

# GOING FOR GROWTH

A STRATEGIC ACTION PLAN IN SUPPORT OF THE  
NORTHERN IRELAND AGRI-FOOD INDUSTRY



# Going for Growth

## - Investing in Success

### Foreword

The Agri-Food industry in Northern Ireland is facing an exciting future. While there are many challenges ahead, of course, I am confident that the industry is positioned for faster growth in both long and short terms.

My work in the industry and involvement with other organisations and representative bodies has confirmed my belief in the importance of Agri-Food to the local economy and the major global business opportunities waiting to be grasped. I believe that these opportunities in the global marketplace can be converted into good business, significant new employment and greater wealth for Northern Ireland.

My confidence is based on the impressive achievements of the industry particularly in markets outside Northern Ireland over the past two decades. The continued development, resilience and importance of the industry have not been lost on our devolved administration and for the first time Government prioritised its faster growth in the *Programme for Government* and *Economic Strategy*.

These plans recognised the need to target those areas which have the greatest potential for growth, including the Agri-Food industry and, in order to help deliver this, called for the creation of a Strategic Vision and Action Plan for the industry to 2020. This task was assigned by the two Government departments with responsibility for the Agri-Food industry, Enterprise, Trade and Investment (DETI) and Agriculture and Rural Development (DARD)

to a new Agri-Food Strategy Board for Northern Ireland. The Board make-up includes primary producers and processors. Its work has the support of the entire Northern Ireland Executive.

At the time the Agri-Food Strategy Board was established, in May 2012, economic analysis showed output in the manufacturing sector had fallen by 25% and that the recession in Northern Ireland was worse than originally thought. Operating in this difficult business environment the Agri-Food industry, like many other industries, faced the challenges of dealing with rising energy and other input costs, securing affordable finance from lenders, upskilling its workforce and competing on price and quality of products and produce.

Analysis indicated that despite this the Northern Ireland Agri-Food industry continued to grow and is the largest manufacturer, employing 27,000 in food and drink processing and a further 47,000 in farming. Significantly, every job created in food processing also generated another two jobs elsewhere in the regional economy. Perhaps due to our conservative nature, this was a well kept secret.

The Board has consulted within the industry, other interested parties and Government. We expect and accept the natural competitive tensions within the industry and we have come a long way in a project which has been both interesting and tough.

We are united in our view and relationships have been built and strengthened. Our outlook is captured in the Strategic Action Plan title *Going for Growth – Investing in Success* and we have set our priorities and plans in the Action Plan as clearly as possible. My Board members and I are committed to delivering the project through the implementation process but crucially this will not be achieved without both the financial and policy support of the Government. The industry will also be required to invest for growth.

There are many reports in Northern Ireland and the Agri-Food Strategy Board does not wish to add to these documents unnecessarily. Our Strategic Action Plan is a working document. We are in place for another two years and we very much intend to see this project through to success. This is an opportunity not to be missed for Northern Ireland, and we believe the timings and indications bode well. The opportunity is now and pace is critical to enable the industry to secure the available opportunities.

I believe there is a huge untapped pool of talent and energy that with the necessary resources and encouragement will build a significant Agri-Food industry for the 21st century in Northern Ireland. This will bring our children the employment and prosperity they need.

In conclusion, I do not want to be premature in my thanks as we still have a lot of work to do. I am however, indebted to the Board members and the many enthusiastic contributors to the Strategic Action Plan. I look forward to reporting further progress over the next two years.

A handwritten signature in black ink that reads "Tony O'Neill". The signature is written in a cursive style with a horizontal line above the first name.

**Tony O'Neill**

Chair, Agri-Food Strategy Board  
April 2013

# Going For Growth - Investing in Success

## A Strategic Action Plan for the Northern Ireland Agri-Food Industry

### Introduction

The importance of the Agri-Food industry to the Northern Ireland economy is recognised in both the *Programme for Government 2011-15* and *Economic Strategy 2011-15*. This is in line with the Government's aim to rebalance the economy through increasing economic competitiveness and building a larger and more export-driven private sector.

The Ministers of Enterprise, Trade and Investment (DETI) and Agriculture and Rural Development (DARD) appointed the industry-led Agri-Food Strategy Board (the Board) to develop a Strategic Action Plan for the industry.

The Board established 10 industry sector groups, each chaired by a Board member, to consider specific opportunities, challenges and priorities for the industry's key sectors. These groups comprised more than 80 stakeholders from the farming, fishing, food and drink processing sectors and related Government departments/agencies. The Board, in addition, engaged with its wider stakeholder base through a public *Call for Evidence*.

Almost 40 responses were received from a range of interests, including farming, food, forestry, environmental, academic and public body representatives. These were considered by the Board.

The Board has also met separately with the Ministers for Employment and Learning, the Environment, Finance, Enterprise Trade and Investment and Agriculture and Rural Development. In addition, we met with the Northern Ireland Tourist Board and the Environment Agency, and engaged with major retail multiples and environmental interest groups.

All of this work has influenced and informed this Strategic Action Plan. Supporting background material is available on the Board's website at [www.agrifoodstrategyboard.org.uk](http://www.agrifoodstrategyboard.org.uk).

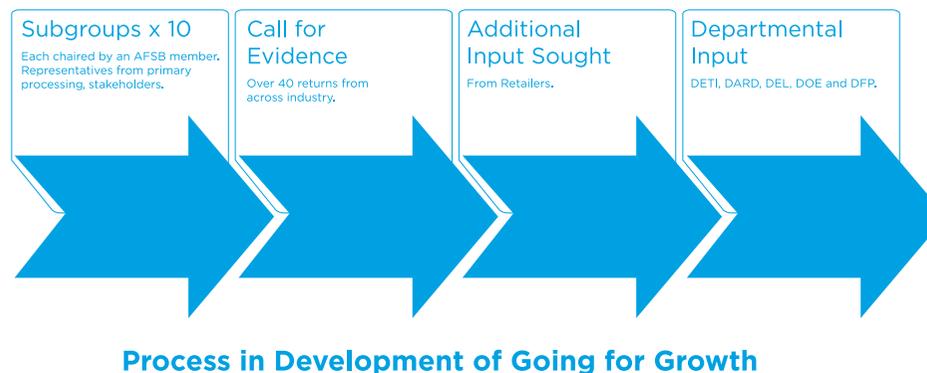


Fig 1: Approach to the Development of the Strategic Action Plan

Our Strategic Action Plan could create 15,000 new jobs by 2020.

The Agri-Food industry will invest £1.3 billion on growth projects over the next three years.

We regard the industry as the total supply chain including farming and fishing, both of which provide a source of raw materials, and the processing companies that manufacture products for local, national and global consumers.

The central premise underpinning our approach is that the Agri-Food industry is a single supply chain, and we urge the Government to consider it as one entity.



Fig 2: The Agri-Food Strategy Board June 2012

We are encouraged by the support shown by the DARD and DETI Ministers to date and look forward to supporting them, and others, through the implementation of the actions we recommend.

Our Strategic Action Plan recognises that a vibrant local economy is dependent upon our ability to earn substantially more from selling our products and services to customers outside Northern Ireland.

Successful implementation of this Strategic Action Plan will play a significant part in delivering a more dynamic and high growth economy and will, through injection of much needed revenues into every town and

village in Northern Ireland, help to sustain our rural community.

Our future growth will, therefore, be driven by sales to Great Britain, the Republic of Ireland, other parts of Europe and the rest of the world. This will provide profitable business activity for all parts of the supply chain.

### Structure

This document has two main sections. The first sets out a Strategic Vision and Targets for Agri-Food here and develops seven major themes that impact across the entire industry and act as drivers, enablers or barriers to growth.

The second section details the specific strengths, challenges and priority recommendations for individual sectors and should be read in conjunction with the seven major themes contained in the first section of the plan. Overall, there are 118 recommendations brought together in this Strategic Action Plan.

We acknowledge that some of these recommendations are very challenging and will depend on the necessary resources being made available. Bold decisions and continued commitment will be required from Government. Ensuring the successful implementation of the Strategic Action Plan will require support from Government of around £400m.

The industry along the total Agri-Food supply chain will have to take the lead to ensure the success of the Strategic Action Plan, investing £1.3bn in delivering the targeted growth over the initial three years at the start of the plan period.

Fig 2: The Agri-Food Strategy Board June 2012

The Board and Ministers, L-R are: Jeremy Fitch, Declan Billington, Trevor Lockhart, Francis Martin, Dr Mark Browne, Owen Brennan, Michelle O'Neill MLA, Dr Graeme Hutchinson, Tony O'Neill, Dr David Dobbin CBE, Arlene Foster MLA, John Thompson, David Small, Ian Marshall, and Jim Dobson OBE

## Implementation

This is intended as the Strategic Action Plan for the growth of Agri-Food here to 2020 and beyond. It has agreed targets that reflect the industry's ambitions for increased sales, especially outside Northern Ireland, as well as job creation and overall contribution to our future prosperity.

The Board will remain in place for at least a further two years to lead and oversee implementation of the recommendations. We will work with industry, Government and the wider stakeholder base to develop a series of operational plans and structures to ensure the success of the Strategic Action Plan.

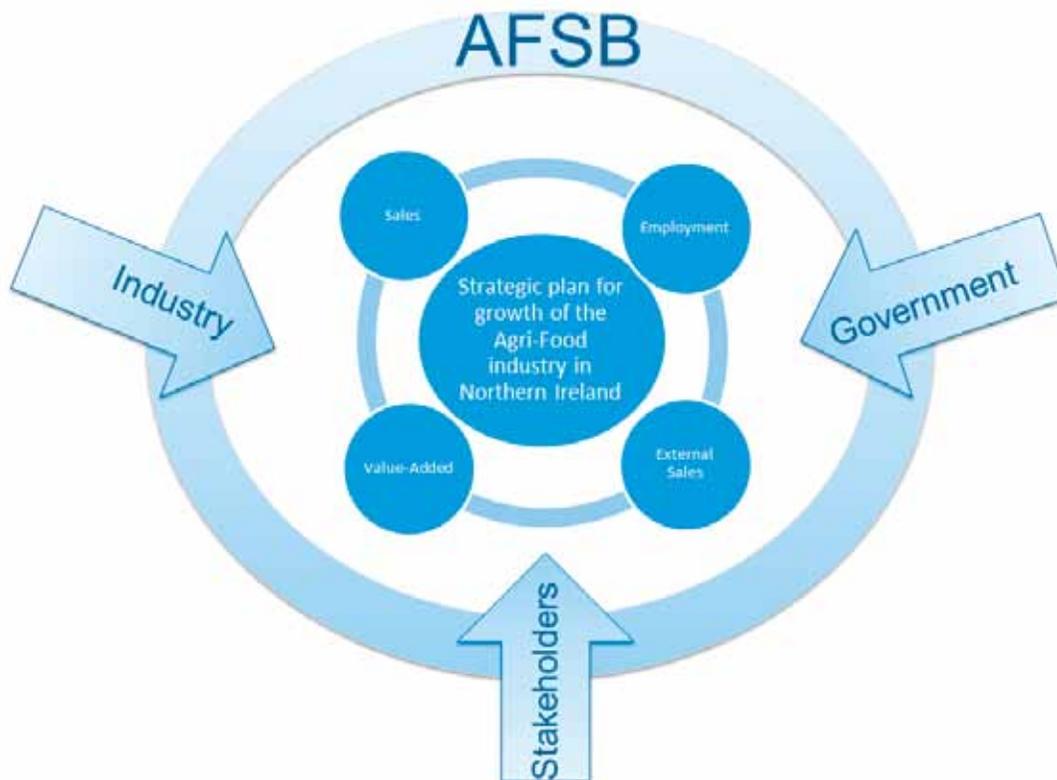


Fig 3: The Strategic Action Plan Implementation Process



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# Acknowledgements

The production of this Strategic Action Plan represents almost one year of intensive work by the members of the Agri-Food Strategy Board. During this time the Board has consulted with a number of interested parties. Details are included in acknowledgements.

# Executive Summary

## Going for Growth – Investing in Success

Agri-Food is our most successful industry. It is now a major industry driving the local economy and contributing substantially to every area of Northern Ireland.

Many of our biggest and most successful businesses are driving growth through sales outside Northern Ireland and helping to create employment throughout the region. In addition to larger businesses, Northern Ireland has a rapidly growing base of entrepreneurial, smaller and artisan enterprises, many of which have already won international awards for products combining outstanding taste, quality and innovation.

The industry, moreover, has continued to grow despite a difficult economic climate and to display tremendous potential for sustainable growth through its sharp focus on export sales, innovation and productivity. We have been immensely encouraged by the appetite for growth outside Northern Ireland, demonstrated increasingly by businesses, both large and small and across most industry sectors.

Agri-Food here is now a dynamic and increasingly successful industry that is firmly positioned for ambitious and sustainable growth in both the short and long terms.

Support for the industry must be within a framework of strategic actions across its total supply chain that will help to accelerate its success. Key to this support will be a programme of measures which ensure higher levels of market-led innovation, sales growth outside Northern Ireland, especially to new markets in the USA, Europe, Asia and the Middle East, and a significant improvement in skills.

We are convinced that a majority of our businesses either have or can develop the outstanding food and drink which consumers will prize and be prepared to purchase at a premium.

At the core of our Strategic Action Plan are recommendations that will help the industry to grow through more effective promotion of its key characteristics which include our rich heritage in lush grassland, quality and safe food and the provenance from family farms operating to the highest standards of animal husbandry, hygiene and integrity.

We believe that the growing demand from consumers for food and drink that they can count on to offer the very best in taste and flavour, wholesomeness and safety provides an immense opportunity for Agri-Food here.

Many of our businesses are already meeting this developing market challenge. Our objective in developing *Going for Growth – Investing in Success* with the industry is to provide strongly practical support to our companies to explore business in external markets and to encourage many more to grasp the opportunities abroad for faster and sustainable growth.

Agri-Food is a strategically important industry with the potential to help accelerate recovery and to make a huge contribution to the Northern Ireland Executive's focus on rebalancing the economy into one driven by a much stronger and more dynamic private sector.

Our Strategic Action Plan also recognises that industry and governments working together on, and sharing

in, strategic initiatives on an all island basis present an opportunity to underpin the growth plans we have envisaged. Central to this cooperation will be the sharing of resources in knowledge generation, collectively pursuing market opportunities where there are commercial and pragmatic reasons, and working together to improve quality and efficiency along each stage of the supply chain which maximises the potential for sustainable and improved profitability for all members of the supply chain.

There are many challenges and opportunities to be addressed by the industry including a growing and increasingly affluent world population with 219,000 more people to feed each day; an expected population of nine billion by 2050, with the consequent increasing pressure on finite water and land resources and the pressures brought by the growth in biofuels.

It is an industry that is prepared to meet these challenges and opportunities to invest in the future and to create new employment opportunities, especially for our young people and graduates. We are keen to encourage and support initiatives that will invigorate this important industry.

### Our Strategic Vision

Our Strategic Vision for the industry is:

***“Growing a sustainable, profitable and integrated Agri-Food supply chain, focused on delivering the needs of the market.”***

Industry, Government and the wider stakeholder base, working together, will focus on the following strategic priorities:

- Grow sales by 60% to £7bn;
- Grow employment by 15% to 115,000;
- Grow sales outside Northern Ireland by 75% to £4.5bn; and
- Grow by 60% to £1bn the total added value of products and services from local companies.

### What Success Will Look Like in 2020

By 2020 our industry will have profitably grown turnover by 60% to £7bn and employment by 15% to 115,000.

The industry will have been transformed into an ambitious, outward looking and globally competitive sector. At the core of this transformation will be a world-class supply chain focused on exploiting the global opportunities that we have identified in the Going for Growth Strategic Action Plan.

The integrated industry will have a customer-led focus on global market growth, supported by a single marketing organisation.

The increased priority given to research and innovation and to harnessing the collective potential of our people will be seen in our products, services, greater employment and support for the environment. These will be the benefits from a fully integrated supply chain and from a closer partnership between industry, Government and academia.

Northern Ireland will benefit substantially from an enhanced, sustainable and profitable industry delivering what consumers want to purchase and driving prosperity throughout the region.

### Structure of Strategic Action Plan

Our Strategic Action Plan has two main sections. The first sets out our Strategic Vision and Targets for the Agri-Food industry and develops seven major themes that impact across the entire supply chain, which act as drivers, enablers or barriers to growth.

The second section details the specific strengths, challenges and priority recommendations for 10 individual sectors.

A Collective Industry Focus Seven Themes	An Individual Sector Focus 10 Sectors
Growing Market Share	Beef and Sheep
Working Together	Dairy
Sustainable Growth	Poultry and Eggs
Innovation, Entrepreneurship and Skills	Drinks and Beverages
Better Regulation	Bakery and Snacks
Financing Growth	Pig
Food Fortress	Arable Crops, Fruit and Vegetables
	Fish and Aquaculture
	Animal By-Products
	Animal Feeds

### Recommendations

Our Strategic Action Plan contains a total of 118 recommendations across the seven themes and 10 sectors.

### All our recommendations flow from our central premise that:

***There is only one supply chain.***

This fact requires a new approach and a change of mindset to ensure all parts work more closely together to deliver a clearly defined outcome. The entire chain must ensure that each partner is working towards the same goal delivering a product that meets the needs of the marketplace rather than producing a product for which a market is subsequently sought.

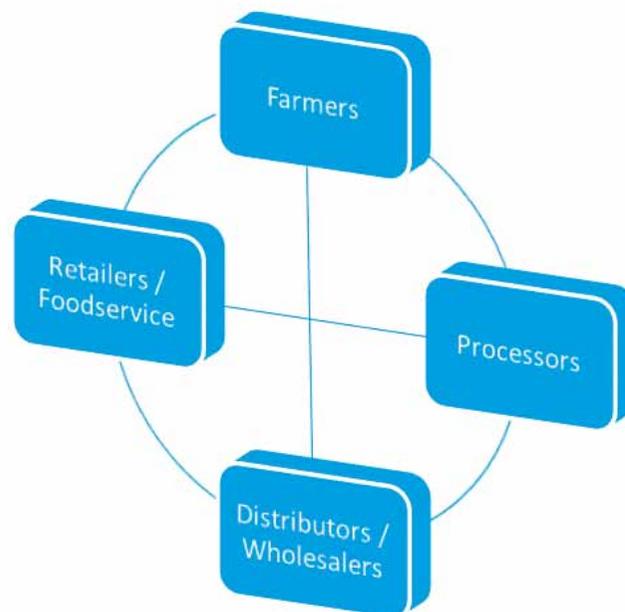


Fig 4: Working Together - One Supply Chain

## Making it Happen

We will not achieve the outcomes identified in our plan unless we create the platforms and infrastructures to make it happen and ensure the implementation of all of the recommendations in our Strategic Action Plan.

