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COVID-19 AND FOOD SUPPLY INQUIRY: UFU RESPONSE

Thank you for the opportunity to respond to this very important stakeholder inquiry. The Ulster Farmers' Union (UFU) is the largest farming organisation in Northern Ireland representing approximately 11,500 farming families. The UFU represents farmers from all areas of Northern Ireland and across all sectors.

The UFU has a vision of a productive, profitable and progressive farming sector. The UFU want to work in partnership with Government to achieve this

The UFU is actively engaged in the debate about how and why we should harness public policy and public investment to support our farm sector. The answer is clear: food and farming matter to the UK – not only because of the range of economic, social and environmental benefits it delivers, but also because of the risks that the country faces from a farming and food system that functions poorly, both in terms of food security production and the price of food for consumers.

Dairy

Northern Ireland exports 80% of the milk we produce hence we are exposed to both exchange rate and market volatility. This is in contrast to GB where the liquid milk market is still dominant. Liquid milk in NI only accounts for 6-7% of the product mix.

Commodity Butter prices fell €750/tonne in 2 weeks in early April.

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Commodity Dairy Prices (ZuivelNL-Dutch Dairy Board)

	6 March 2020 €/tonne	1 May 2020 €/tonne	
Butter	3500	2570	-27%
Whole Milk Powder	3000	2550	-15%
Skimmed Milk Powder	2500	1900	-24%

Cheese Prices (Trigona)

	6 March 2020 €/tonne	1 May 2020 €/tonne	
Gouda	3000	2200	-27%
Mozzarella	3050	2300	-25%

Farmgate Milk Prices

Since commodity prices are quoted per tonne, the UFU devised the MPI (Milk Price Indicator) in 2013 to show what it looked like on a pence per litre basis. The MPI is not what the farm-gate milk price should be nor the price that a farmer should receive, rather should be seen as an indication as to market movements and what the market is returning and provides a useful tool as to the direction and impact of falling milk prices.

The UFU MPI is based upon a basket of commodities relevant to Northern Ireland; Cheese; Whey Powder; Butter, Skimmed Milk Powder and Whole Milk Powder. The indicator itself is a hybrid of the industry recognised AMPE (Actual Milk Price Equivalent) and the MCVE (Milk for Cheese Value Equivalent) calculations. It is published fortnightly with supporting analysis, providing dairy farmers an indicative value of what key commodity markets were returning. The MPI assumes a time lag of 6-8 weeks.

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The latest MPI figure has indicated a drop in prices since mid-March of 10.60%.

Before the lockdown, base milk prices stood at 25ppl and many local dairy farmers were struggling at those prices. In early April, the processors dropped the average base price to 23.83ppl which a fall of 4.8% and the fall in the MPI would indicate that there are further reductions in the system, with base prices expected to fall another 1.5ppl for April milk. This means that the average base milk price received in May will be 22.30ppl.

Local processors have been quoted saying that they expect base milk prices to be 20ppl by the summer. Past experience would indicate that should prices stick at this level for a period time, it will put severe strain on local dairy farms.

Input Prices

Whilst farmgate milk prices have moved downward, input prices have increased, putting more pressure on Northern Ireland Dairy farmers.

- **Feed concentrates** - costs have increased by approximately £25-30 per tonne since Coronavirus first impacted upon Northern Ireland. Exchange rate volatility has played a role as well as factoring in additional logistical costs associated with social distancing were also noted. The "base price" for concentrates is assumed to be £220/tonne and a £27/tonne price increase, costs are projected to have risen by 12%. Further increases are to be announced on Monday (4 May 2020)

- **Fertiliser** - industry input suggests a price rise of approximately £15 per tonne since lockdown commenced. Exchange rate movements have influenced imported fertiliser prices, but so too has opportunism on the part of fertiliser companys. With a £263/tonne base price, this implies a 6% increase post-Covid 19. Fertiliser prices usually track crude oil prices, so questions raised since Crude has hit a 10 year low yet fertiliser prices have risen.

- **Labour** – availability of relief milkers is a concern and this shortage will be reflected in increased labour costs.

- **Veterinary and medical** - If lockdown conditions continue for several months, with a likely backlog in testing and the need for veterinary businesses to cover their overhead costs, they may be forced to increase the prices charged to farmers.

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County Down Dairy Farmers Case Study

A farmer in NI supplying 7,000 litres per day was contacted by his milk buyer and asked to reduce his production by 10% as they couldn't sell it due to the closure of foodservice outlets. He was also advised the milk price was going to drop from 25p for February to 20p for May.

