others may take time to pay dividends on farm returns.

Actions should include targeted measures to reduce emissions, capture carbon and the shifting of operations towards renewable energy and bioenergy, including:

- Measures to improve productivity and efficiency - such as more efficient use of fertilisers, improved manure management to reduce nitrogen loss or improvements to livestock and arable production practices.
- Appropriate planting of trees, protecting and restoring habitats and soil.
- Generating and utilising renewable energy.
- Growing appropriate bio-energy crops to increase crop diversity and income.
- Developing future technology and becoming societal leaders on changes to diets and reduction of food loss and waste.

The report finds that farmers are making progress towards Net Zero but to achieve these ambitions there needs to be a co-ordinated effort from the whole industry, government and financial institutions to make significant changes to the sector.

HSBC UK recently launched a £1.2bn fund for the agriculture sector as part of its nationwide SME Fund to support businesses as they bounce back from the pandemic.

Martin Hanson, Head of Agriculture for HSBC UK Commercial Banking, said:
"Farmers need to be prepared to make tough investment decisions in the short-term.

That will put them in the best position to drive growth sustainably in the future. A 'wait and see' approach puts them at risk of being left behind, as the wider food industry changes and higher standards are demanded.

"We have always taken a long-term view of our customers in the sector and understand that farming is cyclical and can be impacted by external factors beyond a farmer's control. Although new environmental schemes for farmers are to be announced in the coming years, taking steps to incorporate green practices now will move producers in the right direction, allowing them to take advantage of this new support when it arrives.

"As we all work to recover from the pandemic our farmers have an opportunity to step up as commercially minded food producers and innovators who have the best interests of the planet at the forefront of their minds as well as the continued success of their farms."

Dr Carole Dalin, Principal Research Fellow at the University College London and lead author of the study, said: "We are at a crucial turning-point for agri-food systems worldwide, and the UK has the opportunity to lead in showing how the sector can transform to benefit farmers, consumers and life-supporting ecosystems.

"Appropriately-scaled knowledge and financial support will be key to enable farmers to successfully transition their activities towards Net Zero, in ways that make their lands and income more resilient and sustainable."

One of the biggest areas of risk to achieving Net Zero goals is measurement. Farmers need to be able to measure and set baselines for the outputs of their farm, environmental impacts and emissions in order to plan towards Net Zero.

According to the research, choosing a carbon measurement methodology that suits the needs of the farm and instils confidence in the farmer is critical, as investment decisions should be made based on this data. Fully understanding emissions will help to highlight their largest sources and identify what could be done to reduce them.

Martin Hanson continues: "It's important that farmers look to invest in the measurement tools they need now so they can build a picture of what they need to do to achieve their sustainability goals in the future.

"It's also vital to remember that Net Zero should not be seen as an isolated objective. It is one of a number of key milestones along the pathway to making UK agriculture more resilient to environmental challenges now, and in the future."

To read the full report visit the [HSBC Centre Of Sustainable Finance](#).

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