



NORTHERN IRELAND AGRI-FOOD DELEGATION

MEETING WITH EU COMMISSIONER MARIANN FISCHER BOEL

TUESDAY 11th DECEMBER 2007, STRASBOURG

‘SECURING A POSITIVE FUTURE FOR THE NORTHERN IRELAND AGRI-FOOD INDUSTRY’

Jim Allister QC MEP
Jim Nicholson MEP

Robin Irvine, Northern Ireland Grain Trade Association
Eric Red, Director Moy Park Ltd
Keith Smyton, Ulster Pork and Bacon Forum
Kenneth Sharkey, President Ulster Farmers Union
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KEY ISSUES AFFECTING THE NORTHERN IRELAND POULTRY INDUSTRY

Eric Reid, Director Moy Park Ltd

Moy Park Ltd, founded in 1943, is Northern Ireland's largest food processing company and one of Europe's leading poultry companies, employing over 7,000 people with a proven reputation as a highly innovative food company. It is a vertically integrated business, which includes parent / broiler hatcheries and primary and further processing facilities. It has invested heavily in modernising and changing the whole shape of the business from being a traditional agriculture-led, commodity producer into a market-led, pan European food processing company equipped with high technical and quality standards. Operations are based in Northern Ireland, England and France. Moy Park has offices in Crewe where sales and marketing are run for the UK. As part of Chicago based OSI Group LLC, Moy Park is the centre of their worldwide poultry operation. <http://www.moypark.com>

1. Definition of fresh poultry meat

On 29 July 2005 Mariann Fischer Boel in reply to an AVEC letter, wrote that in respect of the definition of fresh poultry meat, she considered it important that the consumer is not misled and that the definition of fresh poultry meat under existing EU legislation and related labelling issues merits close analysis by the Commission's services.

Since then, DG AGRI officials, after consultations with AVEC, have indicated that they are considering amending the EU Poultry Meat Marketing Regulations to:

1. extend their scope to include poultry meat preparations in addition to fresh poultry meat
2. introduce a definition of a fresh poultry meat preparation made with fresh poultry meat
3. distinguish between poultry meat preparations sold in an unfrozen state which are made with fresh poultry meat and preparations which are made from frozen poultry meat by a clear labelling requirement
4. require labelling of the country of origin of fresh poultry meat and of poultry meat in poultry meat preparations and cooked poultry meat products.
5. **possible** requirement of labelling the date of slaughter as well as the use-by-date.

As well as the above amendments, the Commission was required to change the definition of fresh poultry meat in the Poultry Meat Marketing Regulations to allow for poultry meat which has been treated with antimicrobial substances approved for that purpose, to be defined as fresh. This is because EFSA has judged that certain antimicrobial treatments do not present a human health risk. These and others are used in poultry meat production the USA but are currently banned in the EU.

However, at the request of the Environment Commissioner, the use of AMTs has been referred to a scientific working group to assess whether it would be a risk to the environment or risk contributing to antibiotic resistance. This report is not due until April/May.

Also, in the meantime the Council Regulations on the common organisation of markets, including the poultry sector and all other CAP sectors, have been revised and condensed into a single common market organisation regulation (CMO). Much of the Council Regulations on poultry meat marketing is now incorporated into the new CMO. Before 1 July 2008 the Commission has to have put in place a new poultry meat marketing Regulation implementing the marketing requirements that are now in the CMO.

The Commission (DG AGRI) is wondering whether to go ahead now with the new implementing regulation which would include the changes in the scope and definitions sought by AVEC, or wait until the report is published on the environmental risk of AMTs so that all changes can be done together.

Going ahead now is the course strongly favoured by AVEC. The new scope and definitions may need some discussion and time for consideration within Commission Services. Leaving it until May to start on this may be leaving it too late for the deadline of 1 July for the final implementing regulation to be through. This very short time frame may prompt the Commission to go with the easiest course and not to persevere with the amendment that AVEC is seeking.

