



Ex 08/14

**PRESIDENT'S REPORT  
UFU EXECUTIVE COMMITTEE  
WEDNESDAY 27 AUGUST 2014**

It has been two months since our last meeting and in this time we have particularly been working on both market issues and CAP Reform

## PRODUCER RETURNS

- **General**

### **Russian Food Import Ban**

- The effect of Russia's ban introduced at the beginning of August on food imports from many of the world's major food trading blocks including the EU is being closely monitored by a special Task-force within the EU Commission.
- While this ban is very unlikely to directly impact on our local agrifood industry, the Union is keeping a close watch and will be feeding information into the EU Commission via DARD if necessary.
- Exceptional EU support measures are available and have already been used for the 'stored fruit' and vegetable sectors and may be introduced for the dairy sector later this week.

### **NI's Agrifood Industry Growth**

- Figures recently released by DARD show continued growth of our agrifood industry by 6.7% (£285 million) in turnover between 2012 and 2013.
- The NI Executive has also recently demonstrated its commitment to the future of NI's agrifood industry by allocating up to an additional £250 million via the 2014-2020 NI Rural Development Programme to support future growth as outlined in the NI Agrifood Strategy Board's 'Going for Growth Report'.
- While this is encouraging and confirms the importance of the industry to the wider NI economy, producer profitability remains a serious concern.

### **EU Position on Unfair Food Chain Trading Practices**

- The EU Commission recently published a 'communication' on Unfair Trading Practices (UTPs) in the food chain.
- The UFU is disappointed that, while the EU Commission recognises that these practices exist, it is only advocating a voluntary approach.
- Past history in the UK has shown that this doesn't work which is why we lobbied intensely for legislation and the creation of the Groceries Code Adjudicator with the ability to apply financial penalties.
- We are concerned that this could now lead to different approaches across the EU which could impact on the single market and we intend to keep a close watch on developments.

- **Beef**

- UFU activity on the beef sector has continued since that which we outlined at our June Executive meeting.
- We participated in DEFRA's 'UK Beef Summit' at the beginning of July but were very disappointed that the immediate issue of farm gate prices were glossed over in favour of discussing more medium and longer term issues such as: a voluntary code of conduct between farmers and processors; better promotion of 'Red Tractor' beef by retailers; and investigating further export opportunities.
- We also met with the DARD Minister at the start of this month and covered a wide range of current issues facing the beef sector including more local issues such as: the provision of cattle 'residency' information'; specification changed; and 'nomad' cattle;

but in particular stressed the importance of introducing a 'Beef Scheme' similar to that available in the RoI and Scotland in our new Rural Development Programme. We were encouraged that the Minister was receptive to the possible provision of additional support for the beef sector.

- The Union has also submitted a Paper to the British Retail Consortium on a range of current beef sector related issues which included the increasing margins taken post farmgate, particularly the beginning of the year, and specifications.
- The Union has also been heavily involved in several DARD and industry meetings over the past few months on the provision of cattle residency information and we are pleased that agreement was reached that individual livestock markets will consider displaying this information which we consider essential for both buyers and others and that the meat processors will be more sympathetic with cattle with more than four residencies until the 1<sup>st</sup> of January next year. During this period we also replied to a letter from a solicitor representing the NI Livestock Auctioneers and other industry organisations on the UFU's position on this issue.
- We have also reacted positively to the DARD Minister's decision which will allow 'nomad' cattle to be sold under a voluntary 'Irish' label but it will ultimately be the markets which will decide if this is to be of benefit and beef finishers would be well advised to have confirmed market outlets before they purchase cattle in the RoI.

#### **Lamb**

- The UFU has been concerned at the very significant drop in producer prices over the past few months, particularly against a background of stronger worldwide demand.
- We have also written to a number of major retailers on their lamb sourcing policies and failure to deliver on promises on stocking local lamb, as clearly shown by the LMC's 'beef and lamb watch' initiative, and have since held encouraging meetings with representatives from ASDA, the NI Retail Consortium and the NI Independent Retailers' Association on this issue.
- A meeting with Tesco is also being sought.