Our primary recommendations for the whole industry demand that:

- There are changes of behaviours by Government, industry and academia to reflect the fact that there is only one supply chain;
- Government invests £400m over three years in the industry to unlock and leverage investment of over £1.3bn from the industry itself;
- Industry works with Government to determine the best model for efficient businesses across all relevant sectors and to develop policy that will facilitate more rapid consolidation of resources into effective and efficient businesses with the economic scale which permits effective competition at a global level;
- There is a reinvigoration of the industry from an increased intake of younger people right across the supply chain, by developing entrepreneurship through the adoption of a more business focused approach and a fostering of artisan creativity that reflects our provenance; and

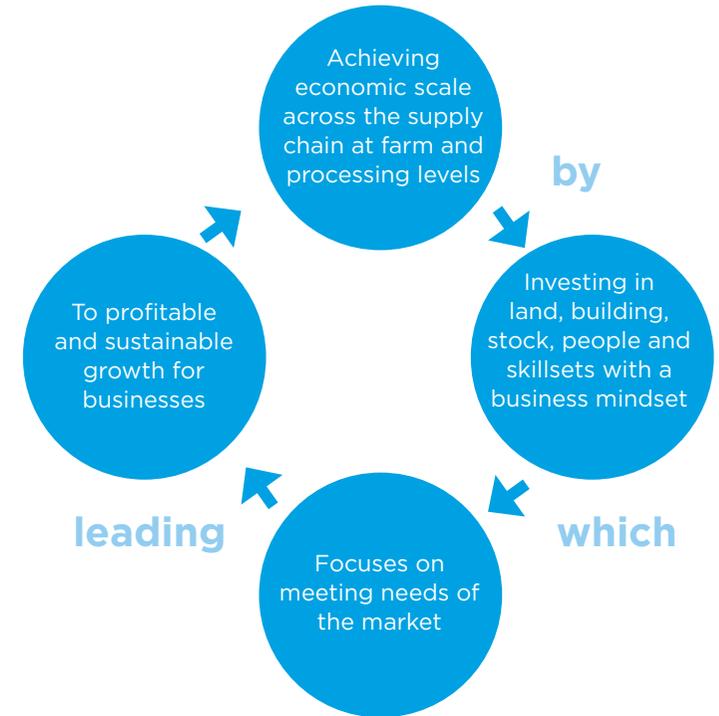


Fig 5: Making it Happen

- The many and varied organisations and interest groups representing the industry are collapsed on a phased basis over an agreed timescale to form only four organisations, each representing the following areas:

Marketing	Innovation Funding	Skills and Entrepreneurship	Industry
A single Agri-Food Marketing Organisation to consolidate all marketing and promotional activities with a clear food promotions strategy	A single organisation with responsibility for innovation funding under the control of one dedicated executive and board which works closely with Matrix to ensure consistent approach across the industry	A single organisation dedicated to the development of all Agri-Food skills and entrepreneurship	A single organisation that is truly co-ordinated and an effective voice of the interests of the industry

### Our Collective Industry Focus

These platforms and infrastructures will be underpinned by the following key recommendations affecting all sectors.

Key Recommendations	
<b>Growing Market Share</b>	<p><b>Government must:</b></p> <ul style="list-style-type: none"> <li>• Establish a single Agri-Food Marketing Organisation for Northern Ireland to consolidate all marketing and promotional activities for the industry with a clear food promotion strategy. This organisation must explore opportunities to work with Bord Bia and Scotland Food and Drink in areas of mutual interest and where joint programmes would enable access to EU funding streams; and</li> <li>• Remove barriers to export such as charges for Export Health Certificates (EHCs) and explore the potential to achieve separate certification for Northern Ireland animal health status, and identify areas where collaboration with authorities in the Republic of Ireland can hasten and assist market entry;</li> <li>• Help fund the significant cost of market intelligence and statistics especially in consumer food markets.</li> </ul> <p><b>Industry must:</b></p> <ul style="list-style-type: none"> <li>• Partner with Government to strengthen our brand perception through eradication of animal disease, such as TB, Brucellosis; deliver swiftly on an all-island plant health framework, and current industry-led approach on BVD to Johnes and other production diseases.</li> </ul>

<p><b>Working Together</b></p>	<p><b>Government must:</b></p> <ul style="list-style-type: none"> <li>• Determine the best model for efficient production in relevant sectors and in developing policy that will facilitate more rapid consolidation of resources into effective and efficient operating units; and</li> <li>• Overcome the barriers to shared land use through rental or conacre posed by the interpretation and application of the tax regime (including Inheritance Tax), and Single Farm Payment. Longer-term lease of land must be facilitated to encourage tenant investment in improving the effective use of land, our most valuable resource; and develop optimum business models for each sector and form commercial scale pilot programmes in order to prove the model before roll out across the individual sectors.</li> </ul>	<p><b>Sustainable Growth</b></p>	<p><b>Government must:</b></p> <ul style="list-style-type: none"> <li>• Ensure a robust scientific base for the measurement of greenhouse gas emissions to promote Northern Ireland as a low carbon location for food production within Europe;</li> <li>• Commission research into measureable, best practice systems for sustainable intensification on-farm, building upon previous work to underpin and promote sustainability as a cornerstone of the Northern Ireland Plc brand and learn from Bord Bia experience with the Origin Green brand; and</li> <li>• Fast track a solution for poultry waste into energy, recognising the environmental benefits and remove a key uncertainty over the growth of the Agri-Food industry in Northern Ireland.</li> </ul>
	<p><b>Industry must:</b></p> <ul style="list-style-type: none"> <li>• Develop innovative customer-focused sectoral supply chain solutions, covering all links within the chain. Participation in such initiatives should be included in the key criteria to qualify for enhanced levels of funding support, including the Farm Business Improvement Scheme;</li> <li>• Identify and promote our unique selling points, including pasture based rearing, improved animal health, welfare and biosecurity etc; and</li> <li>• Develop distribution hubs for transporting produce to market and must consider development of co-operative centres for the intake of raw materials.</li> </ul>		<p><b>Industry must:</b></p> <ul style="list-style-type: none"> <li>• Grasp the opportunities that healthy eating offers and work with public health nutritionists, policy makers and the local research base for healthier, moderate portion size products that respond to consumers' demands for healthy eating.</li> </ul>
		<p><b>Innovation, Entrepreneurship and Skills</b></p>	<p><b>Government must:</b></p> <ul style="list-style-type: none"> <li>• Double the drawdown of European funding in support for Agri-Food innovation over the next three years (2014-2016);</li> <li>• Combine Agri-Food innovation funding under the control of one dedicated executive and board which must work closely with Matrix to ensure consistent approach across the industry. This organisation would align strategic industry priorities with R&amp;D provision within the local innovation infrastructure; and</li> <li>• Reduce bureaucracy to enable the industry to get ahead of its competition in pursuing new opportunities. Government must work to convert this belief into a reality and as a first step open the Agri-Food Competence Centre for business without delay.</li> </ul>

<p><b>Innovation, Entrepreneurship and Skills (Cont'd)</b></p>	<ul style="list-style-type: none"> <li>• All Agri-Food skills and entrepreneurship development must be the responsibility of a single dedicated group which must match provision to requirements;</li> <li>• Develop a programme to introduce food into the education curriculum at pre-school, primary and secondary level to enhance the understanding of agriculture and food, and examine the scope for development of primary and secondary level curriculum based training in agriculture and food to GCSE exam level; and</li> <li>• Resource and expedite implementation of the Food and Drink Future Skills Action Group (FSAG) Action Plan.</li> </ul>	<p><b>Financing Growth</b></p>	<p><b>Government must:</b></p> <ul style="list-style-type: none"> <li>• Identify £250m over three years to fund financial and advisory development support for a new Farm Business Improvement Scheme. The objectives of the scheme would be to improve competitiveness and productivity in primary production, through increased efficiency, upskilling on farm, farm modernisation and a commitment to working with supply chain partners to improve performance and profitability. The support would be tiered to reflect the degree of engagement in business planning, physical and financial performance management, utilisation of performance recorded breeding stock, business improvement activities and so on;</li> <li>• Review and identify the key factors within the regulations governing Single Farm Payment, inheritance, income tax, land tenure and conacre that prevent more effective use of agricultural land;</li> <li>• Put in place a facility to provide “security of last resort” to meet the Bank security requirement for those partners in a sector scheme who are seeking to invest as part of their commitment to their supply chain partners;</li> <li>• Expand the scope and funding and simplify the Agri-Food Processing and Marketing Grant (PMG) and the European Fisheries Fund (EFF) Programmes to maximise uptake within EU rules. Rates should be on a par with other UK regions and the Republic of Ireland. Locally set criteria should be reviewed with industry;</li> <li>• Retain the Selective Financial Assistance Scheme to support investments in large businesses outside the scope of the PMG Scheme;</li> <li>• Create a specific expert resource with an objective of securing 0.5% share of the EU Innovation Funding Programme;</li> <li>• Engage with “Capital for Enterprise” (CfEL) and participating Northern Ireland banks to promote the Enterprise Finance Guarantee scheme to the Agri-Food industry and encourage greater uptake. A “Sources of Finance”, including European sources, reference guide should be compiled and promoted to Northern Ireland businesses;</li> </ul>
<p><b>Better Regulation</b></p>	<p><b>Government must:</b></p> <ul style="list-style-type: none"> <li>• Revise current planning and IPPC application procedures and priorities to ensure the speed of successful processing of Agri-Food applications is equal to, or better than those in Great Britain. This revision should also put strict limits on the time taken by other Northern Ireland Departments which are consultees to the process;</li> <li>• Benchmark its application of legislation and standards internationally to identify best practice in cost effective regulation; and</li> <li>• Develop a Code of Practice for implementation of regulations that impact industry.</li> </ul> <p><b>Industry must:</b></p> <ul style="list-style-type: none"> <li>• Engage with Regulators in order to develop an agreed regulatory environment which adds value, is proportionate, informed and has a risk-based approach to regulation.</li> </ul>		

	<ul style="list-style-type: none"> <li>• Agree with the UK Government on devolving the power to vary Corporation Tax in a timely and affordable manner;</li> <li>• Commission a review of the impact of the current lack of tax relief available for agricultural building allowances and develop a case for the introduction of 300% capital allowances for capital investment in the Agri-Food industry. This review should consider the potential of achieving this by designating all of Northern Ireland as an Enterprise Zone for tax purposes and expanding the relief available within the Zone to include first year allowances on expenditure incurred in relation to agriculture buildings;</li> <li>• Examine the bureaucracy surrounding access to funding, and bring forward proposals to simplify the process; and</li> <li>• Put in place an Agri-Food Fund to support rapid investment in the industry.</li> </ul>
<b>Food Fortress</b>	<p><b>Government must:</b></p> <ul style="list-style-type: none"> <li>• Provide financial support to accelerate R&amp;D and collaborative uptake initiatives making Northern Ireland a world leader in safe food production; and</li> <li>• Commission a review immediately to determine more cost effective application of advanced science based testing and thereby to ensure this does not become a barrier to rapid adoption and implementation.</li> </ul> <p><b>Industry must:</b></p> <ul style="list-style-type: none"> <li>• The animal feed sector must implement the recommendations of the Food Fortress feed materials assurance scheme currently under development at the Institute for Global Food Security. Processors must make the new quality standard a requirement of their supply chain;</li> <li>• The Institute for Global Food Security must be commissioned to review the Northern Ireland supply chain and identify further risks and opportunities for collaborative improvement in food assurance; and</li> <li>• Electronic tagging must be introduced as quickly as possible and Government and industry databases extended to include advanced testing data which may include genome, DNA and Sire records.</li> </ul>

When fully implemented, the collective industry focused recommendations, together with the individual sector focused recommendations, will ensure the achievement of our total growth targets for the industry across each of the sectors by 2020.

	Targets to 2020			
	Turnover £m	Employment	External Sales £m	Value-Added £m
Beef & Sheep	1,600	5,000	1,250	191
Dairy	1,450	2,250	1,100	142
Poultry & Eggs	1,250	6,700	1,050	262
Drinks & Beverages	450	1,400	280	102
Bakery & Snacks	445	4,100	245	156
Pig	360	1,400	240	37
Arable Crops, Fruit & Vegetables	390	2,900	245	114
Fish & Aquaculture	90	600	75	22
Animal By-Products	29	n/a	n/a	14
Animal Feeds	1,000	650	n/a	n/a
<b>Total Industry</b>	<b>7,064</b>	<b>115,000*</b>	<b>4,485</b>	<b>1,040</b>

\* Employment total includes additional jobs created in the wider economy

### The End of the Beginning: Ensuring Implementation

The completion of our Strategic Action Plan marks the end of the Beginning Stage of our journey to even greater success.

#### **Full implementation is critical.**

Our Strategic Action Plan will act as the catalyst for the growth of Agri-Food in Northern Ireland to 2020 and beyond. It has agreed targets that reflect the industry's ambitions for increased sales, especially outside Northern Ireland, as well as job creation and overall contribution to Northern Ireland's future prosperity.

By remaining in place for at least a further two years, the Board will drive implementation. We will work with industry, Government and the wider stakeholder base to develop a series of operational plans and structures to achieve delivery of our recommendations.

# Vision and Targets

## Going for Growth - Investing in Success: A Vision for the Agri-Food Industry 2020

By 2020 our industry will have profitably grown turnover by 60% to £7bn and employment by 15% to 115,000.

It will have been transformed into an integrated “best in class” supply chain model. At the core of this transformation will be a world-class supply chain focused on exploiting the global opportunities that we have identified in the *Going for Growth - Investing in Success Strategic Action Plan*.

The integrated industry will have a customer-led focus on delivering global market growth, supported by a single marketing organisation.

Collectively, our products, our services, our exploitation of natural, green and clean resources and our provenance, our employment levels and skill sets, and greater integration within the supply chain, will be a testament to the increased priority we have given to research and innovation, to harnessing the potential of our people, working together across the industry and in partnership with Government and academia.

Northern Ireland will benefit substantially from an enhanced, sustainable and profitable industry delivering what consumers want to purchase and driving prosperity throughout the region.

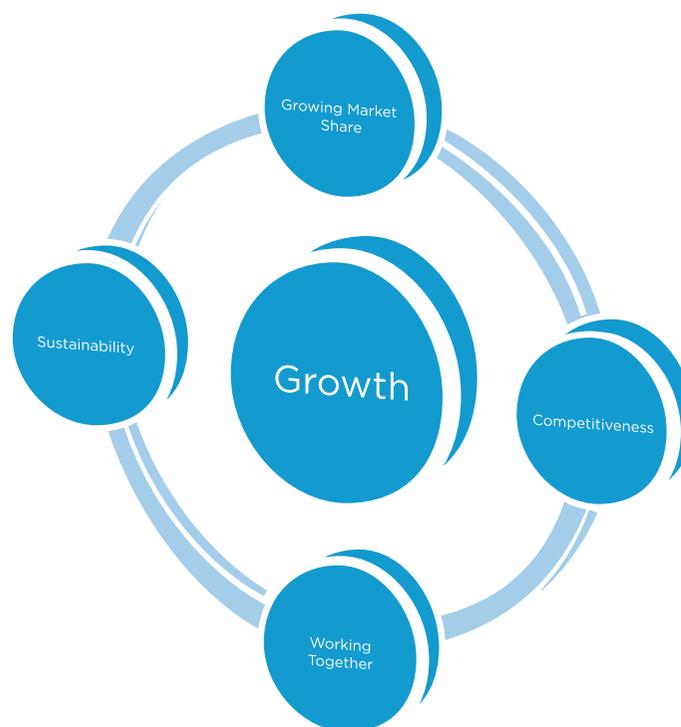
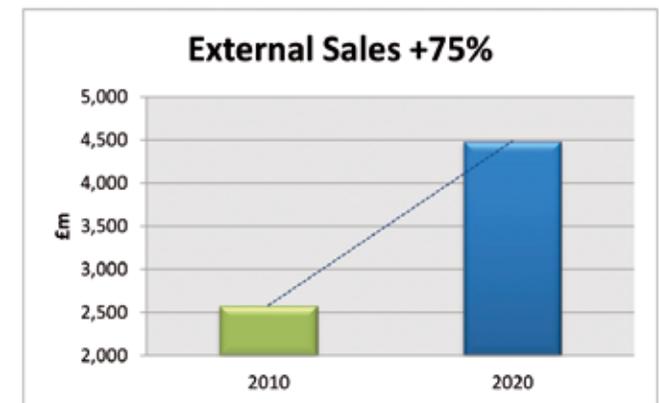
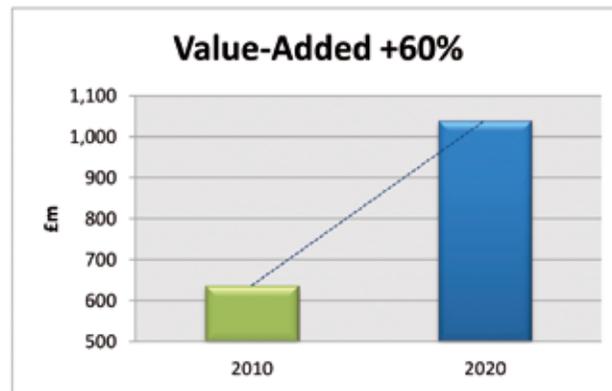
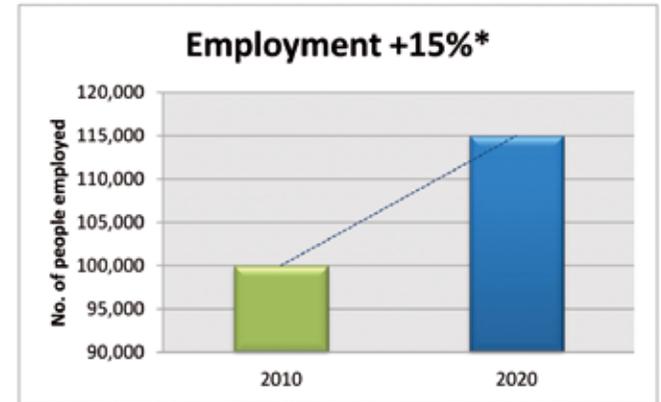
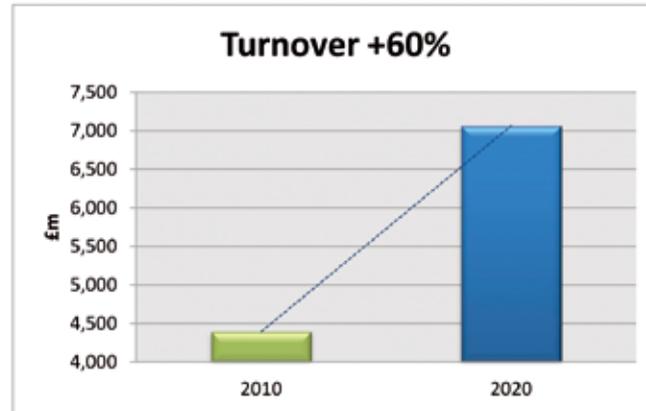


Fig 6: Vision for Growth

***“Growing a sustainable, profitable and integrated Agri-Food supply chain, focused on delivering the needs of the market.”***

Growing a sustainable, profitable and integrated Agri-Food supply chain, focused on delivering the needs of the market.

Fig 7: Our headline growth targets for 2020 are:



\* Employment target includes an additional two jobs in the regional economy for each job created in food processing

\* External sales are sales made outside of Northern Ireland

# Strategic Context

## Introduction

Food and drink are central to our daily lives. Their production, processing, distribution and sale are impacted by a combination of complex, dynamic and inter-related factors at global, European and local levels.