This is costing him £490 per day;

7000 litres x 26ppl = £1750

6300 litres x 20ppl = £1260

Over 3 months this will add up to a loss in revenue of over £45,000, which is completely unsustainable. On the litres he is now producing (6300) this is a loss of (£490/6300 litre) = 7.77p per litre.

He was meeting all loans and bank and tax payments up to this point without any trouble but thanks to the last downturn in 2015/16, he has no great reserve of cash and will be in financial trouble soon.

Why does NI dairying differ from GB in terms of impact of Covid-19?

As mentioned Northern Ireland exports 80% of the milk we produce which is a contrast to GB. In addition, GB have dedicated supermarket supply agreement with as many as 40% of their farmers still receiving 28p plus for their milk despite the dramatic swing in commodity prices.

Prior to the lockdown, the UFU had flagged the price differential between Northern Ireland and GB for non-aligned farmers (note this was a comparison between the NI average and those in GB who were NOT on supply contracts with suppliers. The last AHDB data for January showed that NI was 6.2% lower than the non-aligned GB price;

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	NI	GB (non-aligned)	% difference
Sept 19	25.07	26.47	5.58
Oct 19	27.47*	29.11	5.97
Nov 19	28.85*	29.39	1.87
Dec 19	28.69*	28.78	0.31
Jan 20	26.82	28.48	6.2

*NI producers received a winter bonus c.2.5ppl for 3 months, this is paid by RoI co-ops collecting milk in NI because there is not milk produced in the Republic in the Winter.

The final difference concerns milk production. It has been reported to the UFU that March 2020 milk production rose 3% in Northern Ireland yet fell by 2.4%. This is an interesting observation considering that milk has been thrown away yet all milk has been collected and processed in Northern Ireland. Yet our milk price is falling more rapidly.

Breakeven

The average breakeven for dairy farmers in Northern Ireland is currently 27.80ppl. This includes private expenditure and heifer replacement costs and is verified by Promar in GB.

Concluding Remark

A sustained low milk price pitched against the breakeven will have a devastating and lasting impact on the Northern Ireland Dairy sector.

BEEF AND SHEEP

DAERA's statistical review of NI agriculture estimates that were just over 19,800 cattle and sheep farms in 2018, which equates to nearly 80% of total number of farms in NI (24,895). Whilst many of these will be part-time, the sector still plays a significant role in the NI economy. For cattle and sheep in the lowland direct payment of farm business income is 145% and for cattle and sheep in the LFA this is 169% compared to dairy of 37% and pigs of 15%. Farm business incomes 2018/2019 for cattle & sheep LFA was £14,368 and 2019/2020 forecast £10,418. Farm business incomes 2018/2019 cattle & sheep Lowland was £12,274 and 2019/2020 forecast £9,809 and both these forecasts were before Covid-19.

The beef and sheep sector also makes a major contribution to the NI economy in monetary terms. Latest DAERA's estimates suggest that the gross turnover of the NI beef and sheep meat processing sector was just over £1.39 billion.

The beef and sheep sector are already having to address multiple challenges at once. These include the near disappearance of the food services segment, severe logistical challenges around container availability and delivery, availability of personnel, implementation of social distancing protocols in the workplace, increased storage costs, and panic purchasing in the retail sector.

Before the onset of the Covid-19, beef and sheep farms were already experiencing severe profitability challenges. As a result of the restrictions in place, the farming sector is also experiencing logistical challenges in the procurement of inputs which are adding to cost as well as difficulties in marketing produce due to mart closures and social distancing practices in abattoirs. The effective closure of the food services sector is also having a significant impact as the markets for several high-value cuts have imploded. This has started to negatively influence farm-level prices and the impact could become much more pronounced.

It is evident that the NI beef and lamb sector is in dire need of additional Government support to help it to overcome the short-term difficulties posed by Covid-19. This is essential so that businesses can continue to operate and help to feed the nation during this emergency. The beef and sheep sector significant contribution to the wider NI economy will also be crucial in the recovery effort that will be required when the emergency eventually ends.

Input Prices

Whilst farmgate beef and sheep prices have moved downward, input prices have increased, putting more pressure on Northern Ireland beef and sheep farmers.

