

# NFU Cymru – COVID-19 and future farming policy



***“Securing our food supplies, supporting Wales’s green economic recovery, sustaining our rural communities and culture”***

COVID-19 has touched all our lives, empty supermarket shelves and ensuring food is provided to the clinically vulnerable have reminded us of the need for safe, high quality, affordable food as a basic requirement for every citizen. The overnight closure of our cafes, restaurants, pubs and bars have exposed the fragility and inequity in our food supply chains.

Parallel to this, the concerns of over a million people over the direction of travel of UK Government trade talks have manifested in the signing of our NFU petition on future standards.

These events have served to highlight that food security and ensuring a stable supply of home produced, high quality food for consumers is most certainly in the nation’s interest and should be a priority for governments. People care about the food they eat, how it is produced and where it comes from, people want to see food sustainably produced. COVID-19 calls for governments to learn lessons and reflect on the direction of travel.

How Wales addresses this question will define farming for a generation or more. It will also define our place in the world. Climate change impacts are set to increasingly challenge global food production systems. The ambition of Welsh farmers is to become world leaders in producing and supplying the most climate-friendly food in the world, enabling nature to thrive.

NFU Cymru’s vision is for a pathway to a productive, profitable and progressive Welsh farming industry delivering the multiple objectives of ensuring a stable supply of safe, high quality food; supporting Wales’s green economic recovery and our net zero ambition whilst sustaining our rural communities and culture.

## **Introduction**

Wales is currently in the grip of the global coronavirus pandemic. It is a crisis that has touched and impacted on the everyday lives of every citizen, inflicting lasting damage to many sectors of the Welsh economy.

As the crisis has progressed, the resilience of many systems required to sustain everyday living has been challenged. In the period leading up to and during the early weeks of ‘lockdown’, empty supermarket shelves were commonplace across Wales. Welsh Government also introduced a direct delivery food scheme providing food parcels to clinically vulnerable individuals. The situation has served as a stark reminder of the fundamental importance of access to safe, high quality, affordable food as the most basic right for all people in society.

Meanwhile, the overnight closure of food service – our hotels, restaurants, cafes and hospitality venues – which led to the instantaneous loss of key markets for many Welsh products has brought into sharp focus the fragility and inequity that exists within our food supply chains.

The COVID-19 crisis has come at a time when farming faces a very uncertain future – as well as uncertainty about the impact of coronavirus on our economy and food supply chains; there is uncertainty around the nature of our relationship with the EU at the end of the current transition period; uncertainty in terms of trade deals with countries in the years ahead which will all have significant implications for our trade in food. This is set against a backdrop of much longer-term uncertainty about the impact of climate change on society, on our natural environment and of the role farming will need to play in feeding a growing population with diminishing resources.

We must take time to reflect and contemplate on the lessons learned from COVID-19 and how these lessons shape our future. There can be no doubt that its impacts call for new and radical thinking on the future food and farming policy in Wales, post the UK's departure from the EU and the Common Agricultural Policy (CAP). Wales and the world that we operate in has changed considerably as a result of COVID-19. The experience we have gained provides us with the opportunity to look through a fresh lens at the direction of travel set out in Welsh Government's Sustainable Farming and our Land consultation of 2019, conceived in very different circumstances.

Now is the time to consider the ambition of future agricultural policy for Wales and the extent to which food security and resilience are embedded as key objectives whilst also securing and enhancing farming's wider contribution to economic, social, cultural and environmental well-being in Wales.

In this context, this NFU Cymru briefing sets out our vision for a post COVID-19 farming policy framework. A framework underpinning a productive, profitable and progressive Welsh agricultural industry providing safe, affordable, high quality food for the people of Wales and beyond; delivering jobs, growth and investment and supporting Wales's green economic recovery; maintaining and enhancing our natural environment and treasured Welsh landscape; and sustaining our rural communities – home to a third of the Welsh population.

There is a responsibility upon all of us to look afresh at agricultural policy, taking this opportunity to define the pathway to a better, stronger and greener Wales for farming, for society, our economy and for nature after the crisis.