Therefore it is important that Mrs Fisher Boel be urged to press her officials to progress the amendments 1 to 4 above to the poultry meat hygiene regulations urgently and not postpone this until the AMT report is in April/May.

2. GM Authorisations

Introduction:

I am writing on behalf of the members of the Northern Ireland Agricultural Industry to outline our concerns arising from the asynchronous authorisation of GM plant materials. This relates, in particular, to the fact the approval for a new GM event can be granted within fifteen months on average in the US, yet take between two and a half years and ten years in the EU. On behalf of the Northern Ireland Agricultural Industry, their farmers and customers, we would ask you to negotiate for some relief to a feed material supply situation that is getting tighter and more serious all the time.

Discussion:

It is estimated that the EU livestock industry is only about 22% self sufficient in vegetable proteins. Thus, together with other Member states, the UK is dependent on imported vegetable proteins for incorporation into animal feeding stuffs. The main source of vegetable protein in the EU is soya. In countries such as the UK and Ireland, US maize products have also traditionally been important sources of protein. The main supplies of both soybeans and maize to the UK are now from genetically modified crops.

It is estimated that 70% of the US maize crop is now from GM plant material. The serious delay in the approval of Herculex (DAS-59122/7) resulted in the imports of US maize products to the UK falling significantly following its commercial planting in 2006.

For the EU as a whole it is estimated that we lost about 4 million tonnes of product.

Most unfortunately, with the commercialisation of two more GM maize plants, ie Agrisure RW/MIR 605 and Yieldguard VT/MON88017, this *de facto* import ban to the EU is set to continue into 2008. We understand that the EFSA scientific opinion on these plant materials is expected in spring/summer of 2008 at the earliest.

The following are estimates of current plantings of GM soya plantings:

US 95%;

Argentina 98%;

Brazil 50% - increasing to 80% in two years.

As highlighted in the DG Agri report, new GM soya varieties approved in US are likely to be trial planted from 2008, and then commercially planted in 2009. With the current zero tolerance in EU food and feed legislation, soybean meal imports into the EU will, quite literally, stop. The consequent impact on the EU livestock industry has been fully exposed in the DG Agri report and if the worst case scenario was to be realised, it would be catastrophic for the EU feed and livestock industry.

There is, however, one particular point in the report that we would wish to reiterate. To quote:-

“As a result of the import interruptions of soybeans/meal from the USA, Argentina and Brazil, animal production would expand in the overseas countries, as producers could take advantage of cheaper GM protein feed, while the EU would increase its imports from meat from animals fed with GM soybeans in these countries (meat from animals fed with GM feed is not subject to GMO labelling in the EU).”

The GM soybeans being fed in these non EU countries may well be the same GM plant materials for which EU approval for use in food and feed is awaited. More seriously could be the situation whereby a GM plant material is being fed in non EU countries and a decision is taken not to seek EU approval for the plant material concerned.

Conclusion:

The painfully slow approval of applications for GM plant materials is putting the EU livestock industry into an impossible and economically unsustainable position. Thus, solutions that we would ask you to consider are:-

Approval of GM applications by EFSA and Member states in a timely manner, ideally to keep pace with approvals in other parts of the world and particularly those granted by the main feed material exporting countries (USA, Brazil and Argentina). Achieving this would be the best solution.

If 1 above is not possible, then we would ask for legal recognition of the low level presence of non-EU authorised plant materials. Contractually, commodities are traded with a standard for foreign matter or impurities at 2%.

However, legal precedence under the EU GM Food and Feed legislation has been set with a tolerance, for labelling purposes, of 0.9% for the adventitious presence and technically unavoidable GM plant material. We would be grateful if consideration could be given to the adoption of the 0.9% as a temporary threshold level or Reference Point of Action for the presence of not yet EU-approved GM plant materials pending full EU approval.

