

To: ETRA Committee

Date: 3<sup>rd</sup> March 2025

## Environment, Trade, and Rural Affairs Committee Inquiry into Hybu Cig Cymru/ Meat Promotion Wales

1. NFU Cymru welcomes the opportunity to respond to the Environment, Trade and Rural Affairs Committee Inquiry into Hybu Cig Cymru (HCC).
2. NFU Cymru champions Welsh farming and represents farmers throughout Wales and across all sectors. NFU Cymru's vision is for a productive, profitable and progressive farming sector producing world renowned climate-friendly food in an environment and landscape that provides habitats for our nature to thrive. Welsh food and farming delivering economic, environmental, social and cultural benefits for all the people of Wales whilst meeting our ambition for net zero agriculture.
3. The importance of the farming industry in Wales cannot be overstated. Welsh farming businesses are the backbone of the Welsh rural economy, the axis around which rural communities turn. The raw ingredients that we produce are the cornerstone of the £9.3 billion Welsh food foundation sector, a sector which has now grown to reach a turnover of £9.3 billion whilst employing 228,500 people, the equivalent to 17% of Wales' total workforce.
4. We are proud that the Welsh public associate Welsh farmers, first and foremost, with providing safe, high quality and traceable food and at NFU Cymru we want to ensure that consumers in Wales, the UK and further afield can continue to enjoy and choose the top-quality food that we produce here in Wales – now and in the future.
5. Welsh farmers look after over 80% of the land area of Wales, maintaining and enhancing our natural environment – Wales' key asset. Farming activity supports a diverse range of species, habitats and ecosystems, provides a range of ecosystem services including flood alleviation, carbon sequestration, climate change mitigation; and delivers the significant backdrop for Wales' tourism and recreation sector.
6. Welsh farmers are key promoters and protectors of our culture, heritage and the Welsh language. The Welsh agricultural industry has the highest proportion of Welsh speakers, more than any other sector at 43%.
7. HCC has been established as the industry-led organisation responsible for the development, marketing, and promotion of red meat in Wales. Successful delivery of its remit is of paramount importance to the long-term sustainability of almost all farming businesses in Wales. Beef, sheep and pork producers will be directly impacted by the success or otherwise of this work, dairy farmers will be supplying either directly or indirectly animals into the red

meat supply chain and Welsh arable farmers are reliant on a profitable livestock industry to purchase a significant proportion of their grain / by products.

8. There is no doubt that the Welsh Red Meat Sector is under severe pressure, confidence is severely dented, Sheep numbers are at their lowest levels since 2011, the decline in the level of the Suckler herd, down 5.8 % on the last year alone, is a critical concern to NFU Cymru. The Sustainable Farming Scheme, Water Quality Regulations, Bovine TB, Bluetongue, the UK Government proposed changes to IHT, and the cumulative burden of policy and regulation weigh heavily on the red meat sector. HCC's remit means it has a crucial role to play in supporting and helping the red meat sector at this time, defending its interests and helping to create the conditions for farmers, processors and the whole red meat supply chain to thrive.
9. HCC has been delegated functions by Welsh Government under Section 7 of the Red Meat Industry (Wales) Measure 2010, with the objectives of this Measure being set out under Section 2 of the Measure, these being: -
  - To increase efficiency or productivity in the red meat industry
  - To improve marketing in the industry
  - To improve or develop services that the industry provides or could provide to the community
  - To improve ways in which the industry contributes to sustainable development
10. NFU Cymru believe that the Objectives set out within the Measure are sufficiently broad to continue to be relevant to the challenges and opportunities facing the red meat industry today.
11. HCC's Vision 25 document sets out the priorities for the organisation as: -
  - Positioning red meat from Wales as a premium product.
  - Developing EU trade opportunities for Welsh red meat.
  - Optimising domestic (GB) consumption of red meat from Wales.
  - Seeking new consumers for Welsh red meat in established global markets.
  - Securing market opportunities for Welsh red meat outside the EU.
  - Enhancing the competitiveness of the Welsh red meat industry and underpinning the role of Wales' red meat industry in global food security.
  - Supporting the economy, natural environment and society through sustainable red meat production and processing in Wales.
  - Planning in terms of future trade, production and processing through horizon scanning and market intelligence.
  - Demonstrating effective leadership and communicating to ensure purpose and proactive advocacy
12. Given the limited time to prepare evidence for the Committee NFU Cymru has not had the opportunity to consult with our membership ahead of providing evidence to this inquiry. Our submission is therefore based upon feedback from our membership on the operation of HCC from recent consultations and relevant discussions that have taken place within the NFU Cymru Livestock Board.
13. NFU Cymru was supportive of the priorities set out within the HCC [Vision 25](#) document when it was originally launched in 2018. The NFU Cymru Livestock Board reaffirmed its support for these priorities in its response to the HCC consultation on a proposed levy increase submitted in December 2022. NFU Cymru expects that HCC will shortly be engaging with the industry on a Strategy / Vision document for the next five years and as part of this engagement process will consider how effective the organisation has been in delivering against the

priorities within the current vision and will consider the priorities the Union believes that the Organisation should focus on over the next five years.