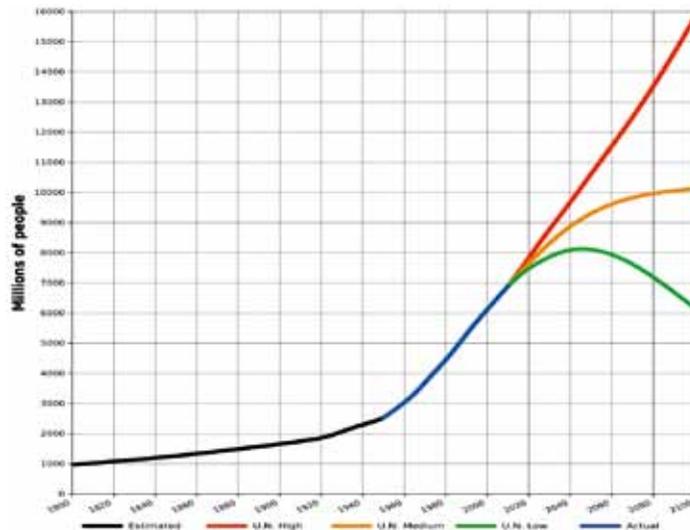


Fig 8: World population from 1800 to 2100, based on UN 2010 projections and US Census Bureau historical estimates, published 8th June 2012.<sup>1</sup>

The human population is projected to increase by one billion by 2030, rising to nine billion by 2050. This growth will require a 75-90% increase in global food production, at the same time as the effects of climate change are predicted to reduce yields worldwide by up to 25%. This raises issues of world hunger, poverty and food security, as well as volatile world commodity prices and growing input costs.

A growing population is already increasing the pressure on finite natural resources of land, water, air, fossil fuels and raw materials, leading to tensions between food and fuel, growth and conservation, biodiversity and the need for large intensive farms. The rise of the emerging economies, including Brazil, Russia, India and China (the BRIC countries), and the growing affluence in these countries is resulting in changes towards a higher protein diet and increasing demand particularly for meat and dairy products.

The narrowing of the gap between food demand and productive capacity will inevitably put significant strains on global food trade and therefore on political stability, especially in poorer regions which rely on food imports. In the last few years we have seen adverse weather patterns and rising input costs leading to spikes in food prices made worse by food export bans, both in Eastern Europe and in Asia, as governments have attempted to keep food prices low to avoid political and civil unrest. Society now needs to shift towards a greater focus on food security, which encompasses the need to develop a robust supply chain capable of supplying adequate amounts of safe, affordable, authentic and good quality food for the years to come.

The growing population presents an opportunity for the Agri-Food industry.

<sup>1</sup> By Jmanrazor based on Aetheling's work [CC-BY-SA-3.0 (<http://creativecommons.org/licenses/by-sa/3.0>) or GFDL (<http://www.gnu.org/copyleft/fdl.html>)], via Wikimedia Commons.

At a European level, major reform of the funding for Agri-Food, including the Common Agricultural Policy (CAP), the Common Fisheries Policy (CFP) and Regional Aid, is already underway. This reform has removed direct food production subsidies and market management measures leaving the markets and prices as the main control over food output.

The prolonged UK economic downturn has resulted in negative or low growth and increased unemployment. It has resulted in a weak sterling which is good for our competitiveness in global markets and makes us more competitive against third country imports in our sales to Great Britain.

Closer to home factors such as, the input cost impact of extreme weather, unemployment at its highest for 15 years and a 50% drop in farm incomes in 2012, provide a context for our work in developing and implementing a Strategic Action Plan for growth.

The growing consumer awareness on food safety, security, integrity and rising obesity, alongside

increasing preferences for provenance, local food and protection of the environment represents both opportunities and challenges to the Northern Ireland Agri-Food industry. Clearly addressing increasing concerns and a lack of trust in the supply chain, (because of periodic food scares from new animal and plant diseases, including the recent horse meat contamination) represent one of the largest challenges.

All of these factors pose challenges and opportunities for the industry. They can act as drivers, enablers or barriers to our ambition for further growth. With Government support, the industry can capitalise on the clear opportunities available and overcome the barriers to growth.

The Government has prioritised the Agri-Food industry for support and development. We believe this Strategic Action Plan sets out challenging but achievable targets for both industry and Government.

### Climate Change and the Potential Impacts on Crops and Animals

Climate change has contributed to the future uncertainty over food production as a result of the impact of global droughts and floods. With experts forecasting more extreme weather conditions in the years ahead, recent global weather related food price spikes are likely to become a more regular feature of the world of our future.

There are likely to be pros and cons of climate change locally. On the one hand, yield modelling identifies overall benefits for some aspects of agricultural production at higher latitudes such as Northern Ireland. On the other, rainfall associated with current Northern Irish weather patterns, attributed to climate change, will have profound effects on crop production due to more extensive and extended flooding of soils and the resultant impact on soil quality, pests, diseases and plant toxin contamination.

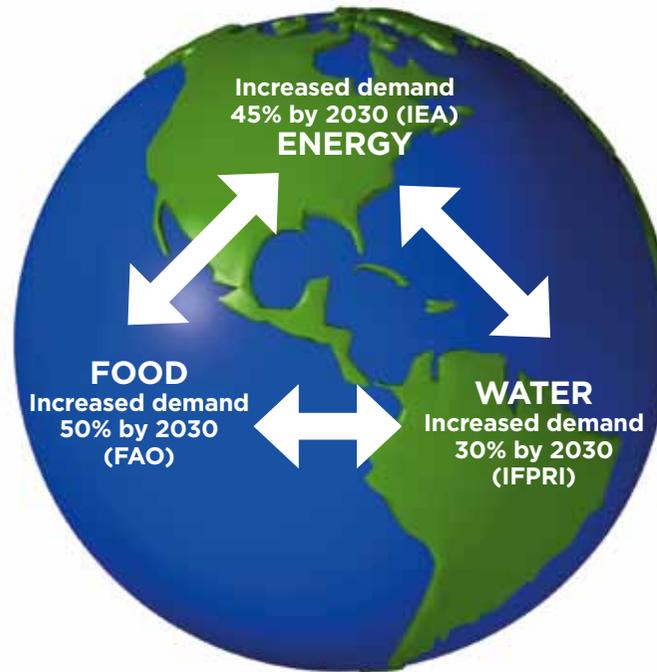


Fig 9: World Demand for Food, Water and Energy

# The Agri-Food Industry

Agri-Food is our largest indigenous industry, our biggest manufacturing industry, our largest single employer and most important exporter. It is one of the few industries to have recorded sustained growth during the recession.

This performance has established Agri-Food as our most successful industry. It plays a vital role in our local economy, environment and society and, uniquely, has a strong presence in every town and village throughout the country.

In 2010, the Agri-Food industry contributed twice as much to employment and to the local economy as its counterpart did in the UK as a whole, underlining its importance to the local economy and the natural advantages Northern Ireland enjoys. Agri-Food also makes an even greater contribution to jobs and wealth throughout the local economy through its purchase of goods and services such as transport, packaging and engineering. It is estimated that every £1m of food and drink processing output generates £1.91m in regional economic output and every job in food and drink processing has a multiplier effect generating almost two jobs elsewhere in the regional economy<sup>2</sup>.

Enterprises range from small-scale family-owned and locally focused businesses to larger firms serving the domestic, national and international retail and foodservice markets and seeking to expand further internationally.

While small-scale family farms are a major element of our economy, they also present a significant challenge in terms of long term sustainability. The industry's products range across the spectrum from commodity

to speciality and artisan, attracting national and international recognition for quality and taste. Key challenges facing the industry include how to attract younger farmers and new entrants onto the land and how to accelerate the growth of entrepreneurship especially in the artisan sector.

## Headline Facts and Figures

**Industry Turnover 2010 = £3,744m**

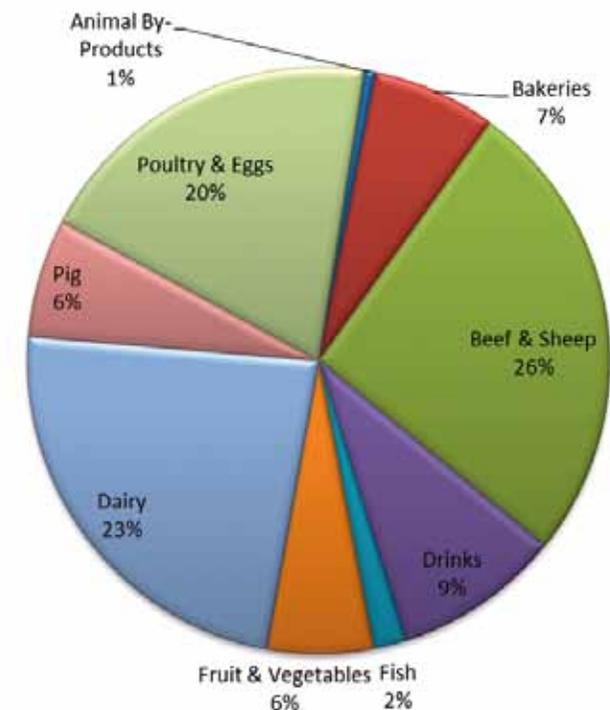


Fig 10: Processing Industry Sector Turnover 2010

<sup>2</sup> Agri-Food and Biosciences Institute

## DID YOU KNOW ?

- Estimated 100,000 employed
- £4.4bn sales (including animal feeds) in 2010
- £2.6bn external sales in 2010
- Over 400 food and drink processing companies

Largest manufacturing employer in Northern Ireland with 25% of manufacturing employment

## DID YOU KNOW ?

### Livestock figures:

- 14 million chickens
- 1.8 million sheep
- 1.6 million cattle
- 425,000 pigs

25% of manufactured goods in Northern Ireland are from food and drink processing

## DID YOU KNOW ?

- 24,000 farms
- 89% of farms are small or very small
- 55% of farmers are aged over 55
- Only 5% of farmers are under 35 years old

(EU Farm Structure Survey 2010)

**Growth industry**

Fig 11: A Snapshot of the Industry

Flowing from the challenges, opportunities and characteristics of the Agri-Food industry outlined above, we have identified the following seven major themes that impact across the entire industry and act as drivers, enablers or barriers to growth. These are developed in the following sections:



Fig 12: Seven Cross cutting themes

# Growing Market Share

## Overview

Changes in international markets, including increasing developing country demand for proteins, mainly quality meat and dairy products, play to the natural strength of our food and drink industry. A key aim, therefore, has to be to encourage and support our Agri-Food businesses in achieving greater sales in existing markets and in targeting new business in the Middle East, Africa, the BRIC nations and the USA.



Fig 13: Our Target Markets

This external growth will be achieved through improving access to new markets and more coordinated and effective marketing, branding and promotion.

## Access to Markets

Success or failure in any industry hinges on how well the organisation maximises the value of its output in relation to its costs. The challenge with animal processing is that no single market will take the whole product, i.e. all parts of the animal. Developing markets that value each part of the animal, which would otherwise, locally, have to go for disposal as waste, is key to achieving the underlying profitability of the red and white meat sectors.

The conditions permitting the export of animals and animal-based products to non-EU countries are set by the importing country. The negotiation process to obtain an Export Health Certificate, confirming compliance with the conditions set by another nation's animal and food health administrations, can be long and challenging and must be expertly managed.

The industry's competitiveness would be enhanced by a more cohesive all island energy market. Planning issues must be resolved and cooperation with the Republic of Ireland increased to help reduce costs.

Political engagement and significant Inter-Governmental contact can be an important step in establishing trading relations with many key countries and is an essential support required from our senior politicians.

As an export-focused industry, we are more exposed to the impact of food scares and animal and plant disease outbreaks than the Great Britain Agri-Food industry. The "Food Fortress" approach has played a key role in keeping major animal diseases, such as Bluetongue or Foot and Mouth Disease out of Northern Ireland. This is an important competitive advantage and point of differentiation for our local industry. It must be extended to cover plant health.

Marketing and promotion must be undertaken by a single organisation to ensure faster growth.

### Targeted and effective marketing, branding and promotion

Marketing and promotional activities are currently undertaken by a range of organisations, some promote the industry locally, some internationally, and others only individual sectors. We believe this creates confusion in terms of accessing information and support to undertake marketing activities. It can also create confusion and duplication abroad. There are weaknesses too in the provision of timely market intelligence, understanding of market trends and opportunities and how best to take advantage of these.

Good market intelligence leads to effective strategy and stronger sales. A properly resourced organisation is required to achieve this. This is key to driving growth. There are opportunities to cooperate with Bord Bia and Scotland Food and Drink on initiatives to expand sales abroad. Agreement currently exists to share offices abroad with Enterprise Ireland.

Northern Ireland is building a rising profile as a tourist destination, with 30% of tourist spend on food and drink. With our products attracting a number of national and international food awards and recognition for their provenance and quality, there is potential to build a stronger alliance between food and tourism, leveraging the unique qualities of our landscape, rich history, tradition and culture in marketing produce and maximising the contribution of high quality wholesome and artisan products to enhance the visitor experience. Food is increasingly important in Tourism Ireland's global marketing of the island.

### Recommendations:

Government must:

- Establish a single Agri-Food Marketing Organisation for Northern Ireland to consolidate all marketing and promotional activities for the industry with a clear food promotion strategy. This organisation must explore opportunities to work with Bord Bia and Scotland Food and Drink in areas of mutual interest and where joint programmes would enable access to EU funding streams;
- Provide additional resource to advise and negotiate on market entry and build relationships with new markets e.g. through Ministerial visits to key markets, at least two each year;
- Help fund the significant cost of market intelligence and statistics especially in consumer food markets;
- Remove barriers to export, such as charges for Export Health Certificates (EHCs) and explore the potential to achieve separate certification for Northern Ireland animal health status and identify areas where collaboration with authorities in the Republic of Ireland can assist and hasten market entry;
- Strengthen our brand perception through eradication of animal disease, such as TB, Brucellosis; deliver swiftly on an all-island plant health framework, and extend current industry-led approach on BVD to Johne's and other production diseases; and
- Improve the marketing/branding of the local seafood product, particularly through the highlighting of key unique selling points, including provenance, and the acceleration of voluntary labelling and certification for fish products with appropriate support.

# Working Together

## Overview

The local Agri-Food industry is fragmented with significantly more sub scale companies than other exporting regions and less coherence along the supply chain. This results in unnecessary duplication, lack of synergies and acts as a barrier to future investment and growth. It can be addressed by encouraging collaboration and consolidation and by pursuing greater supply chain integration such as those models adopted by the poultry and horticulture sectors. While the nature and extent of co-operation, collaboration and/or integration within sectors varies, the aim should be to deliver:

- Stronger relationships;
- Clear communication of market requirements;
- More rapid dissemination of research and the faster adoption of new technologies;
- Improved competitiveness and economies of scale;
- Greater flexibility and improved responsiveness to changes in market conditions;
- Increased ability to manage risk; and
- Longer term sustainability and profitability.

**There is only one supply chain.** This requires a new approach and a change of mindset. The entire chain must ensure that each partner is working towards the same goal, delivering a product that meets the needs of the marketplace rather than producing a product for which a market is subsequently sought.



Fig 14: Working Together - One Supply Chain

Agri-Food is a single supply chain.

We believe that the strength and integrity of the supply chain will prove to be increasingly important with customers in the wake of recent food scares. Competitiveness can be significantly enhanced by all the partners working together to respond positively to this challenge. There are equally important opportunities for collaboration between those operating at producer level and at processor levels which should be fully exploited.

All of these must operate within a supportive environment created by the various arms of Government in partnership with industry. An overarching R&D and skills structure must be developed if we are to be successful in driving a customer focused approach throughout the supply chain. The regulatory authorities must work with industry in delivering the shared goals of environmental and commercial sustainability, and a brand strongly associated with the natural health and safety of what we do and everything we produce.

We recognise that many of the existing business models are no longer fit for the future and we must look for sustainable solutions which will carry the industry forward post CAP.

Government and industry must seek to develop the most appropriate and effective business models for primary production. This may require the Rural Development Programme resources to be focused on those enterprises seeking to move to new business models. Opportunities to work with the Republic of Ireland to maximise EU funding for the industry must be explored.

### Recommendations:

Competing globally requires scale efficiencies at all levels of the supply chain, from farm to processor. We will work with Government to:

- Determine the best model for efficient production in relevant sectors and in developing policy that will facilitate more rapid consolidation of resources into effective and efficient operating units;
- Overcome the barriers to shared land use through rental or conacre posed by the interpretation and application of the tax regime (including Inheritance Tax), and Single Farm Payment. Longer-term lease of land must be facilitated to encourage tenant investment in improving the effective use of land, our most valuable resource;
- Provide support mechanisms for a rapid move to competitive scale within processing;
- Consolidate responsibility for key industry issues such as R&D, skills, marketing, and innovation in order to simplify contacts across the Agri-Food industry;
- Capture key statistics for the total supply chain, including use of agency labour and details of the animal feed and rendering sectors;
- Develop optimum business models for each sector and form commercial scale pilot programmes in order to prove the model before roll out across the individual sectors; and Develop supportive policies for skills, research and effective regulation.

### Industry must:

- Develop innovative customer-focused sectoral supply chain solutions, covering all links within the chain. Participation in such initiatives should be included in the key criteria to qualify for enhanced levels of funding support including the Farm Business Improvement Scheme;
- Adopt more formal relationships, with clarity of purpose a recognised feature and in which the benefits of delivering exceptional customer experience through efficient sustainable production are shared across the chain;
- Identify and promote our unique selling points, including pasture based rearing, improved animal health, welfare and biosecurity etc; and
- Develop distribution hubs for transporting produce to market and should consider development of co-operative centres for the intake of raw materials.

# Sustainable Growth

## Overview

Agri-Food has been focused on the expansion of supply, global sourcing and reduction of costs. In many cases this has resulted in very complex and extended supply chains, as well as issues around food quality and sustainability.

There is now an increased focus on food security, sustainable supply and food quality in the context of a rising global population and finite resources.

Northern Ireland has the ability to be a hugely efficient and sustainable food region from our natural advantages of land quality, abundant water, proximity to market and a high quality, committed workforce, with a track record of excellence in food production and supply.

To be sustainable at farm level, the industry must be profitable throughout the supply chain and seek to target market segments offering better returns in a more effective and efficient manner.

Recently, pressures on productivity and costs have been relentless as the marketplace has demanded ever cheaper food, driving short term decisions around survival, and, in the process, eroding the long term capacity of our farmland to sustain its environmental integrity and productive capacity.

However, all of that has the potential to change as society has recognised that our health status, our ability to feed a rising world population and our climate are driven by how well we manage our land and its produce.

We have the potential to change this dynamic through development of a more holistic approach to farming, with the goal of being one of the world's most carbon efficient regions for the production of natural, wholesome food from land rich in biodiversity. By doing so, we avoid off-shoring agricultural production to less environmentally efficient and, as recent food scare events have shown, less safe regions of the world.

Sustainability requires more than efficient production on-farm and along the total supply chain. The optimum use of the animal and/or its output requires the maximisation of the value of the entire carcass, which, in turn, will maximise the value that can be returned to farmers, helping underpin their viability. Developing channels to market food rather than treating by-products as waste streams going to landfill requires the identification of the appropriate markets for by-product components together with access to those opportunities, and investment in innovation, marketing and further processing facilities. This

highlights the benefits from aligning policy and activities and will create complementary rather than conflicting goals of economic and environmental sustainability.

### **Sustaining our Rural Economy**

Historically, under CAP, the industry was driven simply to increase production. The construction boom that typified our pre-recession economy also provided valuable employment for our farming community. As a result, our on-farm business models evolved to maximise combined returns from these two quite different occupations.

More recently, the decoupling of CAP support from production, subsequent greening and the crisis in construction have created a need to reposition the industry. There is now an opportunity to refocus skills that typify our rural economy and focus our approach to food production on meeting the needs of the consumer better than our competitors, rather than the needs of CAP.