3. Food Security

World Faces Food Shortages, Price Rises - Report

Source: Reuters

(dated 04/12/2007)

Beijing, Dec. 4 - The world is eating more than it produces and food prices may climb for years because of expansion of farming for fuel and climate change, risking social unrest, an expert and a new report said on Tuesday.

Biofuel expansions alone could push maize prices up over two-thirds by 2020 and increase oilseed costs by nearly half, with subsidies for the industry effectively constituting a tax on the poor, the International Food Policy Research Institute said. Global cereal stocks, a key buffer used to fight famines around the world, have sunk to their lowest level since the 1980s due to reduced plantings and poor weather, said the institute's director general, Joachim von Braun. "The world eats more than it produces currently, and over the last five or six years that is reflected in the decline in stocks and storage levels. That cannot go on, and exhaustion of stocks will be reached soon," he told a conference in Beijing. Countries such as Mexico have already experienced food riots over soaring prices, von Braun added in a report released at the same meeting, held by the Consultative Group on International Agricultural Research. "The days of falling food prices may be over," said von Braun, lead author of the "World Food Situation" report.

"Surging demand for food, feed and fuel have recently led to drastic price increases ... climate change will also have a negative impact on food production," he added. Growing financial investor interest in commodity markets as prices climb is fueling price volatility, and world cereal and energy prices are increasingly closely linked. With oil prices hovering around \$90 a barrel, this is bad news for the poor, who have already suffered "quite dramatic" impacts from a tripling in wheat prices and near-doubling in rice prices since 2000, the report said. More investment in agricultural technology, a stronger social welfare net with particular support for children, an end to trade barriers and improved infrastructure and finance opportunities in less-developed countries, could all help improve food security. Although increased trade, a key demand of many developing world nations in global talks, would bring economic gains, in many cases it would not significantly reduce poverty, the report added.

WARNING, BIOFUELS LOOM

Global warming could cut worldwide income from agriculture 16 percent by 2020, despite the potential for increased yields in some colder areas and the fertilising impact on plants of having higher carbon dioxide concentrations in the atmosphere. "With the increased risk of droughts and floods due to rising temperatures, crop-yield losses are imminent," the report said. It warned that Africa would be hit particularly hard by changes in weather patterns, in which scientist say man-made gases pumped into the atmosphere are an important factor. "When taking into account the effects of climate change, the number of undernourished people in Sub-Saharan Africa may triple between 1990 and 2080," the report said. Biofuels also threaten nutrition for the poor. Under current investment plans, and assuming expansion in nations with high-potential but without detailed plans, maize prices would rise a quarter by the end of the next decade. Under a more dramatic expansion, prices could climb up to 72 percent for maize and 44 percent for oilseeds, the report said. Even when next-generation biofuels that use feedstocks such as wood and straw become commercially viable, competition for resources from water to investment capital may continue. Global food demand is shifting towards higher-value vegetables, dairy, fruits and meat as a result of rapid economic growth in developing countries including China and India. But it can be difficult for smaller farmers to take advantage of the trend because of large retailers' growing grip on the market and their high safety, quality and other requirements.

Your support on these critical issues is greatly appreciated.

Eric Reid
Production Director
Moy Park Ltd.

KEY ISSUES AFFECTING PIG PRODUCTION IN NORTHERN IRELAND: THE CASE FOR A PIG INDUSTRY DEVELOPMENT SCHEME

-Mr Keith Smyton, Marketing Executive, Ulster Pork and Bacon Forum

The Ulster Pork and Bacon Forum is a collective board representing producer, breeders, processors, the feed industry and ancillary services. Funding for the marketing and promotion and development of the industry is by voluntary levy funds from both producers and processors to meet the additional challenges to the industry and to make informed decisions and in other areas of pig production development.

The Ulster Pork and Bacon Forum, which was set up in 1985 to consolidate the marketing and promotion of locally produced pork and bacon, has made intensive efforts in recent years to reinforce its commitment to health and nutrition. Selective breeding and feeding techniques have produced significant reductions in the fat content of pork. The Forum is involved in recipe development for Ulster pork and bacon. Many of their recipes follow current nutritional guidelines and are distributed to the public in the form of recipe cards.

