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To : MSPs
Cc : Rural Economy and Connectivity Committee; Economy, Energy and Fair Work Committee
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CORONAVIRUS: AGRICULTURE SECTOR UPDATE – ISSUE 4

- Like all sectors of the economy, each sector of Scottish agriculture has or will be impacted by COVID-19 and the restrictions imposed by the virus outbreak. This regular update sets out outstanding questions relating to specific sectors and areas where NFUS requests the assistance of MSPs.
- NFUS is regularly updating an FAQ section on its website ([link](#)) which sets out tailored information for the agricultural sector on the virus, restrictions and guidance from the UK and Scottish governments. NFUS welcomes the various support packages that have been announced by both the Scottish and UK governments and is encouraging members whose businesses have been impacted by the virus to investigate what support is available to them.
- Please get in touch using the contact details above for further information.

Agricultural commodity issues

1. The rapid restructuring of the supply chain due to the loss of the foodservice sector and export has created acute issues for some agricultural commodities – namely dairy and beef. For others, price impacts are anticipated in the longer term – particularly in the arable sector, where the impact of reduced distilling and brewing capacity is yet to be realised for primary producers.
2. NFUS is closely monitoring the situation across the livestock (beef and sheep), dairy, pigs, poultry, cereals, horticulture and ornamentals sectors and has produced action plans for each, which identify both industry and government-led initiatives to ensure each sector can ensure enduring viability through the

response, reset, restart and recovery phases. NFUS has set out the most pressing issues for parliamentarians as follows.

Milk

3. The loss of the foodservice sector and consequent slowdown in purchasing of milk at retail has led to an oversupply of milk. It is currently estimated that there are 1 million surplus litres of milk coming onto the market in the UK every day, a figure that will increase with the Spring Flush in milk production looming in the coming weeks. Due to a historical lack of processing capacity in the UK there remains a lack of innovative solutions to the oversupply.
4. The situation has led to widespread dumping of milk elsewhere in the UK; in Scotland, some producers have been instructed by their milk buyer to limit output and some limited dumping of milk is taking place. The consequence of this is downward pressure on price – the severity of which will vary between producers but could push some farms into closure should the situation persevere.
5. NFUS is in close dialogue with the UK farming unions, the Scottish and UK Governments, retailers and processors to outline measures that will ensure stability. A retail sector that is fully stocked with home produced milk and dairy produce is crucial. NFUS has already proactively worked with retailers to lift rationing of milk on supermarket shelves.
6. The potential for milk processors and retailers to be exempt from competition laws to allow supply and demand in milk and dairy products to be managed as efficiently as possible at this time would be a further positive development. NFUS also believes there is significant merit in the UK and devolved governments considering a UK-wide milk reduction scheme.

Beef

7. The initial retail surge in mid-March saw a significant uptick in sales of minced beef while the shutdown in the hospitality market has impacted sales of higher value products such as steak and roasting joints. The closure of fast food restaurants has also had an impact on beef consumption. As a result, primary producers are experiencing a backslide in farmgate beef prices.
8. NFUS is working closely with the UK levy bodies to enhance promotion of UK product and domestic sourcing at retail where possible. Political support for this

endeavour would be welcome. Longer term, NFUS believes that the situation has also brought to light the clear need for UK Government to examine enhanced country of origin labelling on processed beef and lamb products in order to increase transparency for the consumer and ensure that domestically produced choices are foremost on supermarket shelves.

Combinable crops

9. There are pressing concerns regards the availability of the brewing and distilling co-products which are used within animal feed. It is understood that with brewers and distillers reducing production at this time then there will be an immediate impact on the availability of animal feed. Restricted distilling and brewing could also have significant consequences for oversupply of grain later this year and into 2021, which could lead to major price concerns for arable producers.
10. For NFUS, it is vital that there is a clear and consistent approach towards the continued operation of food and drink businesses and the supply chain that supports them. NFUS believes that there is a strong case for distilleries and breweries to be treated as an extension of the food supply chain. As Scottish Government considers its approach to the COVID-19 restart and recovery phases NFUS considers it important that distilling, brewing and other ancillary businesses which provide services essential to the continued production of farms and crofts are considered on a case-by-case basis.

Horticulture

11. The immediate threat facing the horticulture sector (for which the fruit picking season will be imminently beginning, with vegetables to follow later in the year) regards availability of workers.
12. NFUS has established an employment-matching service on its website which is open to any individual who may be able to undertake farm-work. The initiative will match these individuals with NFUS members who are experiencing labour shortages on their farms as a result of the coronavirus situation. The site is available [at this link](#) and NFUS appreciates the support of MSPs in promoting this initiative to constituents – either growers who are experiencing labour shortages, or constituents who are out of work or furloughed and in a position to take up seasonal employment.