Some sectors have evolved to being consumer led but there is still much to do and we need to accept that without action our industry will not grow as fast as we wish.

We must develop business models for each type of enterprise as part of a supply chain meeting market needs. The key characteristics are:

- Achieving economic scale at farm level, whether as a mixed farm or as a farm dedicated to one sector (a business must have enough resources – land, buildings and stock), that will ensure efficient production, and an income sufficient to provide an adequate return for the labour and resources employed;
- Developing the skillset for farmers to manage a business as well as to manage production; and
- Recognition that the business is part of a value chain working to deliver very clear customer outcomes.

A best in class environmentally sustainable model for production must be developed.

Re-engineering the business models will require funding. If we are to succeed, we must recognise that, with the erosion and likely future demise of CAP, we cannot fund the status quo. We must, therefore, focus our resources on those farm businesses investing in change.

### **Sustaining Our Land**

Our grass-based system for beef and dairy provides a natural wholesome and sustainable source of nutrition, an opportunity for carbon sequestration and, with good grass management, a unique advantage for our region. Research indicates the opportunity to further increase the yield from grass with new and revised practices. Better grassland management will increase carbon sequestration, support the proposed increase in dairy and beef output and improve on-farm profitability. Early indications from ongoing research also demonstrate the value of both woodland and bogland as further carbon sinks and of the need for upland grazing to help manage and maintain biodiversity in those areas.

Northern Ireland is an excellent tree-growing region, with the opportunity to increase woodland growth from a low base. This would complement intensive agricultural production by providing improvements in soil, water and air quality, as well as offering opportunities to develop biomass energy and providing benefits to producers seeking to offset their carbon footprint at an individual and regional farm level. It could also provide a further income stream.

Achieving long term sustainability of natural food production requires a regional land management policy that is an enabler, rather than a barrier, to delivering this outcome.

### **Sustaining our Water Quality**

Projections for future food demand indicate significant constraints to food production due to insufficient water resources. Current food production requires an average of one litre of water for each calorie of food produced with meat taking 10 times the water per calorie than vegetable products. Milk is more water efficient and just above vegetables. Forward projections show that global food production will require 30% more water than current by 2030 and that the world will have insufficient water at current usage levels to meet food demand. On top of this climate change projections indicate that the amount of land available for food production will reduce due to reducing land mass with higher sea levels and increased desertification with reduced rainfall in certain regions.

Northern Ireland, therefore, has a strong competitive advantage in having ample water and low projected impact from climate change. Much good work has already been done in improving water quality, both with on-farm investment to better manage slurry and with a halving of the amount of fertiliser applied to our grassland. A strong regulatory position and supportive investment from Government has helped raise our game significantly. Further improvements could be delivered quickly if the industry-led solution for converting poultry waste into energy is supported

by Government and help provided to encourage water recycling in food processing factories.

The fish and aquaculture sector has also benefited from these developments and further progress in improving the quality of our water will continue to support its growth.

As we move forward, it is essential that we are more targeted in how we use both natural and artificial fertilisers to get the best out of our land. We know that grass as a carbon sink can help reduce our carbon footprint but can see the decline in grass quality that has arisen partly as a result of restrictions on types of fertilisers applied.

The message is clear. We need to develop a “best in class” environmentally sustainable model for production that strikes a balance between carbon emissions, water quality, biodiversity and farm profitability. Research is well advanced at the Agri-Food and Biosciences Institute here on the major factors impacting environmental sustainability and how to measure them.

We must use this knowledge to develop practical actions for a production system that will be renowned globally for healthy, natural produce processed in an environmentally friendly way.

### **Achieving Sustainable Growth**

Genetic research has moved rapidly in the last few years with the focus now being on the mapping of the genetic code of stock to better understand how to switch on high performing genes that will drive

animal welfare, productivity, feed efficiency, and will assist the battle against animal disease.

This research is expected to lead to a further leap in food production efficiency as the yield per animal increases and as animals mature much earlier in their life cycle. Parallel developments in nutrition to increase genetic performance will see continued significant reduction in both carbon emissions and animal waste per kilogram of meat or litre of milk produced.

The poultry sector has led the way in carbon reduction through genetic selection and targeted nutrition feeding for performance. The lack of improvement in beef and lamb carbon reduction correlates closely with the lack of productivity in those sectors.

There is a clear need for science to support the development of optimal livestock production models, including many of the techniques applied in the poultry sector. Housing and environmental conditions for good feed conversion into meat ratios (FCR) and balanced growth rates must be developed and understood by each sector.

### **Lowering Our Carbon Footprint**

The extension of the gas network to the West of Northern Ireland, where a substantial proportion of Agri-Food processing takes place, will provide significant opportunities to reduce our carbon footprint and improve the economic viability of the food processing industry.

Another challenge to be addressed is the impact on farming land from Government support of renewable

energy. The drive towards energy crops carries a risk of greater competition with food production. Meanwhile, opportunities for larger biomass combined heat and power (CHP) plants converting waste into energy remain on hold as larger scale plant incentives, available elsewhere in the UK, have yet to be made available in Northern Ireland.

It is essential that Government seeks to support technologies complementary to agricultural production rather than in competition with it. In moving to a low carbon economy it is necessary to facilitate the investment in low carbon technologies through the Renewable Obligation Certificates (ROCs). However, policy must ensure we do not end up paying for it twice, a second time through more expensive food from competition for arable land between food production and energy crops. The expansion in forestry in less favourable land areas will provide a valuable and sustainable source of biomass and increase biodiversity.

### **Sustaining Healthy Nations**

Food businesses play an important role in public health. The obesity epidemic sweeping the western world is a rising concern and cost incurred for treatment of this condition and related diseases such as type 2 diabetes. Added to this is the danger of food contamination arising from environmental factors as new land is harvested and new sources of water are sought, or deliberate adulteration of the food supply for profit.

The natural process that represents food production here, combined with some of the highest regulatory standards in the world that underpin what we produce, can and does deliver great value to our consumers and can be a very strong point of differentiation in our markets.

The Northern Ireland Obesity Prevention Framework 2012-2022 reflects the desire to create *A Fitter Future for All*. The Framework recommends action by manufacturers to assist this objective. Simple changes can benefit the consumer.

Building upon these ideas and the natural healthy qualities of our food production, we have the opportunity of a fourfold response to differentiate further the healthy attributes of our produce.

### **We must:**

- Develop alternatives to the ingredients in further processed food that will deliver healthier meals;
- Build upon significant research carried out globally on the improved health attributes arising from high forage systems, to capture the improvement in healthy eating value that may exist in our current or future grass based systems; and
- Be first to commercialise the outcome of global research into nutrition for health in animals into healthy nutrition for the consumer.

## Recommendations

- AFBI/DARD/Northern Ireland Environment Agency and industry must develop an economically viable model for sustainable production, delivering on improved on-farm profitability from more efficient use of resources;
  - Government must ensure a robust scientific base for the measurement of greenhouse gas emissions to promote Northern Ireland as a low carbon location for food production within Europe;
  - Government must commission research into measureable, best practice systems for sustainable intensification on-farm, building upon previous work to underpin and promote sustainability as a cornerstone of the Northern Ireland Plc brand and learn from Bord Bia experience with the Origin Green brand.
  - Research centres must develop the capability to:
    - Translate genetic improvements in ruminant livestock to the Northern Ireland grass based system;
    - To assist industry in translating the research for mono gastric improvements into practical, deliverable outcomes;
    - Support development of healthy eating alternatives to processed food ingredients; and
    - Support the R&D necessary to deliver improved human health through developments in animal nutrition.
- Government must develop a strategic regional land management policy to determine the most productive use of our limited land. This should identify areas best suited for specific agricultural use whilst maintaining and enhancing environmental sustainability;
  - New Agri-Environment Schemes must be aligned with the sustainability agenda for agriculture, including the promotion of increased woodland, and promote biodiversity within our production systems as part of our overall brand image. This should incorporate clearer recognition that, in some instances, producers are being rewarded for the production of public goods as well as food;
  - Government must accelerate extension of the gas network into the West of Northern Ireland to reduce our carbon footprint and cost base and identify ways of improving security of supply in the wider marketplace.
  - Government must review incentives for renewable energy and ensure policies are complementary to the Agri-Food industry rather than in competition with it;
  - Government must fast track a solution for poultry waste into energy, recognising the environmental benefits and remove a key uncertainty over the growth of the Agri-Food industry in Northern Ireland; and
  - The Agri-Food industry must grasp the opportunities that healthy eating offers and work with public health nutritionists, policy makers and the local research base for healthier, moderate portion size products that respond to consumers' demands for healthy eating.

# Innovation, Entrepreneurship and Skills

## Overview

Agri-Food progress is fostered through new product and process development. As a result, the achievement of our growth targets depends on innovation, entrepreneurship and skills throughout the supply chain.

The nature of the Agri-Food supply chain is such that SMEs and large businesses working together to deliver innovation throughout the chain will provide the environment to sustain and nurture this activity and ensure that innovation will be market focused and strategic.

Whilst much of what was contained in the Matrix report *“Agri-Food, Creating the Climate for Growth”* is still relevant four and a half years on, the growing focus on supply chain innovation, food security and environmental sustainability will require changes to reflect this Strategic Action Plan and to ensure innovation implementation is aligned with this document.

## Innovation

Investment in Research & Development (R&D) and innovation is widely recognised as a key mechanism to achieve greater economic growth. This is supported by OECD research<sup>3</sup> and numerous international, European and local strategic reports<sup>4</sup>. The benefits for individual businesses undertaking innovation include improved productivity, greater efficiency, enhanced response to customer need, faster turnaround times, increased value-

added through improved product design/quality, waste reduction, and compliance with EU or other regulation.

## Challenges and Priorities

While there is an accepted need for ongoing investment in research and development in the industry to guarantee healthy food, maintain food safety and promote innovation, Northern Ireland’s R&D investment as a whole is still significantly behind top performers, including Finland, Sweden and the US, as well as the Republic of Ireland. In 2011, Food, Beverages and Tobacco accounted for 7% of manufacturing R&D<sup>5</sup>. However, innovation is about much more than R&D. It includes skills, design, branding, training, new business models and strengthened leadership reflected in the creation of overarching unified groups responsible for R&D, skills, marketing and industry. The most recent Community Innovation Survey (CIS) showed that less than a third of food businesses here are innovation active.

Local businesses already receive support for R&D and innovation from Northern Ireland and UK Government sources through a number of mechanisms. These include Technology Strategy Board calls, R&D Tax Credits, Innovation Vouchers, Grant for R&D, collaborative networks, DARD-funded research at AFBI, postgraduate studentships and the Research Challenge Fund. In the current economic climate, local research budgets are limited. Greater collaboration is essential. To enable the industry to access new and emerging

<sup>3</sup> OECD (2003), *the Sources of Economic Growth in OECD Countries*, OECD, Paris

markets, we must look to all sources, including Europe, for financial assistance. However, there is confusion about what activity is supported and how to access it.

Close collaboration and communication is needed within the industry and between the industry and researchers, including public-private partnerships. Collaboration with Great Britain/Republic of Ireland would avoid duplication by Northern Ireland businesses. Establishment of the industry-led Agri-Food Competence Centre for collaborative, market-led, pre-commercial R&D has also been significantly delayed. As well as funding new research, businesses need to be able to exploit the wealth of research already available in the local, national and international research arena. Feedback from stakeholder engagement suggests a need for more effective knowledge transfer and exchange mechanisms.

#### Recommendations - Innovation:

- There must be a doubling of draw down of European funding in support for Agri-Food innovation over the next three years (2014-2016);
- All Agri-Food innovation funding must be under the control of one dedicated executive and board which must work closely with Matrix to ensure consistent approach across the industry. This organisation would align strategic industry priorities with R&D provision within the local innovation infrastructure; and
- Bureaucracy must be reduced to enable the industry to get ahead of its competition in pursuing new opportunities. Government must work to convert this belief into a reality and as a first step open the Agri-Food Competence Centre for business without delay.

#### Entrepreneurship

In the Northern Ireland Government's Economic Strategy, *Priorities for Sustainable Growth and Prosperity* analysis of our economy indicates a weakness in the low levels of entrepreneurship but strengths in the Agri-Food industry which has continued to perform strongly throughout the recession. Ultimately it will be companies, the workforce and other organisations that will make the necessary investments to increase employment and wealth. However, the Government has an important role to play in setting the framework for growth and outlining the necessary actions to stimulate growth in areas such as innovation, R&D, skills, education, exports, Foreign Direct Investment and entrepreneurship. This also means identifying and supporting business growth in areas where there is the greatest potential.

Entrepreneurship within existing businesses and in new start up companies is essential for growth. We have a thriving artisan food sector in particular which must be encouraged and assisted to grow faster and in terms of sales, product and size of individual businesses. There is the opportunity to ensure that the sector has the support it requires.

Investment in innovation, entrepreneurship and skills is the key to greater economic growth.

<sup>4</sup>including the EU 2020 Strategy, the BIS Innovation and Research Strategy for Growth (December 2011), the Independent Review of Economic Policy (IREP), the Northern Ireland Executive's Programme for Government and Economic Strategy

<sup>5</sup>There is no statistical breakdown available for farming and fisheries spend on R&D&I.

### Skills

The Government's vision for the local economy is based on a sustainable and growing private sector with a highly skilled and flexible workforce, operating in productive and innovative businesses that are competing in global markets.

The Board welcomes the recent DEL report *Success through Skills - Transforming Futures Employer Engagement Plan*, published in March 2012. Based on this report and research commissioned from Oxford Economics, aspirational growth in new high growth potential sectors and further investment in sectors which underperformed in the recent past, would deliver annual job creation of 10,000 jobs per annum. In addition, there would be a high level of replacement demand, more jobs in priority sectors, and increased value to the economy. Agri-Food can be central to delivering on these jobs and output value, but it must be geared up to train its workforce and leaders, and Government must also support its endeavours in delivering on training needs and promoting the industry.

### Challenges and Priorities

DEL, DARD and Invest Northern Ireland established a *Future Skills Action Group* (FSAG) to bring together key stakeholders to help address skills issues within the food and drink processing industry. In June 2012, the FSAG launched its two-year Action Plan focusing on:

- Skills provision to improve the skills of the workforce;
- Industry attractiveness especially for third level entrants; and
- Better coordination of new and existing work in skills with stakeholders.

It is also important that the skills needs of the farming, fishing and forestry industries are similarly assessed and catered for to deliver on our strategy.

### Key challenges on skills

- A poor perception of the industry, lack of understanding of agriculture and food production, lack of awareness of the career options, and difficulty in recruiting graduates, particularly those with scientific and technical skills. We must position ourselves as an attractive career option - from semi-skilled to technical to business management, with opportunities for graduate talent;
- Management and leadership training must be enhanced and industry must increase their uptake of the support on offer;
- There is a need for business skills in the industry, both at primary and processing levels - cost analysis, commercial viability, and application of technical skills;
- A lack of marketing skills and failure to appreciate the need to meet or exceed customer expectations, throughout the supply chain; and
- The need to better harness the fresh talent at Further Education Colleges, Universities and CAFRE through apprenticeships opportunities, both on-farm, in the factory and in skilled occupations such as the bakery sector.

### Recommendations - Skills

- All Agri-Food skills and entrepreneurship development must be the responsibility of a single dedicated group which must match provision to requirements;
- Agri-Food must be introduced into the curriculum at pre-school, primary and secondary level to enhance the understanding of agriculture and food. The scope for development of primary and secondary level curriculum based training in agriculture and food to GCSE exam level must be examined;
- There should be a significant increase in training places in Agri-Food at all levels. We will commit to:
  - Provide placements for all industry trainees including farm apprenticeships/farm management development opportunities for those currently being trained in CAFRE, as an integral part of their development; and
  - Provide training to career staff on Agri-Food training opportunities;
- Resource and expedite implementation of the Food and Drink Future Skills Action Group (FSAG) Action Plan;
- Establish an action group to reassess on-farm training needs (in conjunction with FSAG) and develop a holistic action plan for skills development in the farming and fishing industries; Support industry to ensure supply of skilled staff; and
- Provide ICT skills development and infrastructure on farms to support the implementation of revised business models.

Regulators and industry must develop an agreed regulatory environment.

# Better Regulation

## Overview

Regulation plays an important role in maintaining food safety and security, food hygiene, health and safety at work and the promotion of safe working practices on farms. As a small region, Northern Ireland has the potential to be agile in responding to market opportunities. This should mean fewer layers of bureaucracy for companies in converting market opportunities into jobs and economic growth.

Good regulation in a small region will not only advance best practice but will also help project a positive environmental, healthy and safe food image for our produce.

We welcome the positive approach adopted to regulatory reform in the Northern Ireland Economic Strategy and acknowledge that Government has taken steps towards ensuring that a proportionate, informed approach is adopted to the regulation of Agri-Food businesses. However, we remain concerned that the industry continues to be impacted heavily by overly bureaucratic regulatory obligations, especially in planning.

## Environmental Regulation

The Board welcomes the search for international experience in the Environment Agency. We would encourage benchmarking of global best practice in delivering value rather than cost in improving the environmental footprint. We will work with the agency on delivering a shared vision of an environmentally sustainable industry.

## Planning

A lean planning function with experience and skills appropriate to the Agri-Food industry and clear direction on the industry's needs is required to give due weight to the employment and economic value of decisions, in parallel with the other considerations.

## Recommendations

- Regulators and Industry must engage in order to develop an agreed regulatory environment which adds value, is proportionate, informed and has a risk-based approach to regulation;
- Greater weight should be applied to Agri-Food applications reflecting the industry's strategic importance;
- A Code of Practice must be developed for implementation of regulations that impact industry;
- Industry must speak as one representative body in discussions with regulators;
- Government must work with the industry in practical and proportionate regulation to ensure consumer value rather than cost to the industry;
- Government must revise current planning and IPPC application procedures and priorities to ensure the speed of successful processing of Agri-Food applications is equal to, or better than those in Great Britain. This revision should also put strict limits on the time taken by other Northern Ireland Departments which are consultees to the process;
- Government departments must benchmark their application of legislation and standards internationally to identify best practice in cost effective regulation;
- The NIEA must develop an advisory arm similar to the successful model developed and implemented by The Health and Safety Executive (Northern Ireland) which encourages compliance by a partnership approach rather than by prosecution; and
- Information required for regulation and control must be gathered using agreed protocols and be as efficient as possible.

# Financing Growth

## Overview

The capacity for farm businesses and food companies to access suitable finance to fund their business plans will determine if targets for growth are achieved.

## Bank Funding

Feedback from the industry reports significant on-going difficulties with:

- General availability of funding from banks to support expansion projects;
- The timescales in accessing funding;
- The approach of banks to land valuation for security purposes; and
- Securing the necessary overdraft facilities for working capital.

The vast majority of our businesses are small and medium sized enterprises, many of which are family owned. Of the estimated 400 food processing businesses here only 20 have annual turnover in excess of £50m, and of the 24,436 farm businesses in 2011 only 1,518 are classed as large. They are typically conservative in nature and, historically, financial support schemes and bank lending have represented the main sources of funding. While alternative funding mechanisms are available (often involving equity finance), the size of businesses and the level of profitability render this option unsuitable in most cases. Adequately funded support schemes and a properly functioning banking sector are therefore vital to industry's growth.

The Board recognises and endorses the recent report by The Economic Advisory Group, *Review of Access to Finance for NI Businesses*, published in March 2013.

