

Sir Donald Curry

KB, CBE, FRAgS

Donald Thomas Younger Curry is 58 years old and is married with three children.

He chaired the Policy Commission on the Future of Farming and Food which reported to Government in January 2002. The report “Farming and Food, a sustainable future” was widely welcomed and is regarded as providing an important new vision for the farming and food industry and a blueprint for future Government policy. He is now the chair of the implementation group with responsibility for delivering the Government’s strategy based on the Commission’s Report.

In 1998 he was appointed a non-executive director of the NFU Mutual Insurance Co. and became Deputy Chairman in June 2000. In January 2000 he was appointed as a Crown Estate Commissioner.

He was first appointed an MLC Commissioner in October 1986 and was appointed Deputy Chairman in January 1992, Acting Chairman of the Commission in September 1993, and Chairman in April 1994. He was re-appointed for a second term as Chairman in April 1997 and retired in April 2001.

He was awarded a CBE for his services to Agriculture in the 1997 New Year’s Honours list and a Knighthood in the Birthday Honours in 2001.



In 1990 he was a founder, and is Chairman, of North Country Primestock, a livestock marketing company based in the North of England. He was appointed the first Chairman of the Farm Assured British Beef and Lamb scheme, a position he relinquished at the end of 1994.

He was a founder, and is Chairman of ‘At Home in the Community’, a charity managing residential homes in the North East for people with learning disabilities. In December 2000 he was the first recipient of The Royal Smithfield Club’s Bicentenary Trophy awarded for his major contribution to the British meat industry.

He farms 250 hectares in Northumberland comprising arable and lowland grass. His farming enterprises include beef cattle and suckler cows, as well as a breeding flock of ewes with lambs for finishing.

Globalisation: opportunity or threat?

by Sir Donald Curry

Chair of the Policy Commission that reported on Farming and Food - a sustainable future,
and of the group responsible for delivering the recommended Government strategy

Thank you for your kind invitation to speak at your open day. This event brings together all those engaged in the food industry and it is a wonderful opportunity to get together and share ideas and expertise and look at the fascinating work that the CCFRA Group has been doing.

In addressing the title of the paper today, I believe it is necessary to start with another question. Do we have a true global market?

In a market which is highly competitive, even with the best economic modelling, it is very difficult to determine what true market prices really are. Subsidies and dumping completely distort the true price of food. Unless we get the distorting factors out of the way we are actually competing in an artificial market. Until WTO achieves its objective of eliminating all export subsidies within 10 years and complete compliance across the globe we won't know what the true price of food is. Undistorted and uninterrupted global free trade is a laudable aim and WTO must press on, but I suspect that most of us believe we won't see that for a very long time, if ever!

So how does the UK measure up in this global market? It has been a difficult few years for the farming and food industries, both at home and in the international market.

As we know, total farm incomes have declined. The past five years have been difficult. BSE, Foot and Mouth Disease and the strength of Sterling have taken their toll.

UK farm incomes do not compare well to other EU member states - some member states improved farm incomes significantly during the 1995-2000 period. It is clear, however, the difference is greater than what can be attributed to the effects of Sterling. We need to understand this variance and I am discussing this with Defra and the NFU. The recent recovery of the Euro should help to improve returns, but increased productivity is a key driver and we have been losing ground. Over the last 25 years, French and Danish productivity have almost doubled compared to a UK growth of about 30%. If we could reverse this lagging trend by sustaining high levels of productivity, it is possible that farm income per person could double over the next few years.

It wasn't just the producers, however, that had falling incomes; productivity in the UK's processing sector has also lagged behind many of our European and other international competitors, showing that there are issues throughout the whole food chain. In 1994 the USA, Canada, Italy and Belgium were over 20% more productive in the food and drink manufacturing industries. Interestingly, a 1998 study showed that our food and drink sector's workforce has a lower level of skills than the EU average, potentially hampering productivity for some sectors of our industry, particularly the marketing area. Since the mid 1990s, the food and drink trade gap has increased from £6bn to around £10bn with the volume of food imports increasing by a third over that time.

We know, for example, what has happened to the UK pig herd. It has fallen by 30% over the last 4 years. It is unsupported and trading in a market place subject to all the usual market forces. As you know, a unilateral decision was taken to ban the use of stalls and tethers ahead of the rest of the EU and the world. There are, of course, other competitive factors, but this single decision, on top of the currency barrier, was sufficient to make us uncompetitive in the global market. The Government must take into account the economic impacts of unilateral decisions such as this. I have just returned from a fascinating visit to Canada. I learned that, in comparison, the Canadian pig herd has expanded in the same proportion as ours has contracted over this same period.

