

Senedd Cymru

Pwyllgor yr Economi, Masnach a Materion Gwledig

Ymchwiliad: Prosesu Bwyd

Cyf: FP10

Ymateb gan: Comisiwn Bwyd, Ffermio a Chefn Gwlad, a Cynghrair Polisi Bwyd Cymru

-

Welsh Parliament

Economy, Trade, and Rural Affairs Committee

Inquiry: Food Processing

Ref: FP10

Evidence from: Food, Farming and Countryside Commission (FFCC), and Food Policy

Alliance Cymru (FPAC)



Evidence Paper: Welsh Food Processing and Food Strategy - Response to the Economy, Trade, and Rural Affairs Committee Inquiry by Jon Parker FFCC, with input from Food Policy Alliance Cymru members

Introduction

FFCC with input from Food Policy Alliance Cymru (FPAC) is delighted to submit this evidence examining Wales's Food & Drink Industry Vision, its delivery to date, and recommendations for future strategy. FPAC is a coalition of organizations and stakeholders working to shape a sustainable food system in Wales. Its core aim is to "co-produce a vision for a food system in Wales that connects production, supply and consumption, giving equal consideration to the health and wellbeing of people and nature." In line with this aim, our evidence addresses the Committee's key questions set out within the terms of reference for the inquiry.

The Welsh food and drink industry has demonstrated remarkable growth, with total turnover reaching £24.6bn in 2023, representing a 10% increase from 2022¹. However, this growth must be evaluated against mounting challenges including declining livestock numbers, climate change impacts, food insecurity affecting one in five people in Wales², and the urgent need for system transformation to meet net zero commitments and the Well-being of Future Generations Act.

Assessment of Welsh Government Performance Against Vision Objectives

Achievements in Growth and Economic Targets

The Welsh Government has exceeded several key targets outlined in its Vision for the Food and Drink Industry. The 'food foundation' sector reached £9.3bn turnover in 2023, achieving the £8.5bn target set for 2025 two years early. The broader food and drink supply chain employed 228,500 people in 2023, equivalent to 17% of Wales's total workforce^[3]. Food and drink manufacturing contributed £1.7bn to

¹ <https://www.gov.wales/welsh-food-and-drink-industry-grows-10>

² <https://cms.trussell.org.uk/sites/default/files/wp-assets/EYS-Wales-Factsheet-2023-24.pdf>

the Welsh economy and provided 26,500 jobs across 575 businesses, representing 45.3% growth over a decade⁵.

Welsh food and drink exports reached £640m in 2021, an increase from £552m in 2020³ and to £797m in 2022⁴. The sector successfully expanded from 16 to 24 Protected Food Name (PFN) products⁵, although the introduction of the new UK scheme post Brexit has lacked the investment to place it on par with the EU PFN schemes in terms of global reach and brand awareness.

Shortcomings in Social and Environmental Objectives

Despite economic successes, performance against environmental and social sustainability objectives remains inadequate. The Welsh Living Wage target of 80% coverage by 2025 lacks transparent reporting⁶. Food insecurity has reached crisis levels, with food banks in the Trussell Trust network distributing 187,400 emergency food parcels in Wales during 2023/24, the highest number ever recorded (op cit). This represents a fundamental failure to address the 753,000 people estimated to experience food insecurity in Wales (op cit). We would note however that FPAC's vision explicitly calls for a food system that "eliminates the need for food banks by 2025" and ensures good jobs – reflecting the belief that the food system should be socially just. While that timeline is imminent, the underlying principle remains crucial: no one in Wales should go hungry or be unable to afford healthy food.

Environmental performance shows mixed results. While the Vision commits to "one of the most environmentally and socially responsible supply chains in the world", agricultural greenhouse gas emissions remain concerning. Agriculture contributes approximately 12% of Wales' total

³ <https://businesswales.gov.wales/foodanddrink/sites/foodanddrink/files/documents/2022-09-30 - 2021 Food and Drink Economic Appraisal - FINAL - ENGLISH.pdf>

⁴ <https://www.gov.wales/new-record-high-welsh-food-and-drink-exports>

⁵ <https://www.wales.com/visit/food-and-drink/welsh-products-protected-status>

⁶ <https://www.wired-gov.net/wg/news.nsf/articles/new+food+and+drink+vision+launched+as+winter+fair+returns+29112021140500?open>

greenhouse gas emissions, with food manufacture, transport and retail accounting for another 5.5%⁷.

