

WORK PACKAGE 2.4: RURAL INDUSTRIES

The aim of this Work Package (WP) is to examine the main drivers for change facing Scotland's rural economy and identify ways in which rural industries and Government policies can adapt to these challenges.

Scotland's land-based and other rural industries are entering a period of uncertainty and change driven by policy and legislative developments (e.g. reform of the Common Agricultural Policy (CAP) and implementation of the Land Reform Act), volatility in commodity markets, climatic changes and potentially new trade agreements.

This research package will assess the causes and consequences of these various drivers on not just key rural industries but also the wider Scottish rural economy. Of particular interest will be understanding the impact of the 2014-20 CAP reform which has the potential to have profound implications for the economy of the land-based sector. This work will help inform the next CAP reforms likely to begin in 2019.

While the focus is primarily on agriculture, the research will also cover other prominent sectors in the rural economy such as forestry and tourism.

Recognising the importance of sustainable economic growth, the research will also consider how environmentally sustainable key sectors in the rural economy are and explore the potential trade-offs and opportunities around enhancing the circular economy.

A key element of this research will be close dialogue with policy and analytical colleagues in the Scottish Government to ensure not only that the research can explore specific areas of interest, but also that the findings are understood so they can influence future policy decisions.

The main outputs from this WP over the first two years of the programme will be:

- Develop a range of indicators which can be used to assess the resilience at the farm and rural industry level.
- Examine how this resilience has coped with past extreme events and major changes in policy.
- Utilise this evidence, alongside survey evidence from Scottish farmers, to inform how future drivers of change will impact Scottish agriculture and the rural economy in general.
- The research will develop a model for quantifying the main material and energy flows arising from the production and consumption of biomaterials within Scotland.
- This will enable the identification of key supply chains and hotspots which have high rates of production or consumption of biomaterials or high environmental impacts. Policy options will then be explored for ways of improving the efficiency of biomaterial production and consumption via increased circulatory within the Scottish economy.

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