To compound this issue, a range of other factors are exerting pressure on the farming and food industry and making the business environment in which we operate increasingly competitive. EU enlargement will add a raft of new competitors into our marketplace. Other countries are cranking up production - Brazil, the Ukraine and China, to name but a few. Radical proposals for CAP reform are on the table for negotiation today as we meet - and a key driver for reform is to strengthen the EU position at the WTO negotiating table. Of course, operating within the EU also adds a regulatory burden and the strength of Sterling, although it has weakened recently, has put a further strain on our competitiveness. So as we know, it is a tough, demanding market place and many businesses are finding it very difficult.

Policy Commission vision for food processing

Despite this very difficult situation, I believe that the UK food production and processing industry has the potential to be world class. It is this I want to talk to you about today, to show that our UK businesses can be as good as any in the world at producing great food.

I want to quote you a couple of paragraphs from our vision for the future of the farming and food industry which we set out in our Policy Commission report.

'The food processing industry is world class, and operates to high environmental standards. It is focused on innovating to meet consumers' demands. Production, processing and marketing are integrated. Improving efficiency without compromising standards is a constant driver and communications up and down the supply chain are excellent.'

And we also had a vision for the retail and catering industries...

'The retail and catering industries fully participate in this chain, and are an essential channel in reflecting customer demand. Good communication throughout the supply chain works to provide the products customers need, of the quality they require, when they need them. Retailers and caterers respond to the needs of all their consumers by providing a wide range of high quality food, including excellent produce from England. Some specialise in English food which has gained a high reputation for quality at home and abroad.'

It is appropriate at this stage to remind you that the Policy Commission remit covered England. For English farmers and processors to compete in this ever more competitive marketplace, there are three particular areas that we need to focus on. We highlighted these areas in our Report. They are:

- Firstly, efficiency - how food producers can take advantage of technical developments, develop collaborative arrangements and more mature trading relationships and get better information on the workings of the food chain.
- Secondly, adding value - how higher standards and care for the countryside can be turned into a selling point through assurance schemes and through marketing and promoting local food, developing regional markets and more secure main stream contracts.
- Thirdly, diversification - there are numerous opportunities to be exploited such as non-food crops, the development of multi-functional farm-businesses, agri-environmental schemes and countryside management.

The Government has recognised that it is time to address the issues I highlighted earlier and help to realise our vision. The Government's Sustainable Farming and Food Strategy was

published in response to the Policy Commission Report and builds on 100 of the 105 recommendations we made. It sets out the framework to establish a new settlement with the farming and food industries, setting a clear and strategic direction towards a more sustainable future. Both the Policy Commission's report and the Government's Strategy make it very clear that the challenge of delivering a sustainable future for the Farming and Food sector can only be met if both Government and the industry are committed to deliver change.

Implementation Group

Following the publication of the report I was then asked to Chair an Implementation Group to oversee and drive delivery of the Government's Strategy. Like the Policy Commission, the Group is made up of a range of leaders in a range of different fields covering a wealth of experience across agriculture, the food industry and consumer issues. We are focussing our efforts on ensuring delivery of the parts of the Strategy which are critical to its success. We will drive the process forward and challenge where necessary if delivery is failing.

Food Chain

Delivering on the food chain part of the Strategy will be one of the critical areas for success, our key aim being to achieve a more efficient and competitive supply chain. I believe that the UK food industry can overcome many of the challenges we face today and use the opportunity that this time of change presents, to best advantage. The Government can only do so much to drive forward change to establish a sustainable future, it has an important role in setting the framework within which the industry trades. In this field, perhaps more than any other, the industry must respond to the challenge.

So what are the opportunities (efficiency, adding value, diversification)?

Let me return to my three criteria for a profitable, global business.

1. Efficiency

Firstly, efficiency. Efficiency is a never ending challenge for businesses that want to play the game and succeed. I remember hearing of an Irish farmer who believed he had bred a super efficient donkey. He improved its food conversion efficiency until he had it surviving on a kilo of straw a day when the thoughtless beast died! He obviously hadn't heard of sustainability!

