

Farmers' Union of Wales response to a Welsh Affairs Committee Inquiry into the Welsh economy and Covid-19

15th 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-five full-time members of staff, the FUW Group has around eighty 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.
5. Given the FUW's Vision and Mission, in terms of the coronavirus pandemic the priority of the union is to protect the health and welfare of our membership and the communities in which they reside.

Answers to specific questions set by the Committee

Does there need to be a UK-wide progressive lifting of restrictions or will Wales need its own plan for easing the constraints on business and the public?

6. Principles central to the control and eradication of infectious diseases, including those affecting animals such as foot-and-mouth disease and bluetongue disease, are:
 - a. Testing for disease
 - b. Tracing disease
 - c. Zoning according to risk
 - d. Movement restrictions both locally and between zones
7. Since testing rates for coronavirus have been lamentably low in the UK, and targeted as opposed to random (and therefore biased), the clearest picture of regional infection rates must be gleaned from regional death rates per capita attributed to the virus.

8. Figure I shows estimates¹ of regional deaths per 1000 people in Welsh Health Board areas and a number of English regions, based on Public Health Wales and NHS England figures up to the 10th of May 2020.

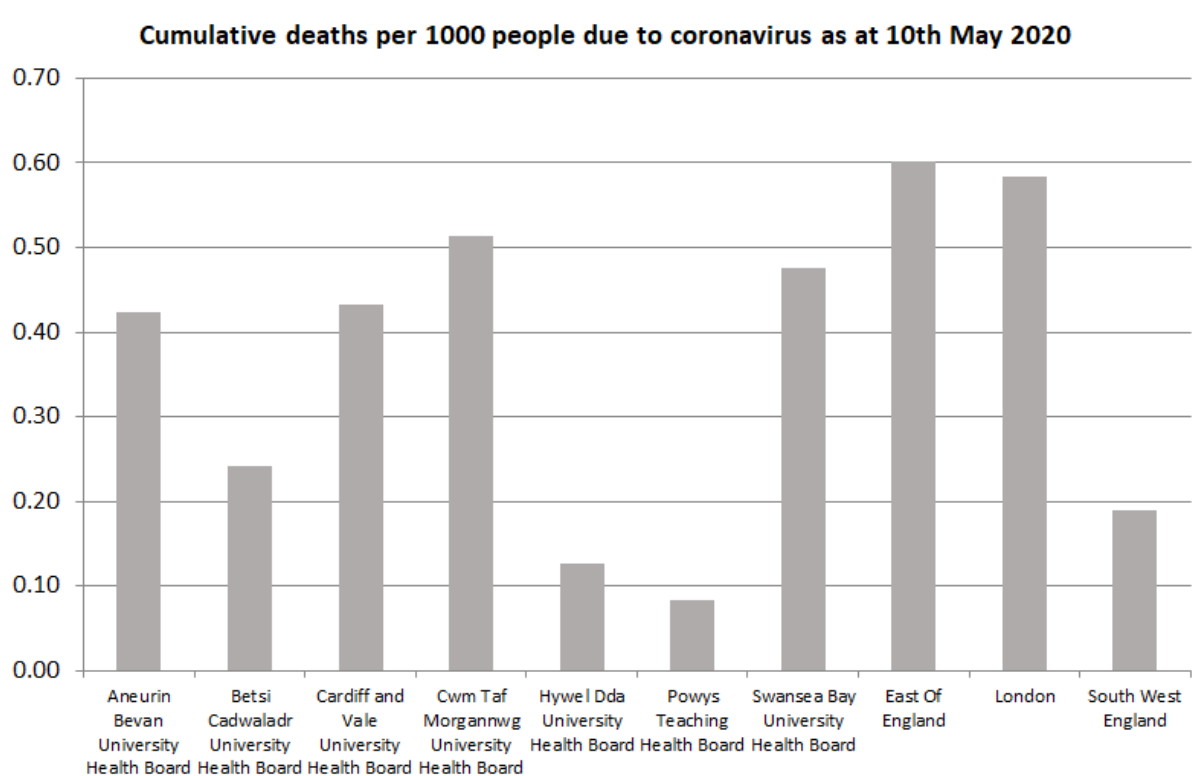


Figure I

9. These figures suggest significant variations of up to almost an order of magnitude between overall incidences of the virus since February 2020 in different regions, while rolling averages of recent daily and weekly deaths in different regions also suggest major variations.
10. With such a range of infection rates, and some areas particularly badly affected, it stands to reason that blanket changes to restrictions across the UK risk increasing virus transmission:
- a. Within regions, particularly in areas with high infection rates if restrictions on local movements are lifted prematurely
 - b. Between regions, if restrictions limiting travel between regions are lifted prematurely
11. Given this, and the clear risk to individuals and services in communities with low rates of the virus being introduced from high risk areas, the FUW believes that a UK-

