### **Policy Brief: Addressing Farmers’ Financial Distress in England**

#### **Background** **Research Methodology**

* Doctrinal research: explore the limited legal scholarship and case law.
* Empirical research: Semi-structured interviews with eight professionals including insolvency practitioners, agricultural consultants, solicitors, and bank recovery managers.
* Comparative research: United States and Australia.

Farmers in England face significant financial exposure due to economic, atmospheric, and biological risks. Unlike other countries, such as the United States and Australia, England does not have specific insolvency procedures tailored to the agricultural sector. This lack of specialized support exacerbates the financial challenges faced by farmers, who are crucial to the food supply chain and rural economy.

#### **Research Findings**

* **Challenges in the Current Insolvency Regime**: Farmers struggle accessing the current insolvency and restructuring regime due to its lack of sector-specific provisions. The high costs, lack of information, and complexity of insolvency procedures deter many farmers from seeking formal relief.
* **Stakeholder Perspectives**: Interviews with legal professionals reveal that farmers often rely on informal workouts with creditors due to the inadequacy of formal insolvency procedures for their debt composition. In practice, farmers may not need a collective procedure, i.e. a procedure that addresses a plurality of creditors, because they often have just one creditor (the bank). Even in the case of multiple creditors, the farmers’ credit architecture is characterized by a monopolising creditor, heavily secured. Farmers need rules that address systemic vulnerabilities of the sector such as (i) the bargaining imbalance between debtor and creditor, (ii) the need for agri-business expertise in practitioners (to guarantee success of the restructuring process and avoiding potential personal liabilities and (iii) the mental health issues affecting the sector.
* **Comparative Insights**: The US and Australia have implemented successful farm debt mediation schemes that provide a more balanced negotiation process and prevent unnecessary liquidation of farming businesses.

#### **Policy Recommendations**

1. **Implement a Farm Debt Mediation Scheme**: Introduce a mediation process similar to those in the US and Australia, where a neutral third party facilitates negotiations between farmers and creditors to restructure agricultural loans.
2. **Specialized Insolvency Rules for Farmers**: Develop insolvency rules tailored to the unique needs of the agricultural sector, ensuring that farmers can access appropriate support and restructuring options to allow the preservation of sustainable farming practices.
3. **Training for Insolvency Practitioners**: Ensure that insolvency practitioners and consultants handling agricultural cases have the necessary expertise in agribusiness to manage farm assets effectively and comply with animal welfare regulations.
4. **Support for Mental Health**: Provide mental health support for farmers facing financial distress, recognizing the severe impact of economic challenges on their well-being.

#### **Conclusion**

Adopting a farm debt mediation scheme and specialized insolvency rules in England can significantly improve the financial sustainability of the English agricultural sector. These measures can help preserve farming businesses, support rural economies, and enhance the mental health and well-being of farmers.

#### **References**

Oriana Casasola ‘Addressing Farmers’ Financial Distress in England’ in Journal of International and Comparative Law forthcoming 2025(2).

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