Collaboration

Some of you will already be familiar with English Farming and Food Partnerships, which was launched in May. This new organisation recommended by the Policy Commission will have a commercial focus and aims to promote co-operation and partnership within the food chain. If we are to compete within the global market, co-operation is a fundamental component. No man is an island, no farm is an island and no business is an island. Greater co-operation will not only benefit farmers, but will also benefit other businesses in the food chain, including: a more consistent supply of high quality produce; cost savings through simplified logistics; better working relationships leading to better communications and a better opportunity to explore and exploit markets. If the food industry is willing to play its part and support EFFF, I am sure that trust will grow and become the foundation for solid, lasting relationships between UK businesses throughout the food chain. It is past time that we began to build real trust and regard the chain as a chain.

I, and other members of the Implementation Group, have embarked on a series of visits to regional businesses and stakeholder groups across England to see examples of innovation and best practice and to learn from these success stories. A few weeks ago we had a fascinating visit to Adrian Scripps Ltd, a fruit grower who has become a key supplier of fruit to Tesco. As well as selling their own fruit, this company had invested in the latest intelligent grading technology and storage systems with the help of a processing grant to sell other growers' fruit too in a collaborative arrangement by which everyone benefits. The supermarket has a supplier who they can rely on for quality and quantity of supply, the individual growers have a consistent market for their produce and Adrian Scripps Ltd can use the profits to keep the technology up to date and expand their operation. This is a true success story and I'm sure it is being and can be repeated many times across many sectors of the food industry. However, this successful, competitive UK grower still has constraints to expanding his production. The opportunity exists to increase his share of the market, but the biggest constraint is planning permission. He plans his business on a two year cycle but cannot predict whether he will be able to expand his facilities. It is factors such as these which inhibit our industry's success. This issue crops up time and time again.

A similar success story is that of the partnership between Warburtons and Centaur Grain. Centaur Grain, as you may know, is a UK farmer-owned marketing organisation, which markets cereals, oilseeds and pulses on behalf of its member growers and endeavours to get optimum value from managing the whole supply chain. Quality is carefully monitored and farmers are rewarded for this with high returns and security. This resulted in a contract with Warburtons which ensures that growers know who they are growing for, what the specifications are and that they will have a secure market for their crops. The fact that all the production of the grain meets

rigorous farm assurance standards adds value to Warburtons and ensures a win-win situation for those involved.

I'm also aware of five growers who have clubbed together, collectively farming over 30,000 acres, who are now negotiating with a brewer to supply all his malting barley. Those growers have decided that, in what we assume will be a decoupled world, they won't sow a single seed unless they have already agreed the price and market for their crop. This is extremely sound business sense. All these successful initiatives are based on sound market research, secure relationships, the adoption of the latest technology and commitment. Partnership without commitment will fail.

Better information

In addition to English Farming and Food Partnerships, there are several other initiatives which have been set in train as part of the Sustainable Farming and Food Strategy following the Policy Commission Report.

The Food Chain Centre and the Red Meat Industry Forum will give farmers and the food industry better market information and will promote benchmarking and best practice. These bodies have a crucial role in helping our industry to improve its competitiveness. They will produce hard data from value chain analysis to reduce waste, drive down costs and provide interesting opportunities for improving efficiency within the food chain. I am aware of one retailer who is so enthused with the results that they are looking at how the benefits of improved efficiencies can be shared with the others in the food chain, including producers.

2. Adding value

Secondly, how do we add value to our products? Agricultural policy has, over the last 50 years or so, driven us down the road of commodity, largely undifferentiated production. It will continue to be exceedingly difficult for English producers to compete in 'bog-standard' commodity markets against international competitors who are not as constrained as we are. However, I firmly believe that there is an ever growing opportunity to add value to our products at home and in our export markets.

Assurance schemes

The first major move to differentiate our commodities was the introduction of assurance schemes over 10 years ago. Consumers are deeply concerned about the quality of British food and assume we produce food to assured standards. The role of assurance schemes will become even more important to producers and processors as companies strive to differentiate their goods in a crowded international market. A huge effort is being made to re-construct AFS in line with the Policy Commission's recommendations. Every farmer and every business should now be engaged in an assurance scheme. Assurance standards need to apply throughout the industry and our food should be synonymous with assurance and quality. Retailers, large and small, caterers and the food service sector can play their part in promoting consumer awareness of British assurance schemes, in particular the Red Tractor to establish and reinforce the high quality of British food in consumers' minds.

