

JOURNAL

Winter 2021 | Working in support of modern, sustainable, commercial agriculture



Agribusiness The AIC Conference

Managing the green recovery for the UK Agri-Food supply chain.

A Pivotal Point of Change

90% of the world has agreed net zero targets.

Focussing on the future

This autumn has been kinder than previous years, with winter cereal crops in the ground before Christmas and some of the strongest forward prices we have ever seen. However, we are also in the midst of an inflationary cycle not seen for almost a generation, and supply chain disruptions continue to prove challenging for a variety of reasons.

At our recent AIC conference, politicians saw sense in our proposal for a 25-year agriculture plan. Such a structure would provide the whole agricultural industry with a clear vision for the future. The framework of the Agriculture Act, and more recently the Environment Act, provide strong opportunities for the agri-supply sector to thrive, providing that secondary legislation is handled well. The autumn statement on Gene Editing is a positive signal, but we will only realise opportunities like these by maintaining pressure on Government.

The urgency to deal constructively with the sustainability challenge will not diminish, that much is clear, and as the recent United Nations Climate Change Conference (COP26) and prelude to COP27 shows, we have much work to do to meet newly agreed commitments to net zero. Through AIC's Roadmap for a Sustainable Food Chain, the recently established Sustainability Liaison Group, and the work of our Members, we are reinforcing and communicating our collective ambitions, progress, and achievements.

There is no doubt that 2021 has been yet another busy and challenging year, but your work has ensured that agriculture operates smoothly, and food continues to be readily available. And while we hope for a period of relative stability in 2022, we are well prepared to respond with agility to the changing markets we operate in.

I wish you all a Merry Christmas and prosperous 2022.



Robert Sheasby,
Chief Executive, AIC

Lobbying on key messages

AIC has had a busy autumn as we continued to push our lobbying messages to political audiences, including at both Labour and Conservative party conferences. Here, AIC met with ministers, shadow ministers, and their staff across Defra, International Trade, and Treasury departments. Our key messages relating to labour availability, trade friction with the EU, sustainability, and inflation were all conveyed, and we will continue to do so as we head into winter.

In light of these challenges, it has been important for AIC to maintain clear lines of communication. To do so, AIC has made a number of media appearances and provided regular briefings to the rest of the agricultural industry and political stakeholders. Our next challenge is to ensure that Governments across the nations are fully aware of the need to prioritise food security over a potentially challenging year ahead.



Edward Barker,
Head of Policy and External Affairs

A pivotal point of change

This year's Climate Change conference (COP26) in Glasgow could turn out to be a pivotal point of change. 26 years after its inception, the United Nations governing body on Climate Change is reporting for the first time that 90% of the world has agreed net zero targets, compared to 30%, two years ago.

The proof of success will be in the delivery. There are significant differences in starting points and reporting across the 197 nations that made this commitment, and concerns about how possible Carbon Border Adjustment Mechanisms might work. However, assuming that everyone is heading in the same direction and making relative change, progress will be made.

Domestically the scene is similar, with some parts of the agri-supply chain and farming sector ahead of others in reporting carbon footprints for businesses and products, depending on the varying urgency at which the market is seeking information and data.

Some large AIC Member companies will naturally be further ahead due

to having to meet the requirements of Simplified Energy and Carbon Reporting (SECR), or the Energy Saving Opportunities Scheme (ESOS), and those reporting their Environmental Social and Governance risks (ESGs) for investors.

Knowing your starting point is key and common to all businesses, from raw materials purchased, company systems, to downstream impacts on and off-farm, and being able to report relative change over time. The pace of change will be largely driven by the consumer food and drink market, and competitive advantage will be found where companies and farms supplying these markets can demonstrate their credentials across all areas.

AIC is working with farming bodies and other partners across the food chain to present the national picture for a range of UK food products. This will enable businesses to benchmark themselves against the average, starting with carbon, while remembering that carbon is just a part of a company's sustainability story.

Many remain concerned about different reporting systems, however all recognised reporting systems at farm, country, company, or product level must meet Intergovernmental Panel on Climate Change (IPCC) standards for the methodology and metrics. If you are making claims on carbon footprint, independent verification will be needed.



Jane Salter,
Head of Environment Policy

Managing the green recovery for the UK Agri-food supply chain

Agribusiness
The AIC Conference

Agribusiness

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Hosted online on a new and improved digital platform which allowed delegate networking, AIC's Agribusiness conference on 17 November addressed key questions around climate change, and what the supply-chain and agricultural businesses need to deliver a 'greener' economic recovery.

Taking place just a few days after the close of COP26 where, after intense negotiation 200 countries agreed the Glasgow Climate Pact to accelerate action on climate this decade, Agribusiness was well timed to pose questions around how will this happen, who will pay, and what part can the agri-food supply chain play in delivering on this commitment?

Concerns rightly remain around sources of funding to support greater innovation, and whether the legislative environment will encourage farmers and supply-chain businesses to invest in the right initiatives, at the right time, to meet net zero targets by 2050.