- **Feed concentrates** - costs have increased by approximately £25-30 per tonne since Coronavirus first impacted upon Northern Ireland. Exchange rate volatility has played a role as well as factoring in additional logistical costs associated with social distancing were also noted. The "base price" for concentrates is assumed to be £220/tonne and a £27/tonne price increase, costs are projected to have risen by 12%. Further increases are to be announced on Monday (4 May 2020)

- **Fertiliser** - industry input suggests a price rise of approximately £15 per tonne since lockdown commenced. Exchange rate movements have influenced imported fertiliser

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prices, but so too has opportunism on the part of fertiliser companies. With a £263/tonne base price, this implies a 6% increase post-Covid 19. Fertiliser prices usually track crude oil prices, so questions raised since Crude has hit a 10-year low yet fertiliser prices have risen.

- **Labour** – availability of relief staff for lambing was a concern and this shortage will be reflected in increased labour costs as many farmers had to reach out wider for labour.

- **Veterinary and medical** - If lockdown conditions continue for several months, with a likely backlog in testing and the need for veterinary businesses to cover their overhead costs, they may be forced to increase the prices charged to farmers.

County Tyrone Beef Farmer Case Study

Beef producer 2 weeks ago sold 63 cattle to a local processor. Total weight was 20,783kgs and a 14p/kg drop then left his farm gate price down £2909.62 so you can see the scale of the impact. This producer is a store to beef producer and most beef animals on the farm for 6-9 months before slaughter. So, for 36 weeks this producer will continue to lose between £2,500-£3,000 per week as a result of this crash which is completely unsustainable.

£2,500 X 36 weeks = £90,000

£3,000 x 36 weeks = £108,000

Over 9 months this will add up to a loss in revenue of up to £108,000, which is completely unsustainable. This producer was just about meeting all loans, bank and tax payments up to this point. Due to struggling cattle prices pre-Covid-19 the producer has no reserve of cash and is head into financial trouble.

Farmgate Beef Prices

The UK beef price fell sharply from early May 2019 and continued on a downwards trajectory until August 2019 when some stability returned. However, the price remained well below the five-year average and for many producers returns will have been well below their costs of production for a sustained period. The base price only started to pick up gradually from November 2019.

From January 2020 to Pre Covid-19 beef steer farm gate prices for a U-3 were 340p/kg to 338p/kg. Once the Government announced a lock down steer prices started to tumble falling to in around 321p/kg for week ending 25/04/2020. The table below illustrates the quotes

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and prices for steer cattle in NI over a 3-week period. The yellow shading indicates that the price is lower than the previous week. 20pkg drop on a 380kg carcass equates to a drop in income of £76/per head.

The situation for cull cows had also seen a significant drop in farm gate prices. The cull cow price for week ending 18/04/2020 is now averaging 209p/kg from 238p/kg pre Covid-19. There's huge variation in cull cow weights but this means their value loss can be several hundred pounds per head. 29pkg drop on a 300kg carcass equates to a drop in income of £87/per head.

Reports suggest that both the prime deadweight and cull cow price will come under further pressure in the weeks and months ahead meaning that already unsustainable returns will be eroded further putting many beef suckler, finishers and dairy herds under severe hardship.

NI CATTLE BASE QUOTES VS PRICES PAID FOR STEERS

	U-3	R-3	O+3	P+3
06/04/20- Quotes	316-320	310-314	304-308	256-262
11/04/20 - Prices Paid	**327**	**326**	**316**	**283**
13/04/20 -Quotes	314-320	308-314	302-308	254-260
18/04/20 - Prices Paid	**323**	**320**	**311**	**281**
20/04/20 - Quotes	308-318	302-312	296-306	248-260
25/04/20 - Prices Paid	**321**	**319**	**311**	**280**

Northern Ireland Meat Exporters (NIMEA) have already said that up to £200/carcass is already been lost. With falling prices for fifth quarter products will put farm gate prices under considerable pressure and that not all this cost is being passed to producers yet but that without Government support farm gate prices will fall further. Hides are coming extremely challenging to shift and the closure of tanneries in markets like China and Italy are seeing a huge drop in demand for leather and in particular the car industry.

It is estimated that 35-40% of NI beef sales are food service and catering. The closure of the food service sector in Europe and the UK has resulted in a significant oversupply in Ireland who export nearly 90% of their beef production. Industry reports suggest that around 60% of the Irish kill has lost its usual market in the EU. As a result the Irish beef stocks are high which exposes the UK domestic beef market to this oversupply of Irish prime and cow beef. Cuts of sirloin, fillet and ribs in particular as well as mince that were destined for hotels, restaurants, conference centres and other events have seen orders cancelled or postponed.

The total supply chain loss for cattle would be in the region of £240/head which takes in loss in value and increased production costs.

