

Farmers' Union of Wales response to an Environment, Food and Rural Affairs Committee Inquiry on Covid-19 and food supply

1st May 2020

About the Farmers' Union of Wales

1. The Farmers' Union of Wales (FUW) was established in 1955 to exclusively represent the interests of farmers in Wales, and since 1978 has been formally recognised by the UK Government, and subsequently by the Welsh Government, as independently representing those interests.
2. The FUW's Vision is *thriving, sustainable, family farms in Wales*, while the Mission of the Union is *To advance and protect Wales' family farms, both nationally and individually, in order to fulfil the Union's vision.*
3. In addition to its Head Office, which has thirty full-time members of staff, the FUW Group has around 80 members of staff based in twelve regional offices around Wales providing a broad range of services for members.
4. The FUW is a democratic organisation, with policies being formulated following consultation with its twelve County Executive Committees and eleven Standing Committees.

Summary

5. UK food supply chains have been severely disrupted by the current pandemic and the measures put in place to prevent its transmission.
6. The effective rapid closure of the food service sector both in the UK and in other countries has caused a seismic shift to how UK supply chains function.
7. Such changes come at a time when seasonal agricultural production is increasing rapidly as days lengthen and temperatures rise.
8. A range of measures should be introduced and planned in order to relieve immediate or imminent pressures on farm incomes and others involved in supply chains in order to ensure food producers and supply chains are protected in the short and long term.
9. The pandemic highlights the dangers of future trade deals which undermine the UK's food security and place control of supply chains further outside the jurisdiction of the UK Government.
10. The pandemic also highlights the degree to which policies which further decouple rural support from food production, active farmers and the family farm - as is currently proposed in both England and Wales - would expose the UK population to food shortages and disruption in the event of a future pandemic or emergency.

Have the measures announced by the Government to mitigate the disruptions to the food supply chain caused by the pandemic been proportionate, effective and timely?

11. Whilst many issues relating to food production and supply chains are devolved to the Welsh Government and Welsh Assembly, the UK's food supply chain extends across the UK and is an integral part of the EU supply chain (as discussed in evidence submitted to previous inquiries relating to Brexit).
12. As such, all actions by the UK Government relating to mitigating disruptions to the food supply chain caused by the pandemic are relevant to farmers and food producers in Wales.
13. In terms of actions that mitigated the risk of food shortages, notwithstanding what was in some cases understandable confusion regarding the interpretation of rules and restrictions early on, actions by the UK Government have been essential in allowing food supply chains to continue to operate.
14. Examples of such actions include categorising those involved in the food supply chain as key workers and extending driver hours.
15. However, it must be noted that the pandemic and the need for such actions brings into sharp focus:
 - a. The degree to which such actions would not have been possible or effective had domestic food production been undermined by:
 - i. Trade deals with other countries, thereby extending control of food supplies beyond the UK's jurisdiction
 - ii. The further decoupling of agricultural and rural policies from food production - as is currently proposed in terms of both Defra and the Welsh Government's schemes based on the delivery of public goods - moves that the FUW believes would have reduced farm production and therefore the UK's food security
 - b. That the adverse impacts seen, and the far worse scenarios described at (a)(i) and (a)(ii) above, would have been further exacerbated in the event of a global pandemic that was more contagious or with higher mortality rates, including where such a pandemic impacted only countries upon which we were dependent for food
 - c. The dangers of a no-deal Brexit, given the degree to which the UK's food supply chains are integrated into EU supply chains
16. It must also be noted that, notwithstanding price falls and volatility, the most significant disruption to on-farm food production has occurred on farms which rely on significant numbers of workers, whereas farming units relying primarily on family

labour are naturally better able to self-isolate while continuing to produce and sell food.

17. The FUW fully recognises the value and necessity of farm workers across all sectors, particularly in the fruit and vegetable sectors. However, for those sectors able to operate effectively as family units, policies which drive family farm production down in favour of large-scale production would reduce the ability of agriculture to continue to produce food in the event of a dangerous pandemic.
18. In terms of the current disruptions, the FUW has called for a range of support measures to be introduced, made available or be prepared for implementation. This includes extending various forms of financial support to include farm businesses where this is not the case, interventions and support for markets, the introduction of Private Storage Aid (now opened by the EU), changes which recognise the role of part time workers in supply chains and changes to rules such as those which apply in slaughterhouses in order to ease pressures on processors.
19. It must be noted that disruption has occurred not only in terms of shortages (driven at least initially by 'panic buying') but also in terms of oversupply as some supply chains closed down altogether - primarily in the service sector (schools, restaurants, public houses etc.).
20. The closure of such supply chains has caused immense disruption and significantly depressed prices in most or all sectors as tens of thousands of outlets for prime products have closed, and buying in supermarkets has switched to cheaper products.
21. Worst affected have been those farmers and suppliers devoted, or largely devoted, to supplying service sector outlets, with some seeing falls in receipts and delays in payments that severely compromise farm viability and cash-flow, and place farm-gate prices below the cost of production. Committee members will be well aware of the widely-publicised impacts of such effects on dairy and livestock prices since February 2020.
22. With production in the livestock and dairy sectors inherently linked to the seasonal increase in grass growth through the spring and into the summer, there are major concerns as to how increases of supplies will exacerbate such problems. For example, from April to May 2018, monthly raw milk production in England and Wales increased by 61 million litres, while the equivalent figure in 2019 was 35 million litres.
23. Similarly, average weekly sheep and lamb throughput in slaughterhouses increased by 98,000 and 71,000 head in the run up to September 2018 and September 2019 respectively.
24. It must also be noted that the sheep sector is particularly vulnerable to the loss of outlets on the continent given that around a third of Welsh and UK lamb is exported to the EU.