AIC Chief Executive Robert Sheasby reflected on the need for the Government to value the opportunities for agri-food businesses to benefit from new trade deals, and to work more closely with farmers and agri-supply businesses on new and revised legislation, to avoid unnecessary shocks to trade.

He proposed an opportunity for AIC to work with Government to develop a 25-year agricultural policy, to give long term confidence to the industry in the same way as the Government's complementary 25-year Environment Policy is intended.

Farming Minister Victoria Prentis MP responded to several questions from the audience, put to her by conference chair Sybil Ruscoe. She asked how will the industry keep its focus on longer term environmental and sustainability targets versus the short term, in light of concerns around the current difficulties moving certain inputs through the supply chain?

In reply, the Minister stressed her desire to help the agri-food industry embed sustainability through three pillars; 'food production, carbon capture, and biodiversity', and to avoid so-called 'greenwashing'.

And, while funding for farmers couldn't be guaranteed under future governments, she highlighted the new farming investments fund which provides grants for new equipment to improve efficiency and reduce environmental impact, and the opportunities that gene editing technology could offer in improved crop resilience and nutrient value.

Plymouth MP and Shadow Secretary of State for Environment, Food and Rural Affairs, Luke Pollard, pushed

the Minister to publish the details of the ELM scheme soon, to give farmers clarity on decisions they are making now, that may have significant financial repercussions in a few years' time, while warning of the danger of increased food imports, produced to lower standards, which effectively 'off-shore' the carbon footprint of our food.

However, Professor Sir Dieter Helm challenged the assumption that we need to switch to producing more food or food/feed ingredients domestically to lower carbon emissions. Instead, suggesting that we impose the carbon price at the border, reflecting not just the transport costs, but the relative prices of the carbon intensity of the inputs that go into the global food supply chain.



Several speakers highlighted the value of technology in helping supply-chain businesses and farmers drive efficiency and produce the same or more, for a smaller carbon footprint. But Dr David Telford, Head of Agrifood at KTN, reminded delegates that while the focus is on the development of technology, we must not lose sight of the farmer and how these technologies will be adopted.

And Sophie Throup, Morrisons' Head of Agriculture, Fisheries and Sustainable Sourcing reminded delegates that at the retailing end of the supply chain, supermarkets face a huge challenge in addressing sustainability issues. Explaining that over 100,000 raw ingredients might be going into 12,000 products on the shelves, each with their own story, ingredients, and sourced from around 2,500 different suppliers.

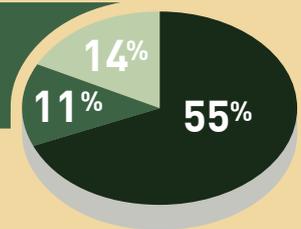
On closing the conference, Angela Booth, AIC Chairman, reiterated the need for clarity on future UK legislation that will affect farming and agri-supply businesses, and a desire for a strong, science-based, practical regulatory framework.

Ask the audience

Agribusiness delegates were asked in a poll whether the industry agrees with the statement that the agri-supply sector is in a strong position to adopt a green recovery in the coming years. At the start of the conference 56% of delegates mildly agreed, 18% were neutral and only 11% strongly agreed, with the rest in disagreement. By the end of the conference the results were similar with 55% mildly agreeing 11% strongly agreeing and 14% neutral.

Is the agri-supply sector in a strong position to adopt a green recovery in coming years?

- 1 Mildly Agreed
- 2 Neutral
- 3 Strongly Agreed



Percentage of delegates

Victoria Prentis MP

Minister of State at the Department for Environment, Food and Rural Affairs (DEFRA)

"I would love to be able to say all governments forevermore will continue to support farmers financially, but I can't... I want our industry to be able to hold its head high when talking to the Chancellor of the Exchequer of the future and say we produce food, we store carbon, and we promote nature. We increase biodiversity. We are doing good things as an industry, and we deserve your government's financial support."



Oliver McEnryre

Barclays National Agricultural Strategy Director

On the financial and business implications of the change in subsidy structures for farmers:

"I think those reductions in the basic payment scheme income are really going to begin to focus the industry on future direction and the next five to 10 years."



Sir Dieter Helm

Professor of Economic Policy, University of Oxford

On preparing the supply-chain for a zero-carbon world, and what businesses will need to do to prove their credentials:

"Once you start asking those questions, you open up a huge number of issues which you will have to address if you want to present yourself as net carbon. But you also open up big opportunities."



Sophie Throup

Head of Agriculture, Morrisons.

On Morrisons' commitment to reach net zero as a collective within its directly sourced agricultural supply chain by 2030:

"We recognise that this is hugely challenging, but we're also very keen to make sure we properly do our part to help the farmers and suppliers get there. Ten years is not far away. It's on our watch. It's within our timescales to do something about it."



Thank you

Thank you to all the delegates, speakers and our sponsors who contributed to another excellent Agribusiness conference. Yet again we had strong attendance, including students and new entrants to the industry who were invited as guests of AIC.

We look forward to welcoming you to next year's conference on 16 November 2022.