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Farmgate sheep Prices

On sheep there was a significant hit to the Northern Ireland prime lamb price in the immediate days following the announcement of ‘lockdown’ measures. For the first 3 weeks of March prime lamb deadweight price was £4.80/kg dropping immediately to £4.15/kg once the lockdown was announced. Lamb price has remained low and volatile recovering back to about £4.70-4.80, however with Easter over now and Ramadan coming to an end processor are indicating prices to fall in the coming weeks and reports of this already this week. Also, as a larger of number of lambs become available for slaughter in the coming months this is likely to add further pressure. The other point to note is that about 45% of our lamb flock is slaughtered in the Republic of Ireland, this remains challenging from time to time. However, we depend so much on it as NI only has 3/4 processors slaughtering sheep and only one that kills cull ewes on a small scale. NI sheep producers require the ROI market to help to keep price up in some regard making us here very vulnerable.

The UK is historically the largest exporter of sheep meat in the northern hemisphere, with the vast majority of export going to the European continent particularly France for NI prime lamb. COVID-19 control measures across Europe had distributed the market for sheep meat, with the closure of open-air food markets in France causing significant concern around the mid-term opportunities for British exports.

There are also some concerns about how the wool market is currently doing with a number of manufactures closed. Reports that production and sales have come to a halt. By this there is now a carryover of last year’s stock and as we head into the shearing season very soon this seasons wool market does not look overly promising. High volumes of UK wool is exported to China and this has halted with added shipping issues as a result.

Some processor has been indicating a loss of up to £25/carcass as a result in food service closure and halt of exports. In Northern Ireland, as much as 75% of its lamb crop ends up in EU markets as half of its lambs are exported live to the Republic of Ireland, and approximately half of what is processed locally is also exported to the EU.

The total supply chain loss for sheep would be in the region of £31/head which takes in loss in value and increased production costs.

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Support Available Elsewhere

It is important to emphasise that the Covid-19 is a global problem and most countries are facing similar challenges to those seen in Northern Ireland and the rest of the UK. Yet, there is some variation on how these challenges are tackled in the UK versus elsewhere. Countries like New Zealand, Netherlands and the Republic of Ireland has all intervened with support to the read meat sector. Below is a summary of what additional support is available in ROI to red meat processors.

ROI

As Ireland shares a land border with Northern Ireland as part of an all-island economy, it is evident that the support offered in this jurisdiction will have an impact on the competitive position of NI businesses, both in the beef and lamb sector and elsewhere.

Covid-19 Wage Subsidy Scheme: this temporary scheme enables employees, whose employers are affected by the pandemic, to receive significant supports directly from their employer through the payroll system. The scheme is operated by Revenue and is expected to last 12 weeks from 26 March 2020, with the possibility of an extension. The scheme applies to employees (as at 29th February) with net pay of not more than €960/week. The amount of subsidy offered to be offered is;

- Average weekly net pay is more than €960 - no subsidy
- Average weekly net pay is more than €586 but not more than €960 - a flat subsidy of €350/week
- Average weekly net pay is not more than €586 - subsidy is 70% of average weekly net pay.

The amount of subsidy offered for employees constitutes a major source of competitive advantage vis-à-vis Northern Ireland, particularly because labour costs account for approximately half of a processor's production costs when the value of raw material inputs.

Credit Guarantee Scheme: Government guarantees 80% of loans to SMEs (turnover of less than €50 million) for loans up to €1 million for up to 7 years. Companies seeking this support apply via a participating lender (i.e. bank). Such schemes whilst useful for SMEs are of limited use to larger scale organisations such as those operating in the beef and sheep sector and the credit guarantee schemes in operation elsewhere (e.g. Netherlands) are deemed to be more appropriate.

EU Support: on 18th April, the Irish Government's Department of Agriculture Food and the Marine (DAFM)10 announced that it secured support from all EU Member States for action under three broad headings of relevance to beef and sheep. These included.

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- **Common Market Organisation Regulation:** rapid deployment of the full range of support measures provided for - including Private Storage Aid for dairy and other products, and exceptional aid for beef and sheep farmers.
- **Direct Payments:** increased flexibility in the implementation of BPS payments - including in the form of earlier payment dates, higher rates of advance payment, and in relation to on-the-spot controls and administrative checks.
- **Rural Development Programmes:** similar increased flexibility in the implementation of these initiatives.

