

The BSE crisis and the export ban on Northern Ireland beef : third report / Northern Ireland Affairs Committee.

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NORTHERN IRELAND AFFAIRS COMMITTEE

Third Report

THE BSE CRISIS AND THE EXPORT BAN ON NORTHERN IRELAND BEEF

Report, together with the
Proceedings of the Committee,
Minutes of Evidence and Appendices

*Ordered by The House of Commons to be printed
12 March 1997*

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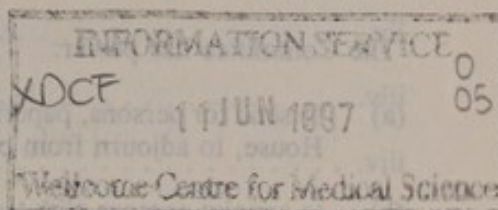
HOUSE OF COMMONS

SESSION 1996-97

NORTHERN IRELAND AFFAIRS COMMITTEE

10850

Third Report



THE BSE CRISIS AND THE EXPORT BAN ON NORTHERN IRELAND BEEF

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The Northern Ireland Affairs Committee is appointed under Standing Order No 130 to examine the expenditure, administration and policy of the Northern Ireland Office; administration and expenditure of the Crown Solicitor's Office (but excluding individual cases and advice given by the Crown Solicitor); and other matters within the responsibilities of the Secretary of State for Northern Ireland (but excluding the expenditure, administration and policy of the Office of the Director of Public Prosecutions, Northern Ireland and the drafting of legislation by the Office of the Legislative Counsel).

The Committee consists of a maximum of thirteen Members, of whom the quorum is four. Unless the House otherwise orders, all Members nominated to the Committee continue to be members of it for the remainder of the Parliament.

The Committee has power:

- (a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time;
- (b) to appoint persons with technical knowledge either to supply information which is not readily available or to elucidate matters of complexity within the Committee's order of reference;
- (c) to communicate to any other committee appointed under the same Standing Order (or to the Committee of Public Accounts and to the Deregulation Committee) its evidence and any other documents relating to matters of common interest;
- (d) to meet concurrently with any other such Committee for the purposes of deliberating, taking evidence, or considering draft reports.

The membership of the Committee since its nomination on 29 March 1994 has been as follows:

Mr Clive Soley (*Chairman*)

| | |
|--|---|
| Mr James Cran (<i>discharged 22.5.95</i>) | Mr Jim Marshall (<i>discharged 12.12.94</i>) |
| Dr Norman A. Godman (<i>added 11.11.96</i>) | Mr Peter Robinson |
| Mr Charles Hendry | Mr Tim Smith (<i>added 28.11.94</i>) |
| Mr Andrew Hunter | Mr Richard Spring (<i>discharged 28.11.94</i>) |
| Sir James Kilfedder (<i>died 20.3.95</i>) | (<i>added 22.5.95</i>) |
| Mr Thomas McAvoy (<i>added 12.12.94</i>) | Mr John D Taylor |
| (<i>discharged 11.11.96</i>) | Mr David Wilshire |
| Mr Eddie McGrady | Mr Mark Wolfson |
| Mr Ken Maginnis | |

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THIRD REPORT

THE BSE CRISIS AND THE EXPORT BAN ON NORTHERN IRELAND BEEF

The Northern Ireland Affairs Committee has agreed the following Report:

Introduction

1. On 20 March 1996 the Secretary of State for Health made a Statement in the House of Commons announcing new conclusions from the Spongiform Encephalopathy Advisory Committee that the most likely explanation at present of the cause of 10 cases of Creutzfeldt-Jacob's Disease (CJD) in people aged under 42 was exposure to BSE¹ before the introduction of the specified bovine offal ban in 1989.² This announcement had a dramatic effect on markets for beef across Europe. Sales of beef plummeted. On 26 March the EU banned the export of beef and beef products from the United Kingdom.

2. The extent of the ban imposed by the EU Commission is worldwide. The justification for this is that the Commission regards the possibility of re-importation from a third country of banned United Kingdom beef a danger. There are serious doubts about the legality of extending the ban to all parts of the world - it is the subject of a continuing legal challenge by the United Kingdom Government.³ The practical effect is that Northern Ireland beef cannot be sold to South Africa, for example, where there is a traditionally strong market for it.⁴

3. The ban has been extremely serious for Northern Ireland. 85 per cent of farms there have cattle. Output from the beef sector is worth £400m,⁵ equal to about a third of total agricultural output.⁶ According to the Northern Ireland Agricultural Producers' Association there are about 20,000 people employed in the production and processing of beef in Northern Ireland.⁷ In the year immediately before the present crisis, only about twenty per cent of the beef produced in Northern Ireland was sold for home consumption. Twenty-five per cent of the beef was shipped to Great Britain and the remaining fifty-five per cent was exported.⁸ The beef industry - and especially the export trade - is very significant in terms of the overall economy of Northern Ireland.⁹

¹ Bovine Spongiform Encephalopathy (BSE), a disease of cattle which results in degeneration of the brain and eventual death, was identified in 1986. In late 1987 the most likely cause of BSE was discovered to be animal feed containing meat and bonemeal from ruminants and the use of such feed was subsequently banned. In August 1988 the Government introduced a slaughter policy under which all cattle identified as being infected with the disease were killed.

Select Committees have already reported to the House on aspects of the BSE crisis, notably the Fifth Report of the Agriculture Committee for 1989-90: *Bovine Spongiform Encephalopathy* (HC 449, 1989-90); and the Minutes of Evidence from the joint session held by the Health Committee and the Agriculture Committee on 27 March 1996, 17 April 1996 and 18 April 1996 were published as *Bovine Spongiform Encephalopathy (BSE) and Creutzfeldt-Jacob's Disease (CJD): Recent Developments* (HC 331, Session 1995-96) - the Committees did not publish a Report. Various other Agriculture Committee Reports refer to effects of the disease on the farming industry: *Disposal of Fallen Livestock* (Fourth Report HC 493, Session 1990-91); *Identification and Registration of Farm Livestock* (First Report, Session 1994-95 (HC) 83-I - this recommended adoption of a computerised record system for all the UK similar to that operating in Northern Ireland); the Committee's series of annual Reports called *MAFF/Intervention Board Departmental Report* (the most recent being MAFF/Intervention Board Report 1996, published as the First Report 1996-97 (HC 103)); and the *UK Dairy Industry and CAP Dairy Regime* (First Report, Session 1995-96 (HC40) - a section deals with the effects of the BSE crisis on the dairy industry). The Scottish Affairs Committee, similarly, referred to the effects of the BSE crisis in its Report: *The Future for Scottish Agriculture* (Third Report, Session 1995-96 (HC 629-I); see especially paragraphs 138 to 142).

² House of Commons Official Report, Vol. 274, Col. 375 (20 March 1996).

³ Q.150 ff.

⁴ Ev. p. 20.

⁵ Ev. p. 16.

⁶ Ev. p. 21.

⁷ Ev. p. 22.

⁸ Ev. p. 1.

⁹ See *Northern Ireland Economic Review and Prospects - January 1997*, published by Coopers & Lybrand; and ev. p. 16 etc.

The inquiry

4. In order to monitor the continuing effects of the export ban on the Northern Ireland beef industry the Committee asked for memoranda from the following Northern Ireland organisations: the Department of Agriculture for Northern Ireland (DANI)¹⁰; Ulster Farmers' Union¹¹; the Northern Ireland Agricultural Producers' Association¹²; the Northern Ireland Meat Exporters' Association¹³; and the Livestock and Meat Commission for Northern Ireland.¹⁴ In addition, we received memoranda from the National Farmers' Union of Scotland¹⁵ and the National Farmers' Union of England and Wales.¹⁶ The Ministry of Agriculture, Fisheries and Food (MAFF) did not send a separate memorandum, but saw and agreed with the papers from DANI and sent material including details of the UK Export Certified Herds Scheme.¹⁷ The Committee travelled to Northern Ireland in December 1996 to take informal evidence from representatives of the beef industry. Subsequently, we took oral evidence from Baroness Denton, the responsible minister for agriculture in Northern Ireland.

5. The position of the EU Commission is of key importance. The Commission controls the decisions relating to beef production to a considerable degree; many detailed matters which are particularly important to Northern Ireland farmers are not controlled by DANI or MAFF but by the authorities in Brussels. All agricultural affairs are negotiated in Brussels by the Minister for Agriculture on behalf of the Agriculture Departments of the Scottish Office, Welsh Office and Northern Ireland Office. The day after the Minister of Agriculture submitted the UK Certified Herd Scheme for approval to the EU Commission under the Florence agreement procedure we took evidence from him about the United Kingdom negotiating position (in private, at his request)¹⁸ before travelling to Brussels the following day to see the EU Agriculture Commissioner, Mr Franz Fischler and officials in the Commission.

6. We are grateful to all those who assisted the Committee during the inquiry, whether by sending memoranda, or by providing formal or informal oral evidence: the names of those who sent in written evidence are printed on pages iv to vi. We would particularly like to thank those representatives of the beef industry whom we met during our most useful visit to Northern Ireland in December for their cooperation in providing evidence, often at short notice.

7. This subject is extremely complex, with a difficult scientific background and a system of support for farmers by way of compensation that is not straightforward.¹⁹ We recognise the current concerns about public health but do not rehearse the scientific or medical aspects of this subject which have already been set out in detail elsewhere and extensively debated in the House.²⁰ In the limited time remaining in this Parliament we deliberately focused on when the EU ban on the sale of beef will be lifted and by what means.

Government Action

8. In June 1996 at Florence the various EU Governments agreed a framework for the lifting of the ban on United Kingdom beef under which the UK Government would have to comply

¹⁰ Ev. p. 1.

¹¹ Ev. p. 16.

¹² Ev. p. 21.

¹³ Ev. p. 26.

¹⁴ Ev. p. 46.

¹⁵ Ev. p. 49.

¹⁶ Ev. p. 50.

¹⁷ See ev. pp. 57, 63, 65 and 56.

¹⁸ On Wednesday 26 February 1997; the evidence is published with the Report subject to one section remaining confidential.

¹⁹ See ev. pp. 52, 53.

²⁰ See footnote 1 above and House of Commons Official Report *passim*.

with five preconditions before the Commission would consider any Proposal to lift the export ban. These were: an improved system of animal identification and movement recording; the removal of meat and bonemeal from farms and feed mills; the removal of specified bovine material in slaughterhouses; the slaughter and destruction of cattle aged over thirty months; and a selective cull designed to reduce the number of future cases of BSE by removing animals judged to be most at risk of contracting the disease, namely cattle born and reared in the same group as animals which have succumbed to BSE and which may therefore have been exposed to the same feed.²¹ The small number of cattle which would be slaughtered in Northern Ireland under the selective cull are for the most part readily identifiable.²²

9. The Government made rapid progress with the first four conditions of the agreement.²³ On 19 September 1996 the Government announced that on the basis of the latest scientific evidence - unknown to it at the time of the Florence agreement - more work would be needed on appropriate culling strategies and that it intended to consult further with the EU on proposals for relaxing restrictions on animals in certified and other herds which have had no contact with BSE. It did not at that stage intend to carry forward with the implementation of a selective cull under the agreement.

10. However, the Minister for Agriculture made a Statement to the House on 16 December that the Florence agreement would after all be fully implemented, since the scientific evidence was unlikely to alter the preconditions agreed at Florence.²⁴ The Government's present position is that it has now fulfilled all of the preconditions settled at Florence and that it seeks agreement from the United Kingdom's European partners to reintroduce beef from certified herds which can show a clean history for the cattle in them. After a consultation period starting on 16 December 1996,²⁵ the Government sent formal notification of its proposed certified herds scheme to the Commission on 25 February 1997.²⁶

11. The Export Certified Herds Scheme would, if accepted by our EU partners, allow export of beef products from animals under thirty months in two categories: beef or beef products could be exported "bone in" from animals where there had *never* been a case of BSE either in the natal herd or a case in any other herd in the previous six years which they had entered; beef or beef products from herds where there had not been a case of BSE in the previous six years in any herd to which the animal had belonged could be exported "bone out".²⁷ The Government's proposal was accompanied by papers setting out the achievement of the five preconditions set out in the Florence agreement, the detailed terms of the proposal for a UK Export Certified Herds Scheme, the scientific rationale for the scheme and a covering letter from the United Kingdom Minister of Agriculture to Commissioner Fischler. All of these documents mentioned the special situation of Northern Ireland in being able to provide enhanced guarantees for exported beef either because of low incidence of BSE or the computerised cattle tracing system.²⁸

12. One possibility canvassed with us which did not figure in the Government's proposal was to make all animals born after 1 August 1996 exportable, irrespective of which holding they come from.²⁹ The basis for including this group in a special category is that they were all born after the total ban on meat and bonemeal feed was introduced in May 1996 and so the risk of *any* cross-contamination would be eliminated. The Government's position on this

²¹ See House of Commons Official Report, Vol. 287, Col. 632 (Minister of Agriculture, Fisheries and Food's Statement of 16 December 1996).

²² See House of Commons Official Report, Vol. 286, Col. 179 (26 November 1996) and Vol 290, Col. 502 (18 February 1997 - Written Answer: "Cattle Slaughter Scheme").

²³ By the time that the Minister of Agriculture made a Statement to the House on 16 December 1996, it had fulfilled them: see House of Commons Official Report, Vol. 287, Col. 632.

²⁴ See House of Commons Official Report, Vol. 287, Col. 632.

²⁵ See MAFF Press Notice 409/96, dated 16 December 1996.

²⁶ See MAFF Press Notice: UK Submits Export Certified Herds Proposal, dated 25 February 1997; and see *ev.* p. 56 ff.

²⁷ See *ev.* p. 63.

²⁸ See *ev.* pp. 57, 63, 65 and 56.

²⁹ *Ev.* p. 54.

is that it would not be accepted by other EU states until maternal transmission of BSE was definitely ruled out.³⁰ **We accept the realism of this argument.**

Northern Ireland's position

13. Northern Ireland would be exceptionally well placed to benefit from a certified herd scheme partly because of its well developed system of registering cattle from birth to slaughter and partly because of the relatively low incidence of BSE in the Province.

14. Since 1988 the Department of Agriculture for Northern Ireland has operated a computerised animal health system which keeps a full health history of each bovine animal and traces every movement of an animal from birth to slaughter. DANI Veterinary Service staff input all information relating to cattle. No cattle can move without a permit, so every movement is recorded and at any one time every bovine animal can be traced. Suspicion of BSE must be reported to DANI or the police. DANI staff investigate and, if the animal is "BSE suspect", record that fact on the database and restrict the animal's movement, if appropriate. If the histopathological examination of the brain indicates that it did suffer from BSE then the record refers to the animal as "confirmed" and the herd from which the animal comes is "flagged". All animals which are born into the herd or which move through are "flagged" as well, going back six years and continuing into the future for six years after identification of the sick animal. After the six year period elapses, the "flagged" animals and the herd are still recorded as having been "flagged" in the past.³¹ The proposed scheme would build on the present flagging system in Northern Ireland, although the mechanics of the scheme may change to reflect the new rules.

15. In Northern Ireland the incidence of BSE has never been as great as in other parts of the United Kingdom. The first case of BSE in Northern Ireland was recorded in July 1988 and since then 1,732 cases were identified up to 31 October 1996.³² During roughly the same period (up to 31 August) 154,787 cases occurred in England and Wales³³ and 162 in the Republic of Ireland (up to the end of October).³⁴ The disease has also occurred in indigenous cattle in France (26 cases - as at 14 October),³⁵ Portugal (58 cases - as at 14 October)³⁶ and Switzerland (214 cases - as at November 1996).³⁷ Within the Northern Ireland herd (approximately 1.6 million head), the disease peaked in 1993. The current incidence rate is 6 per month (or 73 per year) representing 0.004 per cent of the herd, although this is falling.

16. There has been a sharp decline in the incidence of the disease since May this year in Northern Ireland; from July 1996 onwards there were as many or more reported cases in the Republic of Ireland - from where beef may be sold to EU countries - as in Northern Ireland. Although the Republic's national herd (about 7 million) is larger than the Northern Ireland herd (about 1.6 million) the reported cases of BSE are now proportionately about the same in both parts of the island of Ireland. The trend at present is for a sharp decline in the coincidence of the disease in Northern Ireland and an increase in the Republic.³⁸ As the Government's paper describing the scientific rationale of its proposed Certified Herd Scheme argues, there is good reason on the basis of reported cases for describing Northern Ireland as a "low incidence" area, in the sense that the term is used by the Office International des

³⁰ Q. 148.

³¹ Ev. p. 3.

³² Ev. p. 16; and see ev. p. 2.

³³ Ev. p. 16.

³⁴ Ev. p. 16.

³⁵ Ev. p. 2.

³⁶ Ev. p. 2.

³⁷ Ev. p. 26.

³⁸ See ev. p. 2 and Table on p.69.

Epizooties' International Animal Health Code.³⁹

Support for the Northern Ireland Beef Industry

17. The EU ban on beef exports and the fall in beef consumption in the United Kingdom reduced the value of Northern Ireland cattle sales to commercial markets and into intervention by nearly £120 million. Compensation and support measures offset this loss entirely and the value of cattle output, including the Over Thirty Months Scheme, in 1996 was virtually the same as in 1995. The income of the agricultural industry fell by 6 per cent, largely because of higher input costs, increased depreciation charges, interest payments and hired labour costs.⁴⁰ The export ban has had adverse effects on the beef processing sector, with many short term lay-offs, and in related sectors such as animal food compounding, transportation and agricultural machinery.⁴¹

18. A further £52 million has been set aside for compensation to farmers in the United Kingdom. 15 per cent of this money will be directed towards Northern Ireland farmers. During the inquiry we were very concerned about the special problems of the owners of "suckler" herds and raised their difficulties with Baroness Denton. Some owners of "suckler" herds which had been "flagged" were facing ruin, since their cattle were essentially unsaleable. We are pleased that a substantial part of the support will be devoted to those owning "suckler" herds.⁴² Their position is now that the compensation package allows them a lifeline for this year. The prospect of a return to exporting cattle after six years from the last BSE case in their herd provided by the Government's Certified Herd Scheme (if agreed by the EU), would, of course, for many of them mean a return within less than six years from implementation of the scheme.

19. Despite the acknowledged generosity of the compensation available, there are still problems, however. One of the main methods of assisting the industry is the EU Beef Intervention Scheme. This scheme was originally designed to be a temporary expedient for supporting the market, but has developed into a major destination for Northern Ireland cattle. The system sets weight and price limits for intervention. Previously, the weight limit only defined the level above which no Intervention price was payable. Now, however, the weight limit for the scheme is applied in an absolute way, so that any animal over 360 kgs is *completely* ineligible for the Scheme. This disadvantages Northern Ireland producers, who have in recent years concentrated on producing heavier beasts for the Continental market. The Government has prepared the case for liberalising weight intervention limits for the EU Beef Management Committee which will consider this matter soon.⁴³ **We understand that the Government is addressing this urgent problem, but emphasise the special harm that this rule is causing in Northern Ireland.**

Timetable for resumption of beef sales from Northern Ireland

20. The procedure for removal of the export ban under the Florence agreement is complicated and, in some important matters, unclear. The Commission Position Paper on *BSE and the Protection of Human and Animal Health*⁴⁴ sets out the steps which must be gone through once the preconditions are met. According to it the UK must submit a working paper:

³⁹ The Office Internationale des Epizooties (OIE), of which all EU states are members, recommends conditions under which animals and animal products may safely be traded between countries based on scientific assessment of the available evidence. The conditions are set out in the International Animal Health Code, which is regularly reviewed. The Code is the standard used by the World Trade Organisation in settling international disputes. The Code distinguishes between high and low incidence countries. The United Kingdom is at present the only high incidence country: see *ev.* p. 65.

⁴⁰ See Department of Agriculture for Northern Ireland Press Notice, dated 31 January 1997.

⁴¹ House of Commons Official Report, 5 February 1997, Vol 289, Col. 652.

⁴² Qq. 61-63; and see DANI Press Notice dated 5 February 1997: "Baroness Denton Details Additional Support for NI Beef Industry".

⁴³ Q. 143.

⁴⁴ Pub. European Commission, 19 June 1996.

"elaborating the specific criteria and indicators as exemplified in the UK framework document".

The working paper must:

"be submitted for consultation to the Scientific Veterinary Committee, the newly created Multi-disciplinary Scientific Committee and, where appropriate, to other relevant Scientific Committees. At the same time, it will be discussed by the Standing Veterinary Committee".

The Commission, in the light of these discussions:

"will take a decision in accordance with the established procedure by presenting a draft Commission decision to the Standing Veterinary Committee. The Commission will subsequently fix the date when exports can effectively resume following a successful outcome of a Community inspection."

A continuing round of regular reports and inspections are an integral part of the agreed procedure. There are no set dates within the procedure and the scientific and public health criteria are left vague.

21. The initiative is now with the EU Commission. The next steps in the process towards agreeing a removal of the ban are that the Commission will refer the proposed scheme to the various scientific committees for technical advice and have parallel discussions within the Standing Veterinary Committee. Once the scientific committees report and the Commission puts a proposal to the Standing Veterinary Committee either the scheme will get qualified majority support or it will be referred to the Council of Ministers.⁴⁵ At best, this procedure will take a considerable number of weeks or even months.⁴⁶

22. There is grave concern about the effects of the BSE scare in EU partner countries. The position has been complicated by the recent Report of the European Parliament's Temporary Committee of Inquiry into BSE, which the European Parliament debated early in February this year and which has had a powerful effect on the Commission. Among the Temporary Committee's key findings were that, in its opinion, the United Kingdom Government failed to ensure the application of certain legislative measures taken against BSE and that it pressured the EU veterinary services to keep the problem out of the European sphere. In addition, the Report castigated the Commission for taking a line on BSE which in its view was over favourable to the beef market. The European Parliament has postponed a censure vote on the Commission until November when it will consider whether the Commission has taken reasonable action on the recommendations in the Committee of Inquiry's Report.

23. The Report has been criticised in particular by the UK Government, but it is a symptom of a deep split between the Commission and the European Parliament. We found Commissioner Fischler to be open about the undoubted difficulties associated with BSE and that he placed primacy on a scientific approach.

24. A specific result of the Report is that the Commission has shifted responsibility for key scientific committees from Directorate-General VI to Directorate-General XXIV with effect from 1 April 1997. In itself this move is not threatening, but it will cause delay in the scientific assessment of the United Kingdom Government's proposal. It will not be possible to start work on the certified herd proposals until the new scientific committee secretariats are established and the relevant scientific advisers are chosen.

25. We were particularly concerned about one immediate impact of the change - namely that the Commission's inspection of the selective cull (the fifth Florence precondition) might be delayed. This would have prevented the Commission from reporting as soon as possible

⁴⁵ Q. 94.

⁴⁶ See eg Q.94.

that the UK had complied with all the preconditions. When we met Commissioner Fischler we were heartened by his promise to send an inspection team to Northern Ireland before the 12 March handover of responsibilities (as it was then scheduled) in order to facilitate progress on assessment of the Government's proposals. (The inspection team has completed its work in Northern Ireland as promised). We are grateful to Commissioner Fischler, and his officials, for their helpful attitude.

26. The Temporary Committee of Inquiry's Report has had a profound effect within the Commission which should not be underestimated. The threat hanging over the Commission's head in the form of the postponed November vote has created a mood of caution which will, we expect, slow down the decision making process considerably. As a result, **at present, it is impossible to predict how long the process of assessing the Government's Certified Herd Scheme will take.**

27. Irrespective of a serious delay in assessment of the proposal affecting the United Kingdom as a whole, there is an alternative course: to apply for exemption from the export ban for Northern Ireland beef at an early date in advance of other parts of the United Kingdom. Northern Ireland beef could be a "bridgehead" for the resumption of the sale of beef from certified herds elsewhere in the United Kingdom once adequate tracing systems are established.

28. The Government has so far avoided asking for this, choosing to base its approach on a lifting of the ban for the whole of the United Kingdom. The Government regards the issue as one in which the entire country has an interest, although it acknowledges that Northern Ireland is the best placed region of the United Kingdom to benefit from a certified herds scheme and has a strong case for immediate and direct relief.⁴⁷ However, the view of the Commission to regional solutions is favourable. In the past outbreaks of disease have been dealt with on this basis. The Commission cannot, however, act on a regional basis without a specific application from the United Kingdom Government.

Conclusion

29. The beef industry in Northern Ireland, while receiving temporary support from Government and EU funds, is in grave danger. The survival of Northern Ireland's beef industry - and with it a significant part of the local economy - still has a question mark hanging over it.

30. We readily acknowledge that the Government has sent the Commission a proposal for a certified herd scheme that fits the circumstances in Northern Ireland well. **The proposal for a certified herd scheme covers most of the points made to the Committee by the representatives of the Northern Ireland beef industry. We regard it as the best route to removal of the current ban on beef from Great Britain and Northern Ireland. The Government and the Commission should press ahead with implementing a Certified Herd Scheme urgently.**

31. The Certified Herds Scheme is designed very much with Northern Ireland in mind.⁴⁸ Indeed, the difference between a formal regional exemption for Northern Ireland and the scheme as proposed may appear - at present - slight. To the extent that this is a response to the Committee's interest in this subject we are grateful for the prominence which the Government gave to Northern Ireland in its proposal, but the considerable danger remains that the process of assessing the scheme will involve costly delay. We are acutely conscious that the timetable for considering the United Kingdom based scheme is liable to involve the passage of many months. It would be unjust to beef producers in Northern Ireland and very damaging to the local economy if Northern Ireland beef continued to be ineligible for export because of doubts about beef from elsewhere in the United Kingdom.

⁴⁷ Qq. 9, 94 etc.; ev. p. 57.

⁴⁸ Q. 97.

32. We understand the Government's duty to represent equally all parts of the country and the reasons for Ministers' reluctance under close examination by us to adopt a stance which involved asking for a separate status for Northern Ireland beef pending full removal of the BSE ban. But the case for allowing Northern Ireland beef to be exempted from the ban early is overwhelming - as the Minister of Agriculture has acknowledged.⁴⁹ The likelihood of slow action by the EU authorities means that the Government should consider this alternative path. In the event of delay, the Government should attempt to negotiate an exception for Northern Ireland beef to the worldwide ban on the basis of the arguments which it adopted in its proposal for a certified herds scheme.

⁴⁹ Ev. p. 57 and passim in debates in the House of Commons.

PROCEEDINGS OF THE COMMITTEE RELATING TO THE REPORT

WEDNESDAY 12 MARCH 1997

Members present:

Mr Clive Soley, in the Chair

| | |
|--------------------|-------------------|
| Mr James Couchman | Mr Richard Spring |
| Dr Norman A Godman | Mr John D Taylor |
| Mr Charles Hendry | Mr David Wilshire |
| Mr Andrew Hunter | Mr Mark Wolfson |
| Mr Peter Robinson | |

The Committee deliberated.

Draft Report (The BSE Crisis and the Export Ban on Northern Ireland Beef), proposed by the Chairman, brought up and read.

Ordered, That the Report be read a second time paragraph by paragraph.

Paragraphs 1 to 32 read and agreed to.

Resolved, That the Report be the Third Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Several memoranda were ordered to be reported to the House.

[Adjourned to a day and time to be fixed by the Chairman.]

and request that the report be referred to the committee on the subject of the report. The committee on the subject of the report has the honor to acknowledge the receipt of the report and to inform the committee that the report has been received and is being considered. The committee on the subject of the report has the honor to acknowledge the receipt of the report and to inform the committee that the report has been received and is being considered. The committee on the subject of the report has the honor to acknowledge the receipt of the report and to inform the committee that the report has been received and is being considered.

Members present:

Mr. Oliver Soley, in the Chair

| | |
|-----------------------|--------------------|
| Mr. James Cochran | Mr. Richard Spring |
| Dr. Norman A. Cochran | Mr. John D. Taylor |
| Mr. Charles Hensley | Mr. David Williams |
| Mr. Andrew Hunter | Mr. Mark Wilson |
| Mr. Peter Robinson | |

The Committee deliberated.

Draft Report (The BSE Crisis and the Export Ban on Northern Ireland Beef) prepared by the Chairman, brought up and read.

Ordered, That the Report be read a second time paragraph by paragraph.

Paragraphs 1 to 12 read and agreed to.

Resolved, That the Report be the Third Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Several memoranda were ordered to be referred to the House.

[Adjourned to a day and time to be fixed by the Chairman.]

MINUTES OF EVIDENCE

TAKEN BEFORE THE NORTHERN IRELAND AFFAIRS COMMITTEE

TUESDAY 4 FEBRUARY 1997

Members present:

Mr Clive Soley, in the Chair

Dr Norman A Godman

Mr Ken Maginnis

Mr Charles Hendry

Mr Tim Smith

Mr Andrew Hunter

Mr Richard Spring

Mr Eddie McGrady

Memorandum submitted by the Department of Agriculture for Northern Ireland

Q1. What is the effect on the farming and associated industries in Northern Ireland of the ban on the sale of beef from the United Kingdom to other EU countries?

A1. In the year immediately preceding the outbreak of the current BSE crisis, approximately 20 per cent of the beef leaving Northern Ireland abattoirs was destined for markets in the Province. Approximately 25 per cent of production was shipped to markets in GB and the balance, accounting for 55 per cent of slaughterings, was exported to markets outside the UK.

The outbreak of the current crisis has had a dramatic effect on the disposal of beef from Northern Ireland. From the end of March to the first week of October, only 36 per cent of the beef produced from all cattle slaughtered was sold to commercial markets in Northern Ireland and GB. Intervention and the Young Bull Scheme accounting for a further 30 per cent of slaughterings, with the remaining 34 per cent destined for destruction under the Over Thirty Month Slaughter Scheme. In the five weeks since the beginning of September, the proportion of slaughtered cattle directed towards commercial outlets has slipped to 28 per cent, with intervention taking 37 per cent. This significant change in the outlets for beef produced in Northern Ireland has obviously affected the operations of the beef processing industry, which is now heavily dependent on handling beef under the institutional beef support and disposal mechanisms, with consequential price implications.

The crisis has also had a significant impact on market prices for finished cattle in Northern Ireland and in the rest of the UK. A comparison of dead-weight finished cattle prices over the four week period ending 12 October with the four weeks immediately preceding the outbreak of the crisis shows that R3 steer prices in Northern Ireland have fallen by almost 21 per cent (equivalent to approximately £164 per animal). This compares with an 18 per cent drop in GB over the same period. The larger fall in Northern Ireland means that the price for finished steers has moved from an average 5.9 ppkg dead-weight price advantage over GB animals to a 1.7 ppkg disadvantage.

The price reduction in the case of heifers has been greater over this time, with Northern Ireland R3 prices falling by more than 25 per cent (approximately £161 per head) compared with a reduction of 19 per cent in GB. Again, Northern Ireland heifer prices have moved from a 7.2 ppkg dead-weight price advantage to a 7.7 ppkg price disadvantage.

These reductions in the prices of finished animals have been reflected in the prices of store animals and, in recent weeks, suckled calves. Early indications are that suckled calf prices are approximately £100-£130 per head down on 1995 levels.

The reduction in price for beef and the fall in demand have both affected the commission available to the livestock market sector. There have, of course, been a number of measures designed to mitigate the impact of these price reductions. These include top-ups to the Suckler Cow and Beef Special Premia, the introduction of the one-off Beef Marketing Payment Scheme and more recently, enhanced payments under the HLCA Scheme have been announced. In order to aid cash flow, advance payments under the 1996 SCP and BSP Schemes have been increased from 60 per cent to 80 per cent, and advance payments under the Over Thirty Month Scheme (OTMS) have been made. Although finished cattle prices have fallen, the reduction would have been much greater but for the operation of the OTMS and the relaxation of the normal intervention terms and conditions.

Overall, average net farm incomes of beef producers will fall in 1996 as a result of the BSE crisis. It is too early yet to determine the scale of this reduction, and there is the added complication that many beef farms, particularly those in the less favoured regions, also have a sheep enterprise, which will have enjoyed increased profitability in 1996.

Within the associated industries there have been some redundancies and lay-offs resulting from the export ban on UK beef imposed by the EU on 28 March and the subsequent decline in beef sales in Northern Ireland.

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[Continued]

However, the Government remains committed to providing support to farmers, abattoirs, renderers and other essential links in the beef chain to ensure that a viable industry exists at the end of this crisis.

The Department of Economic Development were notified of 155 proposed redundancies in the red meat sector and approximately 126 have already taken place. It is estimated that a further 722 people have been laid-off.

In the transport sector, 150 people have been laid-off and there are reports of hardship due to reduced demand. Up to a further 50 people have been laid-off in the agriculture machinery sector but there are no reports of lay-offs in the dairy sector.

Q2. What is the incidence of BSE in Northern Ireland compared to:

- (a) The rest of the United Kingdom.
- (b) The Republic of Ireland; and
- (c) Other EU countries?