#### **Pork**

- The Union has concerns about recent drops in prices for pig producers and will be bringing these to the attention of our local processors.

#### **Potatoes**

- Having just experienced a very difficult year for local growers and with potato consumption continuing to decline, the Union has been involved in several industry/DARD meetings and also lead an NI delegation to meet with the IFA, Bord Bia, and the RoI Agriculture Department to discuss generic promotion.
- We had hoped to join with RoI and GB who are already developing a joint campaign to address falling potato consumption but unfortunately due to the tight timeline this was not possible at this time but has not been ruled out in the future.
- In the interim, the NI Industry has agreed to develop our own Promotion Campaign which will be funded via a voluntary levy, similar to that being paid in the RoI, to be collected from growers from 1 January 2015 based on their 2014 area grown which will be match funded in some form by packers/processors and we anticipate that additional support will also be provided by the NI Government.
- It intended that more detailed proposals will be made available at the 2014 NI Potato Conference scheduled for December.

- **Dairy**
  - As a result of declining world markets, producer prices locally have fallen by around 4.5 ppl since our last Executive meeting.
  - The Union's Milk Price Indicator (MPI) is based on wider dairy market data which is both reflective of these market downturns but is also being adversely impacted by speculators creating undue volatility particularly in the wake of the Russian food import ban.
  - The outlook for the market however remains firm and we see no reason why local farmgate prices should not remain close to 28 ppl as we enter the autumn period.
  - The UFU also recently hosted a UK Farm Unions' Dairy meeting at which a wide range of relevant issues including: the Russian trade ban; farmgate prices; the UK Voluntary Code of Practice; the EU Commission's Milk Market Observatory; and the 'Red Tractor' Dairy Scheme were discussed. A visit to a local dairy farm was also held.

## **REVIEW OF NI AGRIFOOD MARKETING AND PROMOTION**

- One of the main recommendations made by the Agrifood Strategy Board in its 'Going for Growth' Report was to 'establish a single Agrifood Marketing Organisation for Northern Ireland to consolidate all marketing and promotional activities for the industry with a clear food promotion strategy'.
- The Department of Enterprise, Trade and Industry (DETI) is taking this recommendation forward within Government and has held two stakeholder events on 11 June (in which the UFU participated) and are now seeking written submissions to help inform this review.
- The UFU also held a separate meeting with DETI for our Sectoral Policy Committee Chairmen and Officers to discuss this issue.

The UFU's Sectoral Policy Committees have now discussed this issue and based on this the following proposed framework response is being brought before the Executive to consider:

- There is a need for Government to provide additional, meaningful funding
- There is a need for a single agrifood marketing and promotion delivery mechanism within Government
- There is a recognition that promotion is crucial and that industry needs to contribute financially towards this.
- There is a recognition that resources available must be prioritised and targeted at the key markets for growth.
- Branding/labelling are seen as an integral part of this process and must be considered
- Timing is critical with urgency on the need to act.
- As a first step in this process, the existing industry marketing/promotion structures should continue but better co-ordination of activity in conjunction with Government is essential.

- Recognition that there is a need to explore opportunities for mutual benefit with other similar structures such as Bord Bia and Scottish Food and Drink.
- In the medium/longer term further consideration should be given to: a 'single' vs. a 'coalition' structure; the inclusion of all commodity sectors or only those wanting to get involved; a 'legislative' or 'voluntary' approach to industry funding.