## Background

For more than a century policy has alternated between periods of concern for food security when domestic production was seen as important and periods of complacency and relative indifference to it.

Measures to encourage home production were introduced in 1917 (removed in 1921) and again in 1947, and continued in 1973 when the UK entered into the European CAP. More recently British governments have questioned the need for concern about home production and have heavily criticised the CAP.

There was renewed interest in food security during the global food price hikes in 2008, but these were soon forgotten, despite Sir John Beddington's prescient warning of a 'perfect storm' for world food security in 2010. The Foresight Future of Food and Farming Report identified many pressures on the global food system up to 2050. This includes:

- Increases to the global population size to an estimated 9 billion (from almost 7 billion in 2010) by 2050;

- Changes in the size and nature of per capita demand;
- Future governance of the food system at both national and international levels including the extent to which governments act collectively or individually to face future challenges;
- Climate change – which interacts with the global food system in two ways. Firstly, growing demand must be met against a back-drop of rising global temperatures and changing patterns of precipitation and secondly, policies for climate change mitigation have the potential to significantly affect the food system;
- Competition for key resources including land for food production, global energy demand and global water demand.

## Food Security

In 2018, the UK supplied just over half (53%)<sup>1</sup> of food consumed in the UK. Food security does not require a country to be self-sufficient – that is, to produce all the food it needs within its own borders. It is economically rational for a country to import products it is unsuitable or incapable of producing itself while exporting products it produces proficiently. Wales has a long history as a food producing nation exporting to all parts of the UK, EU and further afield – indeed it is central to our economy, with food rightly recognised as one of Wales’ four foundation sectors within Welsh Government’s Economic Action Plan.

The global nature of the agri-food sector supports food objectives for consumers such as potential for all year-round supply of seasonal foods and greater variety and choice of products. However, such global sourcing brings its own risks and can be unpredictable, fueling greater volatility at the farm gate and damage to supply chain resilience. Food security must, therefore, be a combination of a secure and properly functioning global trading system and a robust and resilient home supply.

NFU Cymru does not advocate that the UK should be fully self-sufficient. However, we have long held the view that Welsh Government should have higher regard of the contribution that domestic food production has towards our food security. COVID-19 impacts on our food supply chains have served to highlight that it is a matter of strategic national interest to ensure that our country can feed itself and a high level of domestic production in a volatile world is critical aspect of food security.

In the context of predicted challenges to our global food production systems, Wales has a social responsibility to contribute to global food security, when food production systems are expected to be more challenged as a result of a changing climate elsewhere.

Resource efficient and resilient domestic food production also plays an important role in limiting our global ecological footprint and displacing the environmental impact of food supply to overseas, where environmental and animal health and welfare and social standards may be lower. This aligns with the duties established in the Well-Being of Future Generations Act and the goal of being a globally responsible Wales.

## Food, farming and the green economic recovery

COVID-19 has impacted significantly on business and has necessitated government intervention on an unprecedented scale. With no guarantee of quick economic recovery and many advanced economies

<sup>1</sup> <https://www.gov.uk/government/publications/food-statistics-pocketbook/food-statistics-in-your-pocket-global-and-uk-supply>

predicted to enter recession this year, attention has started to shift to supporting longer-term economic recovery.

In Wales, Welsh Government's recovery response approach provides the opportunity to build on the foundations of 'Prosperity for All: the Economic Action Plan' and strengthening and maximising the impact of the four foundation sectors: food, tourism, retail and care. These sectors have been identified on the basis of the number employed, the essential goods and services they provide, and their geographic distribution reflecting the fact that these sectors are the backbone of many local economies. Food and farming in Wales offers genuine opportunity for green growth based on circular economy principles.

Employing 60,000 directly, Welsh farming provides the ingredients for the Welsh food and drink sector worth over £7.47bn and employing over 220,000 people – Wales's biggest and growing industry. Policies to support the sustainable recovery and growth of Welsh food and farming will be pivotal in providing the pathway to green economic recovery in Wales as a whole. Future farming and food policies should be united in their ambition and work towards a common goal from farm to fork.