A2.

| Countries | Total cases | Date of last report |
|---------------------|-------------|---------------------|
| Northern Ireland | 1,730 | 21 October 1996 |
| Great Britain | 164,093 | 25 October 1996 |
| Isle of Man | 408 | 9 February 1996 |
| Guernsey | 599 | 27 October 1996 |
| Jersey | 126 | 25 October 1996 |
| Alderney | 2 | 26 June 1995 |
| Republic of Ireland | 156 | 24 October 1996 |
| France | 26 | 14 October 1996 |
| Portugal | 58 | 14 October 1996 |
| Germany | 4 | 5 July 1996 |
| Denmark | 1 | 5 July 1996 |
| Italy | 2 | 5 July 1996 |

Comparison of BSE reported cases by month for current year, 1996:

| Month | Northern Ireland | Republic of Ireland | Great Britain |
|--------------|------------------|---------------------|---------------|
| January | 13 | 4 | 920 |
| February | 11 | 4 | 1,192 |
| March | 14 | 1 | 847 |
| April | 10 | 1 | 592 |
| May | 4 | 3 | 629 |
| June | 1 | 0 | 1,026 |
| July | 2 | 7 | 801 |
| August | 8 | 8 | 541 |
| September | 7 | 7 | 656 |
| October | 3 | 6 | 673 |
| Year to date | 73 | 41 | 7,877 |

Q3. Would it be possible to arrange a separate status for Northern Ireland beef within the EU so that sales to other EU countries of Northern Ireland beef might more speedily be resumed?

A3. From the outset, the UK's principal objective has been to have the unjustified ban on the entire UK beef industry lifted. Government is continuing to discuss all options with the Commission in the context of the Florence agreement and is currently pressing ahead with the proposals for a certified herds scheme which might form the basis for relaxing the export ban.

The Certified Herd Scheme (see 4c) submitted to the Commission would provide assurances which would include certification that the animal from which meat was derived had never been in or passed through a herd in which there had ever been a case of BSE.

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[Continued

This is not special status for Northern Ireland as it would offer the opportunity for herds anywhere in the UK to benefit provided they meet the conditions of the Scheme. However, Northern Ireland with its low incidence of BSE, mainly grass based feed regimes and assisted by the Department of Agriculture's computerised tracing system is best placed to comply first with all the conditions of the Scheme.

Q4a. *To what extent is the health history of individual cattle traceable in Northern Ireland?*

A4a. The Department of Agriculture for Northern Ireland operates a computerised animal health system. As well as maintaining a full health history of all bovine diseases, not just BSE, the system can trace *every movement of every bovine animal from birth to slaughter*.

The current computer system which has been in operation since April 1988 consists of a central mainframe to which approximately 340 terminals are linked. These terminals, which are accessed only by DANI staff, are located at all main and sub Veterinary Offices, all cattle abattoirs/meat plants and the main markets (37 sites).

Veterinary Service staff capture information on cattle identification and movement by inputting information at the above locations. Since no bovine animal can legally move without a movement permit, the system is able to trace any animal at any time since there is a constantly up-dated record of the movement history.

It is a statutory requirement that suspicion of BSE is reported to the Department of Agriculture for Northern Ireland or the police. An investigation of a suspect animal is carried out by the Department's local veterinary staff, who issue documentation restricting movement of the animal, as appropriate. This information is logged on the Department's Animal Health computer system, recording the animal as a "BSE suspect", its ear tag number, date of birth, owner and date of issue of restriction notice.

When the results of the histopathological examination of the animal's brain confirms that it is a BSE positive it is transferred from the "suspect" status on computer to a "confirmed" status. At the same time a computer run places an indicator (flag) against the herd concerned and against all the animals currently in the herd and those which in the past six years have been born into or moved through the affected herd. All animals which subsequently are born into or move through the herd in the next six years will also be similarly "flagged".

An epidemiological investigation is carried out on each case of BSE and details of any progeny are also recorded on computer.

To facilitate any future requirement in respect of BSE or trade requirements on completion of the 6-year period referred to above the indicator changes to indicate that the herd had at some stage in the past been "flagged" for BSE and that the animals had passed through such a herd. All animals born into or passing through a de-restricted herd will also receive an indicator.

The computer system does all BSE tracing, flagging and re-flagging automatically. Herd owners can apply to their Divisional Veterinary Office for a computer printout of the BSE status of animals in their herd.

Q4b. *How does the health history of individual cattle traceable in Northern Ireland differ from other parts of the United Kingdom?*

A4. While notification procedures are similar in GB, the GB agricultural departments do not as yet have a computerised system of animal movement records. Thus all tracing has to be done manually and by farm visits. They have introduced a cattle passport system with effect from 1 July 1996.

Q4c. *Could a certified herd scheme be established in Northern Ireland?*

A4c. Given the low incidence of BSE in Northern Ireland and the Department's notification and traceability system described above it is considered that a certified herd scheme could be readily implemented in Northern Ireland.

A Herd Certification Scheme could offer certification for beef for export which provides assurances as follows:

- (a) the animal from which the meat is derived originated in a herd which has never had a case of BSE nor did the animal originate from a herd in which a possible BSE case is under investigation;
- (b) the animal from which the meat is derived has ever entered or moved through a herd in which a case of BSE has been confirmed or one in which a possible BSE case is under investigation;
- (c) the animal is less than 30 months of age at time of slaughter;
- (d) the scheme would cover 97 per cent of Northern Ireland herds.

Q5. *How successful has the cull of animals over 30 months old been in Northern Ireland? What problems have arisen with the cull?*

The purpose of the Over Thirty Month Slaughter Scheme is to dispose of cows and bulls which as reached the end of their productive lives and which could no longer be allowed to enter the food chain. Clean cattle (steers and heifers) were however accepted into the Scheme to allow beef producers time to adjust their

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[Continued]

production methods and to clear the backlog of cash cattle. A supplement of 25 p/kg live weight was initially paid and was gradually reduced before being phased out in 2 November. The supplement was in addition to the 1 ecu/kg liveweight for cows and bulls which was reduced to 0.9 ecu/kg (75 p/kg) on 21 October.

A young bull slaughter scheme was also introduced at a cost of over £3 million to address a health and safety problem, which was uniquely evident in Northern Ireland. This enabled the disposal of bulls between 24 months and 30 months of age who traditional market was no longer available but which could no longer be kept safely on farm.

To date over 95,000 cattle have been slaughtered under the scheme. The material from slaughtered cattle is subsequently disposed of by rendering and the waste is to be destroyed by incineration.

The scheme is a massive logistical exercise with the numbers of cattle which can be slaughtered dependent on Northern Ireland's limited rendering capacity. There are two main and one minor rendering plants in the Province and before the end of October it was only possible to slaughter on average 3,500 per week.

With the expansion of one of the plants and a change being made to the rendering mix which results in more animal material being diverted to cold store to await eventual rendering it has been possible to increase significantly the numbers of cattle being slaughtered under the Scheme. The latest weekly throughput figure for the week ending 11 November is estimated at 6,500. The significant increase should enable the backlog of cattle to be disposed of at an earlier date.

The backlog is currently estimated at some 90,000 animals and is of considerable concern to farmers who are wanting to have their cattle slaughtered. Government is making every effort to have the backlog cleared as soon as possible. The increased weekly slaughter throughput should be of direct benefit to farmers.

A central booking system, operated by the Northern Ireland Meat Exporters' Association exists in Northern Ireland to arrange for the booking of eligible cattle and their allocation for slaughter. Farmers unable to dispose of their cattle have expressed discontent with the system.

In administering the booking and allocation system NIMEA have faced great difficulty in coping with the large numbers of animals involved. An industry liaison group, representative of farmers' organisations, meat plants, renderers, live markets and the Department of Agriculture meets regularly to oversee the operation of the Scheme and it is the responsibility of the group to ensure that the Scheme operates as efficiently and fairly as possible.

After discussions between the Ulster Farmers' Union, the Northern Ireland Agriculture Producers Association and the Northern Ireland Meat Exporters' Association it was agreed that, with effect from 28 October, cattle from BSE flagged herds were to be given priority for slaughter under the Scheme.

The Intervention Board, which has overall responsibility for the operation of the Scheme throughout the United Kingdom, has recently established a system to enable farmers to register those animals on their holdings which, by 2 November, will have reached more than 30 months of age and are awaiting immediate slaughter under the Scheme. Such animals will also have priority, under the Scheme, until the registered backlog is cleared.

It is alleged that the reduction in compensation rates and indeed the phasing out of the clean cattle supplement is unfair particularly to those farmers who have not succeeded in selling all their animals to the Scheme.

Government has always made it clear that the clean cattle supplement was only being introduced for a six month period to allow farmers to adjust their regimes and finish cattle before 30 months of age. With regard to cows the compensation price is realistic in relation to EU market prices and price levels in the UK a year ago. Government has continually emphasised that the rate of compensation under the Scheme was never intended to better the market. It had therefore to be reduced to something more in line with market realities.

November 1996

Supplementary memorandum submitted by the Department of Agriculture for Northern Ireland

1. Five preconditions were agreed at Florence in June 1996 for the lifting of the export ban on UK beef. Four of them have already been fulfilled. They are as follows:

- (i) *an improved system of animal identification and movement recording.* A fully computerised system capable of tracing the movements of each animal from birth to slaughter already exists in Northern Ireland. In GB cattle passports are now issued to all cattle born since 1 July recording details of each animal's identity and movement. As announced on 12 December, the Government are also pressing ahead with proposals for a computerised cattle tracing system in Great Britain;
- (ii) *removal of meat and bonemeal from farms and feedmills.* Action was taken during the summer to retrieve the last remaining stocks of MBM from the animal food chain. A total ban on possessing MBM where animal feed is handled came into force on 1 August;

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[Continued]

- (iii) *removal of specified bovine material in slaughterhouses.* The rules on removal of those parts of the carcass which can harbour the infective agent are being enforced with great rigour. In Northern Ireland, the Department of Agriculture's Veterinary Service maintains a full-time presence in each abattoir and meat plant;
- (iv) *slaughter and destruction of cattle aged over 30 months.* Between May and Christmas 1996 over 1 million cattle (including 164,000 in Northern Ireland) aged over 30 months have been slaughtered and removed from the human food chain in the UK.

2. Implementation of the selective cull was the fifth precondition agreed at Florence. Following its decision in September not to proceed with the cull for the time being, pending consideration of new scientific evidence, the Government announced on 16 December that the cull would be taking place in the New Year. The decision was made on the grounds that, despite the epidemiological analysis put forward by Professor Anderson in August, the most likely outcome of discussions with the Commission and in the scientific committees would be that we should proceed with the cull as agreed (although there might need to be some addition on account of maternal transmission when advice is received from SEAC in February/March). It was also clear that, without such a cull, there would be no progress on the ban. In addition, farming unions and the majority of MPs are now in favour of the cull, and the back-log of cattle to be slaughtered under the Over Thirty Months Scheme has been eliminated.

3. Legislation implementing the cull in Great Britain was laid before Parliament following the Minister's announcement, and is due to enter into force on 24 January. It has been prayed against, and will therefore be subject to debate. Parallel legislation has been made for Northern Ireland and, as it is not subject to Parliamentary procedure, came into force on 8 January 1997. Farmers and their representative organisations are also being consulted on the operation of the cull itself. It is currently envisaged that tracing visits will start in Great Britain in late January and in Northern Ireland from week commencing 20 January 1997. The aim in GB is to complete the process of tracing and culling the affected cohorts within a period of six months, but tracing of animals moved out of these cohorts might take longer.

4. In Northern Ireland, just over 1,500 home-bred animals are in cohorts associated with BSE cases.

5. These animals can be traced accurately and quickly as the animal health computer system operated by the Department of Agriculture for Northern Ireland. It is therefore expected that the cull will be completed in Northern Ireland more rapidly than in Great Britain.

6. Slaughter of these animals should be completed within about eight weeks. However, there are some 5,400 cattle in Northern Ireland which have been imported from GB. These are identified as imports on the computer but, while their herds of origin in GB will be known, manual tracing in GB will be necessary to establish which animals come from BSE cohorts. Tracing and slaughter of these animals will take a little longer than for domestic animals.

7. Implementation of the selective cull will mean that all five of the preconditions in the Florence agreement have been met. This will allow the UK to move to the second part of the agreement which sets out the procedures for a relaxation of the ban. Proposals for a Certified Herds Scheme have been discussed with the Commission and have been issued for consultation in the UK, with comments due by 17 January. It is intended that the proposals for the Certified Herds Scheme will be formally submitted to the Commission as part of the Government's overall response to the Florence Agreement. The proposals would permit exports of meat and meat products from animals whose movements are fully documented and which could be certified as having no association with BSE.

8. While the Certified Herds Scheme will apply to the whole of the UK, it is expected that, in the first instance, it will be mainly herds from Northern Ireland that will be able to comply because of the traceability system that exists in the Province, together with the relatively low incidence of BSE. The Northern Ireland Meat Export Association have already had indications from their former customers on the continent that they would be willing to accept exports of Northern Ireland beef as soon as the ban is lifted. This interest is prompted by the low incidence of BSE in Northern Ireland and the existence of the traceability system.

9. In relation to flagging, the EU imposed conditions, prior to the current crisis, on the export from the United Kingdom of meat from animals which had been in, or through, a holding, as opposed to a herd, on which a case of BSE had been confirmed in the six years prior to export.

10. The flagging system used by DANI was established to allow the Department to identify holdings in compliance with the EU's legislation.

11. The Government appreciates that the present EU reference to a holding rather than a herd means that a producer with a "BSE herd" is bound by the relevant conditions for six years. The Government also appreciates the need for a change in the rules particularly as this restriction applies only to the UK and not to other Member States. However a direct approach to the Community at this stage would be unlikely to be productive as the Member States are unlikely to be sympathetic and as any changes to the EU BSE rules affecting the UK could

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[Continued]

only be made as part of the response to the Florence Agreement. It is for that reason that the Government is pursuing this matter through the Certified Herds Scheme which, if agreed, will bring about the desired change as the reference in the Scheme is to "herds" and not "holdings".

12. Notwithstanding the legislative position, animals that have been flagged are perfectly fit for human consumption, are acceptable for slaughter and are eligible for intervention. The saleability of these animals is a purely commercial matter. However, as an interim measure, the Department arranged for flagged animals to be given priority in the Over Thirty Months Slaughter Scheme to help individual farmers with their cash flow.

13. The Government and European Union have made available a total of £892 million to beef producers in the UK during the current financial year. In addition, a further £52 million for the UK was announced at the October Council of Ministers and Northern Ireland's share is to be directed towards the suckler sector. Consideration is being given to how some of this may be used to counter the difficulties faced by the owners of flagged herds in Northern Ireland.

January 1997

Examination of witnesses

BARONESS DENTON, a Member of the House of Lords, attending by leave of that House, Parliamentary Under-Secretary, Northern Ireland Office, MR PETER SMALL, Permanent Secretary, Grade 2, MR RON MARTIN, Chief Veterinary Officer, Grade 3 and MR PAT TOAL, Assistant Secretary, Grade 5, Department of Agriculture for Northern Ireland, were examined.

Chairman

1. Can I welcome you, Baroness Denton. Thank you very much for attending today. We know you have a very busy schedule but we, as I am sure you do, regard this question of BSE as extremely important. We were over in Northern Ireland in the late part of last year and saw farmers and talked to people and saw just how serious it was, which is why the Committee is anxious to pursue the matter a little further. My colleague, Tim Smith, is on another Committee, and I think he is the only member who is, and he might have to do a short-notice vanishing act if the bells start ringing. I am sure you will understand that but I warn you in advance. We were impressed, as I think many other people have been in Northern Ireland, by the quality of the recording of cattle herds there. Indeed my own view, and I think my colleagues would support this, is that it is a very good model for other countries to follow. Having said that, can you bring us up to date and say how near is the beef industry in Northern Ireland to meeting the Florence Agreement?

(Baroness Denton) May I say, Chairman, first of all that we are very pleased to be here and I would like to thank the Committee for the interest they have shown in the situation in Northern Ireland, because you are right, it is a most serious crisis we have seen and I think the fact we are weathering it is a tribute to all the people involved. From the point of view of meeting the Florence Agreement, four of the five points are met and starting on the selective cull is the final one. In fact because of the traceability system we have been able to identify the animals in Northern Ireland that meet the criteria for cohorts. It is there, it is under way, we did not need parliamentary approval so we laid our Order earlier and we were able to go ahead, but I would be wrong to pretend it has finished because it is never ending because obviously other

beasts come in but also there will be a need to identify the animals which have come from GB and that will take a little longer, but of course the agreement is that we should start.

2. When we were there, we were told that if another 1,700, I think it was, were slaughtered you would be ready to meet the conditions. Is that right?

(Baroness Denton) That is the Northern Ireland ones and that has declined because the over-30 months scheme takes those out at that level too. I will have to check the number. Could I ask Mr Martin how many have to be identified on the mainland?

(Mr Martin) We started off with about 1,500 Northern Ireland ones, and as we started and got the first round of 121 primary herds done, we found 846 theoretically should be culled, but in fact when we got there we found only 707 had to be culled, and then we start the second phase. Then we have the GB-generated cull, the ones that emerged from Great Britain, and there are 5,400 animals approximately from Great Britain to Northern Ireland which are in the right age range but we do not know whether they fall into cohorts, and we are in discussion with our colleagues in MAFF as to how best we might identify and deal with these animals at the moment.

3. But basically you see yourself on course to be able to meet the Florence Agreement very soon?

(Baroness Denton) We can meet this now.

4. Literally now? Right now you feel you could meet the Florence Agreement?

(Baroness Denton) Yes. Starting and moving through, as the Chief Veterinary Officer has said, is what we have done. Completing will take a little longer because of the delay in identifying the animals here, but that is not a requirement.

5. Do you know whether the Standing Veterinary Committee of the EU has agreed the position in

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BARONESS DENTON, MR PETER SMALL,
MR RON MARTIN and MR PAT TOAL

[Continued]

[Chairman Cont]

Northern Ireland? In other words, do you do this through the Ministry of Agriculture here or do you have liaison with the Standing Veterinary Committee in the European Union and do they say, "Yes, you are meeting the conditions satisfactorily"?

(*Baroness Denton*) There will in due course have to be an inspection. We have tried to work very closely with Europe. We have had visits from the vets in Brussels, we have had the agricultural attachés over from the European countries to let them see for themselves, because I was pleased to hear we impressed the Committee and we wanted to impress other people. So we have done that. But for me to tell you about the Standing Veterinary Committee when I have a member on my left, would be very wrong.

6. Can you tell us what the Standing Veterinary Committee say about the position in Northern Ireland at the moment?

(*Mr Martin*) I am sorry, I am not in a position of having a crystal ball. I think, first of all, our colleagues in Europe look on the ban as applying to the whole of the United Kingdom, so therefore any solution has to be for the whole of the United Kingdom. That then begs the question that Northern Ireland may well have, for example, the selective cull further advanced than perhaps other parts of the Kingdom. Secondly, we do have an animal traceability system which many colleagues in Europe have seen and believe can deliver guarantees. But whether at the end of the day that means the Commission in the first instance would make a proposal to the Standing Veterinary Committee, I do not know. The Commission have to believe that to be the case and secondly my colleagues on the Standing Veterinary Committee would have to go with them.

7. So the position, as you understand it, is that the Standing Veterinary Committee is relating to the whole of the United Kingdom but, having said that, from what Baroness Denton has said, it is your interpretation that the officials in the Commission are saying that they are impressed by what you are doing in Northern Ireland and they think you are reaching a high standard. Or do you get the feeling they are saying, "Northern Ireland still has quite a way to go?"

(*Mr Martin*) I think whenever you talk to them individually people tell you that they are very impressed with the system in Northern Ireland. We have many colleagues both in the Commission and other countries in Europe who say that. Whenever you get into the Standing Veterinary Committee, whenever politics apply as well as science, you are in a slightly different situation and it is more difficult for me to make that political judgment than for others. My job is a professional on the scientific side and I will try and put forward that case as best I can, and I do have sitting with me my opposite number in London on the Standing Veterinary Committee. But I think we should also be aware that it is not just the Standing Veterinary Committee, we have to persuade the Commission first and then they have to put the case in front of the Scientific Veterinary Committee and also the Multi-disciplinary Committee before it comes to the Standing Veterinary Committee for a decision. Those are a lot of steps to go through, with a lot of detailed

looks at what we are proposing, how we propose to implement it and so on. A lot of things have to be looked at, I think, so I am optimistic in the long term, but realistically I think one would have to say it will take some time.

8. I understand that and I am certainly not trying to get you to make a political judgment as well as a scientific one, because that would be not only unfair but given that the science is complicated enough the last thing you want to do is mix it with politics. But, having said that, you must get a feeling, as we did in a sense, that what you have achieved in Northern Ireland is actually ahead of the rest. Is that not right?

(*Baroness Denton*) I think it may be easier for me to answer that, Chairman, than the Chief Veterinary Officer. I think he could answer it very well indeed but I think I have been very fortunate, and I think the industry has been very fortunate, with the level of the veterinary service in Northern Ireland and the commitment of the Department to provide that veterinary service with resources that allowed the vets to get out on to the farms quickly, and in the foresight that brought forth the traceability system, long before this crisis brought it forward, on TB and brucellosis, which gave us that advantage. I have been in Brussels and seen the vets briefed on the political issue, not the scientific one, the political being the deciding point, but I have also felt throughout that we had reached a stage where they felt that we did what we said we did.

9. So now the position as far as you are concerned is that if we can do it through a UK approach to the European Union, that is the way, as we understand it, the Government wants to go and the Committee understands that. I suppose the next logical question is, if there was a system where Northern Ireland either on a herd basis or on a geographical basis or some individual marked animal basis could be allowed out through the ban, would that be welcome to you as the Minister for Northern Ireland?

(*Baroness Denton*) What would be welcome to me would be a lifting of the ban for the whole of the UK. That has always been the Government's view. The UK is a member of the European Union and I have to say that the commitment of the Treasury to helping our industry survive this crisis looks in the long term as being something like £450 million which we could not take from the Northern Ireland block and I do not think you can have it on the one hand and not on the other. It is a UK issue. We have no reason to believe that the certified herds scheme will not in due course result in a lifting of the UK ban. I have no doubt that my colleagues in Whitehall also recognise the strength in Northern Ireland.

Mr Maginnis

10. On the question that Ron Martin raised about politics versus what I will call animal health, are we actually succeeding in Europe in selling Northern Ireland as a best case rather than as a special case? In terms of what the Minister has been saying about agreeing the basis on which the ban will be lifted within the United Kingdom, are we actually pursuing Northern Ireland as a best case in terms of its regional

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BARONESS DENTON, MR PETER SMALL,
MR RON MARTIN and MR PAT TOAL

[Continued]

[Mr Maginnis Cont]

record? Is it possible for us to use Northern Ireland as the thin end of the wedge whilst still maintaining that unity of purpose that you speak of, Minister, with the rest of the United Kingdom?

(Baroness Denton) When we talk to people we find that what would give them confidence and what they are looking for is what our system gives them and in doing that we can see very clearly that that is the way forward. There is no problem with those discussions.

11. Assuming that we can make progress and that Northern Ireland becomes the thin end of the wedge, can you give us an idea as to what extent retrieving the situation we had before the ban would resolve our export difficulties? What percentage of the UK's total export market before the ban is actually satisfied through Northern Ireland?

(Baroness Denton) Chairman, I have not looked at it that way, but we have always had the view that 50 per cent, slightly over¹—

12. 60?

(Baroness Denton) I have never seen it as 60. Slightly over 50 per cent went outside the United Kingdom and I think it is a great tribute to the farmers and industry here. With that size, compared with exports from other parts of the United Kingdom, even Scotland, we have managed to handle this problem together and we have not been subject to demonstrations, etcetera. We have worked together throughout the whole time to get this through and one of the things that has been going on throughout this time is that the meat processors have been keeping in touch with their customers and there is evidence that the customer is still there, which again is a tribute to the quality of the product. We have no doubts about how difficult it will be whatever Brussels says in the end as to what various regional governments will say and also the actions of people when our lorries start to flow again. We have evidence of that already, as I suspect some members of the Committee will know, where our meat processing plants in trying to keep the employment in Northern Ireland have brought meat in from the South and processed it in the North and we have agreed with Brussels the way this can be done and brought it forward and the French are still refusing to let it in. So we do not under-estimate the difficulty of getting back to market when all the politics and the bans are dealt with and the bans lifted.

13. I have one question specifically for Mr Martin, Chairman. You mentioned that 5,400 cattle were imported from Great Britain into Northern Ireland and some of the traceability problems that you have had. Insofar as there is not the same records kept in Great Britain, is it actually going to be possible to trace these animals back or is it likely that in the final analysis

you are going to have to really treat them as one and dispose of them all?

(Mr Martin) There are several bits to that question. First of all, there are 5,400 animals of GB origin in Northern Ireland which fall into the right age range. Some of those will almost certainly be animals that belong to our cohort. One possibility is to wait until the investigations are done here in Great Britain by the veterinary officers and wait for them to tell us that the animal that they sent to us on such and such a day in fact is a cohort and we can then take it out. That could take a considerable period of time, but it is one solution.

14. That is what worries me.

(Mr Martin) The second solution would be to try and take all 5,400 animals, but we are talking about very very valuable breeding animals, many many of which are of no risk whatsoever and I do not think that is an option that one would want to go down other than as a short-term solution where we would say that we will put them under restriction so that they cannot be certified and we could perhaps do that as a guarantee. What we are looking at at the moment is a way of making sure that we have the exact herd number of the herd of origin of these animals and then tracking it back to check against the database that is held here in London to see whether, in fact, they come from natal herds. We think we will be able to eliminate an awful lot of the animals as not being cohort risks at all and that work is going on at the minute. It requires two things to be done. One is for work in Northern Ireland to be done to identify pedigree numbers. A lot of the numbers we hold are pedigree numbers and what we have to do is get the herd number of the herd of origin in Great Britain and then check that with the database. We are in discussions with our colleagues here in London as to how best to tackle that particular problem.

15. I would have thought that traceability would be relatively simple in terms of what you call the very valuable breeding animals. It is outside that very valuable well-recorded herd that I am talking about and wondering whether, in fact, it is going to be worthwhile waiting for identification or should we not be going ahead and dealing with that?

(Mr Martin) I think you will find that of the 5,400 animals, practically all of them fall into the high value category, they are either pedigree or they are high production Holstein Friesian cattle. The low value cattle that we brought in, for example, from Scotland and so on only come in short term to be fattened and slaughtered. The 5,400 is almost entirely high value animals.

Mr Spring

16. The complexities of the politics of beef certainly arise in part by the reality of market conditions which are simply that in Germany and elsewhere we have seen a tremendous slump in beef consumption and therefore much of this is driven by public opinion. It is my understanding that in Britain beef consumption has substantially begun to recover and I understand we are now seeing a recovery of beef

¹ Note added by witness: The question was misheard. The answer relates to the percentage of beef produced in Northern Ireland which was, prior to the ban, exported outside the United Kingdom. The correct answer to Mr Maginnis' question is 28 per cent. The second part of the response makes clear that reference was, not to the percentage of UK beef exports met by Northern Ireland, but to the volume of NI beef production which left the UK.

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consumption in Europe. I wondered in terms of beef consumption in Northern Ireland whether there was a clear pattern emerging of recovery and to what extent was there a fall anyway in the first place?

(*Baroness Denton*) Can I say I share your views that the drop on the Continent is public perception but I think it is also driven by people who did not realise when they were shooting themselves in their own feet, because every time we had a council on this the whole of the European television crews were there and raised the situation again. The sooner it is resolved I think the sooner they will see a return of consumption, thought there is a permanent change out there against red meat consumption and moves into other foods. In Northern Ireland we have the advantage that it is very rural based and almost everyone in Northern Ireland relates to a farm in some way or other—parents, husband, relatives—so there is much more realism about what is going on out there. One of the messages which I think has never got out on this is the numbers that we are talking about, the risk-benefit of all this, and you look at the cost it has taken; they are very real issues. We saw the market drop like everybody else, there was a concern because, as you know, the story was leaked before all the facts were available but it came back relatively quickly at the top end. There is also a trust amongst the people in Northern Ireland in this area. The only area we still have difficulty with is the institutional eatings (and we have never felt comfortable with NAAFI importing beef into Northern Ireland during this period) and schools and hospitals are the last to move, but these are people making judgments for other people as opposed to their families, so you can understand that taking a little while. Again the traceability system, which is helping us back into the European system, also helps us with the customer.

17. On that point, because this is important, certain local education authorities in Britain have now relaxed their particular ban, and from what you are saying it still appears to be very much the case in Northern Ireland that they are uncomfortable with a similar relaxation?

(*Baroness Denton*) They are taking longer than the private individual has taken. Of course we would also benefit if some of the commercial burger chains were to reverse their decision.

Mr Smith

18. Has the Government sent formal papers outlining the proposals for a certified herds system to the Commission?

(*Baroness Denton*) No, it has not yet, because as the Committee will know there was a meeting between the Minister at MAFF and the Commissioner last month, and the requirement from the Commissioner was for a scientific paper to be attached to that submission and that is in the state of production and we hope will be through and everything laid within a fortnight, just around a fortnight.

19. Within a fortnight?

(*Baroness Denton*) Yes.

20. Is there any indication of what the Commission's response to this might be?

(*Baroness Denton*) There is no indication because there are so many bodies involved and everybody is very busy making certain that they do not put their head above the parapet before the others. One thing I think all of us would have an instinct for is that for all the sympathy and, "You bring this forward and it will be through", that sympathy is not going to be seen at great speed in support—everybody has their own agenda in that.

21. Why is it the Government's policy is that any solution has to be a UK solution?

(*Baroness Denton*) Because we are the UK. Because it is important that if we are projecting our beef industry as I said, with a commitment to help the industry financially, that it is a UK decision, and because of the fact we go forward to Europe as the UK and we believe that the ban should be lifted overall.

22. But are not the Northern Ireland beef producers in a unique situation in the sense that they export far more outside the UK than UK producers as a whole, and also because of the excellent arrangements you have in place for tracing?

(*Baroness Denton*) I think we have got many things right, but we do have BSE. We have BSE which was coming down very rapidly before any of the moves required in this to be taken, but we do have BSE. We have never seen any indication from the Commission that they would accept a separate Northern Ireland submission; it is a UK submission they are looking for.

Chairman

23. That presumably is because the UK Government is saying, "We are dealing with it as a UK Government". Why should they go against that, it is a sovereign government within the European Union?

(*Baroness Denton*) One hears views in the corridors the whole time and people recognise the strength of our product, but the issue came as a UK issue and has to be solved as a UK issue. As I said, we could not have dealt with it in Northern Ireland without it being a UK issue because it would have meant closing schools, hospitals, no training et cetera, if we had to find the finance to cover the support which has been offered.

Dr Godman

24. As a Scots MP I would argue the United Kingdom is a multi-national state and I would have thought that that perception is shared by my colleagues in the other Member States. So why can an argument not be made for both Northern Ireland and Scotland to be given a different status?

(*Baroness Denton*) May I, Chairman, quote views which I have from the Scottish Farmers' Union that they felt it was very much against their interests for a Northern Ireland process to go forward, that that would mean that there was a status put on our beef which was not put on Scottish beef. I assume if asked the National Farmers' Union, would feel the same. There

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was a requirement, if the Government was looking after this industry, for it to work out a scheme with which the whole of the United Kingdom could in due course comply.

25. May I point out to you that view is not shared by many farmers in my part of Scotland, that there has been profound disagreement expressed amongst members of the National Farmers' Union of Scotland over this statement issued by their executive committee.

(*Baroness Denton*) May I say, Chairman, we were delighted to see that because we felt by having got things right, we could help build the scheme that would let everyone through, but to go separately I think was not the answer.

Mr Hendry

26. Can I go back to the line of questioning Richard Spring was on? What evidence do you have about the volume of sales of rear quarters and fore quarters of cattle compared with, let us say, their sale levels before this crisis began? My understanding is that the rear quarters are well back to their pre-crisis levels, but it is the fore quarters which are in something of a slump.

(*Baroness Denton*) In Northern Ireland we have anecdotal and hearsay evidence and we have not done the extensive market research they have done here in England with the LMC in England, which proved the market for the fore quarters was declining. Our instinct is less, again because of this relationship across the whole province between the producer and the market, but it was obviously a concern and people have had to change their presentation of mince and give it the same status in many ways that goes to high quality steaks.

27. What has been the attitude of the large food retailers, both in terms of supermarkets and also people like McDonald's? They had a significant effect on the collapse of the market, have they been able to contribute towards a return of confidence as well?

(*Baroness Denton*) I think that will be a question which the meat exporters will be able to answer in more detail, because their relationship is one to one with these people. But we have seen evidence that the traceability which, as I say gives us strength in political negotiations, also opens doors for our processors in talking with supermarkets in particular.

28. You mention the difficulty you have had with large institutions. What has the attitude of the Army been? My understanding is the British Army is significantly fed on Argentinean beef. Can you confirm that or deny that? To what extent is the Army in Northern Ireland eating Northern Irish beef?

(*Baroness Denton*) As I pointed out, that is one of my problems. I think most of us were unaware of this before the crisis, but it came to the surface very quickly and we raised it and the response was that the

decisions for purchase were a matter for NAAFI, not for the Government to intervene in.

Chairman

29. Maybe that is why the NAAFI has lost the contract.

(*Baroness Denton*) Chairman, I had a small glimmer of hope at that stage.

Chairman: When I served in the NAAFI they did not give you beef so things have obviously improved!

