

**SUMMARY OF THE MEETING OF THE AHDB PORK BOARD
ON 19 MAY 2020
TELECONFERENCE**



CONFIDENTIAL

PRESENT: Mike Sheldon - Chair, Richard Buckle, Mark Haighton, Simon Watchorn, Robert Beckett, Nick Davies, Chris Aldersley, Rupinder Ashworth, Robin Thompson, Adam Cheale, Tim Bradshaw, Robert Mutimer

APOLOGIES: N/A

IN ATTENDANCE:

Jane King – CEO, Nicholas Saphir – AHDB Board Chair, Angela Christison - Strategy director – AHDB Pork, Liam Byrne - Head of Marketing Pork Beef and Lamb , Jon Foot - Head of Environment & Resource Management , Mandy Nevel - Head of Animal Health & Welfare
Phil Hadley – International Market Development Director , Duncan Wyatt – Lead Analyst – Red Meat , Christine Watts - Chief Communications & Market Development Officer, Susannah Bolton - Director of Research, Tom Hind – Chief Strategy Officer, Lenka Rihova – Minutes

AGENDA ITEM 1 – Apologies for absence

The Chair opened the meeting at 10am and welcomed those in attendance. There were no apologies for absence.

MS welcomed Nicholas Saphir, the new Chair of AHDB.

MS congratulated TH, Chief Strategy Officer, who will be leaving AHDB, to take up a role outside the organisation.

AGENDA ITEM 2 - Declarations of Interest

RBe declared that he had been asked to take up a seat on the Red Tractor Pigs Board.

AGENDA ITEM 3 – Minutes from the meeting on 17th March and Marketing call on 17th April

The minutes of the last meetings held on 17th March and 17th April were accepted as a correct record and will be signed by the Chairman.

AGENDA ITEM 4 – Matters arising

MS recapped on the matters arising and action points, confirming all items were either completed, on the agenda or still in progress.

AGENDA ITEM 5 - Request for views - feedback from Board

MS reported on R4V, carried out by DEFRA, regarding the future of AHDB. The final report has been presented and discussed with the Board.

AC gave a verbal update on the report and commented on the key messages that came out. While there is support for the levy, AHDB need to give greater value and clarity on cross-sector and sector-specific areas of work. There is support for a ballot every 5 years, more focus on export and domestic marketing and greater accountability and connection between AHDB and levy-payers.

MS suggested that while the R4V was important, the data was 18 months now old. The message was clear: AHDB must do better in terms of performance, delivery and communication, and must direct its focus on the future.

AGENDA ITEM 6 - Introduction to Nicholas Saphir / Update on Strategy Planning

NS introduced himself to the Board, sharing his background and extensive experience in agriculture and industry.

There is great uncertainty about the UK government's trade negotiation position. NS commented on export opportunities, post-Brexit world, the current negotiating position with US and related



opportunities. NS has good knowledge of US trade negotiations.

NS shared his views on AHDB's role over the next few years in relation to new trading agreements and relationships with other nations. British agriculture is heading for a radical change due to a variety of factors. NS explored ideas around how the future of farming may change, and the role that AHDB could play. He suggested the Government would have less direct involvement in future. AHDB, as a centralised body will therefore be a key player.

An initial strategy will be presented to the main Board on 2nd June. There will be a business plan for the next three years. Each sector will identify their top five requirements working with a bottom up (rather than top down) approach to business planning. NS had been impressed with the work taking place at AHDB, but there are areas that need looking at (communication, risk management around diseases).

Concern was expressed regarding the threat of US imports. The Board discussed the opportunities and risks around a long-term agreement with US and dependency on it. The core of any agreement on food and agriculture will be about food safety. Existing American trade agreements are not dependent on welfare, or environment. An area for discussion is whether we can monetize the cost of British standards and promote them to consumers.

The Board discussed the exports risks to UK industry, especially the risk to carcass balance. AHDB need to find routes to market collectively and support those who want to exploit those routes. It was felt that export work should be a top priority in the way we go forward.

JK commented on the development of a new strategy. The Board has already completed preparatory work on a new strategy. The aim is to build on this work with the benefit of NS's views. Above all, building an evidence base is critical for industry and for AHDB to help with risks & opportunities.

AGENDA ITEM 7 - Market conditions: group discussion on challenges and opportunities - now or foreseeably.

DW and PH presented on the domestic and export markets. Key points:

- Trade data – out of home consumption reduced to almost zero
- Overall demand for meat slightly down (recessionary behaviour and less waste)
- Increased retail volumes not making up for food service reduction
- UK exports to China had increased, thanks to Chinese demand, and in spite of plentiful cheap US pork
- Export – new data (21% increase in value overall, non-EU export 40% increase)
- A more streamlined process for raising certificates for exports is almost complete

The Government announced the UK's new MFN (most favourite nation) tariff regime, the UK Global Tariff, which will replace the EU's Common External Tariff on 1 January 2021. There is little change for Pork sector.

MS and AC reported on the outcome of their teleconference with counterparts from Europe. Key points:

- Falling farmgate prices in most European countries
- Northern Europe – surplus of pork / Southern Europe – loss of tourism (impact on demand)
- Covid-19 related problems in processing plants
- African Swine Fever – greatest concern to the industry (lack of political will/funding to build a fence between Poland and Germany)
- Reported likelihood of China accepting Ractopamine treated pork from US.

The Board discussed the potential Chinese acceptance of US Ractopamine treated pork, and whether this could be extended to other cheap volume producers like Brazil and Mexico. In responding to this risk to UK exports, the aim is to open up more markets to spread our risk. The next targets for access are Mexico and Vietnam. The main concerns are around emerging trade deals

and tariffs following Brexit/Trade negotiations. Consumer behaviour changes will play a role as well.