Welsh farmers have the ambition to become leaders in producing the most climate-friendly food in the world recognising our key role as an anchor industry providing a platform for sustainable growth of other sectors such as tourism and Welsh food and drink.

#### **NFU Cymru key principles for reform**

**Four years ago NFU Cymru launched the biggest internal consultation in our history. During this period, we formulated a set of key principles that should form the foundations of a new domestic agricultural policy that will deliver a productive, profitable and progressive agricultural industry in Wales:**

**A policy that underpins and secures the continued supply of safe, high quality, traceable, affordable food for our nation. In the context of future global challenges this must be at the heart of any future agricultural policy.**

**All farmers must be fairly rewarded for the environmental/public goods they already deliver and will continue to deliver in future for society.**

**Policies must be simple to administer, easy to understand and target support at those active farmers who take the financial risks associated with food production.**

**Investment measures are required to ensure that farming businesses are well equipped to face the challenges and maximise the opportunities of a post-Brexit marketplace.**

**The regulatory regime must be proportionate and evidence-based and policies must be adequately funded to ensure that Welsh farming remains competitive with farmers in the UK, EU and globally.**

### **The NFU Cymru Agricultural Policy Framework**

NFU Cymru's vision is for a pathway to a better, stronger and greener Wales based on a flexible framework of three integrated building blocks which work in synergy to deliver the multiple objectives of ensuring a stable supply of safe, high quality food; supporting Wales's green economic recovery; maintaining and enhancing our environment whilst sustaining our rural communities and culture.

- **Measures to support stability/volatility**

COVID-19 has exposed the fragility and inequity within our supply chains, with much of the risk passed to primary producers – in Wales, our family farms which are the backbone of our rural communities.

The significant levels of income volatility driven by environmental, economic and political factors beyond the control of the individual farm business has been brought into sharp focus.

Volatility is destructive, it saps confidence and diminishes the appetite to invest. It weakens the rural economy, threatens the continuity of supply of food and exposes consumers to food price inflation.

Economic stability is critical for farm businesses if they are to continue to produce what consumers want and deliver environmental outcomes, such as creating and restoring habitats. It is only from a solid foundation that farmers are able to focus on productivity and invest in new technologies and innovation. From a position of stability, firm economic recovery can be bolstered and resilience built within businesses to deal with shocks in the future.

A key part of future Welsh agricultural policy must include a baseline stability support payment open and accessible to all active farmers that underpins agriculture and food production and the standards, or sustainable brand values, required to build trust and integrity in our sustainable production systems. Targeting support to the active farmer will be key to ensuring a vibrant tenanted sector and opportunities to farm for new entrant young farmers in the future.

The conditions attached to receiving this support would cover a range of environmental, climate change and animal health and welfare measures agreed in partnership and used to underpin and promote 'Brand Wales' – a concept to help market and promote Wales to the world on the basis of high quality food production underpinned by a strong asset base, also attracting inward investment into Wales.

As the COVID-19 crisis has highlighted, measures to support Welsh agriculture deal with crisis and exceptional and emergency events will form a critical component of future agricultural policy. Future policy must include a focus on how crisis measures can operate effectively and efficiently in Wales and be embedded into future policy and legislation, particularly in the context of a 'no deal' Brexit and the loss of key export markets.

Stability/volatility measures improve resilience in domestic food production which will be increasingly important in the context of global challenges whilst also bolstering green economic recovery through sustainably growing Wales's biggest industry and employer – Welsh food and drink.

- **Measures to support productivity**

The resilience of our food production systems can also be reinforced through measures that improve productivity. Investment measures are required to facilitate the development of farm businesses with funding made available to support investment in modern on-farm infrastructure, the latest technologies and innovations.

NFU Cymru proposes a range of instruments including capital grants and incentivisation measures with a focus on delivering production and resource efficiencies which in turn deliver positive environmental benefit for air, carbon, water and nature. Productivity can also be enhanced through participation in a programme of targeted and integrated knowledge exchange, skills and advice across a range of specific themes aimed at driving measurable improvements in economic and environmental performance.