## European Union Funding

EU funding has been a valuable source of support in the growth of the Agri-Food industry, through DARD's Rural Development Programme (RDP), and through DETI/Invest NI assistance for food processing businesses. It is anticipated that the next RDP and other EU programmes will provide an important vehicle for delivery of this Strategic Action Plan.

However, the EU Commission now considers Regional Aid to be more distortive than other types of support and wishes less but better targeted State Aid. With effect from January 2011, the support rates available to our companies through Selective Financial Assistance fell. It is likely that there will be further reductions, and some types of support may disappear completely.

In addition, the total EU Budget for 2014-2020 agreed on 8 February 2013 is down some 3.7% and both pillars of the CAP budget also reduced in real terms. Final agreement is not expected before July 2013.

## Taxation

Corporation Tax: Reducing Corporation Tax to match the Republic of Ireland's 12.5% rate would help create 58,000 jobs in Northern Ireland, according to analysis produced by the Economic Advisory Group. Accordingly, the *Programme for Government and Economic Strategy* contains a commitment to secure

Government must put in place an Agri-Food fund to support rapid investment in the industry.

Government must support the industry's growth by funding moves to improve competitiveness and productivity.

this power. We support this objective, believing that it would remove an existing competitive disadvantage with our main competitor (Republic of Ireland) and create additional funds for reinvestment.

The current inheritance tax and capital gains tax regimes inhibit land owners from entering longer term land tenure arrangements with active farmers. The uncertainty created around the resultant conacre type letting system acts as a barrier to longer term business planning and securing finance from lenders.

### Recommendations

Government must:

- Identify £250m over three years to fund financial and advisory development support for a new Farm Business Improvement Scheme. The objectives of the scheme would be to improve competitiveness and productivity in primary production, through increased efficiency, upskilling on-farm, farm modernisation and a commitment to working with supply chain partners to improve performance and profitability. The support would be tiered to reflect the degree of engagement in business planning, physical and financial performance management, utilisation of performance recorded breeding stock, business improvement activities and so on;
- Review and identify the key factors within the regulations governing Single Farm Payment, inheritance, income tax, land tenure and conacre that prevent more effective use of agricultural land;
- Put in place a facility to provide "security of last resort" to meet the Bank security requirement for those partners in a sector scheme who are seeking to invest as part of their commitment to their supply chain partners;

- Expand the scope and funding and simplify the Agri-Food Processing and Marketing Grant (PMG) and the European Fisheries Fund (EFF) Programmes to maximise uptake within EU rules. Rates should be on a par with other UK regions and the Republic of Ireland. Locally set criteria should be reviewed with industry;
- Retain the Selective Financial Assistance Scheme to support investments in large businesses outside the scope of the PMG Scheme;
- Create a specific expert resource with an objective of securing 0.5% share of the EU Innovation Funding Programme;
- Engage with "Capital for Enterprise" (CfEL) and participating Northern Ireland banks to promote the Enterprise Finance Guarantee scheme to the Agri-Food industry and encourage greater uptake. A "Sources of Finance", including European sources, reference guide should be compiled and promoted to Northern Ireland businesses;
- Agree with the UK Government on devolving the power to vary Corporation Tax in a timely and affordable manner;
- Commission a review of the impact of current lack of tax relief available for agricultural building allowances and develop a case for the introduction of 300% capital allowances for capital investment in the Agri-Food industry. This review should consider the potential of achieving this by designating all of Northern Ireland as an Enterprise Zone for tax purposes and expanding the relief available within the Zone to include first year allowances on expenditure incurred in relation to agriculture buildings;
- Examine the bureaucracy surrounding access to funding, and bring forward proposals to simplify the process; and
- Put in place an Agri-Food Fund to support rapid investment in the industry.

# Food Fortress

## Overview

Northern Ireland's geographic position presents a significant business opportunity that can be harnessed to accelerate the growth of the local Agri-Food industry. Our island position offers natural protection for food production here that can be deployed to set us apart from competitors.

As well as its geographic position, Northern Ireland's other strengths include a reputation as a supplier of wholesome food with the provenance that comes from the values of the local farming industry in areas such as animal husbandry and effective land management and the focus of producers on the highest hygiene and safety standards.

Our commitment to a fully integrated supply chain, which underpins this Strategic Action Plan, and the determination to protect the chain from any risks associated with imported livestock and raw materials adds significant weight to this substantial business opportunity.

Recent food scares, including the horsemeat scandal, have impacted the confidence and trust among consumers in some foods. As a result of this, buying decisions are no longer being driven primarily by affordability and price.

In addition, consumers are more aware of the risks of the globalisation of supply chains and are increasingly seeking products from 'local' sources. Retailers are now responding positively to this developing trend.

The challenge facing the industry is to harness this opportunity and to ensure that retailers recognise and reward producers delivering safe, natural, and wholesome produce while also working to high animal welfare, environmental and quality standards, the key characteristics underpinning the local industry.

The horsemeat scandal is an example of a wider challenge that, as scientific knowledge advances, the ability to test for authenticity and safety will heighten awareness and concern about potential risks. Further, with the trend towards opening new lands for cultivation around the world new risks include natural contamination from soil, pesticides, animal disease, naturally occurring toxins and some chemicals.

Aligning the traditional values and reputation of our products with demands from consumers must be a key objective of our strategy going forward. Consumers, furthermore, must be encouraged to recognise that food from a supply chain that does not compromise safety and quality is likely to be more expensive.

If value is to be placed on protecting the reputation of our industry and the standing of all our products, retailers and consumers must ensure that those involved in the efficient production, processing and distribution of safe, healthy and high quality food must be rewarded. Only then will we have a long term food security which consumers and, of course, retailers can really trust.

Huge global opportunities can be exploited by securing our supply chain and guaranteeing the safety and quality of our food.

## Strengths

### Natural Biosecurity

Northern Ireland, as part of an island, has a number of distinct advantages for the production of safe food. Our land has been farmed for centuries and has proven itself consistently a naturally safe source of food.

Prevailing winds from the Atlantic protect our shores from wind borne diseases, such as bird flu from Europe while the sea protects the island from the transmission of land borne threats. Furthermore, most of our imports pass through a small number of well-controlled ports. As a result, we have a food fortress island.

### Challenges and Opportunities

Science can be used to assure the authenticity and safety of inputs into our supply chain. Our goal must be to control risks before they become consumer or livestock welfare issues. We can achieve this and a world-class standing on food safety through a single supply chain that focuses on best practice in the following areas:

- Raw material feed assurance;
- Traceability; and
- Development and implementation of leading edge R&D in screening techniques for contaminants.

Raw material feed assurance schemes for animal feed are now under constant attack globally, both from naturally occurring events that were not anticipated,

or from deliberate attempts by some, to profit from breaching the defences of the supply chain.

The consequences of a breach can threaten the health of our livestock and potentially to the consumer. Our defences, therefore, must be reinforced.

Work is already well-advanced on this by the animal feed industry in partnership with the Institute for Global Food Security at Queen's University, Belfast, with guidance and support from the Institute of Food and Health at University College, Dublin. They are harnessing the potential provided by the latest testing technologies.

Their objective is to develop a structured industry-wide risk based surveillance programme for testing animal feed materials and involves systems to detect contamination levels that will give us a globally competitive edge. There are further opportunities to build on collaboration with the Republic of Ireland.

The techniques being developed are equally applicable for other feed and food ingredients.

### Traceability

Systems to ensure control over the primary production of our livestock have been established over many years. These ensure full traceability of animals throughout the industry. These controls can be further enhanced by the introduction of electronic tagging systems with extensions to current livestock databases including advanced screening techniques.

Genome and DNA sampling across the industry could be included if suitable economic models can be developed. Greater assurance could be ensured by harnessing modern testing techniques through the introduction of a risk based sampling regime and possible compositing of samples.

### Development

Leading-edge R&D has strengthened our ability to screen for contaminants. These techniques have been developed by The Institute of Global Food Security at Queen's University Belfast, now a recognised world leader in these technologies, and are being introduced to the food industry in a progressive manner.

Collaborative development projects on rapid dioxin testing are also underway. However, it is critical that the Agri-Food industry exploits this facility to develop world-class systems throughout the supply chain.

This will enhance and protect our reputation as a source of food and help to position Northern Ireland as the partner of choice for retailers, in particular, seeking to demonstrate a strong commitment to safe food for consumers.

### Recommendations:

- The animal feed sector must implement the recommendations of the Food Fortress feed materials assurance scheme currently under development at the Institute for Global Food Security. Processors must make the new quality standard a requirement of their supply chain;
- Electronic tagging must be introduced as quickly as possible and Government and industry databases extended to include advanced testing data which may include genome and DNA records;
- Government must provide financial support to accelerate R&D and collaborative uptake initiatives making Northern Ireland a world leader in safe food production;
- The Institute for Global Food Security must be commissioned to review the Northern Ireland supply chain and identify further risks and opportunities for collaborative improvement in food assurance; and
- Research must be commissioned immediately to determine more cost effective application of advanced science based testing and thereby to ensure this does not become a barrier to rapid adoption and implementation.

# Sectoral Reviews and Recommendations

Ten industry sector groups, each chaired by a Board member were established to consider specific opportunities, challenges and priorities for the industry's key sectors.

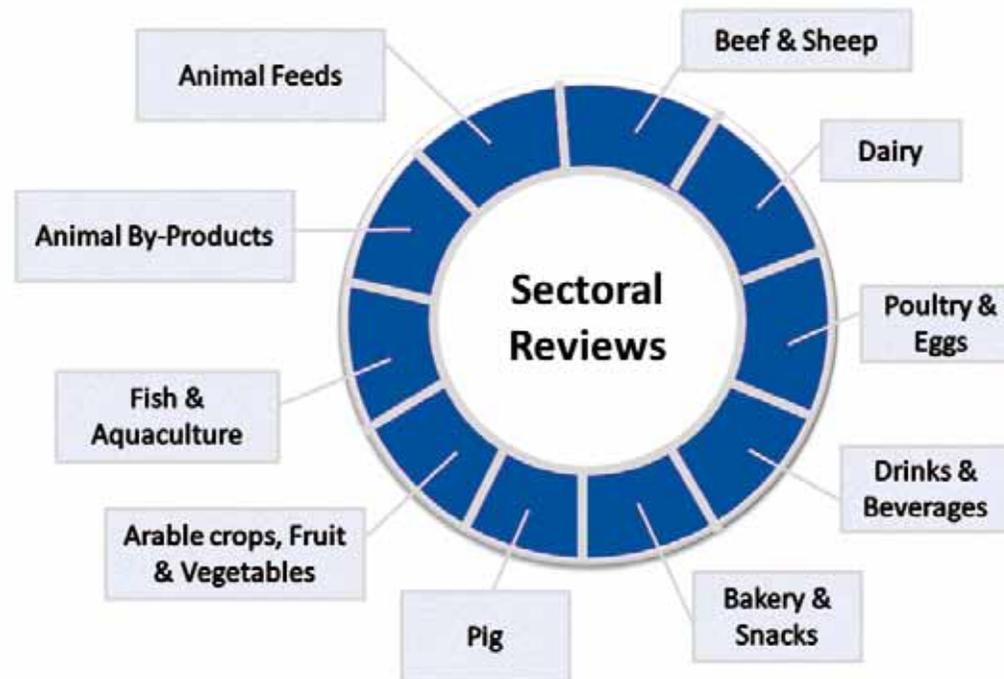


Fig 15: Sectoral Reviews

# Beef & Sheep

## Overview

Beef and sheep meat is the largest sector of the Northern Ireland Agri-Food industry by turnover, which in 2010 stood at £968m (26%) and is estimated to increase to over £1bn in 2011.<sup>6</sup> The size of the suckler cow herd is approximately 280,000 having recovered by 8% over the past three years but still 20% below the peak levels in the mid 1990's. The number of breeding ewes, although having fallen by over 30% during the last decade to 895,000 in 2011,<sup>7</sup> has improved by 5% in 2012. The sector relies heavily on external markets with 72% of sales being outside of Northern Ireland. Great Britain is the most significant external market accounting for 50% of sales. Increased demand for red meat in a wide range of export markets, however, presents significant development opportunities.

The primary production base in Northern Ireland is extremely fragmented with approximately 20,000 beef and sheep farms in addition to approximately 3,500 dairy farms, with dairy origin animals making up almost half the cattle slaughtered for beef. The majority of these beef and sheep farms are very small. For example approximately 50% of beef cows are found in herds with less than 30 animals.

Processing in Northern Ireland is concentrated with the five largest processors slaughtering over 90% of the animals processed. The largest processors are mainly private, family-owned businesses with one owned by a farmers' co-operative. All also carry out secondary processing i.e. boning with some additionally engaged in retail packing.

## Strengths

The quality of livestock and the environment in which it is produced underpins the strong and growing reputation of our local red meat sector. This reputation is reinforced by the long established Farm Quality Assurance Scheme (FQAS) which supports access for Northern Ireland beef and lamb to premium markets in the UK and EU, coupled with the high level of traceability in livestock and livestock products. Our processors, equipped with well invested and accredited facilities, have also developed a strong track record in building business nationally and internationally.

## Challenges and Opportunities

The main challenges faced by the sector emanate from its reliance on Single Farm Payment and the fragmented nature of the primary production base. An industry free of CAP support would be aspirational at this stage, and without adequate support or a significant improvement in market returns, suckler cow and sheep numbers are at risk of decline.

The local climate which lends itself to grass production delivers a natural advantage and creates an opportunity to market local red meat using a clean, green and sustainable image. Our medium term objective must be to develop viable supply chain models and premium market outlets which adequately reward the more extensive grass based suckler beef and lamb production systems. Recognition must also be given to the wider role played by these farming systems in the positive management of more marginal land types.

<sup>6</sup> DARD Size and Performance of the NI Food and Drinks Processing Sector 2010

<sup>7</sup> DARD Agricultural Survey

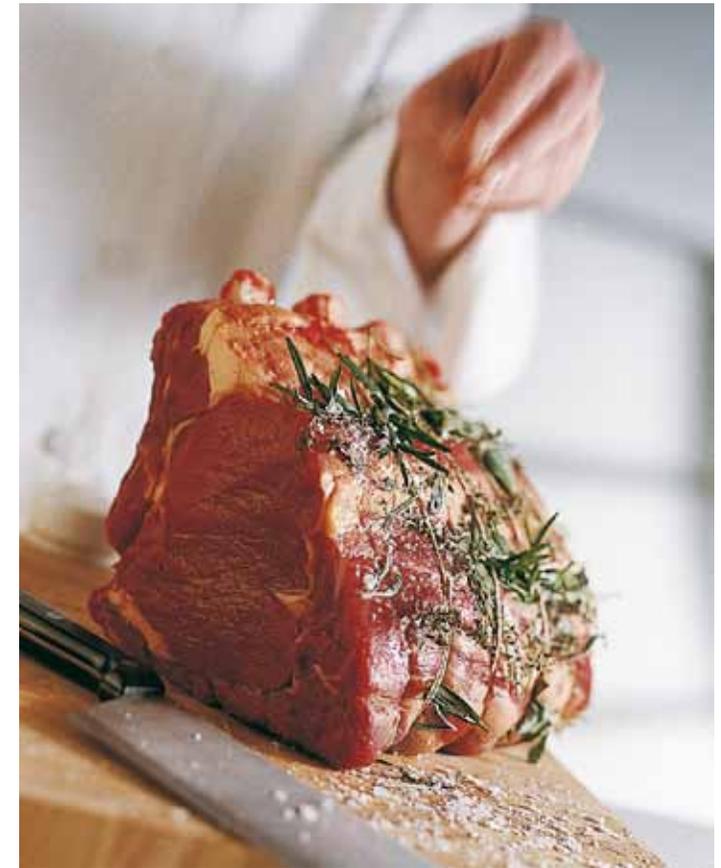


Dairy origin beef presents another significant opportunity to increase and/or add value to the supply of calves for rearing and finishing and overall is expected to become a more important source of raw material for the beef sector in the future. Greater collaboration between dairy and beef producers in relation to calf rearing, heifer rearing and beef finishing should also be considered in more depth.

Further development of supply chain linkages including clearer communication of market signals to influence the nature and type of the cattle and sheep produced will be required to take full advantage of all these opportunities. In addition a renewed focus on genetics and the positive selection of breeding stock in favour of improved performance traits would yield significant productivity gains over time. Enhanced competitiveness must also be a key objective and can be achieved through greater technical efficiency and through greater economies of scale throughout the supply chain.

A progressive beef and sheep sector can contribute strongly to the growth ambitions of the industry. This can only be achieved however through a process of change and a drive to build sustainable and profitable business models focused on delivering the needs of the market.

Beef & Sheep 2020 Targets		
Grow turnover	by 65%	to £1.6bn.
Grow value-added	by 65%	to £191m.
Grow external sales	by 78%	£1.25bn.
Grow employment	by 34%	to 5,000 full time equivalents.



## Recommendations

- Producers must be encouraged to place more emphasis on commercial/performance attributes, e.g. Estimated Breeding Value in the selection of breeding stock;
- Red meat processors must review the current pricing matrix to ensure that price differentials are sufficient to incentivise the supply chain to deliver greater conformity to customer requirements;
- The supply chain must seek to deliver greater economies of scale with a particular opportunity to improve communication, technical input and efficiencies through a higher number of larger scale beef finishing units working in partnership with processors;
- Industry and Government must develop an action plan to double the number of beef and sheep farms actively engaged in physical and financial performance recording over the next five years;
- Support to the red meat sector must be maximised by securing a meaningful level of coupled support in the current CAP review negotiations;
- Protected Geographical Indicator status for Beef and Lamb must be explored, possibly on an all-island basis;
- The uptake and further development of BovIS as an on-farm management tool within the beef sector must be encouraged and its potential development within the sheep sector should be considered including the mandatory registration of sires;
- A new Land & Buildings Improvement Scheme, compatible with Single Farm Payments, must be introduced, to repair/replace or install new field drainage systems or buildings damaged through weather;
- Government and industry must work together to support a range of animal health and welfare measures, including an industry action plan to target a 15% reduction in livestock mortality rates by 2020, an agreed strategy to deliver a significant reduction (and ultimate eradication) of bovine TB and achievement of Brucellosis-free status; and
- Government and industry must work together to speed up the implementation of the TSE roadmap thereby improving access to new markets particularly third world countries.



The beef and sheep sector's reputation for strong quality assurance across the supply chain is a market advantage.

# Dairy

## Overview

In 2010, there were 282,500 dairy cows producing 1.97 billion litres of milk. The sector accounted for 32% (£543m) of gross agricultural output and provided employment on 3,530 farms. The dairy processing sector was the second largest contributor to gross turnover in food and drinks processing with sales of £876m. The sector also recorded the highest rates of growth in gross turnover (+12.6 per cent) between 2010 and 2011, and provided 2,201 jobs. Dairy processing businesses had the highest average level of sales per employee of the 10 sectors in 2010 at £398,000, but the lowest level of profits as a percentage of sales, with an average level of 1.3% of sales.

There are currently 12 main processing companies operating over 14 sites, eight processing 80% of Northern Ireland milk compared to six processing 80% of Republic of Ireland milk.

With a small local market, over 80% of dairy output is sold externally, resulting in a sales mix towards nutrient dense and therefore more easily exported bulk dairy products, mainly milk powders, cheese and butter. Fresh dairy products, such as liquid milk and yogurts, only account for about 20% of total output. Over the past three years an average of 23% of raw milk was exported to the Republic of Ireland for processing.

