

**NFU Views on  
“Ensuring the UK’s Food Security in a Changing World”  
A Defra Discussion Paper**

*Question 1: Have we correctly identified the challenges facing global & UK food security?*

1. The paper by and large does identify the challenges facing global food security. Its biggest shortcoming, in our view, is the lack of consideration of the UK’s contribution to world food security. At one point there is a chapter heading (immediately before 4.21) “UK Food Production needs to respond to the growing global demand for food”, which raises an expectation that this issue is about to be tackled, but the subsequent paragraphs duck the question.
2. The NFU’s concern, which we have expressed before, is that Defra constantly asks what the rest of the world can contribute to the UK’s food security; never what the UK could, or should, contribute to world food security.
3. Most experts suggest that climate change is likely to impact less on agricultural production in Northern Europe, including the UK, than most other productive areas of the world, and in some cases may improve our potential. The UK is also much better placed in the related but separate issue of water availability. In other words, the UK’s comparative advantage in agricultural production is likely to improve.
4. The government’s Chief Scientist has recently gone on record as saying the world has to increase its agricultural production by 50% in the next 20 years. Other experts have said production must at least double in the next 40.
5. Given the need to increase production on the one hand and the UK’s potential on the other, the NFU believes that the UK should be expected to play its part in achieving these required increases- of course in a way which is sustainable and minimises our environmental impact. We would expect a discussion paper on food security to have stated this challenge explicitly, and devoted some space to looking at how an increase in production and a decrease in our environmental footprint might be achieved.
6. The paper is right to point out that as a wealthy country with well established trading links the UK is in a stronger position to maintain its food security at times of price increases or scarcity. But there is not a proper examination of whether we would be able to rely on trade to the same extent in future, nor of the wider consequences of a greater dependence on imports.

7. As far as trade is concerned, the paper correctly draws attention (paragraph 3.3) to recent export restrictions imposed around the globe, but without questioning whether this raises doubts about the proposition that the world has a properly functioning trading system. One could also raise the potential issue of some of the emerging developing countries concluding bilateral arrangements to improve their own food security, and the impact this might have on both the world trading system and global food security.
8. If, however, we assume that the UK could rely more on trade to ensure its future food security, we need to look at the consequences. The might be:
  - To transfer the problem, at times of high prices or scarcity, to weaker and more vulnerable developing countries. This seems to the NFU a moral issue.
  - The potential to damage consumer confidence in the integrity of food if imports do not match the exacting standards placed on domestic production.
  - The potential for reducing global environmental sustainability for the same reason.

*Question 2: The action the UK Government is taking globally and domestically to address these challenges and ensure food security*

9. Globally, the UK is vigorously advocating a conclusion of the Doha Round, but it seems unlikely that there will be an early breakthrough. As far as we are aware, the government has not been pressing for an agreement that would discipline export taxes or embargoes in the same way as export subsidies or import tariffs. This may reflect expediency and pragmatism, as introducing new issues at this stage would only complicate an already precarious negotiation; but the consequence is that these issues are unlikely to be addressed for a long time.
10. In European terms, the CAP is evolving, but will retain its essential shape until 2013 and it while a further Reform will come into effect then it is likely that this will be evolutionary rather than revolutionary. The British government's ambition to phase out pillar 1 by 2020 is well known, but it would be helpful to have some analysis of the extent to which in its decoupled form it in effect acts as a risk management tool bringing some stability into markets. This could be particularly important to the UK because, as the paper points out, we rely heavily on the single European market for our food security.
11. As the NFU has repeatedly pointed out, the British government's influence in shaping the evolution of the CAP would be much greater if it did not give the impression of wishing to see its abolition as soon as possible. The gratuitous and unfounded allegation that the "subsidy regime under CAP keeps prices for

consumers artificially high” (paragraph 3.30) is a typical example of underlying prejudice.