¹ English estimates are based on [total deaths attributable to coronavirus as published by NHS England](#) and [figures for regional populations published by NHS England in 2018](#)

wide progressive (uniform) lifting of restrictions at this time would go against the basic principles of disease control.

12. As such, the FUW fully supports Wales having its own plan for easing the constraints on business and the public.
13. Moreover, the FUW believes that current restrictions on movements of individuals from high risk areas for frivolous reasons (restrictions which it must be borne in mind are aimed at saving Welsh lives) should be strengthened and enforced robustly.
14. It must also be noted that any moves likely to increase virus levels in Wales are likely to add to the overall economic impacts of the pandemic in Wales, while also slowing economic recovery.

Would there be any benefits from Wales having its own plan for easing lockdown restrictions, separate from the rest of the UK and how feasible would it be to have such a plan?

15. For the reasons already stated above, and given that the types of interactions between individuals in Welsh regions may be very different to those in other areas, due to the different nature of key industries and population densities, the FUW agrees that Wales should have its own plan for easing lockdown restrictions.
16. Moreover, the danger to Welsh communities of changes driven by priorities or what is politically expedient in other parts of the UK are clear.
17. Concerns around the feasibility of such alternative plans are justified, particularly given the length of the Welsh-English border and the number of individuals working on opposite sides of the border.
18. However, proper and mature cooperation between UK administrations, and responsible communication by all administrations regarding differences between rules in different areas/nations, alongside robust enforcement, would mitigate such impacts.

What additional flexibility is needed to support seasonal industries, such as tourism and agriculture, during the pandemic?

19. Recognition of those involved in agricultural and food production as key workers has been welcome and has ensured farmers can continue to provide food for our nations.
20. It must be acknowledged that the very low proportion of horticultural farms in Wales compared with other parts of the UK has meant fewer problems on Welsh farms caused by restrictions compared with other regions.

21. Notwithstanding this, as the shearing season starts in the coming weeks it may be necessary to introduce further flexibility given the importance of shearing, including in terms of animal welfare.
22. In this context, it is important to note the longstanding reliance on foreign shearing gangs, particularly from Australia and New Zealand, and the essential work of the British Wool Marketing Board in preparing for the 2020 shearing season given the current restrictions.
23. To date, it is flexibility in terms of accessing support for businesses that has caused most concern and frustration, including access for farms that have diversified into tourism.

What additional financial support does the Welsh economy require in order to survive during the pandemic and to recover afterwards?

24. The necessary move to communicating via the internet during the lockdown is likely to leave a permanent and welcome legacy for many industries, thereby changing the way many businesses and bodies operate in future - but has also drawn attention to the need to improve access to broadband and mobile phone signals in many parts of Wales.
25. However, it must be hoped that the majority of businesses, large or small, would return to some form of normality and viability after the pandemic, provided they are able to stay solvent over the coming months.
26. Given this, it is essential that sufficient funds are made available such that those businesses and their employees are supported during and after the pandemic, such that they can return to playing a central role in terms of Wales' economy, employment and contributing to the exchequer's purse.
27. Moreover, the FUW believes that failure to provide such funding will have a net adverse impact on Wales' economy in the long term.

How effectively are the UK and Welsh Governments working together in ensuring sufficient support is provided to the Welsh economy during, and after, the pandemic?

28. From an agricultural perspective, notwithstanding the above stated concerns in relation to accessing funding and flexibility, and initial confusion about the administration of schemes, the UK and Welsh Governments have generally worked well together, with the provision of clear information by both having been essential to this.
29. However, particular concerns remain for those acutely impacted by the closure of certain markets, particularly those dairy farmers who previously supplied the food

service sector and have seen major falls in their incomes, but also those in the red meat industry for whom prices fell acutely after the closure of certain markets.