Shortcomings in Evaluative Approaches

Aside from the core metrics of growth, holistic evaluation of food programmes has found notable limitations in obtaining sufficient materials relevant for review. This has included some of Welsh Government's flagship schemes such as Cywain and Project Helix.

Wavehill's high level review of Welsh Government's food sector schemes⁸ highlighted a number of constraints placed on the evaluation, including disparity in evaluative approaches to individual projects and schemes. Of concern in terms of economic performance, the evaluator was forced to assess performance on the 'lowest common denominator', meaning that only gross impacts, including turnover were available for review as opposed to the net impacts of Welsh Government funded projects and initiatives.

Fitness for Purpose of Current Vision Objectives

Misalignment with Climate and Ecological Emergency

The current Vision objectives require fundamental revision to align with Wales' net zero commitments and the climate emergency. Food Policy Alliance Cymru calls for Wales to achieve a net zero food system by 2040. The existing Vision lacks specific, measurable targets for emission reductions across the food system. Research indicates that a full agroecological shift could cut Welsh territorial greenhouse gas emissions from agriculture by 67% compared to 2018 levels by 2050⁹. This is set alongside NFU Cymru's pathways to net zero by 2040¹⁰ that has evolved further through the development of critical pathways to net zero as advocated by Prof. Michael Lee of Harper Adams University.

⁷ <https://www.gov.wales/sites/default/files/publications/2019-06/agriculture-sector-emission-pathway-factsheet.pdf>

⁸ <https://www.gov.wales/sites/default/files/statistics-and-research/2025-01/high-level-review-of-welsh-government-food-sector-schemes-delivered-under-the-rural-development-programme.pdf>

⁹ <https://eunomia.eco/our-clients/wwf-cymru/>

¹⁰ <https://www.nfu-cymru.org.uk/media/l3opbfm2/explainer-net-zero.pdf>

Inadequate Integration with Well-being Goals

Current objectives fail to adequately integrate with the Well-being of Future Generations Act's seven well-being goals¹¹. The Vision requires strengthening around social justice, cultural preservation, and environmental restoration. Citizens across Wales have called for cross-government leadership through a National Food Plan that protects the interests of future generations.

Missing Public Health Integration

The Vision lacks robust integration with public health objectives. With 60% of Welsh adults overweight or obese and around one-third of children overweight or obese by age five¹², the food system's role in addressing diet-related disease requires explicit recognition. Citizens support government action, with 81% believing healthy drink options should be default choices for children's meals and 70% supporting bans on unhealthy food advertising to children.

Impact of Declining Livestock Numbers on Processing Capacity

Livestock Population Trends

FPAC recognises that Wales faces livestock decline across multiple species, with population numbers influenced by several factors including market requirements, productivity issues, agricultural regulation and support and the impacts of climate change. Sheep numbers fell to 8.75 million in 2024 from nearly 12 million in the 1990s, representing the lowest levels since 2011¹³. Welsh cattle numbers decreased by 2.4% between 2023 and 2024, with 1,089,800 total cattle and calves recorded in June 2024. The beef breeding herd experienced a 4.5% decline, the greatest annual reduction in at least 20 years¹⁴. 75% of the livestock sector throughput in Wales is processed

¹¹ <https://futuregenerations.wales/news/food-system-unfair/>

¹² <https://phw.nhs.wales/news/strong-public-support-for-government-action-against-obesity/>

¹³ <https://www.bbc.co.uk/news/articles/c206y40gke50>

¹⁴ <https://ahdb.org.uk/news/beef-lamb-market-update-defra-s-june-survey-shows-uk-beef-and-sheep-populations-at-historic-lows>

by just 3 abattoirs. This consolidation in processing capacity is increasingly a constraint on the future of local supply chains.