## Strengths

The average herd size was 80 cows compared to 40 in the Republic of Ireland. The Northern Ireland output per cow is also 40% higher than in the Republic of Ireland. The sector has a good track record and natural

advantages such as our cool temperate climate with plentiful water supply, and grassland ideal for milk production. In addition, the majority of our farms are environmentally sound in terms of water quality and carbon footprint.<sup>8</sup>

Dairy is a well established exporter, especially in milk powders sold globally. It is seeing a growing presence in cheese which can be sold in Great Britain and the EU, with whey by-products exported and sold outside the EU, especially to Asia. The industry, furthermore, sells raw and bottled milk into the Republic of Ireland and butter into Great Britain and the EU.

## Challenges and Opportunities

Following the disastrous 2012/13 season when dairy farmers faced considerable hardship due to a fall in returns, poor weather and higher feed costs, it is essential to rebuild primary producer confidence and to restore margins.

The sector is well positioned to exploit rising global demand for dairy products from a growing world population and increasing affluence and westernisation of diets in developing countries. There are significant opportunities in the infant formula supply chain. There is a need to further develop sales and marketing intelligence and expertise; improve our animal health status; and explore the use of branding.

CAP reform poses particular challenges for the sector. The anticipated reduction in the current CAP budget and significant redistribution of support away from the dairy sector, coupled with a lower level of rural



<sup>8</sup> AFBI research calculates the lifetime GHG footprint of the average NI milk production system as 1.13 kgCO<sub>2</sub>e/litre milk produced (cf: UK 1.14 and Ireland 1.03 -1.5)

development budget spend than other EU countries, present a substantial threat to profitability and growth.

Furthermore, abolition of milk quota provides opportunities to our near competitors and is likely to result in a surge of production in 2015.

Other key challenges for the sector include rising input costs, exposure to market price volatility and variability in performance.

Taking account of these challenges and opportunities, the industry must improve its competitiveness by focusing on optimising the use of grassland and add value by increasing the proportion of solids in milk output rather than liquid volume output. This will improve the returns to both producers and processors.

Better integration is required along the supply chain to achieve market requirement for all year round milk, whilst retaining a profit margin, a lowest cost model, and effective sharing and mitigation of risk.



The dairy sector must invest in improving milk solids and new products such as infant formula.

Dairy 2020 Targets		
Grow turnover	by 65%	to £1.45bn.
Grow value-added	by 65%	to £142m.
Grow external sales	by 80%	to £1.1bn.
Grow employment	by 2%	to 2,250 full time equivalents.
Grow milk solids	by 22%	to 195,039 tonnes.

- Recommendations**
- Industry must provide clear financial incentives for improvement in milk solids and milk quality;
  - Government and industry must encourage greater uptake of innovation and product development by processors, in particular develop infant formula products/ingredients;
  - Government and industry must explore opportunities to extend the ICBF/AHWNI model to encourage industry participation in improving and maintaining animal health;
  - Government and industry must increase participation in benchmarking and widely publicise the results; and
  - Industry must implement the Voluntary Code of Practice on contractual relations.

# Poultry & Eggs

## Overview

Poultry is the largest employer and generates most added-value in our Agri-Food industry. In 2010, it employed 5,232 full time equivalents, over 26% of total employment in the sector.

With an estimated gross turnover of £648m in 2010, the sector represents over 17% of the total gross turnover of food and drink processing. The majority of sales are outside Northern Ireland to key markets, including Great Britain and the Republic of Ireland. Value-added of over £142m (2010) is 22% of the overall value added by the sector.

The structure is highly integrated vertically with one very large company and 12 smaller businesses. The majority of broiler producers have direct arrangements with these processors concentrated in the Armagh, Ballymena, Cookstown, Dungannon and Omagh districts.

Poultry is a highly efficient and sustainable protein and is being increasingly adopted as a meat of choice by ever more health conscious consumers. Global forecasts indicate the growth of demand and production by 1.5 million tonnes in the period to 2020. European markets are also forecasting growth in demand and production, with demand outstripping production and imports increasing.

Recent trends towards local production have been subsumed in the move to British meat by the major UK retailers. This strategic change in direction requires increased production in the UK and Ireland of some 30% in the short term. This far exceeds the current supply base and requires a major investment

programme in UK farming. While the local poultry industry is well positioned to capitalise on this significant growth, the window of opportunity is immediate and pace is critical to secure greater success.

Turkey production is limited by farm capacity but offers a significant opportunity for growth.

Total turnover in the egg sector in 2010 was £89m with 228 people employed. There are 19 businesses with 54% of sales external to Northern Ireland in key markets, including Great Britain and the Republic of Ireland. Eggs offer consumers a nutritious and relatively low-cost protein source compared to other options such as poultry, fish and beef and sheep meat. There are opportunities for growth.

## Strengths

The poultry sector's ability to position itself as local and traceable in all markets throughout the British Isles is a significant advantage. The sector enjoys recognition as world-class and currently operates from a position of strength on the global stage. The significant market shares enjoyed, and the ability to build upon the local processors' reputation and relationship with retail multiples, including several instances of sole supplier status, afford the sector significant opportunity. More broadly, Northern Ireland's excellence in the agricultural element of the value chain, including virtual control of grandparent stock and strategic advantages of biosecurity in feed and through geography and distribution, is a cornerstone of the poultry sector's success and the basis of a significant opportunity for the future.

## Challenges and Opportunities

Issues facing the sector include the disposal of poultry litter within current environmental legislation. Failure to address this issue, specifically the proposals for a long term solution to the problem, threatens the sector's viability.

Around 60% of the cost of producing either meat or eggs in poultry systems relates to feed. Of that, about 60% to 65% of the diet is made up of wheat. Therefore, cereal prices have a massive impact on the unit cost of production of poultry and eggs and the volatility of recent times will continue to challenge the supply chain.

Financing and planning permission are needed for construction of around 350 poultry houses over an 18 month period to assist the sector meet market growth and the targets in the Strategic Action Plan. Immediate and meaningful support by Government would be a strong show of confidence in the sector and would offset the uncertainty surrounding the disposal of poultry litter, demonstrating confidence that the R&D process will deliver a long term solution.

### Poultry & Eggs 2020 Targets

Grow turnover	by 70%	to £1.25bn.
Grow value-added	by 70%	to £262m.
Grow external sales	by 77%	to £1.05bn.
Grow employment	by 23%	to 6,700 full time equivalents.



### Recommendations

- An urgent solution and interim arrangements must be agreed immediately for the treatment of poultry litter;
- Government must inject pace and commitment into the action plan in this area to secure growing demand in Great Britain;
- Government must put in place a proportionate advisory team to service poultry farming development; and
- Government must put in place a dedicated support scheme to assist rapid investment in this sector to ensure an integrated approach with all relevant Departments/ Agencies such as DOE and Invest NI.

Poultry is an ideal role model of a highly integrated and successful sector.

An urgent solution for poultry litter must be found quickly to help ensure the industry's growth.

# Drinks & Beverages

## Overview

The Drinks and Beverages sector is defined as all alcoholic and non-alcoholic drinks manufacturing businesses in Northern Ireland. The main products are soft drinks, beers and whiskey, and tea and coffee.

Latest figures, for 2010, indicate that the sector contributed 9.3% (£350m) and 13% (£79.5m) of the total turnover and value-added in the food processing industry respectively. While there are approximately 32 companies in the sector, it is driven by the three largest companies which account for almost 85% of turnover and two-thirds of employment.

Decisions by any one of these three businesses, in relation to their strategies, including the commitment by the international companies to Northern Ireland, therefore, could have a disproportionate impact on both the scale of the sector and its potential for growth (or decline) in the next five to 10 years.

It is, therefore, critical that support is put in place to encourage the retention and growth of these businesses and thereby underpin their contribution in turnover, the total value of products and services, and employment.

The remaining 15% of turnover and one third of employment are spread among 29 businesses, of which 11, or 37% of the total, are micro-businesses with turnover of less than £100,000 per annum and accounting for just 1% of total employment in the sector.

Turnover and value-added within the sector has flat lined or marginally declined in real terms in the past five years to 2011. This performance is also a mirror reflection of performance in the previous five years to 2006.

## Strengths

As the sector is characterised by three large scale players, there is strength from their maturity as organisations, sophistication in their processes, and financial underpinning to secure their continued contribution to the economy.

The sector has traditionally encouraged product innovation and development but now needs further support to aid innovation and development, and to create the platform for profitable and growing businesses in the future.

## Challenges and Opportunities

Overall, the opportunity and challenge is to develop a strategy which seeks to grow the sector through a tiered approach focusing on:

- The top three (international) players which have turnover greater than £20 million per annum;



- Medium, small and micro businesses which have turnover greater than £500,000 per annum but less than £20 million. These businesses have established traction, and are capable of sustainability and growth; and
- Small and micro businesses which have turnover less than £500,000.



#### Drinks & Beverages 2020 Targets

Grow turnover	by 29%	to £450m.
Grow value-added	by 28%	to £102m.
Grow external sales	by 35%	to £280m.
Grow employment	by 19%	to 1,400 full time equivalents.

#### Recommendations

- Government must recognise the impact of the largest companies within the sector and ensure its future success by engaging regularly with them to safeguard their position in Northern Ireland and to create opportunities for further growth. This programme must be supported by a business solutions strategy focused on sustainability and capability development;
- Government must encourage the creation of three export focused new brands within the medium, small and micro group, and build new support mechanisms that aid the development of the sector in the areas of market intelligence and formal and informal collaboration; and
- Alcoholic beverage licensing laws, as they affect alcohol producers, must be reviewed to create a level playing field with Great Britain.

Large companies are key to the sector's growth.



# Bakery & Snacks

## Overview

The Bakery and Snacks sector includes the production of bread, bread products and pastry, fresh, frozen and long-life.

The sector is a very strong contributor to Agri-Food in Northern Ireland. In 2010, turnover was almost £260m or 7% of the total Agri-Food processing industry, of which over £100m represented sales outside Northern Ireland. It is among the largest employers, with 3,400 full time equivalent employees or 17% of the Agri-Food processing industry. The sector also contributes £90m in value-added or 14% of the entire industry.

While many of the key ingredients for its products are imported, the sector remains well-established and traditional, with a range of processors and flour mills operating across Northern Ireland and across the full range of products.

The sector has a wide base of producers, including 75 businesses with turnover of more than £250,000 per year and seven large companies enjoying turnover of between £10m and £50m per year. It remains very competitive with innovation key to its success.

## Strengths

The Bakery and Snacks sector includes a number of successful artisan companies producing high quality and unique products. Opportunities for niche products, such as gluten-free, and the ability to export products will be the key to its future success.

The workforce is skilled, flexible and highly dedicated.

There remains further capacity to increase production locally and internationally.

## Challenges and Opportunities

Reinvestment is needed in new and efficient plant/machinery to help maintain and improve competitiveness. Industry consolidation would also help to improve competitiveness and develop efficiencies for customers and businesses alike.

The cost of raw material input prices fluctuates widely, increasing the need for flexibility of pricing and cost-recovery with retail outlets.

The relatively short shelf-life of bakery products limits the markets that the sector can practically reach. Innovative improvements in shelf-life will have a dramatic impact on the potential destination countries the sector can reach and exploit.

There is a lack of flour milling on the island of Ireland. The only three operating mills, of which two are in Northern Ireland, must be protected. To lose any of these mills could dramatically impact the sector and lead to a heavy reliance on importing key bakery ingredients.



Bakery & Snacks 2020 Targets		
Grow turnover	by 73%	to £445m.
Grow value-added	by 73%	to £156m.
Grow external sales	by 141%	to £245m.
Grow employment	by 20%	to 4,100 full time equivalents.

#### Recommendations

- The Bakery and Snacks sector must increase the level of product innovation, including shelf-life, to help deliver greater export opportunities, and process innovation to develop more efficient and co-operative product distribution models, and implement cost reductions;
- Government must provide direct funding for innovation with priority given to new projects designed to build export potential, reduce costs, create efficiencies and encourage collaboration;
- Skills within the sector, including apprenticeships, must be enhanced by building upon the investment which Invest NI and DEL provide; and
- Energy costs must be reduced, with support from organisations including the Carbon Trust.

The future success of the sector requires greater investment in innovation and skills.

# Pig

## Overview

The Pig sector has recently emerged from a rapid contraction and restructuring resulting in consolidation into a smaller number of businesses driving vertical integration.

## Strengths

Modern operations have technical efficiencies from sow productivity and feed efficiency and the practice of focusing on the breeding operations, delivering improvement in animal welfare and mortality rates.

The outsourcing of finishing, while still controlling nutrition, is important. As a result, local pig producers are efficient compared to most other EU countries, but are slightly behind their main competitors in Germany, The Netherlands and Denmark.

## Challenges and Opportunities

British multiples seeking assured welfare requirements offer an opportunity to capture business and value.

Decline of pig production in England, which has fallen over 30% since 2000, offers scope to build sales there, capitalising on rising concerns among British supermarkets of the risks associated with supply chains stretching beyond the British Isles. However, commodity price squeezes and delays by supermarkets in recognising cost increases pose problems for the sector.

## Pig 2020 Targets

Grow turnover	by 48%	to £360m.
Grow value-added	by 19%	to £37m.
Grow external sales	by 57%	to £240m.
Grow employment	by 7%	to 1,400 full time equivalents.
Grow sow herd	by 40%	to 53,000.

## Recommendations

- Government and Industry must provide a resource dedicated to deliver the recommendations of the Cogent Report 'Review of the Northern Ireland Pig Industry'. They should fund an industry representative body to oversee the implementation of the recommendations;
- Government and Industry must appoint an independent veterinary expert to provide strategic oversight of the health of the pig herd and to advise on appropriate corrective action;
- Processors must provide incentives to producers who participate in benchmarking;
- Government and Industry must define a pilot scheme to prove the viability of the business models discussed and agreed with AFSB;
- The sector must engage an independent advisor to assist in further developing an integrated supply chain model to allow producers the option of entering into such a model; and
- Producers intending to expand beyond IPPC thresholds must consider remodelling the supply chain with sow and rearing units on separate sites to facilitate growth while complying with IPPC requirements on environmental and welfare compliance along with improved disease control.



Producers must be encouraged to participate in benchmarking.



# Arable Crops, Fruit & Vegetables

## Overview

The Arable Crops, Fruit & Vegetables sector is diverse and comprises Cereals, Potatoes and Horticulture.<sup>9 10</sup>

Production comprises a majority of small farms (<10ha) with a small number of large farms. In 2011 17% of farms produced arable or horticultural crops, accounting for 5% of the total area farmed. Barley is the main crop grown followed by wheat, potatoes, oats and oil seed rape. Combinable crop production (cereals and oilseeds) comprises approximately 3.5-4.0% of land area, accounting for 3.3% of gross agricultural output, and with a farmgate value of approximately £32m.<sup>11</sup>

Horticulture has around 542 growers, with a farmgate value of around £71.7m.<sup>11</sup> Less than 1% of Northern Ireland's land area is used for growing potatoes contributing 1.5% of Northern Ireland's Gross Agricultural Output, (£23 million).<sup>11</sup> Around 12% of farms are responsible for producing around 65% of potato output.<sup>11</sup>

Processing ranges from businesses grading and packing fruit and vegetables to those which manufacture products such as potato crisps and excluding wholesale fruit and vegetable operations. The sector has a combined turnover of £221m and employs an estimated 2,000 people. Sales of product outside Northern Ireland accounted for 61% of total sales, but sales beyond the British Isles accounted for less than 1%.

## Challenges and Opportunities

Growers need assistance to enable them to develop their businesses and ultimately to be able to supply processors in this sector. This requires investment in plant, machinery and equipment, as well as in people, with the provision of training in agronomy, business skills, and effective benchmarking.

Factors such as health, convenience and the demand for premium products continue to present opportunities for processors. There is an onus on the sector to innovate continually, developing new products for the marketplace that set them apart from their competitors. For growers, there are opportunities to build on the health benefits and quality of their produce, to invest in R&D to expand the product range, systems and technologies used and to extend the season.

There is also scope for improved technical efficiency on-farm across all the growing sectors. It is likely that a limited number of specialist growers will operate sophisticated models that are adaptable to market needs and are supported by expert agronomists to improve yield and quality.

The sector is mature and can be vulnerable to challenges from commodity prices and climate.

Opportunities exist for glasshouse production linked to power stations.

<sup>9</sup> Horticulture includes Production Horticulture (food) such as field vegetables, mushrooms, protected crops and fruit crops; Production Horticulture (non-food) such as nursery stock, cut flowers/foilage and Christmas trees; and Amenity Horticulture Services which includes new work and maintenance associated with hard and soft landscaping, and turf-grass.

<sup>10</sup> Forestry has not been captured under this sector.

<sup>11</sup> 'Review and Strategic Priorities for the Development of the Horticulture Industry in Northern Ireland, July 2012', The Horticulture Forum for Northern Ireland.



### Arable Crops, Fruit & Vegetables 2020 Targets

Grow turnover	by 76%	to £390m.
Grow value-added	by 100%	to £114m.
Grow external sales	by 82%	to £245m.
Grow employment	by 44%	to 2,900 full time equivalents.

### Recommendations

- Government and the sector must undertake research to assess the opportunities to grow and process crops on an all-island basis to achieve the scale necessary to invest in processing capacity;
- Government must develop a support scheme to encourage investment in the planting of new orchards and replanting of existing orchards together with other crops that require high investment but have long delay before viable production is achieved;
- Structured and focused capital funding for the construction of specialist buildings, including protected growing structures such as glasshouses and polytunnels, must be put in place, where such activity would result in improved competitiveness and productivity in growers' businesses;
- Government must review how research for the arable crops and production horticulture sectors is prioritised and funded;
- Government must increase development work with growers to support agronomy training and enterprise benchmarking to encourage efficiency, profitability and business competitiveness;
- An all-island Plant Health Policy must be agreed during 2013 and vigorously implemented;
- Support must be provided to assist the development of better integrated production and marketing along the arable crops and commercial horticulture supply chains; and
- Government must reconsider the rating of certain farm buildings.

Research to assess opportunities to grow and process crops on an all-island basis is essential.

# Fish & Aquaculture

## Overview

This sector comprises commercial fishing, aquaculture, processing, and ancillary services.

The Northern Ireland licensed sea fishing sector is primarily concentrated at the three east coast fishing ports of Ardglass, Kilkeel, and Portavogie, where it supports significant levels of employment in both catching and processing industries, and also in ancillary industries in these towns and the surrounding areas. A significant number of small (under 10 metre), vessels also operate from other harbours around the north coast.

The total value of fish landed by local vessels in 2010 was just over £20m, with an estimated £10m in aquaculture production. Processing had a turnover of £67.3m in 2010.

The local fishing fleet depends mainly on fishing opportunities in the Irish Sea and North Channel and is the main UK fishery interest in the Irish Sea. The most valuable catches of the fleet are lobsters and prawns. This is expected to remain the case.

At present there are 81 licensed fish farms on 90 sites, 58 for shellfish and 32 for fin-fish. There is potential to increase production within existing sites. Current species cultivated include Atlantic salmon, brown trout, rainbow trout, mussels and Pacific oysters. There is also a long tradition in Northern Ireland of harvesting Lough Neagh Eels, which have gained PGI status.

## Strengths

The sector has a very long tradition in Northern Ireland and has proven to be robust and resilient in the face of challenge. However, the trend in sea fishing over the last 10 years has been one of decline and a critical issue is uncertainty of supply of fish and other seafood.