(A) Background

The pigmeat industry represents the fifth largest food sector in the Northern Ireland Agri-food industry. It is worth in excess of £200 million, and employs 2500 people in processing and husbandry.

The industry has been supported by co-operation between supply chain partners, including producers, processors and retailers. Generic marketing programmes have been developed, and the industry has benefited from various quality schemes which have attracted retailer support. The forum has also helped co-ordinate initiatives in such a way that will inform consumers about the superior quality and production standards of Northern Ireland pork and bacon.

1. Current Challenges

The profitability challenges for the pig industry centre around the current feed price crisis, and the significantly increased costs to produce a pig.

The following have been identified as key areas of work required to be carried out on behalf of industry stakeholders:

- Investigation into the viability of pig production in Northern Ireland, and identification of areas required to assist an industry in transition
- Export refunds to assist with surplus of pigmeat in the short term
- Country of origin labelling of fresh pork and bacon products
- Economic impact assessment to ascertain and minimise impact of IPPC regulations which are set to have a detrimental effect on the industry. The introduction of IPPC should be delayed, while innovative solutions to IPPC measures should be supported.

Action Plan

Should current trends prevail, the Northern Ireland pig herd will retract significantly. 25% of the sow herd pig population is expected to depopulate, with this process beginning in August and expected to continue into 2008.

In late 1999 an aid package was announced for marketing assistance directed at the pig sector. The Northern Ireland share was £400k, and this was match-funded by an industry levy. Discussions with industry on how the moneys should be spent concluded with proposals which were submitted to the European Commission in June 2000. The scheme had two main components which were: 1) marketing and promotion, and this was directed and managed by the Pork and Bacon Forum (UPBF) and 2) market research /quality improvement, which was managed by Pig industry Genetics Ltd.

In 2007, the Pork and Bacon Forum has identified a funding gap of £500k, to enable the industry implement an enhanced marketing campaign, as well pig production development, and re-positioning the sector for future competitiveness. These aims are supported by pig producer, processors, the grain trade and representative bodies.

Key areas identified to assist with the sustainability of the industry include efforts on disease eradication, generic promotional support, new product development, and chef demonstration services. Past successes along this process include reduced incidences of salmonella.

Commissioner, the Northern Ireland Pigeat industry is asking for a similar package of £500k in support of an innovation *Pig Industry Development Scheme* to support the industry in a transition period. The current Ulster Pork and Bacon Forum marketing budget is determined by levies on pigs slaughtered in Northern Ireland and as this reduces there is less monies available to support infrastructural change and to minimise the effects on the industry moving forward.

The purpose of this Pig Industry Development Scheme is to utilise matched resources, and sets in place the necessary fundamentals and a marketing platform vital for restructuring. In short, to support existing markets in Northern Ireland and innovatively develop share in new ones.

(B) Situational Analysis

Objectives achieved to date: -

The grain trade issues have exacerbated all problems within the industry and in August the price of wheat passed £200 per ton (ex silo). This situation could not continue, and meant an extra £23 to produce a pig with falling market prices throughout the EU. This was also exacerbated further in Northern Ireland as pigs are now in a loss-making situation, and have been from the Summer as feed prices increased on average by £72 per tonne of feed.

- To Investigate Pig Production in Northern Ireland and areas required for help in the wider industry.
- To reflect best practice throughout the supply chain under areas for development.
- Export refunds is a better market tool than private storage aid and will help sell surplus outside of the EU. €31.1/100kg for carcasses and cuts and

€19.4/100kg for bellies and available from the 30th November is a welcome first step.

- To delay IPPC measures and regulations as they will have a detrimental effect on the industry and every opportunity to develop and test industry solutions to IPPC measures should be explored.
- Marketing - to set up Pig Industry Development Scheme marketing support measures for the industry supply chain. Also re-build trust and confidence throughout an industry in transition. This process is ongoing.