Mr McGrady

30. I would like to pursue the question asked by Tim Smith regarding the eligibility to get back into European markets. As I understand the situation, Northern Ireland within a matter of weeks can fulfil the five points of the Florence Convention and its inadmissibility at that point to the European market is because of the UK situation. I understand what you said in relation to that, Minister, but would it not be the case—and we are not talking about regionalisation—that when definable herds have fulfilled all the criteria laid down in Florence that, subject to your scientific report, of course, they would become eligible for admission to the European market, or are we saying that everyone must be held back from access to the market until the last person or herd is ready? As far as Northern Ireland would be concerned, it would be a very significant drawback if that were the case.

(*Baroness Denton*) We have now fulfilled the requirements of the Florence Agreement by starting the selective cull in Northern Ireland, but the path has still to be decided on the way back into Europe and that is not open yet. As Mr Martin made clear, we have had technical discussions and certain changes from those technical discussions before Christmas, but the submission has to go forward. We have already seen a hurdle raised with a requirement for a scientific paper and I suspect there will be an attempt to raise hurdles all the way through discussions and we are going to have a really drawn out and very difficult series of meetings. Already they have gone on for hours when it was assumed they would be straightforward. When that is resolved we would wish to believe that the abilities and the skills of the systems and the produce and the way it is audited and monitored in Northern Ireland would allow us to satisfy those requirements first, but until they are defined we cannot move.

31. Reliable sources, if there are such things, inform us that Commissioner Fischler and the previous Irish Chairman of the Agricultural Committee and now the Dutch Chairman of the Agricultural Committee have all indicated a willingness to listen, as it were, to a special case for Northern Ireland. I know that from where you are coming you cannot ask for a special case, but I think it is for the Government not to block itself in seeking to have the totality of the UK immediately admissible. Could this not be done, in view of the apparent goodwill, on a ready-to-serve basis? In other words, those areas which have fulfilled all the conditions that Europe has been trying to

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impose are now ready to move back into the European market. Would the Government ask that of the Commission because the Commission will not ask that of the Government?

(*Baroness Denton*) We have appreciated the expressions of sympathy. They have given us very warm feelings, but nothing more and they have not helped the farmers. We want to see that turned into active support. I would also say that we have appreciated the help that the Irish offered whilst they were in the Presidency, but again there was a lot of mutual benefit in that view. We are not holding back. The Commission has already made a move which has slowed the process up and that is a bilateral agreement with the Commissioner to require a scientific document and that is a path which we can comply with through our systems and audits. It will require a visit from Europe, obviously, for people to check those, but we have confidence that we will get it through. The Commission have to put it forward to the vets and the vets have to take it forward. We cannot beat the system. I wish we could.

32. If your submissions and the scientific evidence allows for a gradual return to the European market, would the Government ask for that to be done on the basis of those herds or regions which were ready to move or would the Government not ask that and hold the whole process up until the entire United Kingdom was ready to move?

(*Baroness Denton*) I think there is some confusion here and I may not be expressing myself very well, I apologise. What we have is a scheme going forward which identifies the criteria which have to be met for beef to start flowing back into Europe. Meeting those criteria is not a regional issue, it is the ability to meet them and once the certified herds scheme is agreed and the criteria are met, that is it and we believe that the investments we have made in the past (and they have been significant) in systems will allow us to get to the starting gate very quickly.

Chairman

33. With respect, Minister, that is not quite an answer to Mr McGrady's question, which is basically, if the British Government does not get the response it hopes for, that is a lifting of the ban upon the United Kingdom as a whole, would the Government then be prepared to say, "What about lifting it on Northern Ireland?", because, as you yourself have said, they have met the Florence Agreement?

(*Baroness Denton*) Colleagues might like to come in behind me on this, but what we are saying is that we are not looking for permission as such, we are looking for a scheme which allows people to move and when people can move they can move and the assumption is that we will be further ahead than other parts of the United Kingdom. No-one is saying that is a reason to keep the shutters down on Northern Ireland.

34. But another way of saying what you just said is that the fastest ship in the convoy, in this case Northern Ireland, will have to wait until the other ships catch up.

(*Baroness Denton*) No, I am not saying that.

(*Mr Small*) This is obviously a very tricky issue. I think what we are trying to say is that the starting point in this is a certified herds scheme and what that will do when it is agreed. As Ronnie Martin has already said, that is going to be a very lengthy process in itself and no-one should delude themselves that this is a case of getting this into Brussels and all the sympathetic people there will tick it off and send it back. It will not be like that. It will be a long, drawn out process. When it is ultimately agreed it will be a scheme for the United Kingdom. The expectation has to be that herds which can meet the criteria of that scheme, be they Northern Irish herds, Scottish herds, English herds or whatever, will then be free to go to market. That is slightly different to saying a yes or no to Mr McGrady because it is very difficult to say yes or no until we see what it is that Brussels will eventually agree with us. Perhaps I can add that what is happening on the Brussels side is obviously critical and we would be working very closely with MAFF officials, and the Minister with Mr Hogg, in driving all that forward, but we also have a significant job still to do within Northern Ireland. Mr Maginnis used the term "Northern Ireland best", I do not like to think in terms of Northern Ireland competing in this sense with the rest of the UK, what I want to ensure is that the Northern Ireland circumstances are at the very upper limit we can get them to and we can persuade people in Brussels that is the case. We have already had a programme of bringing people into Northern Ireland to see what we are doing and we have a programme to continue to do this. If you think in terms of one track, the Brussels track moving forward, we want to ensure the Northern Ireland track is moving forward at sufficient speed so when we can get a certified herds scheme we can move forward.

35. I understand that but perhaps I can pursue this because it is in a way the core of the problem. Are you confident that if the British Government fails to get the agreement of Europe over the next few weeks or months, that it would not be possible to go to Europe and say, "Northern Ireland has met the Florence Agreement so take them off"? If we said that to Europe, do you think the Europeans would say, "No, you cannot do that"? Is that what you are saying?

(*Mr Small*) Yes. To explain it, we must bear in mind that this was a ban on UK exports at the outset. The Directives were directed at the United Kingdom. The Florence Agreement set out the terms that the United Kingdom had to comply with. Everything the Government is doing at the moment is to meet all of that. If the situation emerged that during the negotiations in the coming weeks we could not get agreement, Her Majesty's Government would simply have to take stock of the position at that time as to why the certified herds scheme was not agreed and were there changes we could make at the UK level which would make it more acceptable. In some ways that is a bit of a hypothetical question but that is what I would expect to happen if the current negotiations do not produce the satisfactory result. I would rather prefer to think, difficult though it will be, that we will end up with a good result at the UK level and that

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there will be herds in Northern Ireland which will comply with the totality.

36. Can I just ask a final question to clarify this, because we are going to Brussels and I want to be clear. If we say to them, "We believe Northern Ireland could meet the requirements that the European Union is in the process of laying down and were laid down in Florence, in those circumstances if the British Government made an approach on behalf of Northern Ireland and certified herds there", are you saying that the European Union would not be prepared to lift the ban for one region of the United Kingdom? Is that what you are expecting them to say?

(Mr Small) I am very reluctant to try to speculate what the Commission might say in a particular situation, but if I was in the Commission I think what I would be saying in response to that is that the certified herds scheme (which will be in negotiation probably while you are there) is a UK scheme and the objective has to be to get agreement at the UK level. I am not sure it would be particularly productive, if I may say so, for the Committee to be talking about what will happen if this scheme fails, because for the entirety of the United Kingdom the right answer is that this scheme should succeed and that is the direction we are going.

37. That may be so but this Committee speaks in effect for the people of Northern Ireland and questions the Minister who represents Northern Ireland, and in those circumstances we have to say what is best for Northern Ireland. That means we do have to consider at least the possibility that the United Kingdom Government may not get what it wants for the whole of the United Kingdom.

(Mr Small) Yes.

Chairman: We may need to return to this.

Dr Godman

38. In yesterday's debate in the House of Lords on the selective cull regulations, Minister, one of your colleagues, Lord Stanley of Alderley, complained bitterly over the poor performance of MAFF in paying out compensation. This is Column 1459. He referred to the need to hit this target of 21 days of the "... date of slaughter or completion of the farmer's registration with the board ...". In response, your ministerial colleague, the Earl of Lindsay, said that this target of 21 days would be monitored. Can this poor record of MAFF, this complaint of Lord Stanley which I was quoting directly, be levelled against your Department in terms of the slowness of payment?

(Baroness Denton) May I say that I hope not but you have the farmers coming next. We have tried very hard from the start of this crisis to ensure that the cash flow problems of farmers are minimised. Right at the start of this crisis we made a special effort, with great devotion and many hours of overtime, to move through all the other payments due and not just the payments caused by this and the Department pulled every stop out to do that. The Intervention Board works regionally and therefore the payments come out through our Department. We are dealing with significant numbers but we have tried to ensure that

payment is as required. Some of the payment does not come through us, some of the payment comes through the processors, so that would be a question for them.

39. The Earl of Lindsay, who of course is a Scottish Office Minister, made the point that these "... payments will be made electronically, straight into a farmer's bank account ..." and that it ought to be possible to achieve this 21 day target. I am just asking if you can better this performance of the Scottish Office.

(Baroness Denton) I hope, Mr Chairman, Dr Godman is not encouraging me to be competitive with the Scottish Office!

Chairman

40. I think he might be!

(Baroness Denton) I am delighted to say that I share an office with the Earl of Lindsay and there is much negotiation and understanding of what affects us both. Our responsibility is to our farmers, our responsibility is to meet for our farmers what we commit to meet, and that is what the Department's whole service culture is about. So we shall continue to ensure we meet what we say we are going to meet, and if we hit snags we will sort them out as quickly as possible.

Dr Godman

41. It would be interesting to know what the farmers have to say in response to what you have just said to me.

(Baroness Denton) I am sure you will get direct and honest comment.

42. Can you with confidence defend the Government's levels of compensation which are available to farmers?

(Baroness Denton) Yes, I can, Chairman. We have never said that our job is to ensure no loss. Our job is to ensure we have a beef industry there at the end of all this and it has been very difficult. I think other industries will look at the support farmers have received with much envy. It is important, they have been very tough times, and we have met those. The real disaster would be if the Government ended up fixing the market and people who were producing beef were made to go into intervention or slaughter without increasing the number of people who ate beef. The purpose is to rear good quality produce for the market and it is not for the Government to set that market.

43. Another contributor to yesterday's debate, and I am quoting from that debate because it is the most recent that we have had in the Houses of Parliament, and another Member with farming interests made the claim in Column 1461 that, "... the total for the beef market is still down, as compared to the total before BSE, by some 30 to 35 per cent." He went on to say he received those figures from the MLC only last week. "The overall market, which is the one that concerns us, is still considerably down." That must hold, must it not, for Northern Ireland? That kind of dramatic drop is still with you?

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[Dr Godman Cont]

(Baroness Denton) I have no way of knowing what precisely was quoted, but I suspect that goes into the mince market, not the quality end of the market, but those figures are available. Those figures do not take into account Northern Ireland because—

44. What are the comparable figures then?

(Baroness Denton) They have not gone out to market research on those. Again, our sense and the sense of the Commission and, I suspect, the LMC would indicate that we have not seen drops as severe as in GB, but in many cases that is not the purchase of Northern Ireland beef, we have to remember that.

45. But if there has been a significant decline in the overall market then that must have had a pronounced effect upon ancillary industries and people who work in ancillary industries. What assessment have you made of that problem faced by others in those ancillary activities?

(Baroness Denton) We have been looking very closely at this, Chairman. The year end gives us the opportunity to assess this. I believe that the road haulage industry has suffered with this. That is a simple fact of life. It has also affected the Northern Ireland economy because we depend on backloads of produce coming in to go out from those so there was an impact throughout on the cost of living. But in other areas there have not been the significant drops that some have claimed from our figures. For instance, the spend on capital machinery and plant we estimate to be something like three per cent up on last year. So with the amount of finance going in from government, on the whole, apart from the transport of things you could not take to the Continent, matters have worked better than I believe we could have hoped nine months ago. We have also seen some pretty quick movement by some of the processors who replaced beef with other meats and they have been able to keep their markets.

Mr Smith

46. Minister, according to your Department's press release of January 31 about 1996 agricultural incomes in Northern Ireland, there was a 20 per cent decline in the value of output of cattle and calves. I wonder if you could put a figure on that, please?

(Baroness Denton) I certainly could not off the top of my head. We could work that out and let you have it. I think the important factor is that there is an uplift in other areas.

47. I would like an answer to that question, if I may, because what I am interested to know is whether or not the amount that has been paid out in compensation exceeds that or not because this also says that the industry's other direct receipts increased from under £5 million in 1995 to well over £90 million in 1996 as a result of payments under the over 30 months scheme and the calf processing age scheme. I wonder if you could tell the Committee, please, how much was paid out in respect of each of those two schemes?

(Baroness Denton) Certainly, we will let you have that.

48. You have not got that either now, have you?

(Baroness Denton) No.

Chairman: That was only produced four days ago.

Mr Smith

49. You do not know how much compensation has been paid out in Northern Ireland to beef and dairy farmers?

(Baroness Denton) Compensation comes through various areas. We are talking about the compensation *apropos* the BSE crisis so there will be uplifts in HLCAs taking into account the farmers' situation. We would suggest that it is better that we define exactly what the figures include.

(Mr Small) We could list various schemes, it runs to a page and a half—

50. There are two schemes mentioned in the press release so I assume they were the most significant. Perhaps we could have the figures for those, the OTMS and the CPAS.

(Mr Small) OTMS, I do not have the figure for last year alone. It is expected to cost £749 million—

51. How much?

(Mr Small) —in the UK.

52. I wonder if you could send us in a note, because I can see we are not going to get far with this line of enquiry orally, on how much the BSE crisis in Northern Ireland has cost the taxpayer so far in terms of compensation and how much you estimate it is likely to cost in total at the end of the exercise because I thought you said earlier to the Committee that it was going to be of the order of £450 million. Is that right?

(Baroness Denton) That is worked out from the fact that it is believed that the cost of this crisis to the UK is somewhere around £3 billion and we believe that something like 15 per cent of that relates to Northern Ireland. That is a very rough figure because it depends on the nature of the herds, the recompense depending on what type of animal, whether it is pedigree or whether it is something at the end of its useful life. I think if we define accurately what the figures cover and then if you want to come back after that, we would very happily answer those queries too.

53. So it is £3 billion to the UK, £450 million of which is for Northern Ireland. What proportion would be recovered from the EU?

(Baroness Denton) Again, we would have to take that figure and work it through. A lot of it is from us and—

(Mr Small) It varies from scheme to scheme.

(Baroness Denton) — where what is recovered from the EU, is that not EU money anyway?

Mr Smith: Perhaps you could include in the note, when you have got a little time to work it out, what the net cost will be to the taxpayer in Northern Ireland if the gross cost is £450 million.

Mr Hunter

54. Chairman, may I ask the Minister for her view or perception of the BSE situation in the Republic of Ireland, whether she has had any direct dealings with

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[Mr Hunter Cont]

the appropriate Ministers in the Republic and if she can comment on discussions and what view she has of action that has been taken in the Republic?

(*Baroness Denton*) Chairman, I obviously have stayed close to my counterpart in the South during this period, in particular in Brussels where it was helpful to have another voice explaining the situation in Northern Ireland. I believe that they are having a very tough time at the moment and I think the evidence shows that the actions we have taken in Northern Ireland have continued to result in a decrease in the BSE crisis, though I must report a slight increase in January, but on the whole we tend to get at least the second half of December to come forward into January, but in recent months we have seen an increase in BSE identified in the South, greater than we have been seeing in Northern Ireland. I believe that this has made them take actions which we believe have increased the safety of beef in the UK and they are dealing with it very severely, but it certainly was not something they had expected. They had believed that their slaughter out policy, which many people have challenged us on, was providing the answers. We believed that our solutions were better and there is some evidence that that may be right.

55. What about the movement of cattle between the two, with problems in the Republic of Ireland?

(*Baroness Denton*) It is illegal to move cattle South, and one of the things that will see Northern Ireland and the UK back to market is people not cheating and breaking those rules. There has been substantial activity on behalf of the South with the Garda manning the borders and the RUC and both departments working very closely to try and prevent such smuggling.

Mr McGrady

56. I want to go back to the answers given to the Committee by Mr Small in terms of the aftermath of the presentation to Brussels because I am looking for clarification. If the package of proposals made to Brussels are acceptable to Brussels, did you say that that would release individual herds for exporting to Europe?

(*Mr Small*) No, I did not say that.

57. Who is free to export to Europe then?

(*Mr Small*) What I was trying to explain was, first of all, much will depend on the nature of the certified herds scheme. But if in fact it can be agreed on the basis that herds which comply with that scheme can move back into market, that would be the expectation, but we do not at this stage know precisely what the scheme will be. We know what the proposals which have been put forward will be.

58. You know where you are heading, you know what your intent is. If your intent is successful, are you saying that the practical consequence of that is that herds rather than regions will be released for exporting to Europe?

(*Mr Small*) Yes, it is a herd-based scheme, not a regional-based scheme.

59. The second question is to do with herd flagging. We are informed that the flagging in the

United Kingdom is on the land holding and not on the herd. Apparently this does not, and you can correct me if I am wrong, pertain throughout Europe; the UK is the only area which has flagging on land as opposed to herds. This is a patent and obvious injustice. The indications last autumn were that Europe again would look sympathetically at a specific request for adjustments to be made in that regulation or law, whatever it is, to put the UK on the same basis as the rest of Europe. Has that request been made or is it going to be made?

(*Baroness Denton*) The certified herds scheme is based on the fact that it would apply to herds. So, the people who at the moment are identified as flagged holdings, could qualify in due course. If we get the certified herds scheme through in the format which is being put forward, that would deal with the issue. I am very conscious of the disadvantage the owners of flagged herds have—the cattle do not pose a health risk, they can go to market, as I am sure you know—and it would be our determination to remedy this situation. The best way to remedy the situation for anybody is to get this ban lifted, and we are working to do that, as I say, in bringing forward any scheme cover to eliminate this problem that you raise. Can I say also that we, with the agreement of the industry, arranged that people with flagged animals could go ahead of the queue when there was a queue on the over-30 months, and with the monies coming forward from Europe, the £52 million of the scheme, we are trying to identify the manner in which we may be able to help flagged herd owners from those farms.

Mr Maginnis

60. Chairman, the Minister touched on the awareness the Irish Republic had in terms of our ban as distinct from their freedom to continue exporting, and the number of guards who were on the border preventing smuggling from Northern Ireland into the Irish Republic. Can I ask Mr Martin, if we resolve our problems, if we move to a solution of our UK problem and we are back to comparative normality in Northern Ireland but there continues to be an increase in the incidence of BSE in the Irish Republic, has he and his Department got a contingency plan for protecting our beef from exploitation by people who would try to smuggle in the other direction? It appears to me that there would be one major difficulty in terms of security, but has he got a contingency plan in place or is he considering that at the present?

(*Mr Martin*) A specific contingency plan, Mr Chairman, I do not have, because I think we are carrying now the arguments a long way into the future. First of all, it is assuming that something will happen in respect of the Republic of Ireland, and I know their incidence has risen and you have figures, Chairman, which equate roughly speaking to that in Northern Ireland last year and this year, but we have to remember they have four to five times the number of cattle in the Republic of Ireland, so their incidence is still nowhere near us at all. If the situation became as you say in the Republic of Ireland, the UK as a whole would not take specific action against that particular Member State; it is a decision for Brussels and the

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BARONESS DENTON, MR PETER SMALL,
MR RON MARTIN and MR PAT TOAL

[Continued]

[Mr Maginnis Cont]

Standing Veterinary Committee to decide what should happen in respect of imports from the Republic of Ireland not just specifically into Northern Ireland but other Member States. The other issue on whether I have a contingency plan is that most European legislation requires the exporting Member State to give the guarantee and ensure it is given and if there is a ban you have to ensure the ban is applied. The importing Member State can have a checking procedure to ensure from their point of view it is done, but that must be a random check. We have a random check procedure in place for imports of meat not only from the Republic of Ireland but from every other Member State, and we do a random check in Northern Ireland for all that meat.

Chairman

61. I want to turn very briefly to the flagged suckler herds but before I do, I should like to wrap up the other section of our session with you. Can I point out again that we, as a Northern Ireland Select Committee and you as a Minister, must be aware of the immense feeling amongst Northern Irish farmers that they have got a very good scheme for certifying herds. We understand the British Government's position and we understand you are locked into that necessarily, but I think we would be remiss if we did not say (and I suspect it will be said to us when the farmers and other related industries see us shortly) that there is a very great desire for Northern Ireland to come off that ban, even if the rest of the United Kingdom cannot. To go back to my analogy of the convoy, there is something rather odd about a ship having to wait outside the harbour before it is allowed in when it has met the criteria laid down in Florence, even accepting there are other problems which we know about in the longer run if the United Kingdom does not come off the ban, and the case for Northern Ireland has to be made very strongly. As a Minister, you must be aware of the pressure on you from farmers and associated industries to represent the people of Northern Ireland.

(Baroness Denton) Can I say, Mr Chairman, I am very conscious of the abilities we have in Northern Ireland and the size of the export and therefore the effect it has had. I have operated with an open door ever since the start of the crisis and we have tried to find areas in which we can work individually. For instance, one of the things we took forward this summer was a scheme which dealt with young bulls which we only have in Northern Ireland because of the Dutch markets, to take them out when they became dangerous and to bring extra resourcing to do that. I

have spent time in Brussels, many more hours than I would have liked, to ensure that people were aware of the Northern Ireland skills and abilities. I do not at this moment have a sense of holding the ship back because without a certified herds scheme my colleagues will meet the Florence Agreement by starting the cull, but we have to have a path down which we can go—sorry about the mixed metaphors. The minute that is there, we believe that by the criteria we will be in a position to take Northern Ireland back to market, and that has to be our aim.

Can I move very briefly to the flagged suckler herd because when we saw some of the farmers in Northern Ireland it was clear that the farmers in this situation were in a desperate position. I would like to ask you what you think can be done about that. Is there not a case for depopulating those farms and paying compensation and then letting them start again from scratch because otherwise, frankly, they face a ruinous future?

(Baroness Denton) I think, Chairman, Mr Smith has made it very clear that he is concerned that the taxpayers' money should be well audited and well spent and, as I said, these are not a health risk, therefore how you offer compensation on animals which could go to market I think leads you into all sorts of areas which are not likely to lead you out. These animals can go to market. If we can get the ban lifted then the market prices will change and they will benefit. If we are to have a traceability system the cost will be that there are some flagged herds. We have taken forward to Europe the fact that there should be herds in the criteria. As I say, we have tried physically to help them in getting them ahead of the queue to help their cashflows and I am looking at ways in which some of the £52 million of European money could be used. I would say that with the understanding of farmers without flagged herds, where both unions have expressed great concern for these people, that we can offer some help, but I do not believe that there is a case for depopulating and using taxpayers' money to do it.

62. So basically these farmers have got to wait until the market recovers, have they?

(Baroness Denton) No, these farmers have to wait until the certified herds scheme is through, which will work in both ways; it will move the definition from holding to herd and it will open up the market and lift the prices. Everybody in the UK has to wait for that to be lifted and work towards doing it as soon as possible.

63. Thank you very much, Minister. We are very grateful for your time.

(Baroness Denton) Thank you.

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[Continued]

Memorandum submitted by the Ulster Farmers' Union

1. In Northern Ireland, agriculture directly accounts for approximately 4.9 per cent of GDP (compared to 2 per cent in GB). When food processing and agricultural input supply are included, the contribution to GDP increases to 7 per cent.

Approximately 39,000 people (8.2 per cent of the workforce) are directly employed in agriculture. This increases to 10 per cent of civil employment with the inclusion of upstream and downstream activities.

Output of finished cattle and calves in Northern Ireland amounts to £400 million annually. Of this total, beef products valued at £271.1 million were exported and further exports of live cattle were valued at £26.6 million.

Fifty-five per cent of beef produced in the province is exported outside the UK and 77 per cent is exported outside Northern Ireland. Since Northern Ireland's export markets outside the UK are no longer available, the province is now very heavy dependant on the EU's Beef Intervention Scheme as a market for our beef.

In evidence given recently by the Northern Ireland banks to the Northern Ireland Forum For Political Dialogue, it was estimated that a cash shortage of £70 million existed in the province's economy already as a result of this crisis.

2. Up to the end of October 1996 the following incidences of BSE were:

| Countries | Total number of cases | Relative incidence |
|---------------------|-----------------------|--------------------|
| Northern Ireland | ¹ 1,732 | 0.0011 |
| England and Wales | ² 154,787 | 0.019 |
| Scotland | ³ 7,824 | 0.0038 |
| Isle of Man | 408 | |
| Guernsey | 599 | |
| Jersey | 126 | |
| Alderney | 2 | |
| Republic of Ireland | 162 | |
| France | 26 | |
| Portugal | 58 | |
| Germany | 4 | |
| Denmark | 1 | |
| Italy | 2 | |

¹ Up to 31 October 1996.

² Up to 31 August 1996.

³ Up to 31 August 1996.

3. The Ulster Farmers' Union, like the other UK Farmers' Unions, wishes to see the Agreement reached at the Heads of State Florence Summit honoured. The Ulster Farmers' Union is seeking to have the Florence Agreement implemented on a regional basis.

Unlike Great Britain, Northern Ireland has an established and widely recognised cattle identification and traceability system, and therefore meets all of the criteria contained within this agreement with the exception of the implementation of the further selective cull. This additional cull would entail the slaughter of just under 1,700 cattle in Northern Ireland (compared to approximately 127,000 in the UK as a whole) and can be readily implemented in the province due to both the relatively small number of animals involved and the fact that the targeted animals can be more easily identified.

In addition, due to its geographical isolation, Northern Ireland could readily prevent the importation of cattle from the rest of the UK and therefore provide the assurances which would be required by the European Union that beef originated solely from Northern Ireland.

The Ulster Farmers' Union also understands that many of our former customers both within and outside the European Union have remained in contact with our red meat processors and would willingly place orders for beef from Northern Ireland but are effectively prevented from doing so while the export ban remains in place.

4. In Northern Ireland a centralised Animal Health computer system was installed by the Department of Agriculture for Northern Ireland in 1988. This system enables both the movements and health (including BSE) status of individual animals in Northern Ireland to be recorded. This system is widely recognised by other countries (information is attached on the use of this system). No such centralised system exists in any other region of the United Kingdom.

This system will also provide the information which will be necessary to operate the Beef Certified Herds Scheme in Northern Ireland to ensure that only eligible animals are certified for export (i.e., less than 30 months

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[Continued]

of age at the time of slaughter and neither originated nor passed through a herd which has ever had either a confirmed BSE case or in which a possible BSE case was under investigation).

Additionally, since the cumulative annual incidence of BSE in Northern Ireland is only 0.1 per cent and the vast major of herds in the province have never had a case of BSE, over 96 per cent of herds in Northern Ireland could be eligible for the Beef Certified Herds Scheme.

However, the introduction of this scheme will also further exacerbate the difficulties already experienced by the 3 per cent of herds affected by BSE, particularly suckler herds, and therefore measures must be introduced to safeguard the future viability of such herds. Proposed measures include:

- (i) the flagging of herds and *not* holdings;
- (ii) Animals born after 1 August 1996 be given BSE free status, irrespective of the BSE status of the holding from which the animal originated (allowances may have to be made for findings resulting from the ongoing EU examination into the possibility of maternal transmission).
- (iii) The introduction of a voluntary outgoers scheme (details can be provided).

5. The Over Thirty Months Cattle Slaughter Scheme commenced in Northern Ireland on 7 May. The throughput of this scheme was totally insufficient to cope with the huge backlog of over 30 months which existed in the province. To date approximately 80,000 animals (approximately 56,000 steers/heifers and 25,000 cows) have been slaughtered.

The Intervention Board have recently introduced a UK-wide registration system for this scheme to both quantify the backlog and also to ensure a more prioritised allocation system. Final figures are awaited. The weekly throughput of the scheme in Northern Ireland has increased in the week commencing 4 November to at least 6,500 animals per week. It is absolutely essential that animals awaiting slaughter are urgently removed from farms by whatever means are necessary. The capacity to house or feed these extra animals during the winter period just does not exist and serious animal welfare problems could yet materialise.

In addition, the compensation rates payable under this scheme for all categories of animal has been substantially reduced. It is totally unjust to financially penalise producers because the scheme could not cope with their cattle at an earlier date. The original rates of compensation payments must be re-instated.

November 1996

Department of Agriculture Northern Ireland

ANIMAL HEALTH SYSTEM

The Animal Health System computer was installed in April 1988 and replaced existing manual processes which dealt with the Tuberculosis and Brucellosis Testing programmes and the associated cattle movement control. Since then the computer has been upgraded and updated and the present functions of the system are:

- Cattle movement control through the issue and checking of movement documents;
- movement tracing;
- the allocation, recording and interpretation of all Tuberculosis and Brucellosis tests;
- backward and forward tracing of potentially diseased cattle;
- BSE tracing and flagging for both herds and individual animals;
- farm Quality Assurance Scheme (FQAS) identification;
- alerting users to Residue risk or cattle of suspect disease status;
- welfare reports;
- salmonella monitoring system.

The computer maintains all TB and Brucellosis test history and movement details on individual animals and all herds for the lifetime of the system. All cattle herdowners must be registered with the Department. The information recorded for them includes:

- Name, address, telephone number of main premises;
- address and map reference of all premises;
- adjacent herds for all premises;
- herds associated for disease control purposes;
- information on restriction notices/warning letters;
- BSE status and confirmation details;
- FQAS status.

The system consists of a centrally located and Government operated mainframe computer with over 350 terminals in key locations throughout Northern Ireland, including:

- Veterinary Service Headquarters.
- All Divisional Veterinary Offices and sub-offices.

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[Continued]

- All Red Meat Plants.
- Thirty-seven cattle markets.
- Veterinary Sciences Laboratory.

Because the information is maintained centrally and almost constantly up-dated, Veterinary Service staff have instant access to up-to-date movement and health status information on all cattle registered on the system. A complete back-up system is located at a separate site to provide emergency cover.

The success of the System is largely due to the strict cattle movement controls in Northern Ireland and the ability of the computer to trace any animal and to display the complete movement and testing history, and current health status of that animal on any of the system terminals regardless of location. For example, when an animal arrives at a red meat plant:

- DANI staff check the animal ear tag against the movement documentation;
- the unique animal identification number is input to the computer;
- the system verifies the movement and health status of each animal before it is allowed to proceed;
- the system will automatically highlight:
 - disease restrictions;
 - residue risk/suspicion;
 - FQAS status;
 - BSE status.

A similar process is carried out at market destinations.

It must be remembered that cattle are not permitted to move to ANY destination without unique authorised identification and the appropriate movement documentation. DANI staff are located at all markets and meat plants to ensure this. Thus every movement is recorded either prior to or at the time of movement by DANI Veterinary Service staff and the system is immediately automatically updated.

Supplementary memorandum submitted by the Ulster Farmers' Union

GENERAL VIEWS ON THE EFFECTS OF THE BEEF EXPORT BAN ON NORTHERN IRELAND AND PROGRESS TO HAVE THIS BAN REMOVED

Northern Ireland's use of the European Union's Beef Intervention Scheme has already resulted in a direct cost to the EU of an estimated £100 million. Further use of this scheme is inevitable while the export ban remains. This will add further costs, with each tonne of beef intervened costing up to £3,000.

Since the framework for the gradual removal of the beef export ban was agreed at Florence in June 1996, it has been very obvious to the Ulster Farmers' Union that this agreement could not be re-negotiated. The Government's recent agreement to implement the further selective cull is therefore long overdue. However, this will enable Northern Ireland to fulfil its only outstanding precondition of the Florence agreement.

1. The agreement reached at the Heads of State summit in Florence contained a framework for the staged removal of the export ban on British beef.

This framework contained the following general preconditions which the United Kingdom had to meet:

- (i) the implementation of a selective slaughter plan;
- (ii) the operation of an effective animal identification and movement system;
- (iii) the removal of all meat and bone meal from mills and farms, including the cleaning of equipment and premises;
- (iv) the effective implementation of the Over Thirty Months Cattle Slaughter Scheme including the destruction of the associated carcasses;
- (v) improved methods for removing all Specified Bovine Material (SBM) from carcasses.

In return, a procedure was to be agreed for a step by step gradual removal of the export ban. It was envisaged that this would include the following stages (in no particular order of priority):

- (i) animals and meat from certified herds (i.e., no history of BSE and no exposure to infected meat and bone meal);

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[Continued

- (ii) embryos;
- (iii) animals born after a specific date and their meat;
- (iv) meat from animals under 30 months;
- (v) meat from animals over 30 months.

In addition, a further separate stage was agreed to permit exports to some third countries (provided Europe was satisfied that there would be no re-exportation) in parallel with phased exports to other EU Member States.

In terms of the preconditions contained within the Florence agreement:

- Northern Ireland already operates a widely recognised, centralised cattle traceability system;
- all meat and bone meal has been removed from mills and farms in the province;
- there is no longer a backlog of cattle in the Over Thirty Months Cattle Slaughter Scheme in Northern Ireland;
- all SBM is satisfactorily removed from carcasses in the province.