Strategic Response Requirements

The need to realise and retain value within Wales and its communities is a pressing issue. Increasingly access to processing in meat (especially abattoirs) and dairy is a barrier to establishing local supply chains, creativity and enterprise in local food production with control of this part of the food chain resting in fewer and fewer hands. The solution to this lies in cooperation and community owned infrastructure with Welsh Government playing a key role in facilitation and economic support.

The Welsh Government must develop transition support for both livestock farmers and processing businesses. This includes investment in processing diversification, support for alternative protein processing capacity, and infrastructure development for horticultural processing to compensate for livestock sector contraction.

A [recent joint open letter to Welsh Government](#) relating to small abattoir support in Wales sets out some of the policy solutions required:

1. Welsh Government support to help small abattoirs deal with increased regulation, running costs and veterinary capacity issues.
2. Welsh Government recognition that the abattoir network is ‘critical infrastructure for Wales’, and work with industry to explore solutions such as capital grant schemes
3. Continuation of the Food Standards Agency small abattoir discount

Supporting Processing Sector Value Addition

Red Meat Sector Interventions

The red meat sector requires targeted support to maintain processing capacity during livestock transition. Welsh Government and indeed Hybu Cig Cymru (HCC) should establish a Red Meat Transition Programme supporting processing modernisation, efficiency improvements, and higher-value product development^[18]. Investment in regional abattoir infrastructure could reduce transport costs and improve animal welfare while supporting local supply chains.

HCC is currently consulting on the development of its Red Meat Vision 2030¹⁵ and this needs to be considered alongside the changes and challenges of the post Brexit funding landscape that has supported previous HCC strategic initiatives.

Horticulture Sector Expansion

Horticulture presents the greatest opportunity for processing sector growth, addressing both climate objectives and food security. Current barriers include planning system complexity, limited processing infrastructure, and market access challenges¹⁶. Wales has potential to increase domestic vegetable production dramatically, with Food Policy Alliance Cymru targeting 75% of recommended vegetable consumption produced sustainably in Wales by 2030.

The Welsh Government should establish regional food processing hubs supporting the horticultural supply chain. Investment in freezing, dehydrating, and fresh-cut processing facilities could capture value from increased domestic production while extending shelf-life and market reach.

¹⁵ <https://meatpromotion.wales/en/about/corporate-information-2/vision-2030/>

¹⁶ <https://meatpromotion.wales/en/newsroom/put-hundreds-of-livestock-facts-at-your-fingertips/>

Barriers to Public Procurement of Welsh Processed Food

Procurement System Challenges

Public procurement represents over £90 million annual food expenditure in Wales^[20], yet remains underutilised for supporting Welsh processing. The National Procurement Service (NPS) frameworks in the past have been criticised for overestimating potential usage, with projections for Framework 1 considerably lower than tender estimates^[17]. Concerns continue to exist about framework structure adequately supporting a diverse range of Welsh suppliers.

Cost Assessment Limitations

Procurement practices have historically prioritised lowest cost without incorporating broader social, environmental, and economic benefits. The Well-being of Future Generations Act provides foundation for developing sophisticated cost assessment tools incorporating local employment, environmental impact, and community benefits. Welsh Government and WLGA should collaborate on assessment methodologies reflecting Welsh priorities and the continuing change in procurement law such as the new Procurement Act 2023, enacted in February 2025.

Structural Recommendations

Food Policy Alliance Cymru recommends establishing dedicated food procurement expertise within local authorities, supported by Welsh Government training and guidance. Regional procurement collaboration could achieve economies of scale while supporting local suppliers. Investment in procurement workforce skills and status is essential for maximising purchasing power for social, environmental, and economic benefit.

Food System Transformation for Public Health and Environmental Recovery

Addressing Food Insecurity and Health Inequalities

Wales faces a food insecurity crisis with 753,000 people experiencing food insecurity, yet 74% of food insecure individuals receive no food aid (op cit). Food Policy Alliance Cymru calls for Wales to

^[17] <https://senedd.wales/laid/documents/cr-ld11576/cr-ld11576-e.pdf>

become the first nation eliminating food bank necessity requiring remedy to root causes through fair work, adequate social security, and accessible healthy food systems.