12. On the domestic front, the paper has identified a number of the key issues, notably skills and science. On the latter point, however, the impression given is that this is more of an issue in the context of overseas development (where it is undeniably important) than domestically and of self-congratulation at what is being done, rather than a view of what more needs to be done. Many of the agricultural science community who met in Westminster for the launch of the NFU’s campaign “Why Science Matters” were forthright in their view that considerably more investment, both public and private, is essential.
13. Beyond this, the basic failing is, in our view, to appreciate the importance of agricultural production. We strongly believe that agricultural production is as important as resource protection and biodiversity. These need to be pursued as equal goals, but currently Defra’s headline PSA is simply resource protection. This lack of balance is reflected in some of the current policy issues, for example:
  - The determination to press ahead with a replacement for set-aside, without supporting evidence
  - The failure, as yet, to have an eradication policy for bovine TB in England;
  - Neglect of sea defences;
  - The abolition of the Agricultural Building Allowance
  - The progressive dismantling of the Seasonal Agricultural Workers’ Scheme (SAWS).
14. To balance this criticism, the NFU readily acknowledges the role of the British government in opposing elements of the EU Thematic Strategy for Pesticides which would damage our productive capacity without scientific justification.

*Question 3. What further role the agricultural or retail and food services sectors can play in ensuring UK food security?*

15. The agricultural sector is not looking for more subsidy, protectionism, production targets, government intervention or central planning. Only the market will give production signals to farmers and growers. But given a sympathetic policy and regulatory framework, we are convinced we can increase domestic production while continuing to improve our environmental performance.
16. The retail and food service sectors play an important role in food security in terms of the robustness of their supply chains. The NFU does not have particular expertise in supply chain logistics, however, we would like to comment on the role of the food chain in ensuring the availability of local and domestic supply.

17. Food security, at the global as well as the national level, is more likely to be achieved if there is a gradual increase in the real producer price than the wild volatility and “boom and bust” cycle we have seen in the last year. With the continued winding down of EU market support instruments, it becomes increasingly incumbent on the supply chain, especially major multiple retailers, to counter this volatility by adopting much more strategic, long-term supply chain arrangements and equitable contracts. Recent arrangements such as those put in place by certain retailers in respect of liquid milk, should be viewed favourably.
18. The regulatory authorities also have a role to play in ensuring that there are not abuses of dominant positions. The Competition Commission is to be commended for recognising in its recent conclusions to the investigation into retailers that consumer interest is not simply low prices but the long term security of the supply base.
19. The state of the UK dairy industry is a salutary lesson. Despite having amongst the most favourable production conditions in Europe, English milk production is falling as a legacy of state intervention, a lack of supply chain co-ordination, cut-throat competition and abuse of dominant market positions which in turn eroded the confidence of primary producers.

*Question 4: Do the food security indicators cover the right areas and measure the right things?*

20. No. Within the themes “Global Availability” and “UK trade and diversity” there ought to be a measure of UK production, or, at the least, productive capacity. That the “potential supporting indicators” list “EU-wide productive capacity” but only “UK productive capacity in extremis” betrays yet again the lack of recognition of the importance of domestic production, both for global and national security.
21. Our suggestion (first made in 2007) is that there should be an indicator of the UK’s share in EU output, by sector. We believe it would be reasonable and defensible to monitor, in effect, our competitiveness at the European rather than the global level. The indicator would thus exclude the impact of other parts of the globe developing their productive potential.

*Question 5: What steps should we take together if the indicators suggest there is a problem?*

19. Eighteen months ago the NFU made a proposal for an “early warning system” linked to the indicator of the UK’s share of EU production by sector. If this begins to fall there should be a rapid government/stakeholder of the causes of the decline. If it is because farmers have simply become less competitive than their counterparts, that

would be largely a matter for the industry itself. If it comes about because of excessive regulatory burdens or policy impacts (for example the continuation of coupled CAP payments elsewhere in the EU) government action would be required. If it is a malfunction of the supply chain, the action would be for the chain, or the regulatory authorities.