The only precondition outstanding in Northern Ireland is the implementation of the selective slaughter plan. Now that the Government has agreed to implement this cull of animals, the Ulster Farmer's Union wishes to stress the importance of completing this cull at the earliest possible opportunity. This additional cull entails the slaughter of around 1,500 cattle in Northern Ireland and it is considered by the Department of Agriculture for Northern Ireland that it could be completed within the next two to three months due to the readily identifiable small number of animals involved.

Once this final precondition has been met, Northern Ireland will have complied with the Florence agreement in its entirety.

2. Since the onset of this crisis on 20 March 1996, representatives of the Ulster Farmers' Union and, in particular its three man Presidential team, have in addition to being present at all EU Council of Agriculture Ministers meetings, regularly met: the new President of the EU's Agriculture Council, Mr Jozias Van Aartsen (the Dutch Agriculture Minister); the immediate past President of the EU's Agriculture Council, Mr Ivan Yates; the German Agriculture Minister, Mr Jochen Borchert; the EU's Agriculture Commissioner, Dr Franz Fischler, and various staff from the Agricultural Directorate of the European Commission.

The Ulster Farmers' Union has also made many written representations to the EU Commission in addition to keeping the three Northern Ireland MEPs fully informed of our views.

The Ulster Farmers' Union will continue with its lobbying efforts at European level.

To date, the Union has been encouraged by the positive reaction which it has received from Europe for the removal of the beef export ban from Northern Ireland. We have attached a copy of a recent Reuter's Report outlining the views of the Dutch European Union presidency for your information.¹

3. The UK-wide Beef Certified Herds Scheme represents the Government's main method of resuming beef exports from the United Kingdom. It is vital that this scheme is not over-restrictive while at the same time giving the necessary assurances required by the EU. In order that this can be achieved the Ulster Farmers' Union has proposed that the following measures must be introduced:

- (i) the flagging of herds and *not* holdings;
- (ii) the certification of animals rather than herds;
- (iii) animals born after 1 August 1996 to be given BSE free status, irrespective of the BSE status of the holding from which the animal originated (allowances may have to be made for findings resulting from the ongoing EU examination into the possibility of maternal transmission);
- (iv) the acceptance of BSE affected herds into the Beef Certified Herds Scheme once they have fulfilled an agreed restriction period—at present, such herds would never be eligible for this scheme;
- (v) the introduction of a voluntary outgoers scheme for BSE affected suckler herds (details can be provided).

This Certified Herds Scheme is presently nearing the completion of a consultation period in the United Kingdom. It will then be formally proposed to the EU Commission by the Government for consideration by its Standing Veterinary Scheme Committee (SVC). This Committee is likely to refer this scheme to the EU's Scientific Veterinary Committee (ScVc) for its comments. In addition, other EU expert committees are also likely to become involved. It is expected that this process will take a significant number of months and will largely depend on the acceptability or otherwise of the proposed scheme. However, assuming that this scheme

¹ Not printed.

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[Continued]

satisfies the EU's requirements, it is estimated that the export of Northern Ireland beef to the EU could be resumed mid-1997.

The Ulster Farmers' Union understands that former customers in Holland, Belgium, France and South Africa would already willingly place substantial orders for beef from Northern Ireland but are effectively prevented from doing so while the export ban remains in place.

To cite two specific examples:

On 19 September 1996, the Union's President, Mr Greer McCollum, met with the Prime Minister and was asked if such orders existed. The next morning, the Union provided the Prime Minister with a specific order from South Africa for 500 tonnes of beef;

On 17 December 1996, an Ulster Farmers' Union/NI Meat Exporters' Association delegation met with representatives of a leading Dutch supermarket group and were given assurances of orders for beef from Northern Ireland once the export ban was lifted.

January 1997

**Letter to the Department of Agriculture for Northern Ireland from the Commodities Director,
Ulster Farmers' Union**

BSE: SELECTIVE CULL, CERTIFIED HERDS

I am writing on behalf of the Ulster Farmers' Union in response to the letters from Mr P T Toal dated 16 December requesting comments on proposals for both the Selective Cull and Certified Herds. We have combined our considered views on these proposals into one letter.

1. *Selective Cull*—In general, the Ulster Farmers' Union supports the proposals as outlined. However there are a number of specific points which we would wish to make.

While the Union accepts the reasoning for the voluntary nature of the slaughter of the 1989–90 cohorts given the expected traceability difficulties in Great Britain, such animals are however easily identifiable in Northern Ireland and can be readily traced by using the Animal Health Computer System which has been operational in the province since 1988. For this reason, the Ulster Farmers' Union considers that *all* of the 1989–90 cohorts which exist in Northern Ireland must be removed in order that the European Union will be satisfied that all necessary measures have been taken to reduce the incidence of BSE in the province while at the same time ensuring that all of the animals considered to be most "at risk" from BSE have been removed. The Ulster Farmers' Union therefore requests that the slaughter of the 1989–90 cohorts is made *compulsory* in Northern Ireland.

The Ulster Farmers' Union would point out that the proposed method of counting herd size which will be used when calculating compensation "top-up" payments for this cull differs from that which is already operational for the temporary reallocation of additional milk quota to herds which are subject to movement restrictions. The Union considers that the existing method used for calculating herd size for the temporary quota reallocation scheme should also be used for the proposed selective cull. We therefore request the *exclusion of in-calf heifers* from the herd size calculation for "top-up" payment purposes for the proposed selective cull. In addition, where more than one batch of animals is taken from an individual herd over a period of time, it is essential that the total sum of the percentage losses is taken into consideration for compensation purposes.

In relation to the top-up component of the compensation arrangements, top-up payments are only triggered once a producer loses more than 10 per cent of this herd. The Union believes that a *sliding scale for top-up payments* should also apply for losses of 1 per cent to 9 per cent of herds. Additionally, under current plans the maximum percentage top-up is 25 per cent. The Union regards 25 per cent as totally inadequate and would suggest *at least 40 per cent* as a more realistic figure.

With regard to suckler cows targeted within the Selective Cull, it is crucial that the disposal of cows during the retention period does not jeopardise a producers claim for suckler cow premium. Equally such producers should be exempt from quota usage rules.

The Union would further request that, wherever possible, flexibility be afforded to herd owners in circumstances of imminents calvings etc.

Finally, the Ulster Farmers' Union would stress the importance of completing this cull at the earliest possible opportunity.

2. *Certified Herds*—The Ulster Farmers' Union notes that the proposals for a UK Certified Herds Scheme represents the Government's main method of resuming beef exports from the United Kingdom. It is, however, vital that this scheme is not over-restrictive while at the same time giving the necessary assurances required by

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[Continued]

the EU. In particular, the Union would insist that the scheme must provide an opportunity over time for BSE affected herds to re-enter exports.

The Union also considers that the Certified Herds Scheme should recognise the part played by the selective cull as a step towards certification. Herds targeted by the selective cull may well question their sacrifice if there is no realisable benefit to be gained. In order to ensure that the Certified Herds Scheme is of practical benefit, the Ulster Farmers' Union would propose that all of the following measures must be introduced:

- (i) the flagging of herds and *not* holdings;
- (ii) the *certification of animals* rather than herds;
- (iii) all animals born after 1 August 1996 must be considered to be eligible for this scheme irrespective of the BSE status of the holding from which the animal originated (allowances may have to be made for findings resulting from the ongoing EU examination into the possibility of maternal transmission);
- (iv) the acceptance of BSE affected herds into the Certified Herds Scheme once they have *fulfilled an agreed restriction period* of no more than six years—under the present proposals, such herds would never be eligible for this scheme;

In addition, with reference to the section on "Herd History" outlined on page 3 of the proposed Certified Herds Scheme, the Ulster Farmers' Union hopes that point 5(i) will be interpreted in such a manner which will permit the *inclusion of non-flagged natal herds* in the scheme.

Some concerns also exist in relation to the title of "Certified Herds Scheme". It is suggested that the word "*export*" should be incorporated, for example "Certified Beef Export Scheme".

The Union is also anxious to prevent the Certified Herds Scheme becoming institutionalised as the basis for trading with retailers, especially within the UK. The implications of such a development would be disastrous, particularly for BSE affected herds, should the EU insist certification applies to herds as opposed to individual animals. It is critical that the Certified Herds Scheme does not act as a catalyst for the development of a two-tier market.

I trust that the Union's comments on both the Selective Cull and Certified Herds proposals are of use. It is vital that substantial and rapid progress is made on the removal of this unjustified export ban. While this ban remains, it is inevitable that Northern Ireland's use of the European Union's Beef Intervention Scheme, which has already resulted in a direct cost to the EU of an estimated £100 million, will continue and former export customers for Northern Ireland beef will be prevented from placing substantial orders despite their obvious willingness to do so.

17 January 1997

Memorandum submitted by the Northern Ireland Agricultural Producers' Association

INTRODUCTION

The announcement by the Secretary of State for Health on 20 March 1996 regarding the identification of a new form of CJD and the possibility of a link with BSE in cattle fanned the flames of an inferno which has engulfed the Northern Ireland beef industry and could lead to the loss of livelihood for many.

Many people in the province obtain their income through employment in industry or in other professions or are self employed running their own business. Farms in the main fall into the latter category. They are also consumers who purchase goods produced by others and endeavour to maintain their families on income derived from their labours on the land. They do not have as much freedom of choice as others and cannot opt to change employment at a whim even if the opportunity were available.

It is against this background we address the following issues with regard to the affects of BSE on NI agriculture and allied industries.

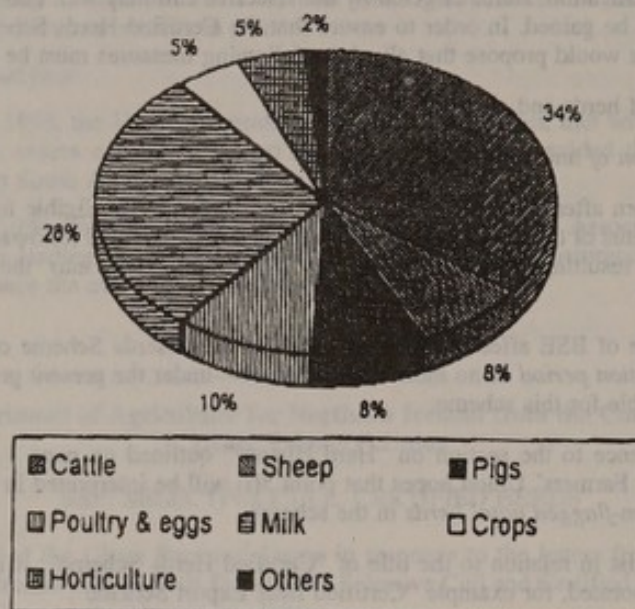
In 1994 agriculture accounted for 4.9 per cent of Northern Ireland total gross domestic product. Additional to this are the ancillary industries such as food processing which bring the total GDP to approximately 8 per cent. The importance of the beef sector is shown in Figure 1 where we see that 34 per cent of total receipts in 1995 came from this commodity.

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[Continued]

FIGURE 2

Composition of Total Receipts of NI Agriculture, 1995



(Source DANI Stats)

The average producer price per kg dead-weight for 1995, steers, heifers and young bulls, was 226p and for cows and bulls approximately 176p. This meant the total value of output was approximately £310 million.

Since the imposition of the ban we have lost 55 per cent of our market (outside UK). We have also had reduced market share on the GB mainland and a reduction in consumption in Northern Ireland. In place of this we have a cull scheme for cattle over 30 months where price per kg dead-weight for steers and heifers has gone from 221p in May to approximately 124p in November and for cows from 176p to 145.78p.

Reductions have been caused by removal of top up for clean cattle, change in co-efficient for calculation of price and two green pound revaluations in this time. There was also a reduction in payment rate from 1 ECU/kg to 0.9 ECU/kg at the request of the UK government.

The above figures show a reduction of over 40 per cent on 1995 prices. Bearing in mind the fact that 80 per cent of product was sold outside the province, not only have incomes fallen but the cash flow from outside the province has diminished.

There are approximately 20,000 people employed in production and processing in the beef sector with many more involved at various levels.

The fact that incomes have fallen drastically will have a cascading effect throughout the province. Purchasing power has reduced dramatically with many rural towns reporting decreases in sales particularly of non essential items.

Building programmes have been suspended and capital grant works delayed as is reflected in the number of weekly SPARD claims as opposed to anticipated returns.

This will lead to job losses in construction and shops, etc.,—areas which many do not perceive to be connected with the problem.

There will also be a problem with servicing finance agreements and bank loans as cash flow problems surface.

The maintenance of a world wide ban on Northern Ireland beef will decimate the industry and in turn in the Northern Ireland economy.

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[Continued]

The reported incidence of BSE in various countries is given in the following table.

FIGURE 2

Incidence of BSE

| Countries | Total Cases | Date of last Report |
|---------------------|-------------|---------------------|
| Northern Ireland | 1,732 | 31 October 1996 |
| Great Britain | 164,093 | 25 October 1996 |
| Isle of Man | 408 | 9 February 1996 |
| Guernsey | 599 | 27 October 1996 |
| Jersey | 126 | 25 October 1996 |
| Alderney | 2 | 26 June 1995 |
| Republic of Ireland | 162 | 31 October 1996 |
| France | 26 | 14 October 1996 |
| Portugal | 58 | 14 October 1996 |
| Germany | 4 | 5 July 1996 |
| Denmark | 1 | 5 July 1996 |
| Italy | 2 | 5 July 1996 |

Source: DANI Stats.

These figures show that the incidence in NI is only approximately 1 per cent of UK. In fact statistics show that the numbers of new cases peaked in 1993 with a total by 1995 of 1,688 (see Figure 3). With NI total to date being 1,732 this demonstrates the dramatic decline in the past two years.

FIGURE 3

BSE Recorded incidence since 1988

| Year | Number |
|------|--------|
| 1988 | 3 |
| 1989 | 30 |
| 1990 | 100 |
| 1991 | 170 |
| 1992 | 333 |
| 1993 | 487 |
| 1994 | 363 |
| 1995 | 170 |

Source: Business Telegraph 26 March 1996.

SEPARATE STATUS FOR NORTHERN IRELAND

The issue of separate status is one which has been addressed by many and NIAPA feel that it should be possible to create a scenario whereby the ban could be relaxed thereby allowing exports to recommence.

The basis for this is contained in the EU commission's framework paper (The Florence Agreement).

This would entail:

- The removal and controlled destruction of all specified bovine material from carcasses.
- A selective cull of cohorts of confirmed BSE cases 1990–93 plus voluntary cull of 1989–90 cohorts.
- Exclusion of animals over 30 months from food chain (may be exceptions as in Accredited Herd Scheme).
- System of identification and traceability to be implemented.
- Legislation implemented to remove feed containing mammalian meat and bonemeal from farms and mills.

Once implemented this could allow for the export of:

- (a) Meat from animals under 30 months.
- (b) From herds with no history of BSE—certified herds.
- (c) Embryos.

The fact that NI has a unique traceability system puts the province in the forefront in complying with The Florence Agreement. The number of cohorts is extremely small due to the low incidence of BSE. Our

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[Continued]

Department of Agriculture veterinary division is working extremely hard for the provision of a certified herd scheme. We also have an established Farm Quality Assurance Scheme which already covers over half of all beef cattle offered for sale.

Given this evidence we see no reason why exports of beef from NI could not be resumed when and not if we comply with the framework paper.

TRACEABILITY

Throughout the UK and indeed in many other areas the individual identification of cattle has been mandatory for decades, with records kept on holdings for three years. The purpose of this was to control outbreaks of notifiable diseases or support programmes to eradicate diseases such as Tuberculosis and Brucellosis.

Within the province however we have a central system with which we can trace cattle from day-old to death including all movement in the interim. This has proved invaluable in establishing a superior health status for NI stock.

Established in April 1988 the system contains information on cattle identification and movement along with details of TB/Brucellosis tests and is constantly updated. Access to the system is restricted to DANI personnel on 37 sites throughout NI. There is a legal obligation to have a movement permit for bovine animals.

The addition of a flag to denote the BSE status of cattle (see Figure 4) means that there is established the basis of identification for a certified herd scheme. We can therefore guarantee that beef sold from NI herds has not been in contact with a herd in which there has been a case of BSE.

FIGURE 4

| | | |
|--|---|---|
| BSE contacts over 30 months | — | X |
| BSE contacts under 30 months | — | W |
| BSE contacts after six year restriction period | — | Z |
| Cattle moving through a BSE restricted herd | — | Y |
| ALL GB imports | — | I |
| "Clean" cattle over 30 months of age | — | O |
| "Clean" cattle under 30 months of age | — | M |

In GB a central database was established in June 1994. This is used to allocate ranges of ear tag numbers to individual farmers. It is proposed to introduce a computerised central database to record cattle movement, etc., in 1996. To this extent, NI is much further advanced than any other region in the UK.

OVER THIRTY MONTH SCHEME

In order to implement European Commission Regulation No. 716/96 (as amended) which provides for the purchase and destruction of these bovine animals which are over 30 months of age at the date of presentation for slaughter and which have been in the UK for at least three months. (Six months from November 1996). A central booking office was set up by the NI Meat Exporters Association with the agreement of the UFU and NIAPA.

In the first instance many within the industry had requested that government organise and supervise the cull but it was suggested by MAFF that the scheme be run by the industry.

It is unfortunate that the rendering facilities within NI limited the capabilities of the system to deal with approximately only 4,000 cattle per week and it was inevitable that a substantial backlog would develop. It was also impossible to devise a system which would cater for all eventualities.

For various reasons there are quite a number of animals which were booked on to the system early and are still on farms. The cull price has dropped from 221p/kg deadweight for 30 month clean cattle to approximately 124p/kg and for cows from 176p/kg to approximately 146p/kg. This has meant a vast difference for cattle booked in May/June, some of which were removed and the remainder which are still on farms.

Farming representatives had asked for additional storage space to increase the cull rate or for government to remove cattle from farms and set up feed lots in order to alleviate the pressure on holdings.

It would also seem that the backlog was being added to at the equivalent of the weekly cull rate.

The announcement of £16 million support to assist in doubling the cull rate is to be welcomed although many would see it as something which should have been done months ago.

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[Continued]

The fact is that we have not the housing or winter fodder to hold cattle until spring. Indeed some stock which came out of housing may have to be re-housed. Unfortunately regardless of how a cull scheme operated the fact is that in NI we could only dispose of a limited number of carcasses per week thus leading to a backlog.

It may have been deemed prudent to concentrate more on clean cattle in the first instance as the price for these was diminishing but it now means we have a concentration of cows. It is hoped that with the registration system now introduced plus the increase in cull we can obtain a completely clear picture of the problem and deal with it as quickly as possible.

CONCLUSION

In conclusion NIAPA feel that NI farmers find themselves in a situation which was not of their making and over which they have no control. Some financial assistance has been made available which will assist in the short-term. We must however look to the medium and long-term and establish a base line from which to move forward. Mechanisms are available and the criteria has been established for this. We have the means to promote our industry and we must avail of these.

In complying with the Florence Agreement we must not forget those producers on whose farms there has been an occurrence of BSE.

The flags that this has produced has meant that they are lepers in the beef industry. Those in particular who depend on income from suckler calf production and have seen their livelihood wiped out will wish the industry well but must be remembered as being an integral part of the same industry and must be catered for.

November 1996

Supplementary memorandum submitted by the Northern Ireland Agricultural Producers' Association

In regard to NIAPA's views on the ban on UK beef sales into Europe and the governments latest move to comply with the Florence agreement.

NIAPA is of the opinion that whilst the fulfilment of the Florence agreement is not a "guarantee *per se*" of achieving a lifting of the export ban.

However the Florence agreement we believe which the government signed up to in June with obvious self congratulation and celebration was not despite the rhetoric enthusiastically implemented despite the obvious and pressing need of the beef industry.

The belated announcement that the selective cull was at last to be implemented only came after the government had tried to renege on the original deal which they had embraced quoting new scientific evidence. This was perceived with understandable scepticism and indeed anger in Europe.

Northern Ireland's case has equally been held back being part of the UK. The governments insistence that regionality cannot be actually considered yet may now allude to the ideal in principle has been damaging to Northern Ireland's cause.

Our specific attributes which are well documented and our reliance to a large degree on export of our beef are facts which are not in doubt. Given these facts Commissioner Fischler who was briefed by NIAPA's chairman as part of an industry delegation as early as mid-April was sympathetic and empathised with our plight. He added the proviso that such regionalisation could only be forthcoming with the assent and indeed formal request of our government. To this end we are still thwarted.

We feel Europe has grown weary of the UK governments stance on BSE which has arguably been one and indeed literally of non-co-operation. This non-co-operation has been quite palpable throughout since 20 March and continues to this present day.

In such a climatic Europe is unlikely to easily accede to demands but will inevitably require proof of both our scientific and tangible endeavours to rid ourselves of the disease. Also apart from specific veterinary measures the political will to achieve results must be one of active co-operation.

The beef industry can fulfil the Florence agreement as soon as the selective cull is completed, this can be achieved within two months, three at most.

Some accommodation via certified herd scheme can then be possible whereby Northern Ireland can as a region of the UK begin exporting beef again.

Europe which has since the outset been sympathetic to our cause must be actively encouraged by the government to lift the ban on this the UK, most deserving regional area.

This can only be achieved with active government help and formal assent.

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[Continued]

We believe given the fulfilment of these conditions and the necessary political will Northern Ireland beef exports can resume albeit tentatively for the duration of 1997.

January 1997

Memorandum submitted by the Northern Ireland Meat Exporters' Association

1. EFFECT OF BEEF BAN ON FARMING AND ASSOCIATED INDUSTRIES

The Northern Ireland economy is based mainly on agriculture and related industries. The beef industry in NI has a turnover of £500 million per year and employs over 3,000 people. It is therefore a significant and essential industry in a region of the UK with a population of 1.5 million. Unlike the rest of GB, all slaughter plants and Meat cutting plants in NI are fully EC approved. The NI Meat Exporters' Association represents all of these companies, some 20 in all.

NI has to export from the region, 75 per cent of all beef produced. Of this about half went to GB and the remainder to Europe and further afield. Prior to 20 March 1996 NI beef was exported to 54 countries in the world. In Holland it occupied a prestigious position in one of the main Dutch supermarkets. The introduction of the beef export ban was a major blow to not only the farming, slaughter and processing sectors in NI but to the entire community. Lorries taking our beef products to Europe and further afield returned with fruit, vegetables, and other consumer goods not produced here. The introduction of the ban meant that these lorries were not travelling [a blow to that industry] and import costs of other foodstuffs rose.

The entire beef production on farms was thrown into chaos and with the introduction of the slaughter of animals over 30 months, this necessitated an entirely new management policy on all farms and shattered the confidence of the entire industry. This has resulted in financial difficulties and loss of income to many farmers.

The NI Beef industry which in 1989 was dependant on Intervention to offload 40 per cent of production had worked hard and had developed to the enviable stage where every animal produced was marketed. Because of its quality attributes and industry guarantees, NI beef had become a "sought after" product and was enjoying premium returns from specialist markets. This was the result of substantial capital and operational investment and thus NI had a higher production cost level than our GB competitors. All of this was totally eliminated in a moment on 20 March 1996 with the introduction of the beef ban. The industry is currently back to where it was many years ago simply supplying home market customers and operating various Government buy-up schemes. The industry has been denuded of that leading quality export position and will have to begin again on that up-hill struggle to regain our market position when the ban is lifted. If because we cannot operate in export markets for some period of time, and the Republic of Ireland should gain access to our raw material, this could be the death of a viable met industry in Northern Ireland.

2. COMPARISON OF BSE INCIDENCE IN NORTHERN IRELAND TO GREAT BRITAIN, ROI AND EU

As at 10 May 1996 the following cases have been recorded [source MAFF]:

In NI there have been 1,705 cases on 1,400 farms

IN ROI there have been 180 cases on 180 farms

In GB there have been 160,090 cases on 33,405 farms

France has reported 20 cases, Portugal 37, Switzerland 214, Germany 4, Italy 2, Denmark 1.

3. NORTHERN IRELAND STATUS

Due to the existence of the computerised movement system for cattle in Northern Ireland and its separation from GB by water, complete isolation from the GB herd exists. All cattle in NI are registered on computer and can have their location traced. It is therefore possible to give whatever guarantees that EU markets desire on the status of cattle from which meat is supplied. Precedents in an "all Ireland" animal disease control exists, namely in regards to Foot and Mouth Disease and in inspection procedures required for the Japanese market. However there are important factors that need to be addressed within this.

- (a) NI meat is stamped with a "UK" EEC stamp and thus by perception is less acceptable in many markets. It is therefore of paramount importance that a "NI" EEC stamp is created to identify the source of the product.

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- (b) Previous prestigious customers in the EU will accept our product again immediately simply because they cannot get the same quality assurance anywhere else in the EU. The Dutch had already decided pre 20 March 1996 to sell NI beef *exclusively* in their stores.
- (c) The numbers of cattle that need to be slaughtered under the Accelerated cull to comply with the Florence agreement are minimal in NI and constitute one day's slaughter in total.

Because of the computerised identification, movement and traceability of all cattle in NI it is possible to arrange a "NI Status" which can be easily and specifically monitored and can if necessary, initially, be introduced by derogation.

4. CATTLE TRACEABILITY IN NORTHERN IRELAND

As mentioned at 3 above, all cattle in NI are registered on computer and all cattle movements are controlled by a computerised movement system. This has been in existence for some years and has been an important factor in securing previous commercial sales to prestigious EU and world customers. The system is controlled by the Department of Agriculture Veterinary Services giving it the independence from both producer and processor. Likewise the Farm Quality Assurance scheme operated by the Livestock and Meat Commission which is independently policed and administered by the Commission.

Other regions of the UK are currently introducing Cattle Identification Documents and preparing for computerised databases to establish systems similar to NI, however the system has been operating successfully in NI for many years and is the blueprint for the rest of Europe.

With this controlled computerised system already in place the establishment of certified herds in Northern Ireland already exists. All that is required is to meet whatever further criteria has to be provided under any "certified herd" scheme.

5. OPERATION OF 30 MONTH SLAUGHTER SCHEME IN NORTHERN IRELAND

When this scheme was being discussed in the initial stages on a UK basis, it became clear to the NI Meat Exporters that to operate it on a "free for all" basis in NI similar to what was being organised in GB, would have been a nightmare. Consequently proposals were put to the Government that in NI a register would be established in a central office and cattle allocated to the scheme on the basis of a few simple selection criteria. The operation of the scheme required the total co-ordination and co-operation of every section of the industry.

A scheme Liaison Group was established which included all the relevant parties and this Group meets regularly and monitors the running of the scheme in NI. Due to the establishment of a central booking office which has been funded by the Slaughter Plants, it has been possible to keep Government informed of the size of the problem being undertaken and more easily establish goals for the gradual reduction of the backlog. It has ensured that the scheme has been operated to the optimum throughput of the rendering plants and has not disrupted normal commercial activity within the industry. It has proved a reasonably fair and equitable means for all farmers to access the scheme but naturally has had its share of criticism. The most serious problems have been those on farms where the system just cannot cope with the numbers to be culled and where farmers have been left with numbers of extra cattle to manage in their systems.

There have been few major problems with the actual logistics of operations but a very uncommercial attitude from Government bodies did not help for smooth operation of this mammoth task. Agreements with slaughterers and renderers were done in a shoddy manner and it appeared that extra facilities needed were not available prior to cuts in cattle compensation, but were available after such cuts were made. Considerable delay was experienced by Government approving Cold Stores for the storage of material, thus delaying the speed at which the backlog could have been dealt with.

The imposition of the IBEA registration system on top of the registration system which operated in NI from early May simply caused more frustration and misunderstanding amongst farmers. Nevertheless the co-ordinated efforts of the industry and Government in NI has, at the time of writing, resulted in over 100,000 cattle being slaughtered under this scheme.

November 1996

Supplementary memorandum submitted by the Northern Ireland Meat Exporters' Association

NECESSITY OF ACCESS TO INTERVENTION

Industry support

For the duration of the EU Beef Ban it is essential that NI continues to get the necessary support from intervention that is needed to keep the industry alive and also to ensure that there is sufficient outlet for the beef cattle produced by farmers. When the NI Industry is afforded the position to export again then it is envisaged

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that as previously, Intervention will become an unnecessary support to the Industry. Currently there are moves afoot to reduce the Intervention tonnage intake and this may be a sensible move in other Member States and indeed in GB where cattle prices are much higher than in NI. However it is essential that NI still has access to the current range of Intervention Grades to utilise the numbers of beef cattle produced for which there is no commercial market.

Management of NI Beef Market

Intervention has a two-fold importance to NI in the current crisis situation:

- (1) It is a market outlet for numbers of quality beef cattle produced here, and saves them from drifting into the Over Thirty Month Slaughter Scheme.
- (2) Its availability has also been a major factor in ensuring that all business remained viable through a very difficult period as all exporters were involved in the processing.

Until the ban is removed it is essential that the availability of Intervention remains.

OVER THIRTY MONTHS SLAUGHTER SCHEME

Future Proposals

The Government propose to go to tender for the provision of a slaughter service on this scheme from 1 April 1997. In GB it has been possible for a number of slaughter plants to become "dedicated" to the OTMS [Over Thirty Months Scheme] as they have no other business. In Northern Ireland all slaughter plants are fully EC approved and all have *bona-fide* meat businesses attached and none of them can become "dedicated". All NI slaughter plants also have in place and have still retained, a full export staff and infrastructure which is a large part of plant overheads. While NI slaughter plants will tender for the work it must be understood that the export orientation of NI plants means that they cannot compete with "dedicated" plants in GB on a cost basis. The Government must therefore accept because of the different advanced nature of the meat business in NI that tender prices may differ from those in GB.

Access Availability to Farmers

It would be the intention therefore in NI that all slaughter plants would tender for the OTMS work and that all plants should be granted the work. This would accomplish two things:

- (a) availability to farmers who could use their local slaughter plant and save animals having to be transported long distances; and
- (b) also ensure the future viability of all NI slaughter plants.

Political Backing

It is envisaged that the level of slaughter availability proposed above will necessitate political pressure to secure. It will not cost the Government any more money but it is necessary for the support of the entire industry. We would therefore be grateful if the NI Affairs Committee could exercise the necessary influence to ensure that after 1 April 1997:

- (a) NI OTMS cattle are slaughtered in NI; and
- (b) all slaughterers in NI who tender for the service are regarded as eligible and accepted.

A plant rota would operate to provide only the capacity required to deal with the OTMS cattle numbers on offer.

TOWARDS MEETING THE FLORENCE AGREEMENT

Selective Cull

We welcome the Governments decision to go ahead with this. NI can already meet all the other requirements of Florence and this is the one remaining obstacle. As there are relatively few animals in NI to be slaughtered under this cull we would stress the importance of completing this at the earliest possible opportunity. Any delay will depend upon the speed in which the Department of Agriculture can carry out the farm visits and arrange compensation. All animals concerned can easily be identified on the DANI computer. Slaughtering the small

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number of animals involved will only take a matter of days. We would certainly expect this cull to be completed in NI inside three months. It is the urgent aim of our industry to be able to say to all our customers that our product is produced under the terms of the Florence Agreement.

LOBBYING IN EUROPE

Dutch Sympathy

NIMEA arranged a meeting with the current President of the EU Farm Council recently and invited the UFU to come with us as a joint venture. Mr Van Aartsen was most sympathetic and went beyond our expectations in his inaugural speech when he urged the UK Agric Minister to bring a proposal requesting export status to be returned to NI.

As well as the Dutch, there is an increasing wave of sympathy in the EU to allow NI to export again because of the controls which exist here. We continue to brief our three MEPs who do a good job in the EU scene for us.

While in Brussels we also met senior representatives of one major supermarket chain who continue to express the desire to have NI Beef back on their shelves in preference to anything they can get elsewhere in or outside the EU. This was a tremendous encouragement to us from a customer that we want to serve again at the earliest possible moment. The moment the ban is lifted in respect of NI we will do business with this company within days, and depending on consumer uptake would hope to be back at 50 per cent of previous business within one year.

For your information I also attach a copy of a trade enquiry fax we received before Christmas from Germany [of all places].

PREPARATION FOR EXPORTING AGAIN

Five Year Visionary Plan

A Red Meat Strategy Group was formed and has been working in preparation for the time when NI can again export our beef products. A strategy has been drawn up for the next five years with the aim of re-establishing the image of NI beef in niche world markets. Much time and effort has been put into this by a wide cross section of the entire industry and a visionary document produced. This will shortly be released.

January 1997

Examination of witnesses

MR GREER MCCOLLUM, President, MR WALTER ELLIOT, Deputy President, Ulster Farmers' Union; MR LESLIE CRAIG, Chairman, Northern Ireland Agricultural Producers' Association; MR ROBERT WATSON, Chairman, MR NOBBY QUINN, Member, Northern Ireland Meat Exporters' Association, were examined.

Chairman

64. Can I welcome you, gentlemen. I think a number of you we have met before, if not all of you. We are very pleased to see you here. You heard my analogy of the fastest ship having to wait outside harbour for entry and the Minister saying she did not think that held because you were not being held back. Do you get the feeling you are being held back or not?