It provides excellent quality products that are high in protein and have growth potential.

## Challenges and Opportunities

Reform of the Common Fisheries Policy (CFP), expected to be agreed by the end of June 2013, will have a significant impact on the sector. The reform package includes measures to protect endangered stocks (quotas) and end discards.

The sector is well-placed to take advantage of the increasing global demand for food, particularly proteins. Opportunities exist both in closer to home markets and in the US, Middle and Far East.

Factors which might influence growth in the next five to 10 years include security of supply to enable businesses to plan ahead; adding value to and improving the profitability of the local product, and reducing an over-reliance on a single species (i.e. prawn); and the absence of a readily recognisable brand for consumers.



### Fish & Aquaculture 2020 Targets

Grow turnover	by 34%	to £90m.
Grow value-added	by 45%	to £22m.
Grow external sales	by 36%	to £75m.
Grow employment	by 9%	to 600 full time equivalents.

### Recommendations

- Government must engage proactively with the relevant UK and EU authorities to address the uncertainty of supply, and there must be increased involvement of fishing representatives in discussions about quotas;
- The sector must explore opportunities for increased collaboration and engagement along the supply chain, requiring innovative and original thinking by catchers and processors for mutual sustainability. This may include co-operation along the supply chain and between key players (industry and Government) to secure and service large-scale market opportunities;
- Access must be facilitated to sites, and opportunities fostered for the sustainable development of aquaculture both off shore and along the Northern Ireland coastline, e.g. by providing access to seed and grow mussels and oysters, and to maximise the opportunities presented by the harvesting of seaweed;
- New opportunities should be explored to harness the resource of Lough Neagh for alternative aquaculture species;
- Potential sources of EU funding must be identified which could be used to support the catching, processing and aquaculture sectors;
- Government funding must be made available to aquaculture projects and catchers should be represented at trade shows, where appropriate, to help convey the clean, green, healthy nature of the local product;
- The value-added of seafood here must be increased by providing dedicated access to specialist seafood R&D services, including the DARD-funded research programme at AFBI;

- Government must recognise aquaculture as a legitimate, non-consumptive user of water. The NIEA must take a leading role in improving the quality of inland and coastal waters to support the production of the highest quality shellfish and in supporting fisheries and the sustainable development of aquaculture; and
- Aquaculture must be recognised as an agricultural rather than an industrial activity, in line with planning appeals decisions. This is particularly important given the intention to develop a new planning policy document for the coast.



Government must engage with the relevant UK and EU authorities to address uncertainty over supply.

# Animal By-Products

## Overview

Animal By-Products are generally defined as those parts of an animal which are not intended for human consumption, whether due to:

- Legislation, (Category 1 material) or at risk material such as fallen stock (Category 2 material); or
- Material that is fit for human consumption but not intended for human consumption. (Category 3 material).

## Strengths

Success or failure in any industry hinges on how well the organisation maximises the value of its production. Local further processing businesses have been successful in adding value through further processing into human or pet food products for markets outside Northern Ireland. In the ruminant sector, for example, it has been claimed the human food channel has added an estimated £6 to the value of each ruminant animal slaughtered in Northern Ireland, with the potential to add more if further export markets can be accessed.

The rendering asset base includes very efficient modern plant that can convert ruminant by-products into renewable fuel or energy for export and poultry material into fertiliser.

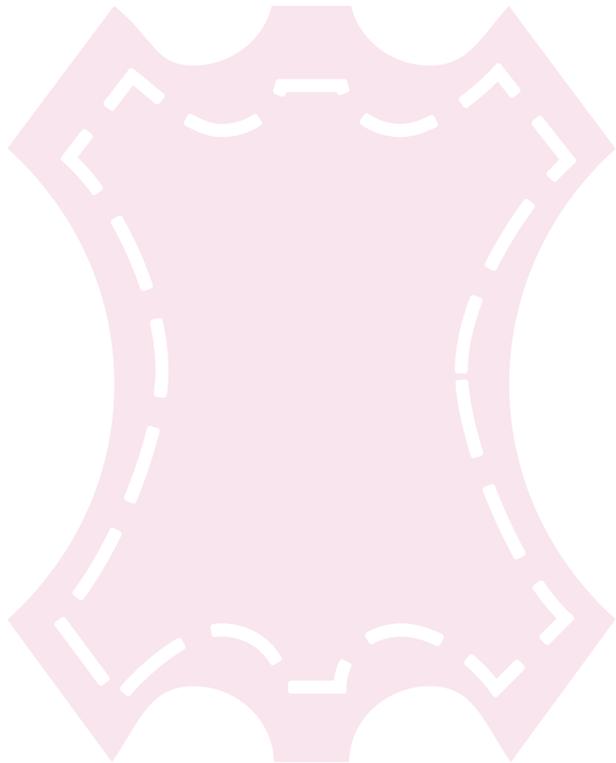
## Challenges and Opportunities

The challenge in animal processing is that no single market will take the whole product. A significant proportion of material that could be used for pet or human food is downgraded to Category 3 material due to lack of market or processing opportunities. This can be due to market access restrictions or due to a lack of investment in downstream cleaning processes.

Developing markets that add value as opposed to disposal that adds cost is key to the underlying profitability of the red and white meat sectors, which often requires development of different geographic markets reflecting the differing tastes and preferences that exist.

Lack of access to gas for rendering plants in the west of Northern Ireland significantly reduces process efficiency and the volume of tallow material available for export.

The lack of a pig-specific rendering plant (due to subscale size of the pig sector) results in porcine by-product material being exported to England for marginal value (due to transport costs) or else mixed with ruminant Category 1 & 2 material for rendering rather than capturing value in BRIC countries as porcine processed animal proteins (PAP) or fertiliser.



Growth in the value added sectors further processing material that would otherwise fall into Category 3 waste material is restricted at present. Pet food companies face a shortage of poultry material whilst further processing operations producing lard and greaves from the ruminant channel face export restrictions to countries such as China, for the same reasons as the meat sector.

For ruminant material, expected changes in legislation could significantly reduce the material destined for Category 1, freeing substantial amounts of material for further processing as human food additives to emerging Asian economies, should export licences be obtained.

With only a few power stations in Great Britain capable of burning meat and bone meal (MBM) for fuel (MBM has the calorific value equivalent to low grade coal), local rendering plants struggle to capture a fair proportion of the true value of this renewable energy source.

### Animal By-Products 2020 Targets

No separate statistics are captured on Animal By-Products and all numbers are therefore estimates.

Grow turnover	by 29%	to £29m.
Grow value-added	by 73%	to £14.2m

### Recommendations

- Any biomass solution for poultry litter must incorporate meat and bone meal as an additional fuel source, thus enabling Northern Ireland to capture a greater share of the value added generated in the manufacture of this material for fuel;
- The proposed single marketing organisation must include indigenous businesses seeking to develop export markets for human or pet food in its remit;
- Invest NI must ensure that businesses involved in maximising the value of animal material, either through investment in further processing, new products or by accessing new export countries, must be supported in fast-tracking opportunities; and
- Government must ensure the UK competition authorities adopt a supportive approach to any restructuring of the rendering industry where species/category specialisation will enable greater value to be captured for the Northern Ireland economy.

UK competition authorities must adopt a supportive approach to any restructuring of the rendering sector.

# Animal Feeds

## Overview

The Animal Feeds sector represents those businesses engaged in the importation of feed and fertiliser raw materials, manufacture of animal feed, animal feed supplements and distribution of fertiliser.

The ruminant feed model is built around the grassland system, seeking to bridge the gap between the nutrition delivered by grass and the total required to maximise animal health and performance. Monogastric nutrition, on the other hand, is built around supporting the total nutritional needs of pig and poultry, supporting through nutrition the natural potential for efficiency bred into the poultry and pig stock in Northern Ireland.

The industry contains both large and small processors. It has both local nutritional companies with international reputations and international businesses with a local presence giving direct access to global excellence in nutritional support. Total sector value in 2011 was around £650m, with value-added estimated to be £100m and direct employment of 500 people.

## Strengths

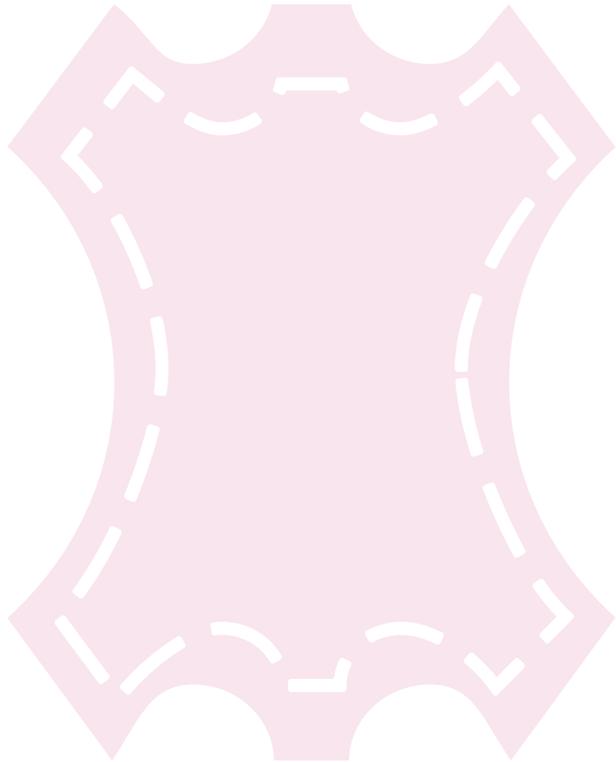
The sector has a competitive cost structure and the local presence of related global companies allows fast-tracking of global nutritional developments locally, supported by skilled nutritionists working directly on farm. There has been concerted effort on the part of the local feed industry, through the Food Industry Assurance Group and the Universal Feed Assurance Scheme (UFAS) Ireland initiative, to develop systems to better control risks associated with feed production throughout the supply chain.

## Challenges and Opportunities

Volatile global food commodity prices generate uncertainty and impact ultimately on profitability, returns and credit given at each stage of the supply chain.

Biofuels and renewable obligations effectively link the cost of animal feed to global energy markets.

Many more small feed mills will be brought in to the Environmental Agency's IPPC scheme in the next two years. While regulatory desires to drive the environmental footprint of businesses down have delivered value historically, the continual drive for improvement is now switching to a position of often adding cost and pressure to business but with questionable value being delivered.





Global supply chains for raw materials also raise questions around supply chain integrity as evidenced by feed scares that appear to arise ever more frequently in Europe. Substantial expense can arise to a business as a consequence, including in the case of unapproved GM materials, where no health or welfare issue arises.

Uniquely, R&D competitive advantage in the feed trade is short-lived as companies are required to disclose ration formulations with each feed delivery, making replication of R&D successes simple and quick for competitors.

#### Animal Feeds 2020 Targets

Grow turnover	by 54%	to £1.0bn.
Grow employment	by 30%	to 650 full time equivalents.

#### Recommendations

- Feed companies must invest in developing products and staff to help support farmers in maximising the value and performance of their livestock;
- Government must support further R&D in the areas of nutrition for improvements in performance and health, both of animals and humans and for environmental sustainability; and
- The recommendations of the Independent Food Advisory Group Report must be fully implemented, most notably the recommendation that the feed trade produces a world class assurance system.

Feed companies must invest in developing products and staff to help support farmers in maximising the value and performance of livestock.

# Glossary

<b>AFBI</b>	Agri-Food and Biosciences Institute	<b>Export Sales</b>	Sales external to the United Kingdom
<b>AHWNI</b>	Animal Health and Welfare NI - a new initiative by farmer's organisations and the wider cattle industry to promote improved cattle health and welfare	<b>External Sales</b>	Sales external to Northern Ireland
<b>BRIC</b>	Brazil, Russia, India and China	<b>Food Industry</b>	The term 'food industry' in relation to this report encompasses the complete Agri-Food supply chain, including those enterprises engaged in agriculture and the processing of food and drink into value-added food items
<b>CAFRE</b>	College of Agriculture, Food and Rural Enterprise		
<b>CAP</b>	Common Agricultural Policy		
<b>CFP</b>	Common Fisheries Policy		
<b>CHP</b>	Combined Heat and Power		
<b>DARD</b>	Department of Agriculture and Rural Development	<b>FSA</b>	Food Standards Agency
<b>DEL</b>	Department for Employment and Learning	<b>FSAG</b>	Future Skills Action Group for the food and drink processing industry
<b>DETI</b>	Department for Enterprise, Trade and Investment	<b>GVA</b>	Gross Value Added
<b>DEFRA</b>	Department for Environment, Food and Rural Affairs	<b>HSENI</b>	Health and Safety Executive for NI
<b>DFP</b>	Department of Finance and Personnel	<b>ICBF</b>	Irish Cattle Breeding Federation
<b>DHSSPS</b>	Department of Health, Social Services and Public Safety	<b>Invest NI</b>	Invest Northern Ireland
<b>DOE</b>	Department of the Environment	<b>IPPC</b>	Integrated Pollution Prevention and Control (EC Directive aimed at minimising pollution)
<b>DSD</b>	Department for Social Development	<b>KPI</b>	Key Performance Indicator
<b>EBLEX</b>	English Levy funded representative body for beef and lamb	<b>LANTRA</b>	Sector Skills Council for land-based and environmental industries
<b>EFF</b>	European Fisheries Fund		

<b>NI</b>	Northern Ireland
<b>NIEA</b>	Northern Ireland Environment Agency
<b>NIFDA</b>	Northern Ireland Food and Drink Association
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OFMDFM</b>	Office of the First Minister and Deputy First Minister
<b>PfG</b>	Programme for Government - This sets out the Northern Ireland Executive's strategic priorities and key plans.
<b>PMG</b>	Processing and Marketing Grant Scheme
<b>QUB</b>	Queen's University Belfast
<b>R&amp;D</b>	Research & Development
<b>RDP</b>	Rural Development Programme
<b>ROC</b>	Renewable Obligation Certificate
<b>ROI</b>	Republic of Ireland

### **Sectors**

The food processing industry in Northern Ireland is categorised into 10 sectors:

- i) Animal By-Products
- ii) Bakeries
- iii) Beef and Sheep meat
- iv) Drinks
- v) Eggs
- vi) Fish
- vii) Fruit and Vegetables
- viii) Milk and Milk Products
- ix) Piguemeat
- x) Poultrymeat.

### **TSE Regulations**

The Unlicensed Medicinal Products for Human Use (Transmissible Spongiform Encephalopathies) (Safety) Regulations 2003

# Acknowledgements

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**Andrew Addison**, Ulster Farmers' Union  
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**Ronan McNamee**, Take N'Bake  
**Sam Mawhinney**, Denholm Fishing  
**James Millar**, Ulster Farmers' Union  
**Richard Moore**, Linergy  
**Phelim O'Neill**, NI Meat Exporters Association  
**Harry Richmond**, Skea Eggs  
**Timothy Roddy**, Premier Foods  
**John Rooney**, Rooney Fish  
**John Russell**, Glenarm Organic Salmon  
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**Elaine Shaw**, Northway Mushrooms  
**Ian Stevenson**, Livestock & Meat Commission for Northern Ireland  
**Jonathan Thompson**, Farmlea Eggs  
**Campbell Tweedie**, NI Meat Exporters Association  
**Jim Uprichard**, Nutreco  
**Paul Vernon**, Glanbia  
**Eamonn Whelan**, Devenish Nutrition

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# Action Plan

Timescale Key: Short (S) = Within 12 months; Medium (M) = 1-2 years; Long (L) = Beyond 2 years				
Theme	Rec.no.	Recommendation	Timeframe	Responsibility
<b>Market Share</b>	1	Establish a single Agri-Food Marketing Organisation for Northern Ireland to consolidate all marketing and promotional activities for the industry with a clear food promotion strategy. This organisation must explore opportunities to work with Bord Bia and Scotland Food and Drink in areas of mutual interest and where joint programmes would enable access to EU funding stream.	S/M	DARD/DETI/Industry
	2	Government must provide additional resource to advise and negotiate on market entry and build relationships with new markets e.g. through Ministerial visits to key markets, at least two each year.	S	DARD/DETI/Invest NI
	3	Help fund the significant cost of market intelligence and statistics especially in consumer food markets.	S	DARD/DETI/Invest NI/ Industry
	4	Government must remove barriers to export such as charges for Export Health Certificates (EHCs) and explore the potential to achieve separate certification for Northern Ireland animal health status and identify areas where collaboration with authorities in the Republic of Ireland can hasten market entry.	S	DARD
	5	Government must strengthen our brand perception through eradication of animal disease, such as TB, Brucellosis; deliver swiftly on an all-island plant health framework, and extend current industry-led approach on BVD to Johne's and other production diseases.	L	DARD/Industry
	6	Government must improve the marketing/branding of the local seafood product, particularly through the highlighting of key unique selling points, including provenance, and the acceleration of voluntary labelling and certification of fish products with appropriate support.	M	DARD/Invest NI/ Industry
<b>Working Together</b>	7	Industry will work with Government to determine the best model for efficient production in relevant sectors and in developing policy that will facilitate more rapid consolidation of resources into effective and efficient operating units.	S	DARD/Invest NI/ Industry
	8	Industry will work with Government to overcome the barriers to shared land use through rental or conacre posed by the interpretation and application of the tax regime (including Inheritance Tax), and Single Farm Payment. Longer-term lease of land must be facilitated to encourage tenant investment in improving the effective use of land, our most valuable resource.	S	DARD/Industry

**Timescale Key: Short (S) = Within 12 months; Medium (M) = 1-2 years; Long (L) = Beyond 2 years**

Theme	Rec.no.	Recommendation	Timeframe	Responsibility
<b>Working Together</b>	9	Industry will work with Government to provide support mechanisms for a rapid move to competitive scale within processing.	S	DARD/Invest NI/ Industry
	10	Industry will work with Government to consolidate responsibility for key industry issues such as R&D, skills, marketing, and innovation in order to simplify contacts across the Agri-Food industry.	S/M	DARD/DETI/Invest NI/ DEL
	11	Industry will work with Government to capture key statistics for the total supply chain, including use of agency labour and details of the animal feed and rendering sectors.	M	DARD/DETI/Invest NI
	12	Industry will work with Government to develop optimum business models for each sector and form commercial scale pilot programme in order to prove the model before roll out across the individual sectors.	S	DARD/Invest NI/ Industry
	13	Industry will work with Government to develop supportive policies for skills, research and effective regulation.	M	DARD/DETI/Invest NI/ DEL/DOE/Industry
	14	Industry must develop innovative customer-focused sectoral supply chain solutions, covering all links within the chain. Participation in such initiatives should be included in the key criteria to qualify for enhanced levels of funding support including the Farm Business Improvement Scheme.	S	DARD/Invest NI/ Industry
	15	Industry must adopt more formal relationships, with clarity of purpose a recognised feature and in which the benefits of delivering exceptional customer experience through efficient sustainable production are shared across the chain.	S/M	Industry
	16	Industry must identify and promote our unique selling points, including pasture based rearing, improved animal health, welfare and biosecurity, etc.	M	Industry
	17	Industry must develop distribution hubs for transporting produce to market and should consider development of co-operative centres for the intake of raw materials.	M	Industry
<b>Sustainable Growth</b>	18	AFBI/DARD/Northern Ireland Environment Agency and industry must develop an economically viable model for sustainable production, delivering on improved on-farm profitability from more efficient use of resources.	M	DARD/AFBI/NIEA/ Industry
	19	Government must ensure a robust scientific base for the measurement of greenhouse gas emissions to promote Northern Ireland as a low carbon location for food production within Europe.	M	DARD/AFBI/DOE