30. Whilst recently announced dairy support packages in Wales and England have been welcome, it is notable that the failure to coordinate the announcement of such packages caused significant concerns.
31. Notwithstanding the above, it is notable that the main impact of the pandemic on most agricultural incomes may be yet to transpire, particular in terms of the sheep industry where slaughterhouse throughputs rise seasonally by between 50% and 80% from late winter/early spring to the late summer/early autumn, but also the beef industry.
32. As such, it is essential that the Welsh and UK Governments work together to ensure sufficient support is provided to all agricultural sectors during and after the pandemic.

What additional financial powers and budgetary flexibility should be provided to the Welsh Government in response to the pandemic?

33. The FUW has no view on this subject.

What support is needed from the banking sector to support businesses and organisations during the pandemic and the reconstruction period that will follow?

34. The banking sector must ensure that the potential of business to survive and recover from the impacts of the pandemic are fully recognised in terms of the provision of loans, overdrafts and other facilities, and that the benefits and security provided by Governments are fully passed on to businesses.
35. It is essential that Governments and their regulators, and the UK Parliaments monitor and scrutinise the banks to ensure relative uniformity and fair practice both during and after the pandemic, and take robust action where banks fail to meet acceptable standards, are seen to be profiteering or failing to assist fully in the recovery of the economy.

What support do key sections of the population, including the elderly and the newly unemployed, need from the UK and Welsh Governments during and after the pandemic?

36. The FUW believes other respondents are better placed to respond to this question.

What work can be done to make the Welsh economy more resilient in the face of future crises and potential outbreaks of Covid-19 and other pandemics?

37. While the nature of future pandemics or emergencies is impossible to predict, the contrast between the UK and countries around the globe which have fared far better during the pandemic highlights the degree to which early and decisive action represents the best protection for the Welsh and UK economy.
38. The development of coherent plans, including in relation to the production and distribution of Personal Protection Equipment, food and other commodities, and widespread testing, would also significantly enhance collective resilience in the event of a future pandemic or emergency.
39. It must be noted that the pandemic and the need for such actions brings into sharp focus:
- a. The degree to which the resilience of businesses and the Welsh economy would be compromised if domestic food production is 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 will undermine 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
40. In terms of 40 (c), the FUW would emphasise that achieving a close trading arrangement with the European Union is essential in terms of achieving such resilience, given that around two thirds of identifiable Welsh exports go to the EU countries, while many of our major employers base their companies here specifically because we have access to the EU's 500 million consumers without the costs and hindrance of border controls and World Trade Organisation tariffs.
41. 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 - businesses which are therefore more resilient than they might otherwise be.

How will supply chains need to evolve after this pandemic and how can the two governments work together to support these changes?

42. For many businesses, recovery and long-term resilience would be greatly enhanced by closer engagement between the public sector and local supply chains, and it is therefore believed that funding should be provided to enhance relationships between, for example, local authorities and local businesses, such as those involved in food production and processing.
43. The FUW would also emphasise the importance supporting and incentivising the development of 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.
44. In terms of the latter, it is notable that the vast majority of Wales' 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.
45. 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.
46. 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 urban hospitals, schools etc.) must also be recognised.
47. As such, initiatives should be funded which allow the Welsh Government and public authorities to be proactive in the protection and development of and support for local processors such that local supply chains become more sustainable or can be created where they are absent - rather than Governments and authorities merely paying lip-service to the notion of supporting local procurement and production.
48. In a similar context, the FUW believes that major retailers should work alongside others, including the authorities, 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.

What lessons can be learnt from the pandemic and from the response of other countries for the future of the Welsh economy?

49. Please see the responses provided at 37 and 38.
50. The FUW would also draw Committee Members' attention to the impacts seen in countries and regions with poor food security and a high reliance on imports, given current discussions in relation to UK trade deals and comments made during the third reading of the Agriculture Bill on the 13th of May 2020.
51. In particular, it is notable that the United Nations is warning of a major increase in food insecurity in East Africa as a direct result of the pandemic, while the World Food Programme is warning that well over 40 million people are facing food shortages in West Africa.
52. Moreover, in Singapore - which in February 2020 was cited by a UK Treasury advisor as an example of a country 'which is rich without having its own agricultural sector' - disruptions to food supplies have led the authorities to accelerate local food production, including through plans to turn car park rooftops into farms, and the authorities stating "The current COVID-19 situation underscores the importance of local food production, as part of Singapore's strategies to ensure food security."
53. As such, the impact of the pandemic in many parts of the world provides a stark warning of the dangers of pursuing domestic and/or trade policies which undermine our family farms, food production and food security.