(Mr McCollum) Yes. While we recognise that the selective cull has been done on a UK basis, we feel that we have got many advantages in Northern Ireland and we should be able to exploit those advantages. Those advantages were built up in the days when we were dealing with export markets and we had to be, shall we say, better than anyone else to maintain and build up those export markets. The only one of the

terms of the Florence Agreement we have to fulfil in Northern Ireland is the selective cull. We have taken out all the at-risk animals and we have a region of very low incidence of BSE. I think last year our percentage of BSE animals was .000045 per cent of the animals in Northern Ireland, a very low incidence. We have got many other advantages in our traceability and whatnot and we should be allowed to push open the door for the rest of the United Kingdom and we should be the forerunners to getting this ban lifted. Dr Fischler has said quite clearly that he saw the British ban being lifted region by region, herd by herd.

65. You must have had your contacts with various officials in the European Union. Is it your understanding that if the British government made an application for Northern Ireland to be released from

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MR GREER McCOLLUM, MR WALTER ELLIOT,
MR LESLIE CRAIG, MR ROBERT WATSON and MR NOBBY QUINN

[Continued]

[Chairman Cont]

the ban early that would be considered sympathetically? Is that your understanding or not?

(Mr McCollum) Very definitely. We have met with the Dutch Minister of Agriculture, Mr Jozias Van Aartsen, and since that came out in the Dutch Presidency statement he has said very clearly that if the United Kingdom got what it asked they would look very sympathetically at lifting the ban for Northern Ireland.

66. Do you believe that view would be extended to the various veterinary committees of the European Union and to the other countries or not?

(Mr McCollum) Yes. We have met in Brussels with those veterinary committees and we believe that they should be influenced by the facts and the facts are that we can come up with all the qualifications for the Florence Agreement once we have done the first selective cull.

67. So is it your belief that the British Government should go to the European Union and say, "If you won't let the whole of the United Kingdom off, will you let the Northern Ireland sector off the ban?"

(Mr McCollum) Yes, we would say that very clearly. Remember, we are treated as a separate region for trade intervention purposes. There are other reasons that we are looked on as a separate region.

68. You understand the Government's position is that they feel that it ought to apply to the whole of the United Kingdom rather than two separate areas of the United Kingdom and we should make applications on behalf of the whole of the United Kingdom and not have separate areas.

(Mr McCollum) We understand that this should be proceeded with on a UK basis, but as each region meets the requirements then it should be allowed to proceed. It makes a lot of good sense, not least from an economical point of view, that the sooner we get back into Europe the sooner we will not need intervention. Intervention is a very costly mechanism of supporting the market.

69. So your basic disagreement with the Minister, in effect, is that they are not making a separate application to Europe. Is that a fair statement or not?

(Mr McCollum) We would hope that once we have done the selective cull, as was intimated by the Dutch Presidency, that they would then make this application and say, "Look, here is a region that meets the requirements", and we are not against any other region in the United Kingdom that can match those requirements proceeding as well.

70. Is that what you think the problem is, that other regions of the United Kingdom would resist Northern Ireland coming off the ban first?

(Mr Watson) I fully agree with everything that Greer has said. I think there has been more lobbying and harm done within the UK as regards having Northern Ireland put forward as one of the first regions to meet the lifting of the ban. I believe within the meat trade itself there is no will to allow us not to go forward. I believe there has been something said, particularly in Scotland, through some farmers who have felt that it will be to their detriment. We on our

side of the industry have tried to assure them that we are not trying to steal any markets from them when we get back into Europe. We had very different, very distinct markets in Europe which did not really conflict with the sale of Scottish beef in Europe. We recognised Scotch beef has the premium British brand, we always recognised our product as a separate and different product in Northern Ireland. The markets in which we were very strong in Europe, and will be when the ban is lifted, are markets which particularly Scotch beef is not strong in. We feel a little disappointed because it is okay for, say, Scotland to say that everyone must be treated similarly but at the minute Scottish farmers are still enjoying reasonably high prices for their stock compared to what the Northern Ireland farmers are enjoying. Scotch beef is still commanding a premium within the UK market, Northern Ireland beef does not command a premium within the Northern Ireland market. To take an example, pre-ban the average price in Northern Ireland paid to the farmers was 6p a kilo above that in GB, it is now 12 to 14p below that paid in the rest of GB. That has come about solely because we were relying on a very good European market which we are now denied. We believe if we are allowed back into Europe we will complement Scotch and help to bring in the rest of the UK, we will not be doing any discriminatory damage.

71. Can I be absolutely clear that both the Ulster Farmers' Union and the meat exporters do not see themselves as getting strong opposition to a separate application for Northern Ireland from their English, Scottish and Welsh counterparts, the other farmers' unions and meat exporters? Is that right?

(Mr Elliott) We have just recently had a number of meetings on this side of the water and I would detect a growing support. Really what they are saying, and if you talk to probably the LMC here on the mainland they will tell you the same thing, the more beef you can get off the GB market, the better it is for the ones supplying. This is the silly thing about it. The more you can move out of that market, the better for the ones who are left. The other thing that has to be taken into consideration is that we have bred our cattle for the continental market and this is why I think Robert is saying that the Scottish and English prices are now above us, because we have so many cattle that do not suit the English market and, with the weight limits on intervention, we have no market and we are dumping them literally on the English market and cutting the prices down. So I think it is to everyone's advantage to get as much beef off the UK market as quickly as possible.

Mr Hendry

72. Can I explore this fact that you would not be in competition with your fellow farmers in Scotland? I do accept that there is an argument for saying that if we open the door a little by allowing Northern Ireland to export, once you have a foot in the door it could make it easier for the rest of Britain to follow when we start to see a restoration of confidence, but I am not persuaded by what you are saying. There is a lot

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[Continued]

[Mr Hendry Cont]

of pent-up demand out there from people who would buy meat from Britain if they were allowed to do this, and if the only place they could get it from was Northern Ireland, they would not say, "I am terribly sorry, we had an agreement with the Scots before", they would come back to you and say, "We will buy Northern Irish beef." So I am not persuaded that Northern Irish farmers would say, "This was the Scots' market before, therefore we are not prepared to supply you." I think you would see a market opportunity and go for it, and I do not think in commercial terms one can blame you for doing so. In the Minister's evidence she brought up the fact there has been £450 million of taxpayers' money put in to support the industry in Northern Ireland, and that works out at £300 per head of Northern Ireland's population. Do you not think, having had that support from the taxpayers, that if the ban was lifted you undoubtedly would go for some of those markets which previously were taken by Scotch and English farmers? Do you feel that is reasonable?

(Mr McCollum) We would only go looking for those markets we had formerly; the good Dutch supermarket outlets we had. We are not large volume suppliers. Northern Ireland cannot service all the markets, it does not have the volume of beef to service all the markets the UK could export to. We are just looking for those markets we had before. I come back to my point that we would be saving the taxpayer money by getting our beef back into Europe. That is the main crux of our argument.

73. But is it not also the case that if you could sell your meat at a premium overseas at a price higher than the price you could sell it for within the Northern Irish domestic market, or the British domestic market, you would seek out those markets, whether they happened to be in Holland, Egypt or South Africa, even if it meant you stopped supplying the domestic market and allowed the rest of the British market to supply the Northern Irish market? Are you really saying that you are not underneath it all businessmen who want the best return you can get and if those markets were there, you would genuinely seek them out?

(Mr Quinn) First of all you have to understand the type of markets that Scotch beef had in Europe and that Northern Irish beef had in Europe and that English beef had in Europe. The vast majority of the exports from England were cows, and cows will not exist in the future because they are now part of the cull. In Scotch terms, there was certainly a fair degree of small, sweet little Scotch heifers which went to places like Italy, along with Northern Irish heifers in competition and they would be in competition with the Republic of Ireland. These were the regions generally which produced more beef than they could consume and that competition was always there. The niche market which the Scotch had procured for themselves was in the steak and roasting market as branded Scotch Aberdeen Angus beef, whereas Northern Ireland beef was more generic, it was just quality beef sold in the countries, not identified specifically as Northern Ireland beef, it was a different commodity and not the same market

place at all. The Scotch certainly had a niche market, quite a small niche market actually, for the restaurant and catering trade as labelled Scotch beef. There is no way that Northern Ireland can take that market because it is Scotch beef and we do not have Scotch beef. So we do not have a problem there. In terms of the other markets which could be available—South Africa, et cetera—certainly in a marketing sense if we were free to export we would export where we have to, but you must remember we have to export, unlike the mainland. The mainland is self-sufficient or thereabouts in what it produces, if it never exports it never misses anything, but we have to export 80 per cent of what we produce. So it makes logical sense.

(Mr Craig) Certainly we are appreciative of the Minister's comments and our own Department's comments, and you have seen for yourselves in your visits to Northern Ireland that our system can be validated and its credentials are good. The reality is that Europe has set a fairly high benchmark which we can maintain within certainly the immediate future; it is not going to come down and the other regions of the UK must reach that benchmark. It is unfortunate perhaps for them that we are so far ahead but equally we should not and cannot be held back because of that. I think Mr Quinn explained the peculiarities of the beef market. I take the point you made, yes, there is perhaps a danger and the Scotch people may think we will take their markets, but that in itself is no reason to hold us back. Certainly in our submission we emphasise the need for political will and a pro-active approach for lobbying for Northern Ireland's case, and that must be done both here in London and in Brussels as a validation of our efforts. We argue that it is the political will that is needed.

Mr Spring

74. I was very interested in what Mr Quinn said about the stocks of cattle which had been exported and the demand in the market place but I would like to understand this: it is now arguably true, although it has not been accepted, that beef in the United Kingdom is probably in many respects now the safest in the world. You have something unique which is this traceability, you really do have something unique, and also you have the beginnings of the supermarket revolution going on in Northern Ireland; the beginnings of it certainly. If there is one thing which drives the supermarkets here in Britain it is food safety. I go into a supermarket and buy beef and there is a distinct logo which says "Scotch beef", they are there marketing it, organising it and commanding a premium price. From a marketing point of view, given that there is a recovery going on, which is particularly marked here in England, and given that you have this traceability and from a food safety point of view an enviable record, is there no possibility of you being able to direct your marketing sales effort to the supermarkets here in Britain which have such a commanding share of the food market? What is going on in that respect?

(Mr Quinn) We actually do serve from Northern Ireland the major multiple British supermarkets, but where we fail is that all the cattle we have do not suit the specifications of the major British supermarkets.

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We had been breeding cattle with wider markets taking heavier cattle. We have been producing cattle over 400 kilo carcass weights. Maybe 50 or 60 per cent of our steer production was in that region. None of that suits the British supermarkets, even with traceability and with everything else. Their specifications are 380 kilos and under. English beef and Scottish beef is generally of a much lighter weight than ours, thus the reason why the price fall in Northern Ireland has been accentuated, because there is no market for the heavy beef in GB.

Mr Spring: I think this is a very important point as we consider your case.

Mr Maginnis

75. I was trying to illicit from the Minister, but I am afraid not achieving it, the figures in respect of the export markets. Am I right in assuming that Northern Ireland exports something like 80 per cent of its beef but that the United Kingdom as a whole exports only an overall figure of something like 20 per cent of its beef? In other words, Northern Ireland satisfies, if my mathematics are still correct, 60 per cent of the whole of the UK's export market. If these figures are right, is it not going to be the case that if we can be at the thin end of the wedge, if we can get back into our established markets, we are going to lift the pressure on the rest of the beef industry throughout the whole of the United Kingdom? I think perhaps you should emphasise once again the point that you made about the specialised nature of beef production, that in fact what you produce for the export market is not necessarily the same sort of beef as you will provide for the home market or, indeed, other export markets. Robert, could you elaborate on those figures a little bit because to understand the importance of Northern Ireland I think we need to understand the respective contributions to the export markets.

(*Mr Watson*) First of all, I would tend to agree with your figures. In Northern Ireland we consume 20 per cent of what we produce. The other 80 per cent is exported outside Northern Ireland and a certain amount of that stays in the UK and the balance, which is somewhere between 55 and 60 per cent of our total, goes outside the UK. It is interesting to look at the different patterns that have emerged since the ban. For instance, the number of clean cattle that have gone into the over 30 months scheme in Northern Ireland has been fairly high. A lot of cattle, because of our later maturing beef which we have bred to heavier weights in a more extensive system, have tended not to mature until around the 30 months or over and it is interesting to know that a high percentage of cattle were pushed into the over 30 months scheme. At the start of the over 30 months scheme it was the best price around to go into that scheme, but we are now in a position where the price paid to the farmer in the over 30 months scheme for clean cattle is very small. That means that we are going to have to deal with at least another 80,000 cattle this year. They have to go somewhere. Last year they went into the over 30 months scheme. They cannot go into the scheme this year for financial reasons. If you break down our market, we kill approximately 9,000 cattle a week and

we handle somewhere around 1,800/2,000 in our local market. At the minute we are selling approximately 2,000 on to the GB market. That leaves a deficit of approximately 5,000 cattle that we have to find a home for. At the minute the only home that we have within the ban is intervention. Month by month intervention is becoming less attractive to us because of our heavy weights. The weight restriction intervention is having a very serious effect on our ability in the meat industry to return prices to the farming community. We have now approximately 30 to 40 per cent of cattle overweight which cannot go into intervention. We have a particular problem with that particular beef because it is of a weight that is not readily acceptable to the market in the UK. Therefore, if we are going to sell that meat we are going to have to sell it at a discount price. It is not the most desirable meat. It is very desirable in Europe and would be taken in Europe if the ban was lifted, but at this point in time, as the months go on, we are going to be left with more heavy cattle that we are going to have to unload onto the market place and that is going to cause a serious problem, I believe, within the UK market place and it is going to be reflected in very poor returns to the Northern Ireland farmer.

76. Could I just come in and develop that particular point a little bit. We have heard that Northern Ireland is part of the United Kingdom and that is fine until somebody turns round and tells us that in the initial stages of this problem we have had we are getting £300 per head of the population which compares quite favourably with the rest of the United Kingdom. Could I suggest that that figure cannot be taken in isolation and will not be sustained on the very basis of your argument that, in fact, the comparative figure for the future will decline at an accelerating rate because of the nature of the business that you have just described.

(*Mr McCollum*) I am a beef finisher myself, producing the very type of animals that Robert and Nobby used to require for their Dutch supermarkets. I am finding it impossible to finish those animals below the intervention weight limit of 380 kilos at the moment. It is absolutely impossible to get enough fleshing on those animals to have them even qualify for intervention because they will not have enough fleshing on them. I am in a no-win situation in that I have nowhere to go with those animals. In fact, I am ringing meat plants and it is getting more and more difficult every day for me even to get a market for them and the meat plants are shying clear of meat from my animals and saying they are not really interested because they know that I have got the very animals that they required this time last year but they no longer want those. That is the difficulty.

77. But you are going to lose out on intervention in that we are over the initial cull and Northern Ireland beef of the sort you produce, which is the majority of it, really has no home to go to and there is not going to be the level of compensation that some of my colleagues rather glibly described as £300 per head of the population.

(*Mr McCollum*) Could I just say that up until October/November we were getting all weights into

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intervention. Now that is becoming more and more restrictive and we are at 380 kilos this month, it will be 370 kilos next month and 360 kilos the next. It is getting more and more restrictive and we are in straightjackets with regard to moving those animals.

Mr McGrady

78. I think you were all in for the earlier session with the Minister and officials from the Department. I would like you to comment on what you heard about the prospect of Northern Irish beef moving into the European market. What do you think will happen in what seems to me to be an extending time-frame rather than a putting back time-frame? What consequences will that have on the beef industry? In particular, what comment would you make on the practicality of the answer I got that once the Florence Convention proposals were acceptable to Europe that would have been on a herd-to-herd basis and that animals would be admitted to the European market?

(Mr McCollum) With regard to the certified herds scheme, we understand and accept that the certified herds scheme is a possible vehicle back into Europe, but if that scheme comes out in a form which is so restrictive, it could be no good. The vast majority, and I am talking about 80 or 90 per cent, of our herds have to qualify and should qualify. We have to safeguard the interests (as was raised by this Committee earlier) of the flagged suckler herds. Those people need protection and there are more, and we have given the four points which have to be included in the certified herds scheme. The holding of a herd must be on an animal basis and not a herd basis; there has to be a chance for a man to get out of jail. There must be a time limit whereby if you have not had a case for six years you are acceptable to the certified herds scheme. A very important criteria is that from 1st August 1996 all animals, irrespective of origin, should be deemed capable of qualifying for that certified herds scheme.

(Mr Craig) On the point that Mr Maginnis raised, we are all very conscious that BSE is costing a fortune not only to the industry but indeed to the Government in the compensatory measures made to farmers. That cannot continue. In European terms, certainly intervention cannot continue even in the medium term, so there must be a market for our beef. So we are at pains to make our best efforts and lobby Government and indeed yourselves to move the situation forward so Northern Ireland once again within the UK but on a regionalised and certified basis can export its beef again. There are difficulties as regards the herd and the holding, and certainly the flagged producers would tell you that in very strident terms, but there must be a form of accreditation so that they too can become certified herds. That can only come on a herd basis as opposed to a holding basis.

79. One of the points I was asking was if the freedom to export to Europe is not attainable, say, by the autumn of 1997 and it goes on beyond that, what do you see as the consequences for the Northern Ireland beef industry?

(Mr Quinn) I see disaster looming. Mainland cattle generally mature at a much lighter weight because of

the mainland market, so while intervention is there and even if there is a crisis on the mainland, intervention can to some degree look after the crisis, but with us, our cattle are already coming through to produce over 400 kilo carcass weights, the calf-to-beef systems et cetera are there, they cannot be stopped, they cannot be reversed. As we have said, if you take an animal which is reared for that system to mature at 420 kilos, 430 kilos, at 360 kilos it is what we would call in the trade a screw, there is no flesh, it is not fit for intervention either because it has not got the flesh and the fat cover and the requirements for intervention. So if you take Northern Ireland and isolate it, everyone else around us is covered, the GB is covered, Southern Ireland can still export their heavy cattle which they were traditional creators of as well, they can export them to Russia, et cetera and other places. We are now confined, these cattle we have coming through are too heavy for intervention, they are too heavy for GB, they cannot stop coming through and we have no outlet for them. We feel we have been very badly represented in Brussels on a special exemption on that weight limit for intervention particularly for Northern Ireland, or even for GB in total, because we cannot export. Southern Ireland can export the heavy cattle but neither here nor Northern Ireland can we export, and we were very badly represented when the intervention weight was allowed to come down purely as a budgetary matter and nothing else, without taking any recognition of our plight which we will have seriously this autumn if things go as they are.

80. What you are saying is that the reduction regime in Northern Ireland gives it an additional, special regional problem?

(Mr Quinn) Yes.

81. Which has not been emphasised strongly to this point?

(Mr Quinn) It has been emphasised but I would say it has been ignored.

(Mr McCollum) It will take three years, the very minimum, to start to even change that system. You could not make these smaller cattle required for the UK market even if you tried to change your breeding herd at the moment in less than three, four, five years, and by that time they will be looking for the other ones again!

82. You hope!

(Mr McCollum) I can describe the beef industry at the moment as slowly being strangled. That is what is happening at the moment.

Mr Smith

83. Mr McCollum, will you not have to seriously consider, nonetheless, modifying your product to suit the changing market? You say it takes three, four, five years to change, but what is the point going on producing animals for which there is no market?

(Mr McCollum) Yes, but we feel very strongly that we have a right to get back on to the European market, so do we suddenly say to everybody, "You have to switch to smaller animals and it will take three years to do that" when we feel we have a just cause to get

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back to the European market and that European market will demand the type of animals we have at the moment? I give our meat exporters tremendous credit because they went in 1992 for a million tonnes into intervention, we were marketing all our beef, and we got those niche markets, and we are not going to give those up lightly and we want those niche markets back again. It is essential for our industry. We are very scared of sending our farmers the wrong signal that they are producing the wrong animals three years down the line. It is not like car manufacturing, where you can produce Minis and then switch to Grenadas or something. This is a long-term situation and it has to be viewed that way. Can I say that our industry works very closely together and already we have a Red Meat Industry Group set up, consisting of the Department of Agriculture, IDB, LEDU, the meat plants, LMC, and we are addressing the problem, we are not burying our heads in the sand but looking at our industry and there are very critical questions which have to be addressed. If the ban does go on for any length of time, we will have to consider what you say.

84. I am glad to hear you say that because I must say I found it personally to be very optimistic, having heard the Minister and her officials earlier, that there was going to be an early solution to these problems. Just so I am entirely clear, what is the specific Northern Ireland solution you are looking for?

(Mr McCollum) We are looking to have the unjustified ban on our meat lifted and as soon as possible. That is what our industry needs. It is as simple as that.

85. In respect of Northern Ireland solely?

(Mr McCollum) No, we would be quite happy for the rest of the UK—we feel it is an unjustified ban throughout the whole of the UK but we do not want to be kept back, as someone said, and wait until the last ship goes out of the harbour before we can go as well. That should not be the case. If we have the advantages, we should be allowed to exploit those advantages, and it is to the benefit of the whole of the UK to let Northern Ireland go.

86. Certainly, but you do recognise that because it was in the first place a UK ban, it is understandable the UK Government should be seeking a UK solution to the problem? Within that, they are proposing this certified herds scheme and as I understand it, depending on how the scheme is finally approved, it would probably benefit farmers in Northern Ireland more than anywhere else in the UK.

(Mr McCollum) Can I say it was the Europeans or other Member States who imposed this ban, and those other Member States are saying very clearly, "We are prepared to look at the situation in Northern Ireland." It is they who are sending the signal and giving us the encouragement and we feel it is a great injustice that the UK Government should not take that into consideration.

87. How realistic do you think that is? I am sure when you go to Brussels people make warm noises and sound terribly sympathetic because I am sure that they genuinely are, but how realistic do you think in practice that is as a practical solution to the problem?

(Mr McCollum) They are coming out, as the Dutch Minister has come out very openly in his statement, and saying, "Look, if the British Minister asks for the ban to be lifted in Northern Ireland we will look at it sympathetically." They are not just saying it to us, they are now convinced and coming out and saying it quite openly.

(Mr Watson) I think sometimes it is very hard to find where the line is drawn between the political side of the argument and the science side of the argument. Northern Ireland was always treated as a separate region in animal health. For instance, we are the only part of the UK that could export to Japan. We had USA approval and the rest of the UK did not. Whenever swine fever hit Germany they took it and looked at it on a regional approach and they were allowed to export pigs fairly quickly again, except for certain regions. If the UK government looks purely at the science and looks within the UK on science then there is no justification for not allowing Northern Ireland to go ahead. The UK position on the certified herd is that they are going to present one, but I believe they are very slow in presenting that. They have had an opportunity now for nearly six months to produce a scheme. They have still not presented a certified herds scheme. So if they were very keen to present a certified herds scheme for the UK they should be pushing that with a lot more vigour than they are. If we have a certified herds scheme that is acceptable to the UK and Northern Ireland becomes the first part of the UK to meet the Florence Agreement then there is no reason why it would not be acceptable for Northern Ireland to be allowed to start exporting. Then you could not say that we are not looking at this with a UK approach. What worries me is the fact that we can identify our cattle very easily, which the Minister and her Department people have said. There are 5,400 animals that have come from GB which are harder to identify. I believe that will probably be used as a stalling tactic towards Northern Ireland and if you ask us today what you could deliver for us that would be of benefit, one thing is putting pressure on so that our 5,400 cattle are looked at fairly quickly and the information is given to our Department. From a marketing point of view and a customer point of view, the best thing that we could ask for at this minute is to say to our potential customers that we are now running an industry in Northern Ireland that fully meets the Florence Agreement. That is one measure of giving them confidence so that when we go back in six months' time or eight months' time or nine months' time we can say that our industry has been running a number of months in meeting the Florence Agreement. That would give them more confidence. As regards asking Europe, this has come from Commissioner Fischler down and a lot of the other representatives we have met have basically said to us, "Go and ask your Government to ask us for a regional approach." They have never asked and I do not believe they ever will ask for a regional approach. Unless they ask it cannot be delivered. I am sure when you go to Brussels you will find that yourselves. We believe that there is a lot of sympathy for Northern Ireland and I am not sure how much of that is science and how much

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is political, but I believe if it was asked for it would be given.

(Mr Craig) I certainly agree with all that my industry colleagues have said, we can deliver the science and we can validate the point that we are deserving. The political difficulties as regards the beef question and BSE lie not so much in Brussels, who are sympathetic and empathise with our cause, but in this House and this is where the political accommodation must be found for Northern Ireland.

Dr Godman

88. It has been suggested to me that no scientist has yet required the slaughter of a single animal for scientific reasons. May I say, gentlemen, that there is considerable sympathy throughout Scotland for the province of Northern Ireland farmers. Only yesterday in the House of Lords a member of the very famous Angus farming family, I am referring to Lord Mackie of Benshee, said that the Government needs to make a start on putting the herds in Northern Ireland and Scotland that have very little BSE on to a footing where they can begin to recapture the markets that they have lost. I agree with Robert Watson, Scotch beef has for decades now occupied a niche at the top end of the European market. I think you are quite right to say that. You heard the Minister talk about compensation in response to criticisms that were relayed to her about the slow payment of compensation and the adequacy of such compensation payments. What is your response to the good lady?

(Mr Watson) From the meat industry perspective, the payments with regard to intervention, the over 30 months scheme, etcetera have improved quite dramatically and we would have to say that they are now acceptable. We were waiting up to 60 or 80 days for payment, particularly at the start of the over 30 months scheme, but we had always paid the farmer within one week of him selling us the animals. We continued as long as possible to carry on with that process, although the Intervention Board told us that we did not have to give the money to the farmer until we had received it from the Intervention Board and we had to give it within 14 days of that. We continued at that time to pay the farmer promptly and I think we are still now paying the farmers within 21 days in the over 30 months scheme and within a week for all other cattle. Intervention payments tend to run at the maximum time, which I think is somewhere around 40 or 60 days, but that is the European legislation on payment and they are meeting their requirements that they have to meet as regards intervention payments. So as far as we are concerned they are meeting the timescales that have been laid down.

(Mr McCollum) I think a figure was referred to by Mr Smith of a 22 per cent drop in the value of cattle

outputs. I would wonder if compensation payments were included in those output figures. The compensation scheme that really was totally unjust was the compensation for prime beef animals going into the over 30 months scheme. The Minister said in a statement in the House in the month of April that these cattle would be taken for the first six months at market value. There was actually a premium for the first month and then at market value. We found when it came to September/October that the market price was around 180/186 pence. These animals were going at that moment at 134/135 and they then dropped to 124 pence. That was not honouring the agreement and we are very very aggrieved about that level of compensation. We do not feel that in that area the compensation was anywhere near adequate. I would refer to that 22 per cent drop in their outputs. I know on my own farm that my valuation has dropped something like £60,000 to £70,000 alone. The figures mask a lot of other things that go on behind the industry. That certainly hurts me when I go to negotiate for buying more cattle with my bank manager where he says, "Well, you are worth £60,000 less today, I cannot lend you as much."

Chairman

89. Finally, I did want to ask about the flagged suckler herds. You heard my question to the Minister and you heard her say that she did not think it was possible to move on it and get the ban lifted and a revival of the market. What would you say to that, as briefly as possible please?

(Mr Elliott) Basically in our submission to the selective cull on the selective herds, four points were agreed. The certified herds owners have gone along with that, ie that all calves born after 1st August 1996 will be free, so that leaves them a way out at present. The other thing we are looking for, and the Minister I am glad to say did mention it today, out of the 52 million of EU money that is now being negotiated we are asking for a special tranche of money to help the flagged suckler men this year. If we can get them out of jail and give them something to help them in the immediate future, over this year and the bad market price this year, and let them out of jail for next year, I think they will appreciate it.

90. Thank you very much indeed. We are very grateful to you for your time and your attendance this morning. We do hope we can get this problem sorted out in due course because we do very much appreciate the pressure on Northern Ireland farmers.

(Mr McCollum) Thank you. If there is any further information, we would be glad to assist the Committee at any time.

Chairman: Thank you.

WEDNESDAY 26 FEBRUARY 1997

[Evidence was taken in private at the request of the Department which subsequently consented to publication with the exception of paragraphs 129 to 134, inclusive. The Committee has agreed that these paragraphs should not be reported to the House].

Members present:

Mr Clive Soley, in the Chair

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| Mr James Couchman | Mr Peter Robinson |
| Dr Norman A Godman | Mr Tim Smith |
| Mr Charles Hendry | Mr Richard Spring |
| Mr Andrew Hunter | Mr John D Taylor |
| Mr Eddie McGrady | Mr David Wilshire |
| Mr Ken Maginnis | Mr Mark Wolfson |

Examination of witnesses

RT HON DOUGLAS HOGG, QC, a Member of the House, Minister of Agriculture, Fisheries and Food, Mr R J D CARDEN, Head of Food Safety and Environment Directorate, MAFF, Mr K C MELDRUM, Chief Veterinary Officer, MAFF, Mr GRAHAME PURVIS, Head of Branch, Beef and Sheep Division, MAFF, and Mr P T TOAL, Assistant Secretary, Grade 5, Department of Agriculture for Northern Ireland, were examined.

Chairman

91. Welcome Minister. Perhaps we could begin. Would you like to introduce your colleagues?

(Mr Hogg) Mr Meldrum, the Chief Veterinary Officer, Grahame Purvis from the Beef and Sheep Division, Mr Richard Carden, who knows all about these sorts of things, and Pat Toal, who is from the Northern Ireland Office and who will speak on explicitly Northern Ireland material, if that is convenient to you, Mr Chairman, and myself.

92. First of all, thank you very much for your time. We recognise that it is a difficult time for you and we respect the need for privacy on this occasion, which is why the Committee is meeting in private, and would be respecting the normal conventions of the House and this Committee. Obviously, Minister, you are very aware of the importance of this issue to Northern Ireland and you will also be aware, I am sure, probably more than anyone now, that Northern Ireland has actually got an extremely good system, not only in terms of having a low BSE incidence but also having a very good system for tracking and recording the birth and movements of cattle. That is really the issue more than anything else which made the Committee look at it because we did feel that Northern Ireland needed some special considerations. The point I have made on a number of occasions is that it is like the fastest ship in the convoy getting into port first and being told it cannot dock. It is something which is rather important for the whole of the agricultural industry in Northern Ireland. Having said that, we are aware that, for obvious reasons, you have not put in a written statement and I wondered if you did want to start by making a statement of any type following what you said yesterday?

(Mr Hogg) Chairman, would it be helpful if I summarised the present position? There were five pre-conditions in the Florence Agreement, the putting in place of which, the implementation of which, is the

pre-condition to the steps taken as provided for under the Florence Agreement. In our view, we have now implemented—I use that word advisedly—all of the steps which are provided for in the Florence Agreement, most notably the selective cull. I say “most notably” because that is the last to be put in place. You will know, of course, the facts surrounding that. Yesterday I put in a set of proposals to the Commission which sets out our proposals with regard to certified herds. I think you have probably had a copy of the paper?

93. Indeed.

(Mr Hogg) I wrote to Commissioner Fischler at the same time as I submitted the paper, enclosing the paper, actually the papers (in the plural), and I also suspect you have a copy of this letter as well, and drew attention to the fact that, for a variety of reasons which will be known to this Committee, we thought that Northern Ireland had a strong case for immediate and direct relief. The scheme itself is general in its application but, for the reasons known to this Committee, it is our opinion that Northern Ireland fulfils those criteria particularly aptly, and there the matter rests at the moment. The papers are in. The procedure in very broad terms is that the Commission will take advice from the various scientific committees, and maybe or maybe not in parallel have discussions within the Standing Veterinary Committee. In due time, after all of that, they will put a Commission proposal to the Standing Veterinary Committee and then either we get a qualified majority, in which case the matter is, I think, out, or alternatively, it goes to the Council and then the comitology rules apply—and Mr Carden is better versed than I am and he will explain it in detail—and then we have to take it from there. So in summary, the proposals are in, we think it is a strong case, we recognise the particular case for Northern Ireland, the

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[Continued]

[Chairman Cont]

scheme is general in its application, and that is where we are.

94. Can I take that a little further forward. I can see, and I think most Members of the Committee can see, the great advantage of the Certified Herds Scheme for the whole of the United Kingdom being allowed on the Certified Herds Scheme approach. We can understand that but we are a Committee for Northern Ireland. Let us make for a moment, the dismal assumption that might not be accepted. Has the Government given any consideration as to whether they would then make representations on behalf of Northern Ireland as a region of the United Kingdom?

(Mr Hogg) Mr Soley, on this point you are going to find me remarkably uncommunicative. We have given lots of consideration to these matters but as yet we have not come to a concluded view and there are a number of points I would make in response to your question. I actually think it is quite a long way down the track in terms of weeks, maybe months, before we know the thinking of the Commission, and I certainly would want to know that before I formed a view as to the next step. Secondly, I would not want to tell you my bottom line because I do not want anybody else to know my bottom line. Next, to be honest, this is a matter of collective decision-making. I can make recommendations to my ministerial colleagues but it is a matter in which a number of other ministers have a proper interest and the result will be a collective decision. No collective decision has been taken on the question that you are asking me. Finally, it is at least possible—I put it no higher than that—that there might be a change of government and if that happened I have no doubt that there would be a re-assessment of priorities and on this matter I would not want to say anything which could complicate the position of my successors vis-a-vis the European Union because in this matter I regard the national interest as being paramount.