The European Commission proposal for Aid to Private Storage (APS) for beef and lamb produce across the EU is recognition of the challenges in the steak market. Whilst welcome, APS will have a very limited effect in offsetting product value losses from freezing. We cannot accurately predict how the demand situation will evolve in the months ahead, but without any significant return of food service and catering markets the carcase balance issues are expected to persist.

Looking ahead, it is important to consider that the hangover of unsold and devalued product will continue to depress the market, and coupled with a seasonal increase in supply in the second half of the year, increased culling of dairy cows and declining consumer confidence, there is potential for this situation to worsen.

We are keenly watching what is happening in other markets around the world as lock down restrictions start to ease and whilst we hear of green shoots of recovery in China (where the Pandemic began) it is a very long road ahead in that market too. In a recent multi-client study provided to LMC by Gira Food, commissioned to analyse the global impact of Covid-19, we were advised that beef demand is likely to remain suppressed in China until well through 2021. It is a meat that is enjoyed by the Chinese consumer but is largely a discretionary spend item consumed out of the home. Food service is forecast to be close to 90% of normal in China by the end of 2020 but with huge volumes of very competitively priced American poultry and pork expected to be channelled to this market it will be economically challenging for beef to make significant additional inroads. Globally the positive African Swine Fever-driven outlook for meat has more than been reversed by Covid-19.

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ARABLE AND HORTICULTURE

The global impact of COVID-19 on the road fuel industry has seen a glut of stored fuel. Road fuel produced in the UK and Europe contains a proportion of bioethanol or biodiesel, produced from cereals and oilseeds. So, the market for that grain is likely to be reduced, and potentially could impact on the NI market price longer term.

The majority of Scotland's oilseed rape crop is exported to Europe to make biodiesel and some Scottish wheat, grown mostly in the south of the country, is sent to bioethanol plants in England.

There is a looming transport issue caused by hauliers' loss of demand for non food businesses such as moving aggregate for the construction industry. The Road Haulage Association has reported an increasing number of hauliers choosing to furlough workers and giving Statutory Off Road Notifications (SORN) to the DVLA. By taking these actions they reduce labour costs and can obtain road license refunds for the vehicles mothballed. The NI grain trade is beginning to report delays as a result. An additional concern is that a heightened demand for haulage when restrictions on economic activity begin to ease could coincide with peak harvest demand. This would exacerbate the logistic issues already described.

NI has experienced a wet and challenging winter crop establishment in the autumn followed by exceptionally dry spring planting. Both in equal measure brings additional uncertainties regarding ability to achieve optimum yields. Input costs remain high and only with time will the full impact be quantifiable for the sector.

Vegetable

Northern Ireland vegetable production is smaller in scale than the UK, so faces a different set of labour needs. On the whole, NI producers tend to have year-round production, so the labour force is largely more stable than seasonal – although many of those consistent workers do tend to be Eastern European so there is an ongoing need to proactively source this labour. A percentage of this contingent also requires continual replacement due to holidays or finished terms.

While there are cases where producers require short term labour e.g. for salads – this would make up a small percentage of the overall need.

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In recent times, there has been a notable increase of interest from young people who want to work in processing – something not seen here in a number of years. This is an upward trend we hope will continue.

In the medium-long term we could do with a more structured local system to facilitate access to farm labour like agencies. At present NI producers are required to go through the system based in mainland UK (Concordia and Hops), which is adequate but remote, and does not sufficiently represent the local Northern Irish needs.

Ornamental Flowers

The lockdown has particularly affected growers of ornamental and nursery stock because garden centres and major retailers have been closed. April and May are very important months in this type of business and both wholesale and retail sales have been very badly affected. Demand has been reduced by up to 80%. One major wholesale business supplying ornamental and soft fruit to garden centres estimated that by late March there was a £40 – £50K loss because the business was unable to pot on stock. By the end of March it was 20% adrift. Some supplies to local Spars have been possible with significant discounts to get stock moving and the owner estimates it will take up to 3 years to re-build the business.

Many garden centres, without the benefit of previous experience, have been attempting to provide a 'click and collect' service. However, they are unable to cope with demand as this type of business is very different from a bricks and mortar establishment, and many can only open for a very few days a week. In addition, there is now a significant shortage of bedding plants. The uncertainty means that stock levels in the autumn will be affected and even if there are significant landscaping opportunities the stock levels to supply will not be there.

The cut flower industry across the EU has been hardest hit since mid March with a direct collapse of demand and consumption. Dutch growers particularly have had to dump tulips. The local industry in Northern Ireland has also been badly affected, even though it supplies large supermarkets and wholesalers locally. This has arisen through cancellation of, for example, weddings, corporate events and celebrations. An important highlight for the cut flower industry is Mothering Sunday and flowers did not sell so that local supermarkets were giving away bunches.