The Forum intends to facilitate this process and implement a Pig Industry Development Scheme to provide:-

1. Best value to the supply chain by constantly striving for higher standards
2. New and practical ways of addressing consumer requirements
3. Maximum results from stakeholders at all levels

(C) Future Plans

Stages of the Pig Industry Development Scheme

This will be addressed by: -

- (i) Producer/processor/retailer relationships
 - (ii) Infrastructure changes
 - (iii) Quality measures and traceability
 - (iv) Disease eradication and control
 - (v) Retailer/customer support by educational, cookery and nutritional measures
- This will process will be disseminated in each channel to market.

(D) FUTURE PLANS

To support the cycle of change within the supply-chain and to offer a spectrum of development activities supporting funding is required.

The industry is in direct need of the following: -

- (i) Industry marketing and supply-chain structures need to be supported and developed to build sustainable prosperity
- (ii) Pork initiative's between retailers, processors and the Pork and Bacon Forum will be encouraged and replicated throughout the supply-chain.

(E) MARKETING STRATEGIES

- (i) **Marketing Push** - channels to market will be more developed as industry structures are put in place.
- (ii) **Marketing Pull** – key messages direct to the consumer [DTC] will concentrate on the healthy eating and nutritional aspects of pork and new product development.
- (iii) **Supply-Chain Promotions** – developed as part of a wider industry initiative.
- (iv) **Future strategies** - Support a changing pigmeat industry and re-positioning measures need to be put in place.

(F) Programme of Matched Funds and Budgets

Table 1 Matched Funding

Total Contribution	FORUM	EU matched	FUTURE MATCHED (actual and forecast)
	Industry	EU matched	Future matched M&D
Industry contribution	500,000	500,000	
Actual Expenditure			
Committed Expenditure	TBC	TBC	
Funds Needed	As above	As above	
Future Matched M&D	250,000	250,000	-
Committed Expenditure	TBC		-

* M&D equates to marketing and distribution spends

(E) MEASURABLE OUTPUTS

The Northern Ireland pigmeat industry is going through a change process and the infrastructure needs to be supported financially so that impact is minimised to the supply chain, and that pig producers and processors can make informed decisions.

KEY ISSUES AFFECTING BEEF AND LAMB PRODUCTION IN NORTHERN IRELAND -Kenneth Sharkey: President UFU

BACKGROUND

Northern Ireland beef and lamb production is currently losing £180 million (252 million euro) each year. Unlike other farming sectors, beef and lamb producers have to use their SFP to subsidise production, yet are still making a loss. It was believed that market prices would increase following the decoupling of direct production subsidises but there has been no such movement in the market as of yet.

A significant price rise is required to make Suckler Beef and Hill Lamb production sustainable in Northern Ireland. The most efficient producers and those who have alternative forms of agriculture production (e.g. cereals, dairy) have already begun to switch. Where there is no alternative to beef and lamb production, land abandonment is rapidly becoming a reality. Further still, despite the significant rise in cereal prices this year and subsequent increase in cost of red meat production, there has been no movement in the market returns to producers to reflect this.

In October 2007 the *Northern Ireland Red Meat Industry Task Force Report* was released which gave an in depth look at the Red Meat Sector at present. The Task Force put forward a number of proposals and outlined areas where the industry could improve. Lack of funding is, however preventing the industry from taking forward a number of these proposals.

1. Rural Development Budget:

There is a huge difference between N.I and ROI when it comes to the Rural Development Budget and this is putting our industry at a serious competitive disadvantage. It is estimate that the ROI budget in relative terms is 10 times greater than that of Northern Ireland. It cannot be under-estimated the disparity this will create between the countries agriculture sectors over the next 5 years.