95. Your answer, I suppose, does not surprise me and I understand why. What I would like to do is to get it a little clearer if I can. Am I right in assuming that you have not, as a government, ruled out the possibility of making an application for the region?

(Mr Hogg) Mr Soley, you are trying to get me to do exactly what I do not want to do and I know how persuasive you can be, but may I answer it in my own way because I am not going to answer it in the way you want me to. The point is, I understand very clearly two things. One is the strong case for Northern Ireland. We can go into it, of course, but we all know what a strong case it is. Secondly, there is an argument that it is in the interests of the United Kingdom as a whole to get a foot in the door and there is an argument to the effect that you had better get any foot you can and then you have the door open. I understand that argument.

96. I will not pursue it any further, though I think one or two of my colleagues might want to.

(Mr Hogg) Of course, I am at your disposal.

97. Certainly we would want to emphasise the very special position of Northern Ireland and the

fastest ship in the convoy. I know you understand that, but it is profoundly important as it is such an important part of the Northern Ireland economy.

(Mr Hogg) May I make two points. First of all, I know you will have seen the letter I wrote to Fischler. That highlights the position of Northern Ireland and I hope the Committee will understand that is an earnest of my desire properly to help Northern Ireland in the context of this scheme, and what I said in the House. I will not derogate from what I said in the House or from what Roger Freeman said in the House. That is point one. Point two, when we drafted the Certified Herds Scheme we drafted it with the factual position in Northern Ireland very much in our minds.

98. You have just said something that made me think of another step to this argument. Again you may not feel you can fully answer it but it would be of help to me if you considered it. As I understand the position of Commissioner Fischler and the European Union generally, it is that they have not had an application on behalf of a region of the United Kingdom, in this case Northern Ireland, but if they had then they would look at it and no more than that. Is it your view that they might actually prefer us to do it this way, because in a way it makes it easier to deal with (if I can describe it in this way) the British case? In other words, are you worried that they would like to see the United Kingdom having to approach it on a regional basis rather than a Certified Herds Scheme? Is that part of your negotiating problem?

(Mr Hogg) I do not think I can really think myself into Commissioner Fischler's mind. I have great respect for Commissioner Fischler. I do not want to make any implied criticisms. There is no doubt that there is a great deal of sympathy for Northern Ireland within the Commission and within some Member States. We have thought it right to put forward a general application but there is going to be an enormous amount of talking, inevitably, and detailed discussion, in the course of which we will begin to have a clearer idea than now we have, though we may have our thoughts now, as to what might or might not be acceptable. It is too early for us to try to form a view as to what exactly is likely to be acceptable and I do not want to tell you my bottom line, and however persuasively you ask me, I will not.

99. Can I move on to one other question before I bring in my other colleagues? You have talked about a timescale, are you in a position to give us a clearer idea on that? You talked just now of several months, have you any idea what the timescale is?

(Mr Hogg) The answer is no, but my own view is that it will take a long time. What I can do, because Mr Carden is yet more expert than anybody else on this matter, is ask Mr Carden to give you a flavour of what has to happen if that will give you a feeling for the time, but we cannot put a timescale to any of the stages.

(Mr Carden) Chairman, the Florence Agreement lays down in quite precise terms the procedure which has to be followed for each proposal that we put in for some lifting of the ban, and there are several steps to it. The first step is for the United Kingdom to table a proposal, and that is what the Minister did yesterday

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on the export certified herds scheme, and that step is done for the first proposal. Then there are two phases of action, a phase of scientific scrutiny and then a phase of negotiation. The Commission, when they receive our proposal, are required to refer it to several scientific committees, the Scientific Veterinary Committee which has existed for a long time, the Multi-disciplinary Scientific Committee which was set up last summer, and, in the words of the agreement, "any other relevant committees" and there may be others they think should look at it. It is then for those committees to give a view, "in consultation" is the wording in the agreement. The Commission are looking for a scientific expert view on what we have put forward. When those views are all to hand, and that is obviously liable to take some time, the Commission move into the next phase of what I call negotiation; they put a proposal to the Standing Veterinary Committee, the committee of chief veterinary officers from all the Member States, and discussion starts there. As the Minister mentioned, the Standing Veterinary Committee may have had some discussion earlier but that would be in a non-committal way. When they get a proposal from the Commission, they give their views and move to a decision. That quite often takes some weeks and several rounds of discussion. If they reach agreement by qualified majority, the Commission proposal would be adopted and action would flow from that. If they do not, then the matter goes to the Agriculture Council of Ministers through a set procedure whereby the Council can reject the proposal by a simple majority of eight out of the fifteen Member States or adopt it by a qualified majority, the normal weighted voting system. If they do neither, if there is a simple majority in favour rather than against but not a qualified majority in favour, that leaves the Commission free to act and the Commission would normally in those circumstances put their proposal through. That is, as the Minister said, quite a complicated procedure. There are finally two further steps to the procedure from the Florence Agreement. If the proposal is adopted either at the Standing Veterinary Committee or the Council, the Commission have to send an inspection mission to the United Kingdom to look at the scheme we are offering on the ground, to satisfy themselves it works, and then set a date for the lifting of the ban on that area of the trade. That is the procedure that is laid down. It could take some time, it could take some weeks or months.

Chairman: I think that is an understatement. There is a whole sort of thesis of constitutional law trying to get out of the black hole of bureaucracy. That is helpful, it clearly is not going to be quick.

Mr Taylor

100. Chairman, I would like to welcome the Minister and his officers to the Committee. I have three questions. I have not seen the certified herd scheme before, I have it in front of me now but I have just arrived from Belfast and have not had time to study it, and I would therefore like the Minister to more fully underline the advantages that Northern Ireland has. I think it is generally accepted by the Government and the people of Northern Ireland that

Northern Ireland is ahead of the rest in the United Kingdom in complying with the criteria of the Florence Agreement, and I would like it placed on the record that this is emphasised in the submission which the Minister, I am glad to say, has now submitted to Brussels. The second part of my question would be, should the Commission and the Council decide to allow Ulster beef to return to the European market before the beef from the rest of the United Kingdom, what new restrictions or controls would have to be brought into being between Great Britain and Northern Ireland? The third one is a political one, and that is, we often hear on the radio and read in the press that certain nations—and one must place upon the record in the forefront is the Republic of Ireland—being supportive of the Northern Ireland case. Can you tell me the names of the other nations? I know some have been in the press but I think it is time we began to see whom we need to be lobbying and who seems to be on board already?

(*Mr Hogg*) Could I respond to that and ask officials to pick up my errors? So far as the advantages of Northern Ireland are concerned, there are essentially two. The first is the very low incidence of confirmed cases of BSE over the whole of the relevant period, under 1,800. Indeed last year, 1996, the incidence in Northern Ireland was very close to the incidence in the Republic, in fact I think there were two more confirmed cases in Ulster than in the Republic. In January, the facts are that in the Republic there are more confirmed cases than in the Province; in January it was three in the Province and 14 in the Republic. That is one point. The second, and very important is the degree of traceability. This Committee knows, so I will not go into the detail, that you have in Northern Ireland a very effective computer-based traceability system which enables people at the abattoir stage to identify whether or not specific beasts satisfy the criteria which are set out in the certified herd scheme paper. So that is that point. On the question of controls as between GB and Northern Ireland, clearly we have not got to that stage yet, for obvious reasons, but it might be that the Commission would seek to impose controls on the traffic in cattle as between GB and Northern Ireland, and maybe in terms of meat and meat products as well. But for all the very obvious reasons that is not a question we have addressed, directly or indirectly, because of course our scheme is UK-wide in its application. As to the last question, we have had expressions of sympathy to greater or lesser extent in the context of Northern Ireland from many nations. I think the greatest difficulty, if I may put it like that, will come from Germany and probably Austria. You are quite right in saying Ivan Yates and the Republic have been very sympathetic to the plight of Northern Ireland, it is also true that the present presidency, the Dutch Presidency, Jozias van Aartsen in particular, has indeed expressed support, and a number of other countries too.

101. Spain? Italy?

(*Mr Hogg*) It is quite difficult just to pluck out of one's mind where they stand.

102. I heard them mentioned on the World Service, of all places, last week.

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[Mr Taylor Cont]

(Mr Hogg) I have certainly talked about it with the Spanish Minister. She came over and she was not unconstructive but from recollection—and I know Mr Taylor is speaking from recollections about conversations over many weeks on many occasions—she is not unsympathetic but I would not regard her as a particular prominent ally. The Northern Irish case is most prominently supported, if I can put it like that, by the Republic, certainly Jozias van Aartsen, and I would say too the Commissioner himself is very well informed of the strong case for Northern Ireland.

Chairman

103. Did you want to add something, Mr Carden? You looked as though you were about to chip in.

(Mr Carden) I agree with what the Minister has said about the position of Spain. If there is one other country that has been looking helpful it is Sweden, which has consistently taken an objective view of the facts despite some of the distortions which have been coming from elsewhere.

104. Can I ask for a clarification of the figures? When you talk about these figures of BSE cattle, is there a level of incidence in terms of percentages, because presumably the number of cattle in a country must be relevant?

(Mr Hogg) Are you talking here about the Republic?

105. I was talking generally really but let us take the Republic because that is one which was mentioned.

(Mr Hogg) We have confirmed cases which deal with various countries as known. So far as the Republic is concerned, the figures of confirmed cases are indeed as I have stated them but it is fair to say that the national herd in the Republic is greater than the herd in the Province. I do not have a percentage figure as to what the percentage of the confirmed cases was as against the herd. I can tell you that last year in the Republic of Ireland there were 73 cases, and I am now drawing absolutely from recollection but it is in my bundle. Two hundred and two cases all in all have occurred in the Republic.

106. I was really looking for a more general figure of the total incidence throughout Europe?

(Mr Hogg) I could give you that if you wanted it, Mr Chairman. These are confirmed cases, if I might stress this, and you will bear in mind, I trust, that our belief is that the actual numbers are very much higher than the figures I am going to give you. The Republic of Ireland is 202; then you have Switzerland—not in the Union, of course, but relevant—240; France, 30; Portugal, 64; Germany, five; Denmark, one, and Italy, two, but I do not believe that this discloses the actual position as is.

(Mr Meldrum) Can I add one other country from which I think we would expect to have some support and that is Portugal. In discussions with them recently they have expressed great concern, particularly about their own situation, and the three countries that worry us in the Community now are Ireland going up and Portugal going up, and also France. The question is, why should there be this increase. It possibly is due to

the recycling of infectivity or infection from meat and bonemeal within those countries, and that, therefore, calls into question whether or not they have the appropriate means now to prevent recycling.

(Mr Hogg) There is a very odd thing, which is that in the Republic it was bobbing around 16, 17, 18, 19 or thereabouts, then last year it went up to 73, and it is very difficult to know why.

Mr Wolfson

107. Minister, I am very pleased that you have made clear, both publicly and again today, that you are anything but following a policy of equal misery for all and you are sympathetic, if necessary, to the idea of making progress where you can. I would just make the point that a number of Members of this Committee have seen the operation of the scheme for certification in Northern Ireland and we are, of course, very much seized of the position that it stands well ahead of elsewhere in the United Kingdom. May I ask you a rather broad question, and you have covered some of it in your answer to John Taylor. This Committee meets the Commissioner tomorrow. Are there any points that you or your officials feel that it would be useful for us to know that perhaps would not otherwise have come out?

(Mr Hogg) I will tell you what I do not want to do, and what I am not going to do, which is to say you should suggest to Commissioner Fischler that he comes forward with a Northern Ireland scheme. My brief as Agriculture Minister is to represent the interests of the whole of the United Kingdom. If he chooses to embark on that discussion, that is a matter for him, but I do not think it would be right for you in any way to suggest that the British Government wants him to take a particular course of action. We will respond to what he decides.

108. But you focused, Minister, on that particular point following what I said earlier on about the Northern Ireland scheme and our knowledge of it. I was opening this up to a rather broader point in case there were any other themes that you or your officials felt we ought to know?

(Mr Hogg) Yes, there are things you can say. First of all, you can say, "Look, my friend,"—Franz Fischler is a very nice man—"let us face the fact that Northern Ireland is in a very strong position, and this and that, and, what is more, so far as Northern Ireland is concerned, it contrasts very favourably with the Republic in current figures." You can then go on—and this is a very serious point—to say, "Look, in the United Kingdom the truth is we have got our situation under control, it will die out by 2001 or 2002 or thereabouts, but the Europeans have not, and it is an absolute nonsense that they have refused to agree to an offal control regime. It is an absolute nonsense that there is not a proper ban on feeding meat and bonemeal to all farm animals, and it is an absolute nonsense that they have not got a 30-month rule, because if by any chance they are in error and there are a lot more confirmed cases than they will admit to, then they are exposing us and them to a huge risk and that is profoundly irresponsible." And by the way, do

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not forget Mme Bonino, who has some joint responsibilities in this field. I think you would be very well advised to be nice to her.

Mr Robinson

109. Minister, I also welcome you to the Committee, and if I may follow on perhaps the question and your answer to Mr Wolfson, in your introductory remarks you indicated that it was to the advantage of the whole of the United Kingdom that we would get our foot in the door?

(Mr Hogg) I said I understood the argument to that effect.

110. That we would get our foot in the door?

(Mr Hogg) I was not saying that was my position. I was saying I understood the argument to that effect.

111. Surely it is in our interests to get our foot in the door on the issue? Would you perhaps make it understandable to me how, if reports are right, that if a separate Northern Ireland application were to be submitted, that it is almost universally accepted that it would be approved, standing on its own, and can you indicate to the farmers in Northern Ireland why they should be asked to mark time until the rest of the United Kingdom catches up with them when they are ready and could be through the door at this moment in time if you were to put the application in?

(Mr Hogg) I do not think I regard the premise as sound. It is perfectly true that there have been many expressions of sympathy from a number of Member States but we have been over that. I myself believe that the European Union is going to be very sticky when it comes to lifting the ban, and they are going to be very sticky with all aspects of the application, and my bet is that they will be very sticky with Northern Ireland, too, when it comes to the point. My duty is to make the best deal that I can for the United Kingdom as a whole. I understand the arguments in respect of Northern Ireland. I understand, too, that you could well take the view that a foot in the door—and this is the summary that we are using—would be valid. We will reflect on the position if that appears to be all that can be gained. We need to talk with the Commissioner and others. My duty is to get the best deal that I can for the United Kingdom, viewed collectively.

112. May I ask an entirely different question. I will not pursue that if you will not go any further down the road at this moment.

(Mr Hogg) I am afraid that is right.

113. You indicated that what set Northern Ireland apart was, first of all, the low incidence and, secondly, the traceability, and maybe Mr Toal is the person who might best respond to this, but I am wondering from the instances that there have been in Northern Ireland what we have learnt because of the traceability as to their origins? Is it locally home-grown, is it from GB or the Republic? Can we tell anything through our traceability?

(Mr Hogg) I will ask Mr Toal to reply in a moment. All that we know about the origins of BSE tends to reinforce the working assumption, the belief that we have, that contaminated feedstuffs containing

meat and bonemeal are the cause. There may be a degree of maternal transmission. That is a different matter which you may or may not wish to discuss, but if it is, it is low. So if you are asking Mr Toal the question, I suspect what you are asking is, whence came the contaminated feedstuffs, because that is the cause, in our judgment.

(Mr Toal) The figures I have are probably slightly out of date but at a period just before Christmas, 79 of the total 1700-odd cases in Northern Ireland had been animals imported from Great Britain, and virtually all of the other cattle were indigenous Northern Ireland animals. As the Minister has said, the computer does not actually help with the epidemiology of the disease. It is useful for dealing with other diseases like TB and so on where there can be contagion and recognisable cases of lateral transmission, but all the indications from what we have experienced in Northern Ireland support what has been recognised by MAFF, that contaminated feed has been the main cause of the epidemic.

Mr McGrady

114. I would also like to thank the Minister and departmental officials for sharing their beliefs and experiences with us today in the hope we can move forward together on this issue. Pursuing the question of, and I know it is a rogue word nowadays, the regionality approach, but call it what you will, you made an intriguing comment in the House on the 17th February which relates to Mr Peter Robinson's plea for regionality. Regionality for Northern Ireland within the European Union is common place, it is even within the agricultural scene already, so there is nothing unique about it, but the phrase I would like you to explain to us if you could is when you said, "The application will be general in character ...", a point which you made earlier today, and then the intriguing thing you went on to say was, "We will not stand in the way of progress in any part of the United Kingdom." What does that mean? I do not want to interpret it, but I am asking what it means so I can address a second question to you?

(Mr Hogg) My advice to Mr McGrady is to pocket any useful phrases you find and keep them there, because the more I expand upon it the more I would have to begin by indicating my bottom line. As I am not going to do that, I suggest that you pocket what you have got and say, "That is extremely helpful."

115. I am happy to pocket that phrase, Minister, and add my own interpretation into it and the wrapping thereof. We have talked a lot about and we all accept the situation and the unique position of Northern Ireland but very often the downside is not emphasised. It has been a tremendous blow to our base industry, which is farming, and allied to that, not just the beef industry, we are going to have a terrible potato situation and foul pest, so we really are in a desperate state and every chink in the EU armour must be explored and pursued. Mr Toal's intervention leads me on to my second question. One of the areas I would worry about in terms of the total traceability of these animals which have been imported, particularly from GB, and Mr Toal said it was 79—

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[Mr McGrady Cont]*(Mr Hogg)* 5,400 is the figure you are looking for.

116. Has that traceability been established and completed?

(Mr Hogg) Actually Lady Denton and Mr Martin, the Chief Vet from Northern Ireland, gave a lot of evidence on this, but the position is that there is something like 5,400 cattle in Northern Ireland which were imported from GB, for the most part. As Mr Martin said, they are almost entirely high value Friesians. We will not be able to say in the short-term whether or not they come from exposed cohorts, but that does not matter for these purposes, because they will be shown on the computer base as being from the GB and for the purposes of certification under the certified herd scheme they will until the contrary be established be shown as potential BSE-exposed. Therefore, unless and until the contrary is positively established, no certification will be sought in relation to them. May I look to Mr Toal and see if I have that right?*(Mr Toal)* That is absolutely right, Minister.*(Mr Hogg)* I hope that cheers you up!

117. Not particularly!

(Mr Hogg) It should do! It does cover the ground. I think I can assure you of that.**Mr Maginnis**

118. I join with others in welcoming you, Minister.

(Mr Hogg) It is the first time I have ever been in front of the Northern Ireland Committee.

119. The advantage of a private, non-public hearing like this is that I can ask questions that perhaps I dare not ask in public. You did draw attention to the fact that we should not forget Mrs Bonino. I wonder whether your Department has looked ahead to the stage when in fact we are able to win the argument in terms of BSE and the incidence of that, and whether the rules of the game and goalposts will be shifted, and we may find people are looking at the incidence of CJD in terms of how they judge the likelihood and the desirability of our beef going on the international market again? You have some difficulty, I noticed, in comparing, for example, the incidence of BSE in the Irish Republic with that in Northern Ireland, and one of the hidden factors there is that you have a total herd slaughter policy in the Irish Republic, because there is every likelihood that having seen it in the United Kingdom there is a multiplicity of incidence within the one herd, and that is hidden. We do not know what is hidden in terms of other European countries. So where are we in terms of the incidence of CJD, because sooner or later we may have to answer that question?

(Mr Hogg) Mr Soley, Mr Maginnis makes an important point about Mme Bonino. We have good working relations with Mme Bonino but the structures which have been put in place are new. As I understand the position, the proposals for relaxing this and that will still emanate from Commissioner Fischler's directorate, DG VI, but that the scientific committees which are in place will be responding to Mme Bonino. I have a very high regard for Commissioner Fischlerand his immediate staff and clearly we have now to ensure that the working relationship with Mme Bonino is as good as I would like to think my working relationship with Commissioner Fischler is. In that respect, I would say that Tony Baldry, the Fishing Minister, has been working very well with her. So I do not think there will be personal difficulties. It is true that following the Santer decision we are facing a new structure and we will have to see what implications that may have for this process. My own bet is that it will make it longer. On the question of CJD, I do not think that CJD as such should be a factor. The new varieties of CJD is what you focus on rather than CJD *qua* CJD. On the question of the Republic, you made the point that there may be various explanations as to why the figures have been concealed and one of them is the JCB! And not only in the Republic.

120. I am not sure you have totally reassured me in terms of CJD and how that may be viewed by nations like Germany and Austria.

(Mr Hogg) I cannot reassure you absolutely because the problem we have been facing has basically been fear and panic generated by the tabloid press and this and that which has overcome people's scientific and objective judgment. The truth is, and I really do believe this to be the case, British beef is as safe and better in quality than any in Europe. I actually believe that British beef is safer than any in Europe but I know perfectly well that there will be lots of otherwise sensible and respectable people in Germany running around prattling to the contrary. So I cannot reassure you because I am not dealing with sentiments and emotions which in my view are wholly rational in their character.121. I totally took my own opinion from what I know, that, in fact, British beef is the safest beef in Europe. May I ask one other question then, since we have talked about the Irish Republic. They have been well disposed towards us and there might be a little bit of self-preservation in that particular attitude. When the ban was placed on United Kingdom beef, they were able to put in a *cordon sanitaire*, so to speak, along the frontier. They were there to prevent Northern Irish beef moving into the Irish Republic. In the event that the trend continues downwards in Northern Ireland and upwards in the Irish Republic, and we at some time—I hope it does not occur—find a reversal of our positions, have you thought of how the difficulties that we would encounter in terms of a *cordon sanitaire* north of the frontier might be dealt with?*(Mr Hogg)* I personally have not. This would be a matter for my colleagues in the Northern Ireland Office.

122. They avoided that question, too.

(Mr Hogg) I do not think you put that question to Lady Denton. I do not recall your having done so, but I have not been reflecting on that and I think, in the first instance anyway, it will be a matter for the Northern Ireland Office. Incidentally, though—and you have probably got this document—Richard Carden has very helpfully reminded me of the House

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of Commons research called *Update on BSE/CJD* of 14 February this year. That has at page 27 quite an interesting analysis of CJD, the cases per million.

(Mr Carden) It shows that there are a number of countries where the incidence of CJD in the human population is at least as high as it is in the United Kingdom. That is the point.

123. That is the point I am aware of.

(Mr Hogg) You will find that in the House of Commons Library.

Mr Wilshire

124. Could I ask three specific questions about an infected herd that could well be at the top of your selective cull list, namely, the European Parliament. Its temporary committee of inquiry into BSE was not over-helpful. Why did you not give evidence to that committee?

(Mr Hogg) We did give evidence. We provided a great deal of written material. The Chief Veterinary Officer, Mr Meldrum, and the Permanent Secretary went, and the Committee actually came to the United Kingdom and I invited them to lunch but I absolutely refused to respond positively to their summons to attend and the reason for that was constitutional in character. I am responsible to this Committee, to the House of Commons, and we did a calculation last week. Since March last year, there have been 25 debates, PNQs or statements on BSE, and that is paying no attention to ordinary Question Time. I am accountable here; I am not accountable to the European Parliament. They want to extend their powers but I regard that as aggrandisement. So I said no. I am bound to say I also agreed with my colleagues that I should say no, but quite serious constitutional principles are at stake. I asked them to lunch but they had another engagement.

125. I hope that is a catching disease or view of the European Parliament. I commend you for that. What do you make of its findings?

(Mr Hogg) Nonsense. No, I am being unfair to them. What I would like to do, Mr Soley, because they make a lot of points, is to send you the detailed paper, if I might, on a point-by-point basis.

Chairman

126. Is that actually published yet? I have not seen that. Has it been published?

(Mr Hogg) I am not actually sure. Some parts of it have been put into Stephen Wall's letter, which was published, but the detailed response has not yet. I will be very happy to let you have it, otherwise it is rather boring because it goes on for about six pages.

Mr Wilshire

127. As I understand it, the report made two fairly damning criticisms which I believe to be untrue, namely, that the British Government failed to implement particular measures, and secondly, the British Government asked vets to withhold information?

(Mr Hogg) That is wholly untrue. The position is this. I think that had we believed or known what we believe now during the period 1988 to 1995, we probably would have taken the steps during that period that we have taken post 1994, in 1994, 1995 and early 1996. There was a degree of cross-contamination. We had the ruminant ban in place but it is quite plain that there was a degree of cross-contamination, and clearly we could, maybe with the advantage of hindsight should, have put in place earlier what we finally completed putting in place in 1996. But it does not alter the fact that the steps that we did take have brought about a very steep decline in the disease, falling 40 per cent., 40 per cent., year on year. They are applying the advantage of hindsight to our policy. The truth is that it was always our working assumption that the thing was transmissible but if you had tapped the proverbial Clapham omnibus vet on the shoulder and said, "Do you believe it is?" he would have said no. That was true of all the farming community and everybody else and that raises questions of reasonability and proportionality as to the policies we had in place from 1988 to 1995.

128. How much attention is going to be paid to that report?

(Mr Hogg) Some attention, because it would be an arrogant and foolish person—I know I give that appearance—who does not seek to learn from experience. Might I, for example, point to the Food Safety Council and the adviser we put in place to deal with one aspect of public disquiet that has arisen. We will see if there are any sensible points that we can take out, but broadly speaking, what the report has done has been to approach this thing with the benefit of hindsight and has not, in fact, given us credit for very many of the things that we did, and, incidentally, failed to direct its attention to what the European Union should now be doing and are not doing, e.g. on offal, e.g. on meat and bonemeal. It is absolutely silent on those points.

PARAGRAPHS 129 TO 134, INCLUSIVE, HAVE BEEN WITHHELD FROM PUBLICATION AT THE REQUEST OF THE DEPARTMENT AND WITH THE AGREEMENT OF THE COMMITTEE.

Mr Hunter

135. The allegation was put to me the other day that especially in the immediate border areas of the Province it is theoretical possible to buy infected feedstuff which has come from the Republic. Is this the position? If it is, is it not threatening to undermine the measures you are proposing to take? Following from that, more generally for our greater understanding, what is your perception of the political reaction in the Republic? Are there lessons, positive or negative, to draw from their reaction?

(Mr Hogg) As to the first point, Mr Hunter, it would of course be a criminal offence to possess meat and bonemeal for the purposes you have been suggesting. Consequently, if somebody bought it for those purposes, it would be a criminal offence—and I am looking at Mr Toal for guidance—I assume from 1st August when our own regulations came into place?

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[Continued]

[Mr Hunter Cont]*(Mr Toal)* That is correct.*(Mr Hogg)* I cannot guarantee that what is happening in the Republic could not filter across the border because we do not have border checks of that kind, but our regulations would make it a criminal offence, and I believe, though this is a different point and I am looking to Mr Toal again, that the Irish themselves are doing things about their cattle feed?*(Mr Toal)* Yes.*(Mr Hogg)* But they are some way behind us.*(Mr Meldrum)* Of course we have in place in the whole of the UK a sampling programme to ensure no meat and bonemeal has illegally been put into animal feed and is not fed illegally to livestock. That programme is extensive, it covers both Northern Ireland and the rest of the UK and the results have been published and quite clearly from those results there is no indication whatsoever of this type of illegal trade.*(Mr Hogg)* As to the second point, I am not sure I can answer the question because I am not, to be honest, sufficiently familiar with the Republic or the detailed nature of its policy or the farming opinion there to be able to respond to the question you asked.*(Mr Meldrum)* It is changing at this very moment in time. There has of course been a ruminant protein ban in the Republic of Ireland since 1991 or thereabouts. But I only saw yesterday in fact a new proposal for the control of specified bovine and ovine offals which would require them to be removed and dealt with separately. Up until this time and quite recently, the specified bovine offals have been removed from cattle in the Republic of Ireland but they have not been disposed of separately. Therefore I assume they could go into meat and bonemeal and could have been fed to other livestock apart from ruminants, ie pigs and poultry. Therefore in that respect, certainly, the Republic of Ireland is lagging behind the UK, and I am only pleased they are now in fact picking up where we have left off. But that makes me extremely concerned as to where they are going in the future and how long it will be before they see the effect of these tighter controls on the specified bovine offals and also on meat and bonemeal.**Chairman**

136. Can I ask you a couple of wider ranging questions? First of all, everybody is agreed the Northern Ireland system of identifying cattle and following them through their life is extremely good, have we not pressed this on Europe as something they maybe ought to follow?

(Mr Hogg) It is good, though if one is strictly honest it is old now. It delivers the requirements but it is an old system. The European Union is now contemplating, indeed going to require, a full identification and movement recording system which will be computer-based. We ourselves in this country have already issued our passports, as from July of last year; all cattle born after 1st July have to have their passports and we have issued about a million or rather more now I think—*(Mr Meldrum)* I cannot remember the detail.*(Mr Hogg)* Anyway, it does not matter. We are going to start recording movements and we are consulting with the industry as to how best to record the fact of each movement, at the same time working and proceeding in parallel with the European Commission and their working parties as to the nature of the computer base. That will be general in its application throughout the Union and we would not want to introduce our computer base until we are pretty sure what they are going to do, otherwise there would be a certain amount of wasted money. So the Northern Ireland scheme is very good but it is quite old and will be overtaken by events. I am sorry, Mr Taylor, it is very good for the purpose but actually in this sort of world, after six years or so it is quite old.*Mr Taylor:* Don't keep emphasising it!**Chairman**

137. I hear what you say about it being old, but I was quite impressed by the computer program itself.

(Mr Hogg) Sure, I am not seeking in any way to criticise it.

138. I understand that. All I am saying is that to up-grade that computer program, to make it relevant to the whole of the European Community, I would have thought would be a relatively small task and I could not help but look at them and think, if they are ahead of the game with this particular piece of software, why can we not up-grade it and use it in Europe?

(Mr Hogg) The Europeans have to build new wheels, as you will know!*(Mr Carden)* Just to add a little to what the Minister has said, the Commission made a proposal last October for a set of rules for identification of cattle including a computer base to store data on all movements of cattle on a single system throughout the Community. They made that proposal having had discussions with us and taking our view as to what we now have in GB, having looked very closely at the system which exists in Northern Ireland, having looked closely at comparable systems which exist in the Netherlands and Belgium. So they have distilled from the systems which are in being at the moment and negotiations are now going on. As usual with negotiations in the Council it is not easy to say how long they will last. It is particularly difficult just at the moment to forecast how long this negotiation will last because there are discussions about exactly what the procedure will be. Some of the suggestions the President of the Commission, M. Santer, made last week to the European Parliament are being discussed in Brussels today in fact and might lead to more involvement of the European Parliament in discussion of this proposal. That might add to the time it takes to reach agreement. So for that precise reason it is difficult to put a timetable on it.

139. Presumably at some stage in that process you have described the European Union would have to go out to contract someone to supply such a programme and it occurred to me that whoever did that in Northern Ireland, if they upgraded it, could be in the running?

(Mr Carden) But it would be for each Member State to set up its own system or systems. In this

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[Continued]

[Chairman Cont]

country we might well have two systems, one for Great Britain and one for Northern Ireland. Mr Toal may want to add to this but there are plans afoot to replace the computer equipment in Northern Ireland which the Minister referred to, which is now a bit ageing, and they will go out to contract, as we will for Great Britain.

Mr Wilshire

140. May I put one point very briefly. What other members of the European Union have at least as good or better systems than the steam-driven system you are describing in Northern Ireland?

(Mr Meldrum) I think it is fair to say that Belgium is ahead of the game. I think the system in Holland, which is based on a telephone land-line and using a telephone entry, is behind the times as well and requires to be upgraded. So I think the answer is Belgium is the best system we have in place but none of them is using fully modern technology and all could be upgraded to have better retrieval of information and more rapid retrieval.

141. But only two of them are better than us, yet the rest lecture us. That is typical.

(Mr Hogg) There are many disagreeable aspects of sitting in the Agriculture Council!

(Mr Toal) The Minister may not have been aware of this but we are in the process of upgrading the Northern Ireland system and within the next two years we will have a fully modern, much more powerful, faster system which will do even more than it is doing at the minute. We already have a substantial proportion of the pig herd on the system and may well add sheep on to it as well in due course. So we will be getting away from the old mainframe we have had over the last eight years and will have the new, whatever it is in place.

Mr Spring

142. Could I ask a very quick question because I do not think I know the answer to this very elementary thing. We have talked about the number of cattle potentially disappearing, or allegations. How many cattle are we talking about in herds in Northern Ireland now?

(Mr Toal) The total cattle population of Northern Ireland is 1.6 million and in the Republic it is round about 7 million.

Mr Smith

143. Minister, the population of Northern Ireland represents about 2½ per cent. of the population of the United Kingdom but beef represents about 15 per cent. of the United Kingdom production. So in Northern Ireland beef is about six times more important than it is in the United Kingdom as a whole and the Northern Ireland beef producers, rather impressively, have built up quite a strong export market. The beasts that they were producing, and still are producing, are too big for the United Kingdom market; they cannot sell them. I do not really understand this but on the Continent they

seem to like to have bigger cows, for some reason I do not understand. The dilemma they face is this really: do they go on producing these big beasts which they cannot sell, either abroad or into the rest of the United Kingdom, or do they change to a different product? That is a business decision that they have to make but it has very long-term implications and I would be interested to know what advice you would have for them? Secondly, I understand that there are weight limits in the beef intervention scheme such that animals over 370 kg are ineligible and I believe this is to the disadvantage of Northern Ireland beef producers. I wondered if you could comment on that?