14. In the following paragraphs NFU Cymru will set out the key points raised by the NFU Cymru Livestock Board in its December 2002 response to the HCC proposed levy increase which we believe continue to have relevance to this inquiry.
15. NFU Cymru believes that HCC has a valuable and important role to play for the red meat industry in Wales by performing a range of important activities that individual beef, lamb and pork producers who contribute to the levy would not be able to do on their own.
16. For livestock production to meet the challenge of producing more whilst impacting less on the environment, Research and Development (R+D) must continue to be supported. Knowledge gained must be disseminated to levy payers in a practical format that they can understand, is relevant and can be applied on farm to improve livestock production systems. Until very recently this work has been achieved through successive funding programmes delivered to HCC through the EU Rural Development Programme. Support for R+D should be continued with funding provided from outside the levy.
17. HCC has played an important role in defending and promoting the red meat sector. This is a role that we would wish HCC to continue to play. The [Welsh Way](#) report is an excellent proactive example of this work.
18. NFU Cymru recognise the efforts made by HCC to build domestic (retail and food service) and export markets for PGI Welsh Lamb and Beef. The continued marketing and promotion and building up of both volume and value of sales are seen by our membership as a high priority for the use of levy income. As a world leading producer of high quality sustainably produced red meat we want to ensure that PGI Welsh Lamb and Beef and Welsh Pork is outperforming Beef, Lamb and Pork sales (volume and price) from other nations in both domestic (UK) and export markets.
19. HCC should be constantly investigating where efficiency savings can be made, and collaborative working undertaken, which can help ensure that key objectives are met at minimum cost and without duplication. It is important for HCC to continue to work closely with AHDB and Levy bodies in other devolved administrations. We would consider that R+D, sustainability measures, climate change mitigation and campaigns to combat negative publicity about eating red meat and the impact of livestock production on climate change are potential areas where joint working would be beneficial.
20. NFU Cymru places significant importance on the organisation retaining a level of independence from Welsh Government. It is vitally important that the organisation remains a limited company with a Board of Directors that has strong industry representation. This is essential so that it has the necessary accountability to both industry and Ministers. It is imperative that producers feel that they have genuine accountability for how the money they provide through the levy is spent.
21. Building new export markets, an increased focus on ethnic markets and increased value for the fifth quarter are areas that could bring some major benefits to the sustainability of the red meat producer and processing sectors in Wales.
22. Communication channels are constantly changing, how and where HCC market and promote our product must reflect these developments.