AGENDA ITEM 8 – Directors Report / Operational Report

The reports were taken as read with no questions raised. AC reported on March year-end figures. Differences were explained and mainly centred around staff shortfalls, plus some delays in projects. Status of projects was in the Directors report. Pig Health Scheme and progress on carcass classification project currently on hold due to Covid-19.

AGENDA ITEM 9 – LIP

MS gave a short update on LIP. He reminded the board that the original drive came from TDUG (Traceability Design User Group), and this had been taken up by DEFRA. AHDB's interest was in using core traceability data to support value added projects that would deliver productivity or market benefits. Several names were used in connection with the programme:

Livestock Information Limited = the name of the company

Livestock Information Programme = the name of the development programme to build the system

Livestock Information Service = the running system when it is being implemented

Formally, it is a Company Ltd. by Guarantee, with two Members, AHDB and DEFRA. It is a unique joint venture between industry and DEFRA. It has two goals:

- 1) To develop core traceability systems across all species
- 2) To develop value added services to exploit the data

Richard Laverick is AHDB's Chief Officer – LIP. MS is the Finance and Audit Non-Executive Director on the LI Ltd Board and the Chairman of the Audit and Risk Committee for the company.

The original plan was to develop the cattle system first. However, the deadline for introducing bovine EID has been removed because of Covid-19 and so the delivery plan is under review. Nevertheless, the ambition for the programme is unchanged. The AHDB Pork Sector Board will have direct influence over ideas, decisions and budgets.

The principal AHDB forum for discussing value-add ideas is the Technical Innovation Group. AC and Ben Williams, KT Senior Manager, are looking after Pork interests on this group, as well as contributing to the whole.

DEFRA are funding the development of the core traceability systems, including the transition from eAML2. Value added services would be funded either by AHDB levy or by a commercial interest that wants to build a service using the data from the system. DEFRA will continue to pay for the core statutory service (LIS).

AGENDA ITEM 10 – PRRS2 Lessons for the future/ development of an agile industry fund.

MS and MN provided a verbal update on PRRS2. There are permanent risks of diseases affecting pigs entering Great Britain. A recent threat of PRRS2 was averted. MS reported on the *Disease Response Mechanism* board paper. The idea is to put the necessary mechanism in place early in order to respond in the event of a disease outbreak and minimise delay. Speed is imperative. There are legal considerations to enable payments to be made to producers and to allow AHDB to collect extra levy to replace it. Collaboration & support of producers and processor levy payers will be needed. The primary issue is to establish the legal and financial mechanism, and then to build the mechanism to manage the list of diseases to be included. This will be an industry-operated programme to avoid costs and risks for the whole industry.

The Board agreed that the concept should be pursued.

AGENDA ITEM 11 – Development of Environmental work

JF presented on our goals, programme aims and progress against them. The evidence base is key to support the pork sector and other parts of AHDB. JF commented on how we can support the pork sector to understand its carbon footprint and report that to customers and the public. The key questions arise around considering a recording system to monitor the environmental impact of pork production in a meaningful and comprehensive way. We want to build on that evidence base and

hold that information, which will help to develop the roadmap and facilitate benchmark to look at gaps in the model.

An AHDB/Industry group has been formed. The terms of reference set clear areas of work in terms of: providing robust information, defending the sector and its reputation, benchmark performance & development of KPIs so that we can benchmark environmental performance. The group will be chaired by RBU and will serve to consider the evidence and make proposals to the Pork Board on issues relating to buildings and environmental work. There was a suggestion to include a retailer in the group, which JF will consider.

AC asked the Board to nominate an integrator representative for Pork Environment Work sub-group. The Board endorsed the current concept.

AGENDA ITEM 12 – Pulled Pork Campaign / Reputational work

LB delivered a presentation on the activities in response to Covid-19, the progress to date with the PP campaign, our reputational work and future planning. Key points:

- Refocused digital activity (changing needs of consumers, matching against trends)
- Relunched a delivery box scheme & meat education program
- Carcass Balance challenge – Pulled Pork Campaign (stimulate demand for shoulder)
- Plans for post Covid-19 (Britishness, food safety & security)
- A need to continue industry partnership in reputational work

The consumers offset the responsibility of welfare to the retailers. People pay more attention to health benefits. The aim is to make people eat meat not just for the taste but also for the nutritional benefits.

The Board agreed to consider pulling forward the mid-week meals campaign to August/September and to re-testing consumer feedback on reputational challenges post Covid-19. The Board also agreed that Project Q should go ahead and that we should hold the pilot Bacon campaign for now, thanks to increased demand for bacon.

AGENDA ITEM 13 – AOB

The Board agreed to hold a monthly call for as long as we are restricted to remote meetings. The calls will be formally minuted.

The redrafted PHWC Terms of Reference document, which was included in the Board pack, was endorsed by the Board and will be taken to Jane Downes, the Chair of the PHWC.

TB is happy to take up the pork board seat on the PHWC Food Safety Group and RT on the PHWC Disease Surveillance Group. RBU is taking up the chairmanship of the Pork PIES (Pork Infrastructure & Environment Sub-Group). RA is happy to join the marketing subgroup as she has background in consumer communications.

This was RA's and RT's first attendance at a formal Board meeting, and MS welcomed them. They joined the marketing call in April.

It was ND's last Board meeting. MS thanked him for his contribution.

ACH has had some technical difficulties in contributing to the meeting but emailed in his thoughts.

The meeting closed at 1pm.