25. Agriculture differs to other industries, in that the degree to which such increases can be controlled is strictly limited; as others have commented, cows cannot be furloughed and production cannot be stopped 'by the flick of a switch'.
26. The FUW is concerned that the UK Government may not have fully recognised the degree to which such increases are likely to exacerbate disruption and problems in supply chains, leading to further acute financial hardship and potential welfare issues if animals cannot find markets. Some have suggested that the Government may have adopted a position whereby it wishes to see evidence of problems rather than pre-empting them, despite the clear pitfalls of such an approach given the seasonal nature of agriculture.

Are the Government and food industry doing enough to support people to access sufficient healthy food; and are any groups not having their needs met? If not, what further steps should the Government and food industry take?

27. The FUW is unaware of any problems in terms of the above and others are clearly better placed to provide evidence regarding such problems.
28. However, the FUW has emphasised that as part of efforts to support those who are suffering financially and those whose incomes are unaffected, every effort should be made to help families to use their time at home to reconnect with the pleasures and health benefits of home-cooking quality Welsh and British produce and properly balanced meals.

What further impacts could the current pandemic have on the food supply chain, or individual elements of it, in the short to medium-term and what steps do industry, consumers and the Government need to take to mitigate them?

29. The Committee will be well aware of the potential impacts of subsequent peaks in infection, and the exacerbating impacts of seasonal increases in supplies of produce have been described above at paragraphs 12 to 16. Interventions to reduce such impacts have also been described above, including in terms of encouraging consumers to reconnect with the benefits of high quality food.
30. A key overarching focus for all parties, most notably Government, must be to ensure that the extreme pressures brought about by the current pandemic do not lead to the loss of farming and food processing businesses, the importance of which has been brought into stark focus since February 2020.
31. In the medium to long-term, the folly of policies which increase exposure to the dangers of the current and future pandemics must be recognised, including those which:
 - a. Increase reliance on supply chains extending beyond the UK's control (see paragraphs 5(a), (b) and (c))

b. Further consolidate UK supply chains

32. In terms of the latter, the FUW would emphasise the importance of Government supporting and encouraging a diverse range of supply chains, including not only those which extend from rural to urban areas (such as those supplying major supermarkets) but also local supply chains.
33. In terms of local supply chains, it is notable that the vast majority of local slaughterhouses and dairies have closed in recent decades due to economic pressures, growth in supermarket numbers and supermarket purchasing policies that favour large-scale, often remote, processors.
34. Such closures have severely undermined the ability of individuals to buy locally produced food, while also exposing them to the dangers of a pandemic hitting staff at or supplies from large processors located long distances away.
35. Notwithstanding this, the key role played by supermarkets, supply chains and large processors which ensure large volumes of food can efficiently be transported from rural to urban areas (including to hospitals, schools etc.) must also be recognised.
36. As such, Governments should be proactive in its protection of and support for local processors such that local supply chains become more sustainable, rather than pay lip-service to the notion of supporting local procurement and production.
37. In a similar context, the FUW believes that major retailers should work to create a climate in which local suppliers and businesses can sell produce through their shops, in a way which would reduce exposure to the dangers of lengthy supply chains being suddenly broken in the event of a future pandemic while also bring a host of other benefits.

How effectively has the Government worked with businesses and NGOs to share information on disruptions to the supply chain and other problems, and to develop and implement solutions? How effectively have these actions been communicated to the public?

38. The FUW initially relied upon direct contact with those involved in supply chains and media reports for information relating to disruptions to supply chains, but has since been in regular meetings coordinated by the UK and Welsh Government in which invaluable information and updates have been communicated.
39. Initial (and welcome) Government reactions to problems resulted in significant confusion for many, for example where Local Authorities were unsure as to how to administer schemes but nevertheless had to react to large numbers of calls, and such problems were compounded by confusion as to which schemes applied in Wales given devolution.

40. Such confusion was generally short-lived, and understandable under the circumstances, but the effective omission of farm businesses and others within supply chains from certain schemes has been a major concern for those farm businesses severely affected financially by the disruption referred to above.
41. In terms of potential solutions, the FUW continues to lobby for solutions which address both immediate and anticipated problems and hopes these will be forthcoming given the importance of protecting farm businesses and UK food security that the current pandemic has drawn attention to.