The impact of Covid-19 on ornamentals and cut flowers has been recognised by the EU as well as the Dutch government, which has provided 600M Euros of support to sustain their industries. Some 50 MEPs have backed a call for flower sector support, calling for funds from outside the CAP to be put into the sector.

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Apples

It's still too early to predict the extent of the 2020 crop but recent weather conditions have been favourable for good pollination and a big crop is likely. Regarding apple harvest, unless things change significantly, we anticipate the following issues with the main issues relating to labour:

Shortage of workers: estimated 650 required for harvest and a further 300 to work in the processing/ packing sector. If immigration of Eastern Europeans is prohibited or restricted, we run the risk of crops not being harvested.
Social distancing: this will be immensely difficult as overseas workers not only work in close proximity but they also live and travel to work together
Local workers: the sector has had little success in attracting locals, even though workers can usually earn more than the Minimum Wage. This includes university students who often would have opportunity to help with harvest for a few weeks before the commencement of the academic year.
Issues with the market: There is anecdotal evidence that consumer buying habits have changes in recent weeks with a trend away from buying apple pies etc, which are seen as luxury food products. This is likely to be exacerbated in cases of reduced household income. We also have no information yet on the effect of how the reduction in the hospitality sector will impinge on sales of cider and apple juice

PIGS

The pig market has adapted quite well, helped by the reopening of the Chinese market for pork meat. These exports have kept demand high and prices stable.

We have noted some impact on the availability of PPE for staff working with pigs. PPE is always needed to protect workers working in potentially hazardous environments, but stock has become difficult to source due to a redirection of these materials to front-line health staff.

POULTRY

The poultry sector has adapted quite well to the challenge presented by COVID19.
Whilst the sector has been hit hard by the collapse of the food service demand, sales through the retail sector have increased.

An emerging area of concern has been the reduction in demand for hatching eggs from firms in GB who ordinarily raise chicks for the food service sector. This decrease equates to roughly 2 million eggs per week (around 20% of NI hatching egg production). In order to adapt to this challenge, breeding farms are being taken out of production at 52 weeks (8 weeks early) and will be laying empty for 3 months until they fill again. As a result, these farms will lose their production bonuses for these flocks (ranging from £1 to £2 per bird equating to £20,000 to £48,000 on a 20,000 to 24,000 bird site). Whilst this will not place the operators in a loss making position as they have a contingency fund to continue to cover rent and management fees. It will wipe out their profits for their most recent flock hindering investment in their businesses.

We have noted some impact on the availability of PPE for staff working with poultry (e.g. bird catchers). PPE is always needed to protect workers working in potentially hazardous environments, but stock has become difficult to source due to a redirection of these materials to front-line health staff.

General and concluding remarks
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?

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?

The NI Department of Agriculture, Environment and Rural Affairs (DAERA) has worked very closely with agri food industry stakeholders in Northern Ireland over the past number of weeks to face the significant operative and market disruption caused by Covid-19. Our primary objectives throughout this process in addition to protecting human health were: to keep the food supply chain operative; ensure that existing administrative and inspection procedures were minimised where possible; and to maintain market returns. In general, the resulting joint actions taken have largely satisfactorily addressed the operative issues which have arisen up to this point although we are continuing to work with NI Government to secure the necessary seasonal labour for the horticulture and fruit sectors. It is essential that Government continues with this collaborative engagement approach with food industry stakeholders as we move towards the 'new normal' and the Covid-19 'unlocking ' strategy is developed

The one area which hasn't yet been resolved is that of income support for primary producers. It is still unclear on the extent to which farmers can benefit from the general Government Covid financial support measures made available for businesses but is expected that this won't be enough and that there will need to be more specific direct support provided to farmers. In particular, Government must recognise that the severe market disruption of the

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agri-food supply chain which resulted from their decisions on Covid-19 control measures has had a very significant adverse impact on the land based livestock sectors of the NI farming industry (dairy, beef, lamb). These sectors are either already starting to experience significant producer price reductions or the outlook is for these prices to deteriorate further in the immediate/medium term. It is therefore imperative that UK Government:

supports the industry through both its food procurement policy and also assists with industry promotions to rebalance food markets;

immediately provides the necessary financial assistance to ensure not only the short term viability of impacted farming businesses but also secures the longer term structure and sustainability of the food supply chain of which NI currently produces around 10% of the UK's requirement for indigenous food products.