(Mr Hogg) May I respond to the second question. I do not honestly think I am qualified to respond to the first, which is basically farming advice, and if Mr Toal is able to, I am sure he will do so. As to the intervention level, the position is something like this. In around 1993 the Commission decided, in order to try and do something to curb excessive production, that there should be a limit of 340 kilos on intervention weight. We supported that, the United Kingdom supported that, and there was a splendid ECJ decision. The French and the Republic of Ireland challenged the 340 kilo limit and they lost, and they lost very largely because the British were very good at arguing the case in favour of the Commission. In any event, that is the background. What then happened last year was the crisis and we persuaded the Commission to raise the level of intervention to, I think, 420 kilos. The Commission were not particularly happy about that because it was a reversal of policy and they then started to squeeze the threshold down and at 1 January it was down to 380. Until 1 January you could sell into intervention beasts which were heavier than 380 kilos but you were only paid as if they were 380 kilos. After 1 January the 380 kilos governed eligibility as to selling in as well as to price. The threshold is due to fall to 360 and will doubtless fall further after that. It is dealt with in the first instance in the Beef Management Committee. We have written to the Beef Management Committee at official level to see if we can get a derogation in favour of Northern Ireland. The object of that, in respect of Northern Ireland, is to set the threshold at 380, which would govern payment but would not exclude from eligibility beasts over and above that. So our idea is that beasts over 380 would be able to sell into intervention but would be paid as if they were 380. We have not had a response to that yet. I am bound to say they were not particularly sympathetic. We are possibly expecting a response on 28 February. We are more likely to get a definitive reply on 14 March and I will then at that stage decide—actually before—whether there is something I can usefully do in this area. The point is taken. We are sensitive to this. I cannot help on the first bit.

Mr Couchman

144. Is Northern Ireland the only part of the United Kingdom where this problem exists?

(Mr Hogg) It is certainly the only part of the United Kingdom in respect of which we sought the derogation. I am looking at Mr Purvis to confirm this.

(Mr Purvis) That is quite so.

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[Continued]

[Mr Couchman Cont]

145. The big beasts in Scotland do not—

(Mr Purvis) It is not perceived as the same sort of problem. I think in Northern Ireland it is between 10 and 15 per cent. of the total steer kill.

Mr Maginnis

146. To some extent Mr Smith has asked the question about intervention but could I come back, and perhaps it is almost peripheral but I do want to find out about your new computer system which you said would deal with animal movements. Will this, in fact, deal with livestock movements or with livestock and deadstock movements? Mr Toal will know what I am on about here. I have had the frustrating task for about three years of chairing an ad-hoc committee of inquiry into the disposal of fallen and diseased animals. We are very concerned that the cost of disposing of these animals is such that, in fact, they are dumped in rivers and other waterways, lakes and so on. I do not know whether you have the same problem in Great Britain. We felt that a recording of the movement of deadstock would be of some advantage and I would like to hear the experts' view on that particular aspect?

(Mr Hogg) I am very happy that you should have the view of the experts on this. Might I invite the Chief Vet?

(Mr Meldrum) It is very important, of course, that at the end of the life of the animal there is a record of where it died, be it on a farm, in a slaughterhouse or whether it is moved to a knacker's yard, otherwise your trail is not complete. I agree with you entirely and I also understand and entirely support your comments about knacker's yards and the need to have control, particularly on cattle going into them, so that you can complete that chain. So yes, that is part of our thinking, that we would be able to have a definitive statement from the computer as to where the animal died and, if you like, for what reason.

Chairman

147. I have a couple of final questions. I think we are quite close to the end now and thank you for your patience. It was suggested to us that we should make all animals born after 1 August 1996 exportable, irrespective of which holding they came from, on the basis of the fact that they were born after the total ban on meat and bonemeal feed. Why did you not put this in the Government's proposals?

(Mr Hogg) It is indeed a step which is in our minds but it is not negotiable. I would—

148. Not negotiable in what sense?

(Mr Hogg) The first thing they would say is maternal transmission. My own belief on this matter is that the only way we can go in the European Union is step by step, and if I was to make a proposal now in respect of cattle born after 1st August 1996 I would not get anywhere. I see Mr Carden scribbling away, I think he had better add what he wants.

(Mr Carden) The other point I was adding was that animals born after 1st August last year are not going to be ready for market until something like 15 or 18 months from then, so there would be no immediate or early commercial value from achieving agreement on that step even if we could achieve it.

(Mr Hogg) Which we cannot.

(Mr Meldrum) We will not be able to secure that date until we have resolved the issue of maternal transmission.

149. That is the key issue?

(Mr Meldrum) It is a very important one because if we can resolve that issue and deal with it sensibly and acceptably, then you could consider that date as a date after which animals, calves, could be exported. So you have not got to wait until the animal is 2½ years of age before you can think of the possibility of moving back into the calf trade.

150. The last question is both a political one and one on which I might get some free legal advice, if there is such a thing! In your judgment, what is the legality of the worldwide ban and have you considered challenging it?

(Mr Hogg) We have considered challenging and obviously we take the advice of our own legal advisers on this. Our view is the worldwide ban is illegal. As you know, the application for interim leave failed in front of the European Court and we very much regret that fact, but we remain of the view that the worldwide ban is illegal.

151. Why not challenge it?

(Mr Hogg) We have challenged it.

152. When will that come through?

(Mr Hogg) We lost.

153. Sorry, of course.

(Mr Hogg) We did not succeed in getting the interim relief but the case is still afoot and we anticipate it will be heard towards the end of this year.

154. So we are talking about the end of this year?

(Mr Hogg) That is correct.

Chairman: Yes, I had forgotten the intervening bit. There are no other questions from the Committee. Thank you very much indeed, Secretary of State and your officials.

APPENDIX 1

Memorandum submitted by the Livestock and Meat Commission for Northern Ireland

IMPACT OF BSE

The effect on the farming and associated industries within Northern Ireland of the BSE issue has been profound. This we will seek to illustrate through loss of markets, lower producer prices, and additional costs imposed upon our Industry at both producer and processor level.

MARKETS

Looking first at markets, Table 1 shows historic and current markets for Northern Ireland beef. It is clear that, over the last six months, our historic export markets have been replaced primarily by Intervention, and by the Over Thirty Month Slaughter Scheme. The Table separates the Over Thirty Month Scheme cattle into those cattle which would normally be produced for beef, and those that are genuine "cull" animals. It is interesting to observe that since the beginning of September, only 28 per cent of our slaughterings have been directed to real commercial markets.

Clearly the markets which our Northern Ireland industry had established in Europe and beyond have now been taken up by other suppliers, and the difficulty and costs of re-establishing our products in these markets must not be underestimated.

PRICES

Table 2 highlights the deterioration in Northern Ireland cattle prices, and shows the average deadweight changes from October 1995 to March 1996 and October 1996. This shows that steers have declined by 24 per cent year on year, and heifers by 27 per cent year on year. These prices include both commercial and intervention purchases from producers.

Table 3 shows the price changes applicable to cattle sold under the Over Thirty month Scheme, and highlights the dramatic difference in the decline in "clean beef" cattle as against cull cows. It is important to note that this, in Northern Ireland, remains an important issue, since the volume of steers and heifers becoming available for slaughter is, on average, in excess by about 1,000 cattle per week, of the total of Intervention and Commercial markets. Within Northern Ireland, particularly heifers are entering the Over Thirty Months Scheme for no reason other than the absence of any other outlet.

By way of comparison, Table 4 shows price movements in a selection of European countries, based on weekly reported prices against the same week one year ago. This shows that prices in GB have fallen by about 22 per cent for steers and heifers, and in the Republic of Ireland by about 23 per cent. The average fall in cattle prices across Europe is estimated to be about 10 per cent.

In addition to these easily-quantifiable impacts on the farming and associated industries, we have other less quantifiable effects. The cost of holding and feeding cattle beyond normal term, the loss of employment at both producer and processor level, and the additional marketing costs in the more competitive environment which undoubtedly exists throughout the UK, are real and significant, but difficult to quantify.

INCIDENCE OF BSE

The incidence of BSE in Northern Ireland relative to GB, other areas of the United Kingdom, Republic of Ireland, Channel Islands, and other EU countries is shown in Table 5. This Table is based on reported, confirmed cases acknowledged by the respective Departments of Agriculture in the regions identified. It should be noted, for example, that within Northern Ireland, the rate of confirmed occurrence over recent months is similar to, or below that being experienced in Republic of Ireland.

"SEPARATE STATUS"

There is an unanimous view within the Northern Ireland Beef Industry, that our circumstances merit a separate status. It has been acknowledged by the UK Minister for Agriculture, that Northern Ireland circumstances are indeed different to other regions of the UK; in particular with regard to the traceability system existing here. All indications are that the EU would be prepared to relax the ban on beef exports from Northern Ireland on implementation in the Province of the terms of the Florence Agreement. All participants in the Beef Industry here seek to pursue such a route. The major obstacle appears to be within UK Government. It is the UK Government which must make the appropriate proposals to Europe. Pragmatically, however, one must

acknowledge that, to benefit from "separate status" (regardless of what terminology may be used), two significant steps would appear to be necessary:

- (a) The introduction of a separate Veterinary approval stamp for Northern Ireland processors to identify their export approved status; and
- (b) the exercise of control on cattle movements between GB mainland and Northern Ireland.

TRACEABILITY

It is clearly now acknowledged by all who are involved in this debacle, that the traceability system existing in Northern Ireland is unique, and significantly in advance of any other region of the UK, and indeed, we believe virtually every other region in Europe. The fundamental difference is in regard to the independently-held computer database on which all bovine animals become registered. While the system was developed primarily in association with the Tuberculosis Eradication Schemes, it does accommodate much additional information on animal health and animal movement matters. In particular the BSE associations of all cattle are included on the database, and the "flagging" of such associations are available to the owners of bovine animals as they move through our Industry. All animal movements in the Province require accompaniment by a permit, and there is a requirement that this permit be presented to a Department of Agriculture official, either before the movement, in the case of a private transaction, or at the auction mart or abattoir, in the event of movement through such premises. The system has been established for very many years, and the current computer database dates from 1988.

Within other parts of the UK, there have been paper-based records and movement arrangements, although not consistently and completely applied. The culture and discipline associated with proper traceability, however, has not been established. The new requirement for a paper-based "passport" system, introduced in July throughout GB, is an important step towards meeting the Florence Agreement requirements. However, as it is a system for animals born on or after 1 July 1996, and not for stock already present on farms, it is not likely to be an effective system for a number of years, and until all those cattle born before 1 July 1996 have been slaughtered.

The cultural changes which will be necessary to develop this into an effective system should not be underestimated. The creation of a centralised database for GB similar to that which already exists within Northern Ireland, has not yet commenced.

OVER THIRTY MONTH SLAUGHTER SCHEME (OTMS)

To date approximately 100,000 cattle have been slaughtered in Northern Ireland under the OTM Scheme. We would hesitate, however, to describe the arrangements as having achieved success. We could debate extensively the issue of whether consumer confidence has been built by the operation of the OTMS. There are different views as to whether it is more damaging to consumer confidence to engage in such a programme or otherwise. In view of the lack of any evidence that the 30 month threshold has any relevance to the risk to consumers, together with the very low incidence of BSE in the Northern Ireland cattle population, we believe the exercise within the Province to be wasteful and unnecessary. We believe it would have been much better to have focused, through our traceability system, on animals perceived to have been at higher risk of developing BSE, and removing those from the food chain.

At an operational level, there have been immense difficulties. While we must commend the NIMEA central booking office on their attempts to operate a system in a fair and equitable way for farmers, there clearly have been significant abuses, mainly at slaughter plant level. These abuses in the operation of the Scheme, resulted in those with most influence with meat plants (dealers and some meat plant operators) being able to have cattle slaughtered promptly at the expense of the majority of farmers, who simply booked their cattle and waited. This inequity would not have been so great but for the radical reductions in prices which are shown on Table 3.

It seems clear, also, that the price payable for cull cows has been over-generous, and many dairy farmers, who are advised, have, in fact booked all of their dairy stock, with a view to replacing with younger, higher quality animals, such has been the generosity of the Government.

The consequence of this, together with the absence of virtually all slaughtering for a number of weeks after 20 March has been to create a backlog of cattle on farms. While we calculate a theoretical backlog of about 5,000 clean cattle, and about 25,000 cows as of mid-October, based on annual slaughtering in successive years, it is difficult to quantify the influence of the above-mentioned distortion in the dairy sector on the backlog. It is also important to be aware that cattle are likely to have been exported illegally to the Republic of Ireland in recent years, and given current circumstances, it seems unlikely that this export has taken place this year. A further influence which again is not readily quantifiable, is that of the trend created by intervention rules and by the change in our markets to encourage marketing of cattle which are younger and lighter. This could have a significant influence on the backlog, in that producers with cattle too heavy for intervention or GB commercial markets, may be forced to retain them and offer them for OTM slaughter.

The comparison between the decline in cull cow price as against the decline in steer and heifer price, together with the generous arrangements for slaughter of male dairy breed calves, would seem to indicate that the dairy industry has fared comparatively well, in spite of the consensus view that the presence of BSE in our beef herd has been almost entirely due to intensive feeding in the dairy sector.

The beef industry in Northern Ireland, where we depend on exporting 80 per cent of our production from the Province has, by contrast, suffered a devastating blow. It does seem likely that a number of producers with high debt/equity ratios will, in due course, be forced to choose between formal bankruptcy or major asset disposals to repay borrowings.

6 November 1996

TABLE 1

The Northern Ireland beef industry market information

| Market outlets | Normal Per cent | Current Per cent |
|--|--------------------|---------------------|
| Northern Ireland | 21 | 28 |
| Great Britain | 28 | |
| Export | 51 | 0 |
| Intervention | — | 38 |
| Over 30 Month (Dairy and breeding stock) | — | 18 |
| Over 30 Month (Steers and heifers normally for beef) | — | 16 |

Notes:

Normal—defined as first half 1995.

Current—2 September to 18 October 1996.

TABLE 2

Northern Ireland cattle prices (deadweight averages)

| | p/kg | Weight (kg) |
|---------------------------|---|-------------------------|
| <i>Steers</i> | | |
| October 1995 | 226 | 350 |
| March 1996 | 220 | 356 |
| October 1996 | 172 | 363 |
| | | (September 1996 351 kg) |
| October 1996/March 1996 | -22 per cent (48p/kg x 350kg = £168) | |
| October 1996/October 1995 | -24 per cent (54p/kg x 350kg = £189) | |
| <i>Heifers</i> | | |
| October 1995 | 225 | 273 |
| March 1996 | 220 | 290 |
| October 1996 | 165 | 271 |
| October 1996/March 1996 | -25 per cent (55p/kg x 270kg = £148.50) | |
| October 1996/October 1995 | -27 per cent (60p/kg/ x 270kg = £162) | |

TABLE 3

Deadweight prices—over 30 months scheme—1996

| Date | Cows | Steers/heifers |
|--------------|--------------|----------------|
| 7 May | 171.32 | 221.32 |
| 18 June | 171.32 | 201.32 |
| 1 July | 166.76 | 196.76 |
| 15 July | 166.76 | 186.76 |
| 5 August | 166.76 | 158.75 |
| 2 September | 166.76 | 150.25 |
| 21 October | 150.08 | 136.07 |
| 1 November | 145.78 | 132.41 |
| 4 November | 145.78 | 123.91 |
| 6 Month Fall | -15 per cent | -44 per cent |

TABLE 4

Percentage change in cattle prices in EU Member States
(October 1996/October 1995—Based on latest available week)

| | Steers/ Young Bulls Per cent | Heifers Per cent | Cows Per cent |
|---------------------|------------------------------------|---------------------|------------------|
| Great Britain | -22 | -23 | -16 |
| Republic of Ireland | -23 | -23 | -29 |
| Belgium | -7 | -17 | -24 |
| Netherlands | -4 | NQ | -13 |
| France | -9 | NQ | -11 |
| Germany | -5 | -12 | -16 |
| Austria | -7 | NQ | -18 |
| Denmark | -7 | -7 | -16 |
| Finland | -2 | NQ | -6 |
| Italy | -15 | NQ | -39 |
| Spain | -6 | NQ | -27 |
| Portugal | -15 | NQ | -33 |
| Greece | -9 | NQ | -26 |

Note: NQ=No quote.

Source: Meat and Livestock Commission European Market Survey.

TABLE 5

Incidence of BSE

| Country | Date of latest report | Number of confirmed cases | Total cattle population Million | Cases per million cattle |
|---------------------|-----------------------|------------------------------|---------------------------------------|-----------------------------|
| Northern Ireland | 31 October 1996 | 1,732 | 1.6 | 1,083 |
| Great Britain | 1 November 1996 | 164,258 | 10.0 | 16,426 |
| England | 1 November 1996 | 141,003 | 6.7 | 21,045 |
| Wales | 1 November 1996 | 15,417 | 1.3 | 11,859 |
| Scotland | 1 November 1996 | 7,838 | 2.0 | 3,919 |
| Guernsey | 27 October 1996 | 599 | 4,000 ¹ | 149,750 |
| Jersey | 25 October 1996 | 126 | 7,000 ¹ | 18,000 |
| Isle of Man | 9 February 1996 | 408 | 33,000 ¹ | 12,364 |
| Republic of Ireland | 31 October 1996 | 162 | 7.1 | 23 |
| <i>Other EU</i> | | | | |
| Portugal | 14 October 1996 | 58 | 1.3 | 46 |
| France | 14 October 1996 | 26 | 21.6 | 1.2 |
| Germany | 5 July 1996 | 4 | 16.1 | 0.2 |
| Italy | 5 July 1996 | 2 | 7.2 | 0.3 |
| Denmark | 5 July 1996 | 1 | 2.0 | 0.5 |
| <i>Non-EU</i> | | | | |
| Switzerland | 30 September 1996 | 228 | 1.7 | 131 |

¹ Small cattle populations—actual figures quoted.

APPENDIX 2

Memorandum submitted by the National Farmers' Union of Scotland

Our views on the beef crisis are well known. Enclosed is a copy of a document we prepared in July of last year which sets out our position on this issue.¹ Events since then have not in any substantial way changed our attitude or determination to win free of the world-wide export ban on UK beef. I hope you find this helpful.

The Government's decision to honour its Florence agreement commitments has been welcomed by us. In fact it is widely recognised that the Scottish NFU played a major role in bringing the Government to change its—then—unhelpful policy of procrastination on the obvious need to proceed with the pre-conditions agreed at the Florence Summit.

¹ Not printed.

We want to be as helpful as we can to your Committee but find the specific questions you ask somewhat difficult to answer:

First we need to know the terms and conditions which would satisfy the various EU Committees mentioned in the Florence Agreement and ultimately the Council of Ministers. And we can't with any certainty know when the EU will accept that the pre-conditions of Florence have been met. They are likely to want to be satisfied on this before going on the step by step approach to lifting the ban.

I am sure you will appreciate that we must have this information before we can answer the substance of your first question.

Equally until we know what the Florence agreement conditions are we can't answer your second question. In principle if they turn out to be fair [and proportionate] to all beef producers in the United Kingdom we would support them. Does your question suggest that Northern Ireland should be given special treatment?

I'm sorry this sounds a little bit negative but having spent the last nine months in talks at all levels where political rather than scientific considerations dominated events, we are a little cautious about encouraging the view that a quick fix is on the cards.

13 January 1997

APPENDIX 3

Memorandum submitted by the National Farmer's Union of England and Wales

From the outset, the NFU has very strongly questioned the scientific rationale for a further, selective cull, stressing that it will not bring forward the date of the eventual eradication of BSE and that it will be disruptive for individual farm businesses. At the same time we consider it vital for economic and public confidence reasons that the export ban is lifted and that the Florence agreement is not broken by either the UK Government, the European Commission or the Council of Ministers. The NFU has also been concerned that the Government's failure to fulfil the terms of the Florence agreement was having a wider damaging impact on the position of the UK's agriculture and food industries in Europe and the rest of the world.

For these reasons we have supported the Government's decision to proceed with the selective cull. We have recently responded to the Government discussion document setting out our concerns, notably about both the proposed compensation arrangements and the practical implementation of the cohort tracing and culling operations, and seeking assurances regarding the implications of the cull for suckler cow producers in respect of suckler cow premium and quotas. As you know the Commons approved the relevant statutory instruments required to authorise the cull last night.

With regard to your first specific question, the UK has fulfilled four of the five conditions of the Florence agreement, as follows:

- by implementing the Over Thirty Month Scheme;
- by introducing cattle passports in order to provide effective animal identification and movement recording;
- through legislation to ensure the removal of meat and bonemeal from feed mills and farms; and,
- by the removal of specified bovine material from all cattle carcasses in slaughterhouses.

Implementation of a selective cull is the remaining condition which has yet to be fulfilled. We are concerned to ensure that neither the Commission nor other member state governments insist on the final completion of the cull, rather than its start, as the condition for the commencement of the lifting of the export ban.

The indications are that the cull could be completed within six to eight months. This takes no account of any new scientific information or evidence which might alter the scale or basis of the cull. The NFU will co-operate as fully as possible with the authorities in its implementation.

On your second question, the NFU has consistently and adamantly insisted that any arrangements for both the implementation of a selective cull and a lifting of the export ban must be on a UK basis. There can be no question of different regions of the UK being excluded from any prospect of or procedures for a lifting of the ban. Nevertheless, we have accepted that some regions of the UK, such as Northern Ireland, will be able to carry out the cull more quickly than others and may be in a position to export beef, beef products or live animals sooner. We accept that the start of a lifting of the ban should not be held up by the pace of the slowest.

22 January 1997

APPENDIX 4

**Letter to the Chairman of the Committee from the Parliamentary Under-Secretary,
Northern Ireland Office**

I am replying to your letters of 10 and 12 February following my evidence session with the Committee on Tuesday, 4 February.

Tim Smith asked about the 20 per cent decline in the value of cattle output for human consumption in Northern Ireland in 1996. It is estimated that this fell by £83.9 million to £327.5 million, mainly due to the fall in commercial cattle prices and the removal of cattle aged over 30 months from the food chain. However, if the estimated payments to farmers under the Over Thirty Month Slaughter Scheme (OTMS), £82.4 million, and the Calf Processing Aid Scheme (CPAS), £2.7 million, were added to these values then overall the returns from cattle production would have little changed from the previous year in 1996.

You also asked for a description of, and the amounts for, the various support measures arising from the BSE crisis. The available information is contained in the *attached Annexes A and B*.

For the 1996-97 financial year the Government has allocated almost £1.4 billion to assist the UK beef industry. EC receipts are approximately £340 million. It is not possible to break down these figures on a regional basis. However Northern Ireland is estimated to benefit from around £210 million (15 per cent) of this expenditure, which is based on the proportion of the Northern Ireland output against that of the UK.

From figures available to us from the Intervention Board Executive Agency (IBEA), MAFF and our own records, we are able to say that, up until 31 January 1997, the Government spent some £46 million on direct support for producers, the slaughtering industry and the rendering industry in Northern Ireland.

The figures do not include all payments made by IBEA, who have advised that most of the BSE expenditure incurred directly by them, including the totality of expenditure under the Over Thirty Months Slaughter Scheme and the Calf Processing Aid Scheme, is recorded on a UK basis only. The manual extraction of figures for Northern Ireland would involve disproportionate costs to the Agency.

Messrs Watson/Quinn in their evidence outlined the problem of intervention weight limits. I cannot accept that this particular Northern Ireland interest has been badly represented in Brussels. NIMEA first put this point to us in mid January and after analysis of this issue and discussion with the other Agriculture Departments, the United Kingdom delegation raised the matter at the Beef Management Committee on Friday, 14 February where they were supported by the Irish and French. The European Commission has asked for a detailed case to be prepared for consideration at the Management Committee on 28 February and this is in preparation in Northern Ireland. We are responding to the industry's representations on this front very positively.

In your letter of 12 February you asked me to comment on the proposals put to you by the UFU to resolve the difficulties faced by owners of BSE affected (flagged) suckler herds. We had seen copies of the document but, after very detailed consideration we concluded that, while they represented an innovative and constructive approach, they were not viable at this point in time.

The main problem is that, in order for them to succeed, the EU would have to accept that the cessation of production of calves, followed by the complete depopulation of the herd for a period of three months, was an acceptable alternative to the holding having been free of BSE for a period of six years. In our judgment, the Commission would not accept such a proposition even if it were agreed by other Member States, particularly in the current climate of criticism of both the Commission and of the UK by the European Parliament's Temporary Committee of Inquiry. This is the fundamental constraint we see at this time, but there would also be technical and financial hurdles to be surmounted.

I do have enormous sympathy with the difficulties faced by the flagged suckler herd owners. With the support of the main farming organisations we have arranged that the allocation of the Northern Ireland share (approximately £9.4 million) of the latest tranche of £52 million of direct aid from the EU should be weighted in favour of this group. All producers in receipt of 1996 Suckler Cow Premium will receive a top-up of £25 per cow. Those with flagged herds will receive an additional payment of between £135-£145 per flagged suckler cow. We hope to be able to make these payments before the end of the financial year.

I hope this gives the Committee the further information you requested.

21 February 1997

ANNEX A

BSE Measures and Schemes**IBEA SCHEMES***The Over Thirty Months Slaughter Scheme*

This partly EU funded scheme is to provide reassurance to consumers by removing all older cattle from the human food chain. Producers have the choice of being paid compensation on a liveweight or deadweight basis.

Animal Feed Recall Scheme

This allowed older stocks of animal feed that may have contained mammalian meat and bone meal to be recalled and destroyed. It has been made illegal, from 1 August 1996, to have any Mammalian Meat and Bonemeal on farms and any premises where livestock feed is used, produced, prepared or stored. The scheme is nationally funded.

Beef Stocks Transfer Scheme

In the interests of public health and market confidence, the Government introduced a storage and disposal scheme for unsaleable stocks of beef and beef products outside the slaughtering sector. This removed stocks of beef and beef products in store at the time the crisis broke last March. The scheme is nationally funded.

The Calf Processing Aid Scheme

The EU funded scheme was introduced to remove surplus animals at the earliest stage possible. The producer is currently paid £97 per dairy calf and £121 for other calves.

Beef Intervention

This is the EU funded market support mechanism. It underpins the market by providing an outlet for surplus beef.

MAFF SCHEMES*The Temporary Rendering Industry Support Scheme (TRISS)*

This temporary support recognises the crucial role the renderers perform in removing, processing and disposing of slaughterhouse waste. It is to ensure that this key element in the beef supply chain continues to operate.

Emergency Aid Payments to Abattoirs

Slaughterhouses which handled bovine animals in 1995-96 and which continued to produce beef have received cash payments based on their throughput of bovines.

The Bull Slaughter Scheme

This was introduced last year to remove the serious health and safety risk posed by young bulls aged between 24-30 months, for which there was no domestic market.

Beef Marketing Payment Schemes

The 1996 Beef Marketing Payment Scheme was introduced UK wide to compensate for producers who sold animals for slaughter for human consumption between 20 March and 30 June. A second UK Wide Beef Marketing Payments Scheme (BMPS No. 2), was introduced covering animals marketed between 1 July and end September. The second Scheme has subsequently been extended to cover animals marketed between 1 October and 9 November. Both schemes are EU funded.

SCHEMES EXTENDED TO PROVIDE ADDITIONAL PRODUCER SUPPORT*Beef Special Premium Scheme*

This is an EU funded scheme to provide direct support to producers keeping male cattle for beef production. These cattle have to be retained for a two month period. Premium is payable twice in the lifetime of each eligible castrated male animal, (nine months and 21 months) and once (nine months) for non-castrated male animals. A producer may receive premium on no more than 90 eligible animals in either age premium during each scheme year. In July the Council of Ministers authorised Supplementary payments which were to be completed by 15 October.

Suckler Cow Premium Scheme

This is an EU funded scheme to provide direct support to specialist beef producers. Premium is paid on a headage basis, subject to scheme conditions, on suckler cows forming part of a regular breeding herd used for rearing calves for production of meat. It is restricted by means of individual producer quotas. As with the Special Premium, the Council of Ministers authorised Supplementary payments. Additionally, in December, the Council of Ministers authorised further aid, which Member States could determine based on objective criteria.

Hill Livestock Compensatory Allowances

This scheme is partially funded by the EU and is aimed at supplementing the incomes of producers in the Less Favoured Areas to take account of permanent natural handicaps affecting farming activities. The objective is to ensure the continuation of livestock production in those areas, thereby helping to maintain the minimum population in the hills and uplands and to conserve the countryside. In November Government announced that HLCA rates on cattle would be increased for the 1997 scheme year.

ANNEX B

Identifiable expenditure in Northern Ireland on BSE measures

| Scheme | (£ million) | |
|--|--------------------------------|-------------------------------------|
| | Expenditure to 31 January 1997 | Estimated expenditure for 1996-97 |
| <i>IBEA Schemes</i> | | |
| The Over Thirty Months Slaughter Scheme | } | NI spend not available ¹ |
| The Calf Processing Aid Scheme | | |
| Beef Intervention | | |
| Beef Disposal Scheme | | |
| Animal Feed Recall Scheme | | |
| Beef Stocks Transfer Scheme | 13.1 | 13.6 |
| <i>Agricultural Departments Schemes</i> | | |
| The Temporary Rendering Industry Support Scheme (TRISS) ² | 5.5 | 8.9 |
| Emergency Aid Payments to Abattoirs | 4.0 | 4.0 |
| The Bull Slaughter Scheme | 3.3 | 3.3 |
| Beef Marketing Payment Schemes | 4.6 | 10 |
| <i>Schemes Extended to Provide Additional Producer Support</i> | | |
| Beef Special Premium Scheme ³ | 8.3 | 8.3 |
| Suckler Cow Premium Scheme ⁴ | 6.7 | 16.2 |
| Hill Livestock Compensatory Allowances | 0 | 11.2 |

Note:

¹ IBEA are not able to analyse total expenditure on these schemes on a regional basis, payments to farmers under OTMS are estimated at £82.4 million and under CPAS at £2.7 million.

² Estimate figure may be subject to adjustment for renderer throughput and eligibility.

³ These payments are based on 1995 claims and have to be adjusted to reflect the actual 1996 claim position.

⁴ The "Estimated expenditure" figure includes the additional £9.5 million EC support for the beef industry to be paid to suckler herd owners.

APPENDIX 5

Supplementary memorandum submitted by the Ulster Farmers' Union

1. FLAGGED SUCKLER HERDS

Government has recently decided that additional money, currently estimated at £135-£145, would be provided for each cow in flagged suckler herds in Northern Ireland. While such additional financial assistance partially offsets the lower prices obtained for their cattle and the increased costs associated with the longer retention of such animals, it is only a temporary solution to what is in the main a long-term problem. The two tier market which presently exists will inevitably continue unless a solution is found to effectively "de-flag" these herds.

Indeed, the introduction of a Certified Herds Scheme in the form proposed by the Government in the middle of December last year would further exacerbate an already extremely difficult situation. The Ulster Farmers' Union recognises that the Certified Herds Scheme must provide the necessary assurances required by the European Union but we are insistent that the scheme must also provide an opportunity over time for BSE affected herds to re-enter exports. In addition, the Union also considers that the Certified Herds Scheme should recognise the part played by the Selective Cull as a step towards certification. Herds targeted by the Selective Cull may well question their sacrifice if there is no realisable benefit to be gained.

In order to ensure that the Certified Herds Scheme is of practical benefit, the Ulster Farmers' Union would propose that all of the following measures must be introduced:

- (i) the flagging of herds and *not* holdings;
- (ii) the *certification of animals* rather than herds;
- (iii) all animals born after 1 August 1996 must be considered to be eligible for this scheme irrespective of the BSE status of the holdings from which the animal originated (allowances may have to be made for findings resulting from the ongoing EU examination into the possibility of maternal transmission);
- (iv) the acceptance of BSE affected herds into the Certified Herds Scheme once they have *fulfilled an agreed restriction period* of no more than six years—under the Government's December proposals, such herds would never be eligible for this scheme.

In relation to the additional financial support provided by Government for flagged suckler herds, the Ulster Farmers' Union would like to emphasise that this money is not "new" but is instead part of Northern Ireland's allocation of the £52 million of special EU aid to beef producers in the United Kingdom agreed in October 1996 and was created by reducing the agreed UK flat rate payment on all suckler cows in Northern Ireland only.

2. BEEF PRODUCERS' INCOMES

The figures for 1996 agricultural incomes in Northern Ireland published at the end of January by the Department of Agriculture for Northern Ireland show an overall 6 per cent decline in farm incomes. Within this, there was a 20 per cent decline in the value of output of cattle and calves. The Ulster Farmers' Union considers however that the situation, particularly in the beef industry, is actually worse than these figures present. We believe that, in addition to substantial reductions in stock valuations in the beef sector, the full impact of the BSE crisis will not appear until 1997.