## CAP REFORM

At the end of June the all-important high level decisions on how the CAP would be implemented in Northern Ireland were signed off by the NI Executive and announced

- This process ended up being extremely 'political' and during the final days I was involved in many discussions, including the DARD Minister and DUP officials in particular, during this critical period.
- While these decisions are not exactly what the Union was hoping for, farmers were relieved that an agreement had been finally reached before 1 August and that NI would therefore not face the 'default' position of an immediate transition to a single flat rate payment from 1 January 2015.
- On the positive side, a seven year transition is the longest of all the UK regions but we still have real concerns for beef farmers in the Disadvantaged Areas (DAs) who will be hardest hit through a combination of redistribution under a single SFP region and also coming out of the future Areas of Natural Constraint (ANC) Scheme, indeed we have always argued strongly that something needed to be done to support the entire suckler industry across Northern Ireland.
- The 'Scottish Factor' threat in terms of the wider UK convergence of direct payments has been enhanced because of this decision and it is now up to our DARD Minister to ensure that our historical CAP allocation is defended to prevent NI's farmers from losing €100 million annually.
- The NI Executive also made related announcements at that time on the future of ANC support; the match funding of the EU's €227 million 2014-2020 NI Rural Development Programme (NIRDP) allocation; and the provision of up to £250 million to assist, via the NIRDP, with the delivery of the Agrifood Strategy Board's 'Going for Growth' recommendations.
- The delivery mechanisms for both Pillar 1 Direct Support and Pillar 2 Rural Development have now taken priority.
- The UFU has already been involved in many general as well as sector specific meetings on this issue with DARD and also with the Irish Farmers' Association.
- Key areas requiring urgent development, clarification and communication are: greening; the Young Farmers Scheme; 'Active Farmers' requirements; and the details of the measures for the various schemes within our next NI Rural Development Programme.

**ENVIRONMENT**

- **2015-2018 Nitrates Action Programme (NAP)**
  - The Union has now considered the DARD/DoE consultation internally and the proposed response developed by our Environment Policy Committee has been broadly supported by our other Policy Committees
  - Overall, while some of the proposals are positive we have serious concerns about the majority of the proposed changes to our current four-year Action Programme and to compound this situation, disappointingly many of these proposals that would be the most difficult to comply with have been developed by DARD and DoE and do not appear to be required by the EU Commission.
  - Farmers here have adapted well to a complicated programme and should be given credit for their efforts and investments they have made in helping improve water quality in Northern Ireland with improved utilisation of manures and a substantial reduction in chemical fertiliser usage having significantly increased overall nitrogen and phosphorus efficiencies.
  - DARD and DoE should think practically and help farmers deliver solutions that continue to improve water quality rather than relying on regulation and enforcement.
  - The UFU therefore opposes the majority of the DARD/DoE proposals and believes that these Departments should oppose the EU Commission suggested changes and should certainly not be adding more complex regulations than required particularly against the background of the Agrifood Strategy Board's 'Going for Growth' Report which is asking NI Government to help grow and develop the industry for the benefit of NI's overall economy.
- **Renewable Energy**
  - The Union has welcomed the recent announcement by the Utility Regulator that existing 'conditional' grid connection offers are to be withdrawn.
  - For some this will mean that they cannot proceed with their plans but for others it may mean a window to connect to the grid but overall it brings much needed clarity to what has been a frustrating period for many would-be small scale generators.

**FARM SAFETY**

- We welcomed the launch of 'FarmSafeNet' at the beginning of July.
- This is an online farm safety tool that has a lot of information on the main farm dangers and also incorporates a quiz which, upon completion, provides a certificate which will be of benefit when accessing future DARD services or schemes.

**RURAL CRIME**

- Figures recently released by the NFU Mutual of its annual rural crime survey shows that the cost of rural crime in Northern Ireland increased by 15% to £3.9 million in 2013 with NI being the most seriously affected part of the UK for livestock thefts.

- Tackling rural crime remains a priority for the Union – we continue to work closely with the PSNI on this important issue and also encourage farmers to remain vigilant and take preventative action themselves.
- The Union is also organising a major rural crime event to be held on 4 November involving farmers, PSNI, DARD and Garda Siochana and more information will be made publically available in the coming weeks.

**BANKING SCAM**

- The UFU recently issued a public warning to the farming community to be vigilant following reports of increasing activity by fraudsters who were obtaining farmers' banking details and defrauding them using a number of scamming methods.
- Legitimate companies will never ask for security log-on or password details either over the phone or by email