

Circulation: Members of Parliament
Assembly Members

Date: 23rd April 2020

Ref:

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Covid 19 Briefing

Online briefing session with AMs and MPs

NFU Cymru held a [virtual meeting](#) with AMs and Welsh MPs on Monday 20th April, with our President John Davies and Deputy President Aled Jones examining the issues facing the different sectors and answering questions. Many thanks to those of you who were able to join us, between both sessions we managed to engage with almost 30 politicians from across the political spectrum. We will look to run other similar sessions in future and will let you know the details in due course.

Marketplace volatility and supply chain disruption

The effects of serious volatility and supply chain disruption across a number of agricultural markets continues to be felt. Sectors such as dairy, red meat, poultry and potatoes have been particularly affected by the sudden, massive drop in demand from the food service/hospitality sector has left supply chains now struggling to re-align themselves to retail led demand.

The [dairy sector](#) has borne the brunt of this volatility with NFU Cymru estimating that 700 out of Wales 1600 dairy producers have been adversely impacted by the events of the last few weeks. This number looks set to increase as we head towards the spring peak in milk production next month.

We continue to make the case for a package of measures implemented by both Welsh and UK Governments if we are going to address these very serious issues in the dairy sector. This includes the provision of critical support for those farmers have been most heavily impacted, as well as action to take distressed milk off the market until the sector returns to some sort of normality

In the [red meat sector](#) we are in regular dialogue with retailers and industry as the sector struggles with the impact of Covid-19. The effective closure of the food service sector has seen the loss of a home for a significant proportion of the higher value cuts of beef, most notably steaks and roasting joints. Whilst there has been an increase in demand from retailers for mince and other lower value cuts of meat, this has not offset the loss caused by the closure of pubs, cafes, restaurants and fast food outlets, leading to a significant imbalance in returns to the primary producer.

Welsh Government Economic Resilience Fund

It has proven very difficult for farm businesses with long production cycles involving livestock and crops in the ground to react to the marketplace upheaval we have seen, and for various reasons, farmers have found themselves unable to access UK Treasury and Welsh Government schemes intended to help businesses through this crisis.

NFU Cymru was disappointed to see that most farmers were not eligible for support under the Economic Resilience Fund announced by Welsh Government a fortnight ago. Although diversified parts of a farm business may be eligible for some support, primary production (i.e. the production of livestock, milk, or crops) will fall outside the scope of the scheme. Last week [we wrote](#) to the Minister, Ken Skates, calling for an urgent review of the scheme eligibility criteria

We are keen to ensure that whatever support the government provides to individual companies, it needs to feed into the rest of the supply chain to maintain production.

All Wales Nitrate Vulnerable Zone

NFU Cymru was [left astonished](#) by the Welsh Government's decision to publish draft regulations for an all Wales Nitrate Vulnerable Zone two weeks ago, with the world in the grips of the coronavirus crisis.

The evidence from water quality monitoring by Natural Resources Wales does not in any way justify a whole Wales designation. The regulations will impact on every farmer, every sector, and every area of Wales. Farmers will be subject to draconian record keeping, complex restrictions on the day-to-day running of their businesses and, for many, exorbitant costs at a time when farm business incomes do not support this level of investment

The publication of these regulations now adds significantly to the burden of stress and anxiety within the industry, at this time of crisis.

The Basic Payment Scheme

We are grateful to the Welsh Government for extending the deadline for the completion of the Single Application Form by a month to 15th June. We are however keen to ensure that this does not cause any delay to support payments later this year, with loans made available to farmers who cannot be paid in full at the opening of the payment window in order to ease what are likely to be real cashflow difficulties later this year. Consideration should be given to advance payments this autumn.

We would also like the 15% pillar transfer collected from payments to farmers last year given as a top up to this year's Basic Payment, something which would give our members a welcome boost.

Labour Availability

The agricultural sector and the downstream food processing sector in particular are highly reliant on having a pool of available migrant labour. Coronavirus lockdowns and the disruption to transport links has exacerbated existing labour supply problems which were already being felt by these sectors. We need a sympathetic and understanding approach from the UK Government to the particular labour supply challenges we are facing.

A central [online recruitment hub](#) is now live for fruit and veg businesses to advertise their job vacancies for this year's harvest. The site, developed by government and the industry, helps to bring workers and employers together in order to fill vacancies in the sector.

VAT

The government has deferred VAT payments by three months, but we would very much welcome a similar deferral for the completion of VAT returns. This would be useful to our members who are often reliant on farm secretaries to assist with these tasks, and who are not able to move around as freely on account of the coronavirus lockdown.

I trust you will find this useful, if you would like any further information on any Covid-19 related impacts then please do get in touch and I will be pleased to help

Huw Thomas
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