Productivity measures will be crucial to delivering NFU Cymru's Net Zero vision and the commitment of Welsh farmers to strive for 'net zero' agriculture by 2040. Whilst there are no single 'silver bullet' solutions to achieving 'net zero', agriculture in Wales is uniquely placed as a sector as both carbon source and sink. Agriculture is central to decarbonising the Welsh economy and action to tackle climate change will require a portfolio of different policies and practices focused in the areas of productivity through

improved efficiency and reducing greenhouse gas emissions per unit of production, farmland carbon storage to enhance sequestration and renewables.

Productivity measures which facilitate investment in farming are central to enhancing competitiveness within UK markets and further afield; they will be pivotal to driving action towards 'net zero' agriculture whilst aligning to Wales's policy goal of a globally responsible Wales by minimising displacement and ensuring that food production is not off-shored to other countries.

- **Measures to support the environment**

Welsh farmers can, and do, play an essential role managing and enhancing our natural environment and tackling the challenges we face as society – maintaining our iconic Welsh landscape for the public to enjoy and that provides the backdrop for Welsh tourism sector worth £2.5bn annually; managing and creating habitats for wildlife; managing our soils, reducing our impact of water, improving air quality and reducing greenhouse gas emissions alongside our role as food producers.

The COVID-19 'lockdown' has resulted in significant disruption with evidence starting to emerge highlighting positive changes in our environment leading governments to consider how the crisis presents an opportunity to re-set for a green recovery.

NFU Cymru proposes a farmed environment scheme delivering Wales wide sustainable agriculture that is open and accessible to every farmer that wishes to undertake activities that go beyond the regulatory baseline through an online application model (building on RPW online). Farmers should be rewarded for existing practices that deliver positive environmental benefit. They have the potential to contribute further through the protection and enhancement of existing features on the farm and the management of actively farmed land to enable nature to thrive and support improvements in carbon, soils, water and air quality.

NFU Cymru also advocates an advanced scheme for farmers who wish to go above and beyond the measures in the farmed environment scheme. Offered through bespoke contracts and reliant on officer support to optimise outcomes, this scheme would be suited to those farming in designated areas or with designated sites on their farms, those with significant natural constraints, or those who have been involved in agri-environment schemes for a significant number of years. This scheme would include support for organic farming and would need to include capital measures.

Information collected through the online portal should be used to build the 'sustainability credentials' of the Welsh brand, reinforcing the strength of the integrated policy framework and delivering economic, social and cultural as well as environmental outcomes in line with Wales's world leading legislative framework.

### NFU Cymru key asks

#### For business continuity:

- The direct payment regime and payments of Basic Payment Scheme (BPS) should continue to provide stability and address volatility until revised measures which deliver the same or better outcomes have been developed, modelled, and are fully operational – this will be vital if employment in our rural communities is to be maintained.
- Significant uncommitted funds remain within the Rural Development Programme (RDP). The RDP must be repurposed to create a package of support measures to assist the recovery of Welsh

farm businesses from COVID-19 related impacts and unprecedented levels of supply chain disruption.

- There should be no ‘cliff edge’ in environmental support and extensions should be offered to Glastir contract holders to the end of 2023 to provide certainty to farm businesses and underpin the continued delivery of environmental outcomes. Further rounds of the Glastir small grants scheme should be introduced.
- The 15% Pillar transfer announced by Welsh Government in January 2020 should be ring-fenced for farming and used as a top-up to the Basic Payment Scheme in 2020.
- The additional £5.2m over the next two years made as part of the UK Government’s response to the Lord Bew review should be used as a top-up to the BPS.