**Timescale Key: Short (S) = Within 12 months; Medium (M) = 1-2 years; Long (L) = Beyond 2 years**

Theme	Rec.no.	Recommendation	Timeframe	Responsibility
	20	Government must commission research into measureable, best practice systems for sustainable intensification on-farm, building upon previous work to underpin and promote sustainability as a cornerstone of the Northern Ireland Plc brand and learn from Bord Bia experience with the Origin Green brand.	S	DARD/AFBI/Industry
	21	Research centres must develop the capability to: <ul style="list-style-type: none"> <li>• translate genetic improvements in ruminant livestock to the Northern Ireland grass based system;</li> <li>• to assist industry in translating the research for monogastric improvements into practical, deliverable outcomes;</li> <li>• support development of healthy eating alternatives to processed food ingredients;</li> <li>• support the R&amp;D necessary to deliver improved human health through developments in animal nutrition.</li> </ul>	M	DARD/AFBI/ Universities/Industry
	22	Government must develop a strategic regional land management policy to determine the most productive use of our limited land. This should identify areas best suited for specific agricultural use whilst maintaining and enhancing environmental sustainability.	L	DARD/DOE/NIEA/ Industry
	23	New Agri-Environment Schemes must be aligned with the sustainability agenda for agriculture, including the promotion of increased woodland, and promote biodiversity within our production systems as part of our overall brand image. This should incorporate clearer recognition that, in some instances, producers are being rewarded for the production of public goods as well as food.	M	DARD/DOE/NIEA
	24	Government must accelerate extension of the gas network into the West of Northern Ireland to reduce our carbon footprint and cost base and identify ways of improving security of supply in the wider market place.	M	DETI
	25	Government must review incentives for renewable energy and ensure policies are complementary to the Agri-Food industry rather than in competition with it.	S	DARD/DETI
	26	Government must fast track a solution for poultry waste into energy, recognising the environmental benefits and remove a key uncertainty over the growth of the Agri-Food industry in Northern Ireland.	S	DARD/DETI/DOE
	27	The Agri-Food industry must grasp the opportunities that healthy eating offers and work with public health nutritionists, policy makers and the local research base for healthier, moderate portion size products that respond to consumers' demands for healthy eating.	L	DHSSPS/FSA/Industry

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Theme	Rec.no.	Recommendation	Timeframe	Responsibility
<b>Innovation</b>	28	There must be a doubling of draw down of European funding in support for Agri-Food innovation over the next three years (2014-2016).	M	DARD/DETI/Industry
	29	All Agri-Food innovation funding must be under the control of one dedicated executive and board which must work closely with Matrix to ensure consistent policy across the industry. This organisation would align strategic industry priorities with R&D provision within the local innovation infrastructure.	M	DARD/DETI/Industry
	30	Bureaucracy must be reduced to enable the industry to get ahead of its competition in pursuing new opportunities. Government must work to convert this belief into a reality and as a first step open the Agri-Food Competence Centre for business without delay.	S	DETI/Invest NI
<b>Skills</b>	31	All Agri-Food skills and entrepreneurship development must be the responsibility of a single dedicated group which must match provision to requirements.	M	DARD/DEL/Industry
	32	Introduce a programme to introduce food, into the education curriculum at pre-school, primary and secondary level to enhance the understanding of agriculture and food and examine the scope for development of primary and secondary level curriculum based training in Agriculture and Food to GCSE exam level.	L	DARD/DE/DEL/ Industry
	33	There should be a significant increase in training places in Agri-Food at all levels. Industry will commit to provide placements for all industry trainees including farm apprenticeships/farm management development opportunities for those currently being trained in CAFRE, as an integral part of their development.	M	DARD/DEL/Industry
	34	Industry will commit to provide training to career staff on Agri-Food training opportunities.	M	Industry
	35	Industry will resource and expedite implementation of the Food and Drink Future Skills Action Group (FSAG) Action Plan.	S	DEL/Industry
	36	Industry will establish an action group to reassess on-farm training needs (in conjunction with FSAG) and develop a holistic action plan for skills development in the farming and fishing industries.	M	DARD/DEL/Industry
	37	Industry will provide ICT skills development and infrastructure on farms to support the implementation of revised business models.	M	DEL/Industry

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Theme	Rec.no.	Recommendation	Timeframe	Responsibility
<b>Better Regulation</b>	38	Regulators and Industry must engage in order to develop an agreed regulatory environment which adds value, is proportionate, informed and has a risk-based approach to regulation.	S	DARD/DETI/HSENI/ DOE/NIEA/FSA/ Industry
	39	Greater weight should be applied to Agri-Food applications reflecting the industry's strategic importance.	S	DOE/NIEA
	40	A Code of Practice must be developed for implementation of regulations that impact industry.	M	DARD/DETI/HSENI/ DOE/NIEA/FSA/ Industry
	41	Industry must speak as one representative body in discussions with regulators.	S	Industry
	42	Government must work with the industry in practical and proportionate regulation to ensure consumer value rather than cost to the industry.	M	DARD/DETI/HSENI/ DOE/NIEA/FSA/ Industry
	43	Government must revise current planning and IPPC application procedures and priorities to ensure the speed of successful processing of Agri-Food applications is equal to, or better than those in Great Britain. This revision should also put strict limits on the time taken by other Northern Ireland Departments which are consultees to the process.	S	DOE/NIEA
	44	Government departments must benchmark their application of legislation and standards internationally to identify best practice in cost effective regulation.	M	DARD/DETI/DOE
	45	The NIEA must develop an advisory arm similar to the successful model developed and implemented by The Health and Safety Executive (Northern Ireland) which encourages compliance by a partnership approach rather than by prosecution.	M	DOE/NIEA
	46	Information required for regulation and control must be gathered using agreed protocols and be as efficient as possible.	S	DARD/DETI/HSENI/ DOE/NIEA/FSA
<b>Financial Growth</b>	47	Government must identify £250m over three years to fund financial and advisory development support for a new Farm Business Improvement Scheme. The objectives of the scheme would be to improve competitiveness and productivity in primary production, through increased efficiency, upskilling on-farm, farm modernisation and a commitment to working with supply chain partners to improve performance and profitability. The support would be tiered to reflect the degree of engagement in business planning, physical and financial performance management, utilisation of performance recorded breeding stock, business improvement activities and so on.	S	DARD/DFP

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Theme	Rec.no.	Recommendation	Timeframe	Responsibility
	48	Government must review and identify the key factors within the regulations governing Single Farm Payment, inheritance, income tax, land tenure and conacre that prevent more effective use of agricultural land.	S	DARD/DETI/DFP
	49	Government must put in place a facility to provide “security of last resort” to meet the Bank security requirement for those partners in a sector scheme who are seeking to invest as part of their commitment to their supply chain partners.	S	DARD/DETI/DFP
	50	Government must expand the scope and funding and simplify the Agri-Food Processing and Marketing Grant (PMG) and the European Fisheries Fund (EFF) Programmes to maximise uptake within EU rules. Rates should be on a par with other UK regions and the Republic of Ireland. Locally set criteria should be reviewed with industry.	S	DARD/DFP
	51	Government must retain the Selective Financial Assistance Scheme to support investments in large businesses outside the scope of the PMG Scheme.	S	DETI
	52	Government must create a specific expert resource with an objective of securing 0.5% share of the innovation funding programme.	S	DARD/DETI/DFP
	53	Government must engage with “Capital for Enterprise” (CfEL) and participating Northern Ireland banks to promote the Enterprise Finance Guarantee scheme to the Agri-Food industry and encourage greater uptake. A “Sources of Finance”, including European sources, reference guide should be compiled and promoted to Northern Ireland businesses.	S	DETI/DFP
	54	Government must agree with the UK Government on devolving the power to vary Corporation Tax in a timely and affordable manner.	M	DETI/DFP/OFMDFM

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Theme	Rec.no.	Recommendation	Timeframe	Responsibility
	55	Government must commission a review of the impact of current lack of tax relief available for agricultural building allowances and develop a case for the introduction of 300% capital allowances for capital investment in the Agri-Food industry. This review should consider the potential of achieving this by designating all of Northern Ireland as an Enterprise Zone for tax purposes and expanding the relief available within the Zone to include first year allowances on expenditure incurred in relation to agriculture buildings.	S	DARD/DETI/DFP
	56	Government must examine the bureaucracy surrounding access to funding, identify best practice in the UK or Europe and bring forward proposals to simplify the process.	S	DARD/DETI/DFP
	57	Government must put in place an Agri-Food Fund to support rapid investment in the industry.	S	DARD/DETI/DFP
<b>Food Fortress</b>	58	The animal feed sector must implement the recommendations of the Food Fortress feed materials assurance scheme currently under development at the Institute for Global Food Security. Processors must make the new quality standard a requirement of their supply chain.	S	Industry
	59	Electronic tagging must be introduced as quickly as possible and Government and industry databases extended to include advanced testing data which may include genome and DNA records.	M	DARD/Industry
	60	Government must provide financial support to accelerate R&D and collaborative uptake initiatives making Northern Ireland a world leader in safe food production.	M	DARD/Invest NI/ Industry
	61	The Institute for Global Food Security must be commissioned to review the Northern Ireland supply chain and identify further risks and opportunities for collaborative improvement in food assurance.	M	DARD/Industry
	62	Research must be commissioned immediately to determine more cost effective application of advanced science based testing and thereby to ensure this does not become a barrier to rapid adoption and implementation.	M	DARD/AFBI/QUB/ Industry
<b>Beef &amp; Sheep</b>	63	Producers must be encouraged to place more emphasis on commercial/performance attributes, e.g. Estimated Breeding Value in the selection of breeding stock.	S	DARD/Industry

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Theme	Rec.no.	Recommendation	Timeframe	Responsibility
<b>Beef &amp; Sheep</b>	64	Red meat processors must review the current pricing matrix to ensure that price differentials are sufficient to incentivise the supply chain to deliver greater conformity to customer requirements.	S	Industry
	65	The supply chain must seek to deliver greater economies of scale with a particular opportunity to improve communication, technical input and efficiencies through a higher number of larger scale beef finishing units working in partnership with processors.	M	Industry
	66	Industry and Government should develop an action plan to double the number of beef and sheep farms actively engaged in physical and financial performance recording over the next five years.	L	DARD/Industry
	67	Support to the red meat sector must be maximised by securing a meaningful level of coupled support in the current CAP review negotiations.	M	DARD
	68	Protected Geographical Indicator status for Beef and Lamb should be explored, possibly on an all-island basis.	M	DARD/Industry
	69	The uptake and further development of BovIS as an on-farm management tool within the beef sector must be encouraged and its potential development within the sheep sector should be considered including the mandatory registration of Sires.	M	DARD/Industry
	70	A new Land & Buildings Improvement Scheme, compatible with Single Farm Payments, must be introduced, to repair/replace or install new field drainage systems or buildings damaged through weather.	M	DARD
	71	Government and industry must work together to support a range of animal health and welfare measures, including an industry action plan to target a 15% reduction in livestock mortality rates by 2020, an agreed strategy to deliver a significant reduction (and ultimate eradication) of bovine TB and achievement of Brucellosis-free status.	L	DARD/Industry
	72	Government and industry must work together to speed up the implementation of the TSE roadmap thereby improving access to new markets particularly third world countries.	S	DARD/Industry
<b>Dairy</b>	73	Industry must provide clear financial incentives for improvement in milk solids and milk quality.	S	Industry
	74	Government and industry must encourage greater uptake of innovation and product development by processors, in particular develop infant formula products/ingredients.	S	Invest NI/Industry
	75	Government and industry must explore opportunities to extend the ICBF/AHWNI model to encourage industry participation in improving and maintaining animal health.	M	DARD/Industry

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Theme	Rec.no.	Recommendation	Timeframe	Responsibility
	76	Government and industry must increase participation in benchmarking and widely publicise the results.	M	DARD/Industry
	77	Industry must implement the Voluntary Code of Practice on contractual relations.	S	Industry
<b>Poultry &amp; Eggs</b>	78	An urgent solution and interim arrangements must be agreed immediately for the treatment of poultry litter.	S	DARD/DETI/DOE/ Industry
	79	Government must inject pace and commitment into the action plan in this area to secure growing demand in Great Britain.	S	DARD/DETI
	80	Government must put in place a proportionate advisory team to service poultry farming development;	S	DARD/Invest NI/DOE
	81	Government must put in place a dedicated support scheme to assist rapid investment in this sector to ensure an integrated approach with all relevant Departments/Agencies such as DOE and Invest NI	S	DARD/Invest NI/DFP
<b>Drinks &amp; Beverages</b>	82	Government must recognise the impact of the largest companies within the sector and ensure its future success by engaging regularly with them to safeguard their position in Northern Ireland and to create opportunities for further growth. This programme must be supported by a business solutions strategy focused on sustainability and capability development.	S	Invest NI
	83	Government must encourage the creation of three export focused new brands within the medium, small and micro group, and build new support mechanisms that aid the development of the sector in the areas of market intelligence and formal and informal collaboration.	M	Invest NI
	84	Alcoholic beverage licensing laws, as they affect alcohol producers, must be reviewed to create a level playing field with Great Britain.	M	DSD
<b>Bakery &amp; Snacks</b>	85	The Bakery and Snacks sector must increase the level of product innovation, including shelf-life, to help deliver greater export opportunities, and process innovation to develop more efficient and co-operative product distribution models, and implement cost reductions.	M	Industry
	86	Government must provide direct funding for innovation with priority given to new projects designed to build export potential, reduce costs, create efficiencies and encourage collaboration.	S	DETI/Invest NI

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Theme	Rec.no.	Recommendation	Timeframe	Responsibility
	87	Skills within the Bakery and Snacks sector, including apprenticeships, must be enhanced by building upon the investment which Invest NI and DEL provide.	M	Invest NI/DEL
	88	Energy costs must be reduced, with support from organisations including the Carbon Trust.	M	DETI/Industry
<b>Pig</b>	89	Government and the sector must provide a resource dedicated to deliver the recommendations of the Cogent Report ' <i>Review of the Northern Ireland Pig Industry</i> '. They should fund an industry representative body to oversee the implementation of the recommendations.	S	DARD/Invest NI/Industry
	90	Government must appoint an independent veterinary expert to provide strategic oversight of the health of the pig herd and to advise on appropriate corrective action.	S	DARD
	91	Processors must provide incentives to producers who participate in benchmarking.	S	Industry
	92	Government and Industry should define a pilot scheme to prove the viability of the business models discussed and agreed with AFSB.	S	DARD/Invest NI/Industry
	93	The sector must engage an independent advisor to assist in further developing an integrated supply chain model to allow producers the option of entering into such a model.	S	Industry
	94	Producers intending to expand beyond IPPC thresholds must consider remodelling the supply chain with sow and rearing units on separate sites to facilitate growth while complying with IPPC requirements on environmental and welfare compliance along with improved disease control.	S	Industry
<b>Arable Crops, Fruit &amp; Vegetables</b>	95	Government and the sector must undertake research to assess the opportunities to grow and process crops on an all-island basis to achieve the scale necessary to invest in processing capacity.	M	DARD/AFBI/Industry
	96	Government must develop a support scheme to encourage investment in the planting of new orchards and replanting of existing orchards together with other crops that require high investment but have long delay before viable production is achieved.	M	DARD
	97	Structured and focused capital funding for the construction of specialist buildings, including protected growing structures such as glasshouses and polytunnels, must be put in place, where such activity would result in improved competitiveness and productivity in growers' businesses.	S	DARD

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Theme	Rec.no.	Recommendation	Timeframe	Responsibility
	98	Government must review how research for the arable crops and production horticulture sectors is prioritised and funded.	M	DARD/AFBI
	99	Government must increase development work with growers to support agronomy training and enterprise benchmarking to encourage efficiency, profitability and business competitiveness.	S	DARD/DEL/Industry
	100	An all-island Plant Health Policy must be agreed during 2013 and vigorously implemented.	S	DARD
	101	Support must be provided to assist the development of better integrated production and marketing along the arable crops and commercial horticulture supply chains.	S	DARD/Industry
	102	Government must reconsider the rating of certain farm buildings.	M	DARD/DFP
<b>Fish &amp; Aquaculture</b>	103	Government must engage proactively with the relevant UK and EU authorities to address the uncertainty of supply, and there must be increased involvement of fishing representatives in discussions about quotas.	S	DARD/Industry
	104	The sector must explore opportunities for increased collaboration and engagement along the supply chain, requiring innovative and original thinking by catchers and processors for mutual sustainability. This may include co-operation along the supply chain and between key players (industry and Government) to secure and service large-scale market opportunities.	M	DARD/Invest NI/ Industry
	105	Access must be facilitated to sites, and opportunities fostered for the sustainable development of aquaculture both off shore and along the Northern Ireland coastline, e.g. by providing access to seed and grow mussels and oysters, and to maximise the opportunities presented by the harvesting of seaweed.	S	DARD/DOE/NIEA/ Industry
	106	New opportunities should be explored to harness the resource of Lough Neagh for alternative species.	L	DARD/Industry
	107	Potential sources of EU funding must be identified which could be used to support the catching, processing and aquaculture sectors.	M	DARD/DETI/Invest NI
	108	Government funding must be made available to aquaculture projects and catchers should be represented at trade shows, where appropriate, to help convey the clean, green, healthy nature of the local product.	S	DARD/Invest NI

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Theme	Rec.no.	Recommendation	Timeframe	Responsibility
	109	The value-added of seafood here must be increased by providing dedicated access to specialist seafood R&D services, including the DARD-funded research programme at AFBI.	S	DARD/Invest NI
	110	Government must recognise aquaculture as a legitimate, non-consumptive user of water. The NIEA must take a leading role in improving the quality of inland and coastal waters to support the production of the highest quality shellfish and in supporting fisheries and the sustainable development of aquaculture.	M	DOE/NIEA
	111	Aquaculture must be recognised as an agricultural rather than an industrial activity, in line with planning appeals decisions. This is particularly important given the intention to develop a new planning policy document for the coast.	M	DOE/NIEA
<b>Animal By-Products</b>	112	Any biomass solution for poultry litter must incorporate meat and bone meal as an additional fuel source, thus enabling Northern Ireland to capture a greater share of the value added generated in the manufacture of this material for fuel.	S	DOE/NIEA/Industry
	113	The proposed single marketing organisation must include indigenous businesses seeking to develop export markets for human or pet food in its remit.	S	Industry
	114	Invest NI must ensure that businesses involved in maximising the value of animal material, either through investment in further processing, new products or by accessing new export countries, must be supported in fast-tracking opportunities.	S	DARD/Invest NI
	115	Government must ensure the UK competition authorities adopt a supportive approach to any restructuring of the rendering industry where species/category specialisation will enable greater value to be captured for the Northern Ireland economy.	S	DARD/Invest NI
<b>Animal Feeds</b>	116	Feed companies must invest in developing products and staff to help support farmers in maximising the value and performance of their livestock.	M	Industry
	117	Government must support further R&D in the areas of nutrition for improvements in performance and health, both of animals and humans and for environmental sustainability.	L	DARD/Invest NI
	118	The recommendations of the Independent Food Advisory Group Report must be fully implemented, most notably the recommendation that the feed trade produces a world class assurance system.	S	Industry



If you require this brochure in an alternative format (including Braille, disk, audio cassette or in minority languages to meet the needs of those whose first language is not English) please contact:

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