Local food

Consumer demand for local, regional and organic food is growing steadily. Buyers, processors and retailers often encounter difficulties in sourcing UK products from an extensive supply base of small volume producers, which means that these high quality British products may not be sold in the quantities that they deserve. Logistics and distribution can be a real barrier - another example of where co-operation can help. On our regional visits, we are meeting with the Regional Steering Groups which have been set up and include representatives from RDAs, Government Offices, agencies and other bodies who are taking the implementation of the Strategy forward. They must work with English Farming and Food Partnerships to maximise the opportunities for local and regional food. The Plumgarth initiative near Kendal is a good example of what can be achieved when a group of local producers co-operate together to supply a supermarket. They are now being invited to supply another one near by. Increasing interest is leading to increased opportunities to add value to local and regional food.

Exporting British regional products

I have really only been focussing on the home market so far. However, there are numerous examples of British businesses who are competing internationally. As I have said, I believe that for many businesses, differentiating their products along value-added or speciality lines may be the key to success in markets where commodities can be easily undercut by competitors.

Walkers biscuits are an excellent example of a successful exporter with value added products in a large number of overseas markets. Food from Britain is doing a fine job of promoting British

processed food and drink overseas. But more work can be done to raise consumer awareness of speciality regional food products, encourage retailers and the food service industry to sell them, and increase producer competitiveness. To achieve this, further funding has been given to Food from Britain to increase their work. Their knowledge and experience of the speciality market is invaluable, especially to small and medium sized enterprises inexperienced in exporting. We have foods which we can be proud of and which can easily match their counterparts in other countries. However, we must go out there and promote to them with zeal and confidence. Food from Britain is crucial for this and I urge you to use their expertise.

3. Diversification

Thirdly, there are opportunities through diversification. Some businesses will want to diversify through developing alternative markets. There are numerous opportunities opening up through research undertaken by organisations such as CCFRA Group. I have been very impressed as I tour the country, by the innovation and enterprise taking place. Some farmers tell me that other people have opportunities to diversify, but they don't. In my experience, the only real limitation is a limited horizon. With access to sound advice and support, the rural economy could be built on a foundation of farm businesses, integrated through diversified activities. We have a working group looking at how help and advice, training and support can be accessed through simpler routes than the confusing jungle we have at present.

New markets

There is a need to explore new markets including alternatives to food. I am convinced that viable markets will emerge and considerable work is being undertaken by the Central Science Laboratory at York under Melvyn Askew. Some markets will be niche and specialised and others could be quite big. Industry pressure has focussed, for understandable reasons, on fuel duty rebate in order to assist the viability of bio-fuel production. It would be helpful to have the same support as some other Member States receive. But the big issue, in my view, is much greater than just fuel duty rebates. We need a more strategic approach with a much clearer pathway to the viable new markets. Then we need an agreement with Government on the incentives required to support long-term investment in research, processing and infrastructure.

I would like to touch on the important role of research and technology. It would be remiss of me if I did not touch on this today. I listened to a fascinating paper by Dr Iain Harrington from the Massey Institute in New Zealand a few months ago. It is inappropriate to hold New Zealand up as a perfect model to follow for a number of reasons, not least of which is that they have had

the converse of ourselves in the currency department! However, what came across loud and clear was the fact that since the removal of subsidies, they have built their commercial success on research. Research into new technologies, research into new products and research into new markets. If we are to succeed in the global market, we have to do exactly the same. Our total research spend has fallen in real terms over a number of years now. Yet without a continuing commitment by Government and the industry to an adequately funded programme of research, we risk our future competitiveness- very relevant to our visit today.

Nutrition

Finally, there is increasing concern in this country about poor public health resulting from unbalanced diets. The Government is extremely keen to promote healthy eating and the Department of Health is currently working on a Food and Health Action Plan, which is tied closely into the Sustainable Farming and Food Strategy. There is an opportunity for the industry to engage in the production of healthier, more nutritious food. The food service sector has a particular role to play here, in using home produced food and encouraging the consumer to understand the links with the producer. The public procurement market is a real opportunity. Government is ready to open the door, but are we - the industry - ready to walk through? The sensible approach is to take a step at a time, a school, a hospital, a Government Office building. Make it a success, then gradually expand.

Conclusion

In conclusion, I believe that British food is as good as food from anywhere else in the world. We can compete internationally, particularly with regional and speciality foods, despite the considerable international pressures. The real opportunity lies in our home market, which is under-exploited. We have the huge advantage of having nearly 60 million people on our doorstep. But for British food to compete and gain market share, needs innovation and co-operation and continual investment, with all stakeholders in the food chain fully engaged. I exhort you all to rise to the challenge so we can convince British consumers that our food is safe, sustainable and healthy. And that it represents good value in this tough global market.