John Kelly,
AIC Chief Operating Officer, AIC Services Managing Director



Maize imports update

AIC has been involved in discussion with Government over maize imports from the USA. Following the EU's intention to remove tariffs on maize imports from 2022, AIC is pressing the Government to state its intended approach. This follows a consultation in the summer, during which AIC warned that the UK and EU must take a consistent approach, given the integration of supply chains and maize's importance as a feed material to UK farmers.

Following AIC and wider stakeholder input, AHDB has compiled a report to China on sterile brome and shipping information in relation to barley. A tolerance of 0.1% sterile brome has been proposed. The report is now with Defra, where it will be translated and submitted to the Chinese authorities in due course. AIC will continue to keep Members updated as this develops.



Ed Barker,
Head of Policy and External Affairs

New imported seed inspections

From July 2022, 1% of regulated seeds imports will be inspected. The AIC Seed sector has engaged with Defra officials as to how this will work in practice, including ways to avoid unnecessary duplication of importer requirements. We are also seeking clarification over how the position of small quantities of seed would be approached.

Experience with import difficulties so far has shown that once a consignment gets stopped, it causes considerable delays to supply chains. AIC has made clear this could strongly disincentivise groupage as well, as there would be concern about a risk of delaying the rest of the consignment. The overall principal concern is the uncertainty and indeterminate nature around possible delays. We will continue to work with relevant committees and industry stakeholders to ensure these concerns are addressed by Defra.



AIC Feed Sector Future Forum sets out education priorities

A Future Forum, consisting of early to mid-career professionals in their late 20s and early 30s, has been established by AIC's Feed sector to bring a fresh perspective.

The Future Forum has identified the following priorities to work on:

1. Identify opportunities to support industry promotion at school – specifically the 14 – 17 age bracket.
2. Create a support network for younger members of the industry on their career path.
3. Provide a fresh set of eyes on AIC issues.

As part of their priority, Future Forum will explore the potential to liaise with LEAF and its [Farmer Time initiative](#), designed to inspire, engage, and educate young people about the journey of their food from farm to fork.

If you are interested in learning more about AIC Future Forum, please contact James McCulloch at James.McCulloch@agindustries.org.uk.



James McCulloch,
Head of Sector Animal Feed

Gas prices to remain high

Gas prices are currently between five to seven times higher than this time last year. At these prices, the cost to produce a tonne of urea is over £900 – hence why production has ceased in most plants.

The increase in natural gas prices is the result of numerous factors, nationally and globally. There has been a worldwide squeeze on gas and energy supplies as countries emerged from lockdown and industry reopened. The futures market for gas suggests prices will remain high until the spring of 2022.

What is AIC's advice to farmers? It still makes sense to fertilise crops – although possibly not at the normal recommended rates if fertiliser remains scarce or expensive. It all depends on crop, soil, environment, and contractual circumstances. Farmers should consult their FACTS qualified advisor and discuss their options.



Jo Gilbertson,
Head of Sector Fertilisers

AIC Members delivering integrated pest management (IPM)

With the increased focus on implementing integrated pest management (IPM) in arable and horticultural crops, AIC has developed two infographics to help stakeholders understand some of the many measures being taken.

The aim is to assist Members and AIC staff in conversations with policy makers and stakeholders regarding IPM and the actions AIC Members are taking to deliver on farm. The arable sector infographic outlines 15 measures that can be used through the cropping year, whilst the horticulture infographic covers 20 IPM measures.

Digital and print-ready versions are available from Hazel Doonan:
hazel.doonan@agindustries.org.uk



Hazel Doonan,
Head of Sector Crop Protection

Packaging Tax

The Plastic Packaging Tax comes into effect from April 2022. This will apply to UK manufacturers and importers of plastic packaging, as well as their customers. Is your business ready? Look out for our Q&A in a general Member briefing soon.



Andrew Pearson,
Policy Manager

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Manage your personal profile on the AIC website and choose which Member briefings and publications you receive. You can also update any of your own personal details, including email addresses etc., within this section.

If you wish to check your current settings, please login to the AIC website and select "edit profile" and "manage my contact preferences."

Please contact Tracy Smith, Membership Manager, with any queries: tracy.smith@agindustries.org.uk



Tracy Smith,
Membership Manager

Do you or someone you know need support?

The Bristol Corn Trade Guild is a charity which provides support for people with connections to the grain and feed trade who have fallen on hard times.

The Guild can provide financial assistance in cases of need across a wide range of areas, including pay assistance, utility bills, purchase of special equipment/access modifications and day to day living costs on a one off or regular payment.

The Guild is a relatively small charity, but its links to organisations within the grain and feed trade help to raise the funds needed to support its beneficiaries.

AIC is proud to promote and support the excellent work of the Guild, and AIC Members are encouraged to find out more about the charity to recommend it to those in need, and to consider supporting fundraising activities.

If you are aware of anyone with present or past connections to the Grain and Feed Trade who is currently suffering and may be in need of the financial assistance, please contact Richard Cooksley by phone: 01275 373539 or mobile 07801 435772. All enquiries are treated confidentially.



Dates for your diary in 2022

Agribusiness conference – 16 November 2022

Scotland Regional Meeting – April 2022, date TBC



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