#### **Future policy development:**

- In line with ‘Prosperity for All – The Economic Action Plan’ – Welsh farming should be at the heart of the COVID-19 Economic Recovery Plan recognising its role underpinning the food and drink sector, providing the backdrop for Welsh tourism and sustaining rural communities.
- The development of the Sustainable Farming Scheme should be paused and the White Paper delayed to allow for policy priorities to be re-assessed in the light of COVID-19 with the policy enhanced to ensure economic, cultural and social as well as environmental objectives are optimised. A comprehensive fully integrated food and farming policy needs to be developed with ambitious targets for the sustainable growth of the food and farming sector in Wales.
- Stability measures to underpin the continued production of safe, high quality, affordable food should be developed as one of three cornerstones of the agricultural policy framework. The conditions attached to receiving this measure would underpin and promote ‘Brand Wales’ and our sustainable brand values.
- Emergency intervention measures to support the food and farming industry deal with exceptional and emergency events are a critical component of future policy.
- A Food and Farming Commission should be established in Wales with an independent Commissioner to oversee food and farming policy from ‘farm to fork’ with annual reporting and the establishment of national indicators for food security.
- It is essential that equivalent or greater resources to those Wales would have received from the CAP are provided from the UK Government and that this is ring-fenced for farming.

#### **Wider policy asks:**

NFU Cymru, of course, recognises that future agricultural policy does not operate in isolation. Farm businesses function in a complex regulatory and policy environment. Success in farming is dependent upon a range of enabling policies, some of which are under the control of Welsh Government and others of UK government competence. This includes:

- Food Chain – measures to improve its functionality and establish a fairer share of risks and rewards for all parts of the supply chain. Food labelling should be strengthened across the retail, food service and hospitality sectors to allow the consumer to be able to make informed purchasing decisions. Investment in food processing and product development in Wales should be strengthened.
- Access to Labour – access to a reliable supply of permanent and seasonal workers is crucial to our ambition for sustainable growth of the Welsh food and farming sector.
- Research and Development - Collaboration between research funders and providers, policymakers and industry partners to influence science strategy, encourage knowledge

exchange, and ensure regulation has a sound scientific evidence base with the aim of improving the productivity, competitiveness and sustainability of Welsh agriculture.

- Infrastructure improvements – including broadband, flood and coastal defences, access to water together with an enabling planning framework to support business modernisation and resilience.
- Trade – Tariff and quota free FTA with the EU, priority in other FTAs with countries which offer offensive interest to UK agriculture.
- Standards – Safeguarding the high standards of animal welfare, environmental protection and food safety that Welsh farming operates under from being undermined by future trade policy.
- Marketing and Promotion – The development of Brand Wales, to market and promote Wales as a country of high quality food and drink produced in diverse and beautiful landscapes underpinned by a strong natural asset base.
- Access to appropriate technologies, products and data – targeted investment, supporting research and development and incentivising the adoption of technical advances/products that specifically strengthen the resilience within the farming sector
- Enabling Regulatory Regime – fit for purpose, effectively supporting productive agriculture, production for the domestic market, and trade in agri-food products with overseas markets, while protecting the environment and the public. It will need to be science and evidence led with proportionate, risk-based approaches to encourage innovation and improve competitiveness.
- Public Procurement – Full account of the sustainability credentials of Welsh agriculture needs to be taken into account when Government makes its purchasing decisions.

## Conclusion

The coronavirus pandemic is a crisis that has touched and impacted on the everyday lives of every citizen, inflicting lasting damage to many sectors of the Welsh economy and challenging the resilience of many systems required to sustain everyday living.

NFU Cymru is clear we must take time to reflect and contemplate on the lessons learned from COVID-19 and how these lessons shape our future. There can be no doubt that its impacts call for new and radical thinking on the future food and farming policy in Wales, post the UK's departure from the EU and the Common Agricultural Policy (CAP). The experience we have gained provides us with the opportunity to look through a fresh lens at the direction of travel set out in Welsh Government's Sustainable Farming and our Land consultation of 2019, conceived in very different circumstances.

NFU Cymru's vision is for a pathway to productive, profitable and progressive Welsh farming industry is based on a flexible framework of three integrated building blocks working in synergy to deliver the multiple objectives of ensuring a stable supply of safe, high quality food; supporting Wales's green economic recovery; maintaining and enhancing nature and our environment whilst sustaining our rural communities and culture. NFU Cymru looks forward to working in partnership with Welsh Government to secure these outcomes.