13. Initial progress with NFUS' employment-matching service has been encouraging, with half the growers adverts on the site having fulfilled requirements in terms of current labour requirements. However, it is abundantly clear that it will not be possible to fill the number of vacancies in the fruit and vegetable sectors throughout the season by such efforts alone.
14. In a typical year, the sector employs 10,000 workers over the course of the season, the vast majority of whom come from outside the UK to undertake farm work at seasonal peaks. Where there will be approx. 2,000 seasonal workers already in Scotland undertaking preparatory work in April, the numbers required will increase significantly throughout May (c. 3,000), June (c. 5,750) and peaking in July (c. 6,200) – eventually dropping down from August (c. 5,000) onwards (source: SRUC 2018: Farm Workers in Scottish Agriculture, Figure 7, [link](#)).
15. Where it is possible to do so it is vital that UK Government works with Member States that have lifted border restrictions to ensure that available workers are encouraged to travel to the UK to undertake seasonal work. NFUS asks for the support of MSPs and the Scottish Government in making the case to UK Government to ensure access to non-UK seasonal workers.

Other agricultural commodities

16. At present, prices for pigs, poultry and lamb remain stable. Ensuring processing capacity across all commodities and functionality in abattoirs will be key in the few weeks to ensure continued supply. This will involve ensuring adequate supplies of PPE are available for staff.
17. Haulage is a key element to ensure food produce can continue to move through the chain. NFUS is working closely with the Road Haulage Association to ensure there are as few issues as possible in driver availability. However, there have been some issues within some sectors (particularly eggs, which require deliveries of packaging) with hauliers charging significantly more where they are making a return journey with an empty lorry due to not at this time picking up consignments of items that are deemed non-essential. NFUS wishes to investigate whether there would be any support from governments to either fund return journeys of empty lorries or manage logistics to help identify return loads.

Agricultural Sick Pay

18. The minimum rate of sick pay an agricultural worker can receive in Scotland is set by the Agricultural Wages (Scotland) Order. For eligible workers working a 39-hour week, the rate of Agricultural Sick Pay is £320.19, with an increase in the hourly rate for workers of 50p having come into force on 1 April 2020. This minimum rate significantly exceeds the rate of Statutory Sick Pay (SSP), which is presently £94.25 a week. This significant discrepancy is putting agricultural businesses at a disadvantage to other sectors.
19. The recent changes through the Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2020 also has implications for Scottish agricultural businesses. The regulation means employees will be eligible for SSP from the first day of absence where they have self-isolated in accordance to guidance from Public Health Bodies in Great Britain and are unable to work. For Scottish agriculture, this means that workers who are eligible for Agricultural Sick Pay will receive SSP for the first three days of absence and received the enhanced Agricultural Sick Pay provision from the fourth day of absence for a maximum of 13 weeks.
20. NFUS is therefore calling for an immediate support package to refund the difference between SSP and Agricultural Sick Pay for workers absent due to COVID-19. NFUS considers that such a measure will ensure that Scottish farming and crofting businesses are better equipped to provide support and security to their employees during this volatile and unprecedented time.

Implications in the countryside

21. **Access.** NFUS is a keen advocate of responsible access-taking in the countryside. However since the lockdown restrictions have been in force, it has received a significantly increased number of reports of irresponsible access-taking by members of the public on farm land. Most reports relate to litter, the worrying of livestock by dogs (which is particularly problematic
22. NFUS has welcomed a supportive statement from the Cabinet Secretary for Environment, Climate Change and Land Reform on this issue ([link](#)). NFUS has published its own access guidance posters ([link](#)) for its members to make use of in order to promote responsible access-taking on farmland. during the current lambing season), and gates not being left as they were found. NFUS calls on the

support of MSPs in highlighting to constituents their responsibilities when it comes to access-taking in the countryside.

23. **Flytipping.** With the closure of recycling and refuse centres, NFUS has received a spike in reports of flytipping on agricultural land. With police resources significantly stretched at this time, NFUS is working with other land-based stakeholders to signpost to Dumb Dumpers ([link](#)). NFUS would welcome the support of MSPs in reiterating the illegality of dumping waste in the countryside.

24. **Sky lanterns.** NFUS is aware of an initiative being promoted by the manufacturers of sky lanterns to release these devices in support of NHS and other frontline workers. Sky lanterns carry an inherent risk of starting a fire or causing harm to wildlife and livestock through ingestion. NFUS strongly believes that their release should be discouraged in any circumstances, least of all at a time when essential emergency services are already at capacity. NFUS believes that it is vitally important to show our support to the amazing work being carried out across the country by our NHS and other frontline services, and that this is best done by participating in other, safe ways to thank and support our front-line workers – such as clapping, music and colourful rainbows in windows.

25. NFUS is delighted to have received cross-party support from MSPs in highlighting to constituents and the general public the risks of participating in activities involving sky lanterns and reminding them that such activities could significantly add to the burden on our valued workers at this critical time. NFUS wishes to explore routes to permanently rule out the release of these devices in Scotland.