Areas where support is needed from the Commission:

- **1. Increasing the age limit of BSE testing in cattle**
 - TSE Roadmap (July 2005) outlined that between 2005-2009 a gradual increase in the age limit of testing could be considered depending on the results of the ongoing BSE surveillance programme and cost benefit considerations.
 - In 2002 it was estimated that the one positive case found in healthy animals age 30 - 35 months cost 302 million euro. What are the latest figures BSE figures for animals of this age, both cost and number of cases?
 - Fully understand the importance of BSE testing and of ensuring there is no risk to the consumer but believe that it is now necessary to consider increasing the current age limit for BSE testing.

- **2. Non-EU Red Meat imports**
 - Imposing stricter trade restrictions on imported products that do not fully meet EU requirements (e.g. Brazil as highlighted in FVO report)
 - Clearer country of origin labelling in Beef and Lamb
 - Extending compulsory country of origin labelling to the food service sector across Europe. At present it is compulsory that consumers are clearer informed of country of origin when purchasing beef or lamb from retailers. The same standard should also apply to the food service sector to allow the consumer to make an informed choice

- **3. Continued support for Less Favoured Areas**
 - Need to ensure this payment continues to be made to farmers in these areas which face increasingly significant economic and environmental challenges
 - Importance of maintaining Europe's Hill Sheep Flock and Suckler Cow herd and recognising how their interaction with the environment is so vital to Europe's landscape, bio-diversity and heritage

- **4. Ensure that Electronic Tagging of Sheep does not become compulsory but remains voluntary**
 - Will add huge costs to an industry already in financial difficulty
 - The current system already provides excellent traceability

- **5. CAP Health Check**
 - Market prices have not responded to decoupling
 - Modulation

- **6. WTO**
 - EU's long term food security will be put in jeopardy if cheaper imports are allowed freely into Europe
 - Allowing a cheaper product, produced to an inferior standard of that required by the EU will undermine EU producers and consumers.

SECURING A POSITIVE FUTURE FOR THE NORTHERN IRELAND AGRI-FOOD INDUSTRY

Executive Summary

KEY ISSUES

1. Feed Prices

- Background to increases
- Action needed:
 - **Increases in consumer prices** to cover increased production costs;
 - **Asynchronous GM approval** including **removal of 'zero tolerance' testing**.

2. Poultry Sector

- Current situation in sector
- Action needed:
 - Improved transparent **product labelling** → **particular definition of fresh poultrymeat** under EU Poultry Meat Marketing Regulations;
 - **Asynchronous GM authorisation** process (as outlined earlier);
 - **Increased consumer prices** to cover increased production costs;

3. Pig Sector

- Current situation in sector
- Action needed:
 - Continuation of EU **market management measures** → in particular **export refunds**;
 - Ensure that **EU production standards** are satisfied by imports e.g. Integrated Pollution Prevention and Control Requirements (IPPC);
 - Asynchronous **GM authorisation process** (as outlined earlier);
 - EU support for a **Northern Ireland 'Pig Industry Development Scheme'**;
 - **Increased consumer prices** to cover increased production costs.

4. Beef & Lamb Sectors

- Current situation in sectors – Northern Ireland Redmeat Taskforce Report
- Action needed:
 - EU **import ban on Brazilian beef** until EU production standards are met;
 - **Improved transparent product labelling** across retail and food service sectors;
 - Markets have not responded to '**decoupling**'
 - **increased consumer prices** to cover increased production costs;
 - **continuation of CAP support**;
 - proposed EU **increase in 'modulation'** under CAP 'Health Check' must not create further competitive distortions;
 - continuation of EU financial support for **Less Favoured Areas (LFAs)**;
 - removal of competitive distortions resulting from different funding levels for EU Member State **Rural Development Programmes**;
 - No weakening of EU position in ongoing **World Trade Organisation (WTO) negotiations** → particularly on import standards;
 - Ensure that '**electronic identification**' of sheep remains voluntary and does not become compulsory;
 - Increasing the age of **BSE testing for cattle** (currently 30 months).