23. HCC must ensure that they are able to clearly and effectively show a return on the investment made by levy payers into the organisation.
24. To bring together previous consultation responses in relation to HCC together with more recent discussions that the NFU Cymru Livestock Board have undertaken in relation to HCC and the red meat sector we would also wish highlight to the inquiry.
25. As the Red Meat Measure made its way through the National Assembly for Wales legislative process in 2008 and 2009 NFU Cymru, through both written and oral evidence, expressed support for HCC to be accountable to Welsh Ministers. However, that support was contingent on Welsh Ministers delegating responsibility for levy collection and for the development and promotion of the sector to HCC. NFU Cymru was also clear that HCC, whilst accountable to Ministers, should also, through being a limited company with a board of directors with strong industry representation, be accountable to industry. NFU Cymru highlighted that this was essential given that the vast majority of funding for HCC and thus the development and promotion of the Welsh Red Meat Industry comes via the Levy which is paid by producers and processors.
26. An additional reason, at that time, for NFU Cymru supporting the ownership by Welsh Ministers was to facilitate investment from Government into HCC to help deliver against the objectives of the Measure. This funding through successive Rural Development Programmes proved vital in ensuring HCC was able to meet the objectives of the Measure and deliver against its strategic vision. It is a source of concern to us that since the ending of the EU RDP HCC has been unable to access additional funding through Welsh Government replacement funding programmes. The HCC Annual Report and Financial Statement for the year ending 31<sup>st</sup> March 2024 states that grant funding for the Red Meat Development Programme came to an end in September 2023.
27. In November 2024, at the NFU Cymru Annual Conference, members received an overview of Bord Bia, the industry led Irish Food Board. Whilst Board Bia covers more than just the red meat sector it is important to note that levy income makes up around 5% of the total income of Board Bia, with the majority of the income for Bord Bia coming from Government funding. The Irish Red Meat Sector is supported via Bord Bia and is a direct competitor for our red meat sector in both UK and Overseas markets. Without Welsh Government support then our ability to compete in both domestic and overseas markets is under threat from countries like Ireland whose government provide direct support to the development, marketing and promotion of their red meat sector.
28. The rationale for Welsh Ministers to own Hybu Cig Cymru is significantly weakened if Welsh Government do not feel it appropriate to provide funding to support activity to deliver against the objectives of the Red Meat Measure.
29. The Board of HCC is appointed through the Welsh Government Public Appointments process with appointments ultimately made by Welsh Ministers. In the development of the Red Meat Measure, and subsequently, NFU Cymru has been clear that the Board needs to be accountable to industry and the levy payers who ultimately fund the activity of the levy body. Whilst NFU Cymru supports the need for a wide range of skills and expertise on the Board we would highlight the importance of levy payers, both producers and processors, being well represented on the Board. We would suggest that consideration needs to be given to the appointment process to ensure that levy payers are actively involved in the appointment process and would suggest that consideration needs to be given to the industry (Farming Unions and Processor Associations) having permanent seats on the Board.

30. The most recent Annual Report and Financial Statement highlights that HCC had an operational deficit of £505,274 in the year to 31<sup>st</sup> March 2024, this is concerning. The loss of WG funding, the change in the VAT position for the company and a reduction in throughput highlight the need for a renewed focus on efficiency savings, collaboration and the need to urgently review the policy and regulatory conditions that negatively impact on livestock production in Wales.
31. Whilst NFU Cymru notes and supports current collaboration between the GB levy bodies we would urge a renewed focus on this for precompetitive areas e.g. R+D, nutritional benefits of red meat, climate change and environmental work. This could be extended further to some back-office functions to ensure that as much as possible of levy income is targeted at front line activities. The marketing, promotion and development of the PGI Welsh Beef and Lamb brands are areas of work that HCC alone must remain responsibility for.
32. NFU Cymru would also highlight the opportunity for HCC to work with the recently appointed UK agri-food attachés who are based in UK Embassies all over the world, and act as the country's eyes, ears and voice in diplomatic missions. Their role is to broaden market access for British products, break down barriers and drive export growth in priority export markets through in-country engagement.
33. NFU Cymru would suggest greater collaboration and joint working between HCC and Farming Connect. Whilst the competitive nature of EU RDP funding may have made this challenging in the past there is no reason why that should continue to be the case. NFU Cymru would see HCC focussing on undertaking relevant R+D and providing the technical expertise with Farming Connect utilising its expertise in Knowledge transfer and extension services to disseminate information to producers. There can be no room for duplication of activity.
34. As highlighted at the beginning of this submission, the Welsh Red Meat Sector is under severe pressure, confidence is severely dented, our sheep flock and suckler herd are in decline, the SFS, Water Quality Regulations, disease, IHT and the cumulative regulatory burden weigh heavily on the red meat sector. HCC has played a key role in representing the interests of levy payers within the various groups set up by the Deputy First Minister in relation to the development of the SFS, that is to be welcomed. NFU Cymru would highlight the need for HCC to be proactive in commissioning and undertaking independent analysis on the impact of policies like the SFS and regulations e.g. the Control of Agricultural Pollution Regulations on the red meat sector to help inform policy making and ensure the implications for the red meat sector at both producer and processor level is properly considered and understood in the development of policy and regulation in Wales.
35. To conclude there has never been a more important time for the red meat levy to be used to develop, promote and market red meat from Wales. The Red Meat Sector in Wales is facing a number of concurrent threats with critical concerns over the declining numbers of both sheep and specialist beef production in Wales, there has never been a more important time for a strong levy body to defend, protect and promote red meat in Wales. Despite the challenges there are also opportunities for Wales to utilise our unique climatic and agronomic conditions to place Welsh red meat at the forefront of global sustainable livestock production systems. NFU Cymru has an ambition for the sector to be producers of the most climate friendly beef and lamb in the world. We have an ambition to grow both the value and volume of our world renowned PGI Welsh beef and lamb. An ambition for profitable, progressive and productive farming businesses supporting a thriving processing sector underpinning vibrant rural communities.