The food system contributes to rising obesity rates costing the Welsh NHS £73 million annually¹⁸.

Diet-related chronic non-communicable diseases threaten NHS sustainability while wages fail to keep pace with food costs, creating widespread food poverty.

Climate and Environmental Integration

Agriculture represents the main driver of biodiversity loss in Wales¹⁹. The UK's first Food Security Report identified climate change, biodiversity loss, and natural resource exploitation as the greatest threats to long-term food security²⁰. Wales experiences increasing extreme weather events impacting agricultural productivity and requiring system resilience building.

Food Policy Alliance Cymru advocates for 100% agroecological transition to halt and reverse nature loss while increasing climate resilience. This transition requires comprehensive support for farmers adopting regenerative practices, investment in nature-based solutions, and strong regulatory baselines with improved auditing of farm emissions and sequestration.

Circular Economy Development

The Welsh Government's Beyond Recycling Strategy commits to eradicating avoidable food waste, with targets to halve avoidable food waste by 2025 and achieve 60% reduction by 2030²¹. Food waste reduction across the supply chain requires coordinated action from producers, processors, retailers, and consumers, supported by infrastructure investment and behaviour change programmes.

¹⁸ https://www.wwf.org.uk/sites/default/files/2020-03/WWF_Full%20Report_Food_Final_3.pdf

¹⁹ <https://www.iwa.wales/agenda/2023/11/food-system-wales/>

²⁰ https://www.wwf.org.uk/sites/default/files/2024-03/5126 - FARMING IN WALES_REPORT_v3.pdf

²¹ <https://www.gov.wales/sites/default/files/publications/2024-07/food-matters-wales.pdf>

Recommendations

Immediate Actions (2025-2026)

1. **Establish Food System Commission:** Welsh Government should appoint an independent, cross-sector Food Commission developing a roadmap for a 'Food System Fit for Future Generations' aligned with agroecological principles.
2. **Livestock Transition Support:** Create emergency support fund for processing businesses affected by livestock reduction, including diversification grants and infrastructure investment.
3. **Procurement Reform:** Implement sophisticated cost assessment tools in public procurement incorporating social, environmental, and economic benefits beyond price.
4. **Food Poverty Action:** Increase social security adequacy and implement emergency food poverty reduction measures while building longer-term food security infrastructure.

Medium-term Transformation (2026-2030)

1. **Agroecological Transition:** Support 100% agroecological farming by 2030 through farmer education, financial incentives, and regulatory reform.
2. **Regional Food Hubs:** Establish processing infrastructure supporting local food systems, particularly for horticulture value addition.
3. **Fair Work Implementation:** Achieve living wage coverage across food system employment while improving working conditions and career pathways.
4. **Public Health Integration:** Implement comprehensive food environment reforms addressing obesity, diabetes, and diet-related disease.

Long-term Vision (2030-2040)

1. **Net Zero Food System:** Achieve Wales's target of net zero food system by 2040 through comprehensive decarbonisation across production, processing, distribution, and consumption.

2. **Food Security:** Achieve 75% domestic production of recommended vegetable consumption through sustainable Welsh production.
3. **Social Justice:** Eliminate food bank necessity and ensure dignified access to healthy, sustainable food for all Welsh residents.
4. **Ecosystem Restoration:** Integrate food system development with biodiversity recovery and landscape restoration supporting climate resilience.

Conclusion

Wales stands at a critical juncture requiring fundamental food system transformation. While economic growth achievements merit recognition, current approaches fail to address interconnected crises of climate change, biodiversity loss, food insecurity, and public health. The declining livestock sector presents both challenges and opportunities for processing sector evolution toward more sustainable, resilient food systems.

We urge the Committee to recommend comprehensive food system reform prioritising social justice, environmental restoration, and public health alongside economic development. Wales has the opportunity to lead global food system transformation, but only through integrated, systems-thinking approaches addressing root causes rather than symptoms of current food system failures.

The path forward requires courage to challenge existing paradigms, investment in transition support, and commitment to the Well-being of Future Generations Act's transformative potential. Wales can build a food system truly fit for future generations, but the window for action is rapidly closing.