While the Union welcomes the additional financial assistance which has been made available to the beef industry by both the UK Government and the European Union, we would like to emphasise that there are several categories of beef producer which have been grossly under-compensated. We have identified the following affected categories:

- (i) In April 1996, Mr Hogg, when announcing details of the Over 30 Months Scheme undertook to reflect market price in the compensation paid to farmers. Mr Hogg failed to honour this commitment. Through a series of compensation cuts, the rates payable on steers/heifers over 30 months old after 17 June is over 30 per cent below market price. Producers must be awarded additional compensation, reflecting this shortfall on all steers and heifers slaughtered under the 30 months scheme since 5 August.
- (ii) During August/September 1996 producers were issued Beef Special Premium and Suckler Cow Premium top-up payments equivalent to £17.40 and £23.13/head respectively. To receive these payments a producer must have entitlement to BSP and/or SCP in *both* 1995 and 1996. However, in cases where a death within a family has resulted in the name of the claimant changing between 1995 and 1996, e.g., from father to son, even though the claim refers to exactly the same farm, payments have been denied. Where the names of claimants change within a family and the farm businesses remains the same, payment of these top-ups should be made.
- (iii) Some £840,000 of the £9.4 million EU aid package for the beef industry announced recently is to be distributed to flagged suckler herds in Northern Ireland on the basis of claims for Suckler Cow Premium submitted in 1996. However, a number of specialist beef producers who have had a case of BSE while previously farming suckler cows are now to lose out on this assistance as their farming activities have changed to trading in store cattle. Such affected producers remain "flagged" and are exposed to the same depressed market conditions as flagged suckler herd owners also selling store cattle. However, the mechanism for distributing the recently agreed assistance ignores them. These herd owners, who are few in number, should also be entitled to support.

The Union would therefore request that additional compensation is made available for these categories of beef producer.

3. BEEF INTERVENTION

Background

The beef intervention system is intended to be a market support mechanism. During a period of extensive reliance on intervention across the EU during the late 1980s, early 1990s beef stocks accumulated to over 1.1 million tonnes. Then due largely to a reduction in intervention prices and stricter eligibility criteria the use of intervention subsided until a point where stocks throughout the EU had virtually disappeared. Had it not been for BSE the EU clearly intended intervention to remain a thing of the past.

Process

Cattle prices from Northern Ireland are reported to Brussels on a weekly basis. Using these prices and following an established formula abattoirs can tender generally on a fortnightly basis, for intervention contracts. Tenders are also related to pre-determined eligibility criteria, namely category of animal, i.e., steers, young bulls, grades, i.e., UROs and weights. Such conditions are set by the Beef Management Committee in Brussels and are kept under constant review.

At adjudication, the Beef Management Committee can then decide to accept or reject tenders. Part of the difficulty with the mechanism is that unlike categories of animal and grade eligibility which vary between Member States, a single weight restriction applies throughout Europe which therefore takes no account of regional differences in production systems.

The current weight limit is 370 kg, absolute, i.e., heavier carcasses cannot be accepted. This is due to fall to 360 kg for March tenders. Beyond this, no decisions have yet been taken however it is speculated that the Commission are anxious to return to the pre-crisis limit of 340 kg.

Prior to 20 March 1996, Northern Ireland had developed export markets for late maturing heavy cattle. Since then, given the extremely limited commercial outlets nationally, intervention has served as the major outlet. However, the reduced intervention weight limits have removed this option.

For at least as long as the export ban remains in place it is critical that intervention provides an outlet for heavier cattle. *The Union regards a non-absolute 390 kg limit to be the minimum required in Northern Ireland.*

At 370 kg approximately 19 per cent of Northern Ireland produced steers are ineligible for intervention, at 360 kg this percentage increases to 27 per cent.

The attached table summarises the intervention details since the start of the BSE crisis, in Northern Ireland.

February 1997

Intervention

| Date | Tonnage Tendered | | Tonnage Accepted | | Grades | | Weight Limit |
|--------------|------------------|-----|------------------|-----|-----------|-----------|--------------|
| | S | YB | S | YB | S | YB | |
| 30 March | — | — | — | — | U,R/3,4 | — | 340 |
| 13 April | — | — | — | — | U,R/3,4 | — | 380 |
| 23 April | 2,389 | 350 | 2,389 | — | U,R,O/3,4 | U,R,O/2,3 | No Limit |
| 10 May | 2,762 | 534 | 2,762 | 534 | U,R,O/3,4 | U,R,O/2,3 | 420 |
| 31 May | 1,769 | 655 | 1,769 | 655 | U,R,O/3,4 | U,R,O/2,3 | 420 |
| 14 June | 1,132 | 508 | 1,132 | 508 | U,R,O/3,4 | U,R,O/3,4 | 420 |
| 28 June | 852 | 180 | 852 | 180 | U,R,O/3,4 | U,R,O/3,4 | 420 |
| 13 July | 1,130 | 30 | 565 | 30 | U,R,O/3,4 | U,R,O/3,4 | 410 |
| 26 July | 1,490 | — | 671 | — | U,R,O/3,4 | U,R,O/3,4 | 410 |
| August | 3,151 | 50 | 3,151 | 50 | U,R,O/3,4 | U,R,O/2,3 | 400 |
| 30 August | 2,857 | 25 | 2,857 | — | U,R,O/3,4 | U,R,O/2,3 | 400 |
| 13 September | 3,096 | — | 3,096 | — | U,R,O/3,4 | U,R,O/2,3 | 390 |
| 27 September | 3,158 | — | 3,158 | — | U,R,O/3,4 | U,R,O/2,3 | 390 |
| 11 October | 2,791 | — | 2,791 | — | U,R,O/3,4 | U,R,O/2,3 | 390 |
| 25 October | 3,283 | — | 3,283 | — | U,R,O/3,4 | U,R,O/2,3 | 390 |
| 15 November | 409 | — | 409 | — | U,R,O/3,4 | U,R,O/2,3 | 390 |
| 29 November | 367 | — | 367 | — | U,R,O/3,4 | U,R,O/2,3 | 390 |
| 13 December | 1,950 | — | 1,950 | — | U,R,O/3,4 | U,R,O/2,3 | 390 |
| 17 January | 2,490 | — | 2,490 | — | U,R,O/3,4 | U,R,O/2,3 | 380 |
| 31 January | 2,577 | — | 2,577 | — | U,R,O/3,4 | U,R,O/2,3 | 380 |
| 14 February | 1,540 | — | 1,540 | — | U,R,O/3,4 | U,R,O/2,3 | 370 |

Note:

¹ Denotes absolute weight limit, i.e., no heavier carcasses accepted.

APPENDIX 6**Memorandum submitted by Commissioner Franz Fischler, DG VI, European Commission**

I can assure you that I am fully aware of the problems you face and I am now in a position to respond to the questions in your previous letter.

The Commission certainly understand that the BSE crisis has had serious repercussions for the UK beef industry. These repercussions have been felt disproportionately in some regions and this is true for Northern Ireland as it previously exported a large proportion of its beef production. This position has been reflected in the relatively high level of Community intervention purchases of beef in Northern Ireland.

The Florence agreement of 21 June 1996 lays down the conditions which the UK has agreed to fulfil before the trade in beef from animals slaughtered in the UK could be re-established. Community inspections will also be necessary to verify correct and effective implementation of the agreed measures. In addition any proposals from the UK for the resumption of trade in beef will be examined by the Scientific Committees before presentation of a draft Commission Decision to the Standing Veterinary Committee.

The UK Government has not made any proposal to the Commission regarding Decision 96/239/EC with respect to specific parts of the United Kingdom. The step by step approach outlined in the Florence agreement applied to different categories of bovine animals and products and not to regions within the UK. However, the Commission is available to discuss any proposal from the UK which identifies specific regions as having fulfilled the agreed conditions. The certified herd scheme has been informally discussed and more details have been requested. This scheme would apply the same rules throughout the UK however specific schemes for certain regions could be discussed if this was useful. The correct application for any agreed scheme would be paramount for the Commission and Member States.

Given that the Commission has not received any formal proposal from the UK it is premature to discuss a timetable for the resumption of trade in UK beef.

Community inspections in the UK have recognised the more favourable position of Northern Ireland with respect to BSE. The lower incidence of the disease and the computerised bovine movement recording system provide certain advantages over other parts of the UK. However, the Commission can react only to proposals from the UK Government with regard to any regional lifting of the ban on beef exports.

I look forward to further discussion at our meeting on 27 February.

24 February 1997

APPENDIX 7**Papers submitted by the Ministry of Agriculture, Fisheries and Food to the European Commission
on 25 February 1997****LETTER TO COMMISSIONER FISCHLER FROM THE MINISTER OF AGRICULTURE,
FISHERIES AND FOOD****BSE: EXPORT CERTIFIED HERDS**

The conclusions of the European Council in Florence provided for a process by which, once the UK had fulfilled a number of pre-conditions, there would be a step by step lifting of the ban on UK exports of beef and beef products.

The UK has now fulfilled all the specified pre-conditions. The steps we have taken are set out in the attached documentation. In particular:

- (i) we have introduced a programme for the selective slaughter of animals most likely to have been exposed to contaminated feed, as provided for in the UK's Eradication Programme. The programme began on 20 January;
- (ii) we have introduced in Great Britain a system of passports which record all cattle movements. Since 1 July we have issued over 1.1 million such passports;
- (iii) we have completed the removal of all meat and bonemeal from farms and feedmills. No samples of ruminant feed have tested positive for mammalian protein since June 1996;
- (iv) we have successfully implemented a scheme for the slaughter and disposal of all cattle over 30 months of age. Since March 1996 we have processed under the scheme over 1.25 million animals;

- (v) we have extended and tightened yet further the controls in UK slaughterhouses to ensure the complete removal of all specified bovine material. There have been no findings of spinal cord attached to carcasses in Great Britain since March 1996.

We have discussed on several occasions the UK's proposals on certified herds, i.e., those herds which have had no association with BSE. I am now formally submitted to the Commission our proposals, together with a document setting out the scientific basis for a lifting of the ban in respect of such herds. I should be grateful if you would arrange at the earliest opportunity for these proposals to be considered by the relevant scientific committees, and for the proposals to go before the Standing Veterinary Committee.

As we have discussed in the past, the excellent traceability system which has been in place for many years in Northern Ireland, together with the low incidence there of BSE (indeed, the number of new cases reported so far this year is lower than in the Republic of Ireland) means that there is a particularly strong case for direct and immediate relief under this scheme for those herds which are situated in Northern Ireland. There are also producers elsewhere in the UK—notably some in Scotland—who may well be able to demonstrate the same assurances in compliance with the conditions of the Scheme as those in Northern Ireland. The Export Certified Herds Scheme itself will, therefore, apply to animals from all eligible herds, wherever they are situated in the UK.

I am copying to Commissioner Bonino, who will, I understand, be taking over responsibility for the relevant scientific advisory committees in the middle of March.

25 February 1997

BSE: FRAMEWORK FOR LIFTING EXPORT BAN

I. OVERVIEW OF ACTION TAKEN BY UK: GENERAL PRECONDITIONS

The purpose of this paper is to demonstrate how the United Kingdom has met the five preconditions set out in the Commission's position paper on BSE endorsed at the Florence Council. It is therefore the first formal step in the procedures set out therein for the lifting of the prohibitions in Commission Decision 96/239/EC. Two additional papers are being submitted by the United Kingdom Government containing, first, proposals for removal of the ban in respect of meat from animals in certified herds, as set out in the Commission's position paper, and, second, the scientific basis for those proposals.

1. ACCELERATED (SELECTIVE) SLAUGHTER PROGRAMME

Precondition 1: implementation of a selective slaughter programme approved by Commission decision under the Standing Veterinary Committee procedure.

1. The UK Government announced on 16 December that the selective slaughter programme would go ahead early in the New Year, in the form approved by the Standing Veterinary Committee in June last year.

2. Implementation of the programme had been postponed in September pending further consideration of interim findings from the cohort study on maternal transmission by the Ministry of Agriculture, Fisheries and Food (MAFF), and an analysis of cull options by Professor Anderson of Oxford University published in the scientific magazine "Nature" on 29 August.

3. Having considered these developments, the Government has decided that the programme will go ahead as outlined in the UK eradication plan, modified as stated in Commission Decision 96/385/EC. Pending further advice on the evidence for maternal transmission, the programme will target animals which in the opinion of an officer of the State Veterinary Service (DANI Veterinary Service in Northern Ireland), after investigations on the farm, have been exposed to infection through feed.

4. The legislative powers to begin the cull came into force in Northern Ireland on 8 January and in Great Britain on 24 January. In Great Britain the first visits started the following week to farms on which BSE cases in the cohort years were born. The first slaughterings will take place in early March. In order to implement the cull a number of measures have been taken. Field staff have received detailed instructions and training on the identification and tracing of animals to be slaughtered and the necessary IT systems have been put in place to support and record the operation. Arrangements for valuation and paying compensation have been set up as has a computer system to account for compensation payments; and special eartags with security check digits have been produced. In Northern Ireland, farm visits began on 20 January. All natal herds have now been visited and exposed animals identified. Tracing of animals moved on from those natal herds is currently taking place. Progress will be relayed to the Commission in the UK's weekly reports required under Regulation 1484/96.

5. Tracing and culling the affected cohorts is likely to be achieved more quickly in Northern Ireland, given the far smaller number of animals affected, though it may be expected that once most of the programme is complete, tracings in Great Britain will reveal animals which have moved to Northern Ireland from Great Britain. All animals imported into Northern Ireland are separately identified on the DANI Animal Health computer and

all their movements can be traced. The whole process will take significantly longer in Great Britain given the greater number of animals affected.

6. The final results of the cohort study on maternal transmissions and other relevant studies are being considered by the UK's Spongiform Encephalopathy Advisory Committee (SEAC) which is likely to come to a conclusion in March. The results, together with SEAC's opinion, will be conveyed to the Commission. The slaughter programme may be modified if necessary, in the light of these findings. In the meantime, information will be gathered during farm visits to assist the implementation of any action needed to take account of maternal transmission.

2. ANIMAL IDENTIFICATION AND MOVEMENT RECORDING

Precondition 2: the introduction of an effective animal identification and movement recording system with official registration

1. UK legislation to implement the requirements of Council Directive 92/102 as regards cattle has been fully in force since 1 April 1995. This legislation, which builds on the requirements previously in force for decades, provides for the identification of all cattle with a unique ear tag number allocated to the herd of origin, the keeping of breeding and movement records by all keepers of cattle, and the registration of all such keepers. Record of ear tags issued in GB are held on centralised computerised Ear Tag Allocation System operated by MAFF.

2. Since 1982 *Norther Ireland* has held central records of cattle identification and traceability. The Northern Irish system covers the herd number and the individual animal number, date of birth and other details of all animals together with *all* movements from birth to slaughter and full information on all notifiable diseases, including BSE, which have occurred in the herd or with which the animal has been in contact. This data has been held on computer since 1988.

3. In *Great Britain* an improved system which exceeds the requirements of Directive 92/102 has been introduced. A system of compulsory cattle passports came into force on 1 July 1996 (under the Cattle Passports Order 1996) and applies to animal born or imported on or after 1 July. By early February 1997, over 1.1 million passports had been issued by the Agriculture Departments. The passport records the ear tag number, the holding/herd number and address, the date of birth and breed, sex and the identity of the dam. The passport is printed on special paper to prevent fraud. The passport also accumulates details of all the animal's movements, whether or not through a market, to other holdings. Passports must accompany the animal and be surrendered to the Agriculture Departments on the death of the animal.

4. Computerised databases have been established which record, in respect of each animal to which a passport has been allocated, the ear tag number, holding/herd number and address, date of birth, breed, sex and identity of dam and (separately) all holdings on which BSE has occurred. This provides confirmation of the corresponding information contained on the passport.

5. The European Commission inspected the GB cattle passport system between 30 September and 4 October 1996. The Commission team noted that in England and Wales, the implementation phase appeared well organised, and that a fully operational, computerised system for the issuing of passports was demonstrated. Although at the time of the inspection, there were some delays in the issuing of passports in Scotland, this has been addressed urgently and is now rectified.

6. The UK believes that the developments described in paragraphs 3 and 4 and the system described in paragraph 2 meet the Florence precondition on cattle identification and recording.

7. Taking account of the Commission's recent proposals for an improved system of cattle identification and traceability, and wanting to be in a position to act as soon as possible on these, the UK is also pressing forward with plans to computerise details of cattle movements in Great Britain. A firm of consultants reported in September 1996 on the best technical way of achieving this. The results were presented to the Commission Services on 15 November 1996. The UK Government has made formal proposals, and launched a major consultation with the UK livestock industry, with a deadline for comment of 31 January 1997. Continued rapid progress is to some extent dependent on decisions by the Council on the Commission's proposals, since the system needs to be compatible with EU provisions. Thus the UK hopes decisions on the Commission proposals can be taken soon.

8. We also intend to require double eartagging of cattle as soon as there is agreement by the Council on the Commission's proposals on cattle identification and traceability, and any necessary implementing legislation is in place.

3. REMOVAL OF MAMMALIAN MEAT AND BONE MEAL FROM FEED MILLS AND FARMS

Precondition 3: legislation for the removal of mammalian meat and bone meal (MBM) from feed mills and farms and subsequent cleansing of the premises and equipment concerned

1. The main step to protect animal health was taken in 1988 when the Government prohibited the feeding of ruminant protein, thought to have been the source of the BSE infection, to ruminant animals. Although not 100 per cent effective this has led to a major decline in the epidemic which is now running at less than 20 per cent of the peak incidence and rapidly declining as further measures introduced since then take full effect. These included a ban on specified bovine material (SBM) in all animal feed in 1990 reducing problems due to cross contamination of ruminant and other feed and in 1994 the exclusion of mammalian protein from ruminant feed. UK legislation adopted in March 1996 prohibited the inclusion of mammalian meat and bone meal (MBM) in feed for all livestock, including fish, and the use of MBM as an agricultural fertiliser. This legislation left pig and poultry producers, feed merchants and feed mills with unusable stocks of feedingstuffs containing MBM. However, as the feed manufacturers introduced a voluntary ban on the incorporation of MBM in all farmed animal feeds around a fortnight before it became illegal, on 4 April, to feed such material to all farmed animals, only minimal residual stocks should have been left on pig and poultry units.

2. Accepting that while any stocks were left, there was a risk of accidental or deliberate use in ruminant feed, the UK Government on 10 June 1996 launched a scheme to collect any MBM and feed containing this which might still be on farms, and at feed mills and feed merchants. Costs of collection and disposal were met by the Government. Information about this feed recall scheme was sent to all livestock farmers, feed compounders and feed merchants together with registration forms and guidance on cleaning storage facilities and equipment which may have been in contact with MBM. We received more than 7,000 responses of which 346 declared residual material to collect. The uptake of the feed recall scheme was as expected with the bulk of the MBM feed collected at feed mills, with only small residual amounts on farms.

3. Collection of material began on 24 June, and the operation has been completed. A total of nearly 11,000 tonnes was collected. All the 1,200 tonnes collected in Northern Ireland has been disposed of to landfill. The remaining material collected is being held in secure storage under official control by the UK competent authorities until appropriate disposal is arranged.

4. Those participating in the feed recall scheme were required to clean out thoroughly their storage facilities and any equipment which might have been in contact with MBM or MBM feed, before re-use for anything else and no later than 48 hours after collection has been made. Comprehensive check inspections have been made (the majority in June and July) by the State Veterinary Service (SVS or the Department of Agriculture for Northern Ireland (DANI) Veterinary Service in Northern Ireland) to confirm that all the 346 premises involved had been properly cleaned and disinfected as required. Premises which had not been cleaned satisfactorily were subject to further inspections. These inspections, including follow-up visits were all satisfactorily completed by November.

5. In addition, the SVS has obtained information on farms which had made particularly high use of MBM in the past. All these farms were visited during July and August and advice given on the requirements of the legislation including on cleaning and disinfection. No MBM was found on any of these farms.

6. Legislation which took effect on 1 August introduced a legal ban (subject to very tightly defined and controlled exemptions to cover MBM in domestic fertiliser and pet food) on the possession or holding of MBM or feed containing this on farms with livestock or at feed mills. The legislation also requires the thorough cleansing and disinfection of premises, vehicles and equipment which have been in contact with MBM or material containing MBM, before they are re-used. In addition, the legislation requires records to be kept of all consignments of MBM leaving rendering plants or on entering the UK from another member state or third country. These records are required to include details of the date, quantity and destination of each consignment of MBM and all recipients and transporters are also required to keep detailed records of amount, supplier and date of receipt of MBM. Any onward movement has to be recorded on the same basis.

7. This legislation is a strong deterrent against introducing any new stocks of MBM into the animal feed chain (previous stocks having been removed by the recall scheme). It is enforced by the SVS (DANI Veterinary Service in Northern Ireland), who conduct an inspection and sampling regime. Around 500 visits to feed mills are made on a monthly basis, including around 40 feed mills which appear from epidemiological reports to have been associated with a higher than average number of BSE cases born in 1991 or later. We have contacted 729 farms where both BSE had been confirmed and animal feed appeared to have been prepared on farm. Of those, 491 are confirmed as mixing feed on the farm. These farms are covered in the sampling programme. There are now standing instructions that checks should be made for the presence of MBM during the course of all routine visits to farms or other agricultural premises. Samples for testing are taken where appropriate.

8. The results of the inspection and sampling programme provide clear evidence that the MBM ban is being properly complied with. From the start of testing in February 1996 to the end of the year 99 per cent of the 7,667 UK samples tested were negative for the presence of mammalian proteins. We are planning to increase

sampling capacity to 24,000 samples per annum. In addition, new rules on record-keeping enable the UK authorities to keep a very close watch on MBM from the point of manufacture, whether it is destined for disposal (as most now is) or for the now very limited commercial outlets, petfood or garden fertiliser.

9. The European Commission inspected the arrangements in respect of animal feed and MBM on 26-29 July and confirmed that it was content. That position was confirmed in discussion in SVC on 10-11 September.

4. OVER 30 MONTHS SCHEME

Precondition 4: effective implementation of the over 30 months rule including the destruction of the animals

1. UK legislation has been in force since 29 March prohibiting the sale for human consumption of meat from any bovine animal slaughtered after 28 March 1996 which has reached the age of 30 months. (On 1 September 1996 an exemption was made to allow the sale of meat for human consumption from animals up to the age of 42 months in herds meeting the standards of the Beef Assurance Scheme).

2. Commission Regulation 716/96 (as amended), which has applied since 29 April, provides for the purchase and slaughter of any bovine animal aged 30 months or over which has been resident for three months (six months from 26 November) in the UK. The Regulation requires the animals in question to be killed in specially designated slaughterhouses, and the carcasses and all parts of the carcasses stained, processed and destroyed. No part of the animals may enter the human food or animal feed chain or be used for cosmetics or pharmaceutical products.

3. The over 30 months scheme (OTMS) in accordance with Commission Regulation 716/96 (as amended) has been in operation in the UK since 3 May. Up to 20 February 1997, over 1,270,000 cattle had been slaughtered. A number of cows slaughtered under the scheme would have been in cohorts falling within the Accelerated Slaughter programme. In Northern Ireland where existing computer systems allow an estimate to be made around 23 per cent of the animals identified as likely to be removed in the selective cull have been recorded as slaughtered under the OTMS. All carcasses of cattle slaughtered under the scheme are incinerated or rendered, although because of the limited disposal capacity available a significant quantity of carcasses (almost 250,000 at 5 January) is being held in cold storage prior to rendering. Up to 26 January, over 48,000 carcasses have been sent for direct incineration and over 920,000 for rendering. Only limited quantities of the products of rendering these cattle have been incinerated. The UK Government has entered into a contract with a hazardous waste incinerator to dispose of up to 20,000 tonnes of MBM a year for three years. Further contracts are being sought. The main quantity (166,000 tonnes at 26 January) has been put into stores under the control of the UK authorities while the necessary facilities are identified and the procedures applying to them to permit their destruction in compliance with UK and EU environmental legislation are worked out.

4. A Commission inspection mission visited the UK from 28 to 31 May to assess the implementation of the EC provisions with regard to BSE and in particular the implementation of Regulation No. 716/96. The report of this mission called for various changes in procedures mainly to guarantee higher levels of control. The UK sent a response to the Commission on these points on 16 July. The mission which visited on 22-26 July noted that some steps had been taken in response to the earlier report. The UK sent a response to the Commission on 20 September to the report of the July mission. All the points raised by both missions have been addressed. The reply of 20 September accepted that certain controls on the disposal of blood should be improved and data capture enhanced to enable full tracing of cattle through the scheme. As indicated in the UK response of 6 January to M Legras' letter of 6 December, procedures have been introduced to control blood from OTMS animals. From 20 January, blood from OTMS abattoirs in Great Britain has been collected, processed and rendered. These arrangements were extended to Northern Ireland from 17 February. On data capture, work on loading the original manually produced data onto a customised database is continuing. From mid-March, full tracing of cattle through the scheme will be possible from a new computer system.

5. A further mission to inspect the procedures for operating this scheme took place between 20-24 January 1997. The Commission's report is awaited.

5. SPECIFIED BOVINE MATERIAL (SBM) CONTROLS

Precondition 5: improved methods for removing specified bovine material from carcasses

1. The UK has had controls in place to prevent certain specified bovine offals (SBO) from entering the food chain since November 1989 in England and Wales and January 1990 in Scotland and Northern Ireland. These controls have been progressively extended and tightened since then in the light of the latest scientific and technical information.

2. It became clear in the autumn of 1995 that there were problems with enforcement of the controls in GB with 48 per cent of monitoring visits to slaughterhouses in September 1995 recorded as unsatisfactory. The bulk of the problems were relatively minor relating to staining and record keeping. Nevertheless immediate action

was taken to tackle the problems identified and the results since that time (see Annex) have shown a very clear improvement.

3. A number of steps have been taken since March 1996 to further extend and tighten the controls to secure our objective of 100 per cent compliance. The legislation has been amended notably:

- (i) to extend the scope of the specified bovine material (SBM) from 29 March 1996 to include bovine heads (other than tongues); and
- (ii) to require from 26 July 1996 that particulate matter recovered from waste traps in slaughterhouses and other premises handling SBM is disposed of as SBM.

4. In addition, in the light of advice in March from the Spongiform Encephalopathy Advisory Committee (SEAC), revised instructions were issued initially in March 1996 and further revised in May 1996 to the Meat Hygiene Service (MHS), which is responsible for supervision and inspection in slaughterhouses in GB. The MHS was directed:

- (a) to take all possible steps to ensure full and complete removal of specified bovine offals from carcasses;
- (b) to provide constant supervision, in the slaughter hall, during the slaughter and dressing of all bovine animals and in particular to ensure:
 - (i) frequent monitoring of the removal, staining and disposal of the spinal cord in accordance with the legislation;
 - (ii) frequent monitoring of the removal by trimming or washing of all debris outside the spinal canal which might contain any spinal cord; and
 - (iii) a detailed final inspection of every carcass before it is stamped to ensure that after the completion of dressing all visible traces of spinal cord have been removed from the spinal canal together with any debris that might obscure the spinal cord and there is no visible evidence of contamination by SBM on any part of the carcass.

5. Substantial additional resources have been made available to the MHS to enable it to ensure full compliance with the controls. The MHS has:

- recruited over 450 additional full-time equivalent inspection and veterinary staff since 1 April 1996;
- developed detailed new protocols for the application of SBM controls in licensed slaughterhouses;
- introduced enhanced procedures to monitor the removal of spinal cord, including a final carcass inspection to ensure all debris and spinal cord have been removed and disposed of properly;
- established arrangements for specific training on SBM controls for its inspection staff; and
- introduced a programme of internal SBM audit to ensure that SBM controls are being fully complied with and properly enforced (this is in addition to the unannounced surveillance visits carried out by the State Veterinary Service (SVS)).

6. MHS enforcement action is closely monitored by the State Veterinary Service and the results of this surveillance are reported fortnightly to the Commission and monthly in the BSE Enforcement Bulletin. Where slaughterhouses fail to comply with the regulations in persistent or serious fashion and if sufficient evidence is available the Meat Hygiene Service takes legal proceedings. Since 1 April 1996 there have been six referrals for prosecution by the MHS. Three of these have led to convictions and three others are due for trial this year. Several more cases are under investigation with a view to prosecution. This is in addition to prosecutions by local authorities who are responsible for enforcement of the SBM controls other than in slaughterhouses.

7. Parallel action has been taken in Northern Ireland to step up surveillance and inspection in slaughterhouses and at all steps in the slaughtering and rendering chain. Northern Ireland has only nine slaughterhouses for bovines, all of which are EU approved. The Department of Agriculture for Northern Ireland has a centralised Veterinary Service which is responsible for the recruitment, training and deployment of a centralised Meat Inspection Service. The Veterinary Service maintains a full-time presence in all slaughterhouses. In addition an audit is carried out on at least a monthly basis by senior HQ-based Veterinary Service staff to check that plant-based staff are ensuring full compliance with the SBM requirements.

8. The Commission has observed the procedures at first hand in the course of its inspection visits in 1996. It is clear that the action we have taken is having very positive results (see Annex). The results of surveillance by the State Veterinary Service in GB and by DANI's Veterinary Service in Northern Ireland confirm a continuing high level of compliance in slaughterhouses and elsewhere. In every case where failures are identified, however minor, immediate steps are taken to address the problem. Since March 1996 there have been no instances of failure fully to remove the spinal cord from carcasses for human consumption.

9. Experimental work is being carried forward on a number of fronts on methods of processing cattle without exposing the spinal cord. Additional work is being carried out to assess what effects the removal of the vertebral column would have on the eating quality and marketability of the carcasses. It is not yet foreseeable whether or when any such techniques might be applicable in commercial conditions. If the techniques involved removal of

spinal column intact (i.e., without splitting), there would be legal problems to resolve at Community level. Amendment of Council Directive 64/433 (as amended) on the production and marketing of fresh meat would be necessary because the Directive currently requires all bovine carcasses for human consumption to be split. Carcasses produced by this technique would be ineligible for grading and intervention under present arrangements and there would also be difficulty with dressing specifications.

10. We welcomed the Commission proposal for harmonised EU rules on the removal of specified risk material from bovine, ovine and caprine species. This proposal was rejected at the December meeting of the Agriculture Council. We remain concerned that action on an EU-wide basis is essential if public health in the Community is to be protected.

11. In the meantime we invite the Commission to note from the information given above and in our regular fortnightly reports to them that the SBM controls are being implemented and enforced with the utmost rigour. We therefore consider that this precondition is being fulfilled.

ANNEX

SBM CONTROLS IN SLAUGHTERHOUSES

| Date | 1996 | | | | | | | | | | | |
|--|------|------|------|------|-------|------|------|------|------|------|------|------|
| | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
| Per cent satisfactory | 95.0 | 93.8 | 96.2 | 98.6 | 100.0 | 99.4 | 98.8 | 98.4 | 99.7 | 99.1 | 99.4 | 99.0 |
| Number of visits | 321 | 289 | 264 | 286 | 320 | 311 | 341 | 311 | 329 | 329 | 353 | 299 |
| Satisfactory visits | 305 | 271 | 254 | 282 | 320 | 309 | 337 | 306 | 328 | 326 | 351 | 296 |
| Total unsatisfactory | 16 | 18 | 10 | 4 | 0 | 2 | 4 | 5 | 1 | 3 | 2 | 3 |
| Inadequate separation from materials fit for human consumption | 4 | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| —of which findings of spinal cord | 2 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inadequate separation from other animal by-products | 3 | 4 | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 |
| Inadequate storage | 1 | 4 | 4 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 1 |
| Inadequate staining | 5 | 6 | 4 | 2 | 0 | 0 | 3 | 2 | 0 | 2 | 1 | 1 |
| Inadequate record keeping | 3 | 1 | 0 | 0 | 0 | 1 | 0 | 3 | 1 | 0 | 1 | 1 |
| Movement to inappropriate destination | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inadequate weight records | 1 | 3 | 1 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 |

NORTHERN IRELAND (DANI VETERINARY SERVICE)

| Date | 1996 | | | | | | | | | | | |
|--|-------|-------|-----|-----|-------|-------|------|-------|-------|------|-------|-------|
| | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
| Per cent Satisfactory | 100.0 | 100.0 | — | — | 100.0 | 100.0 | 75.0 | 100.0 | 100.0 | 87.5 | 100.0 | 100.0 |
| Number of visits | 9 | 9 | 0 | 0 | 9 | 8 | 8 | 9 | 9 | 8 | 12 | 7 |
| Satisfactory visits | 9 | 9 | — | — | 9 | 8 | 6 | 9 | 9 | 7 | 12 | 7 |
| Total unsatisfactory | 0 | 0 | — | — | 0 | 0 | 2 | 0 | 0 | 1 | 0 | 0 |
| Inadequate separation from materials fit for human consumption | 0 | 0 | — | — | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| —of which findings of spinal cord | 0 | 0 | — | — | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inadequate separation from other animal by products | 0 | 0 | — | — | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 |
| Inadequate storage | 0 | 0 | — | — | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 |
| Inadequate staining | 0 | 0 | — | — | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Inadequate record keeping | 0 | 0 | — | — | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Movement to inappropriate destination | 0 | 0 | — | — | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inadequate weight records | 0 | 0 | — | — | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Incinerator not operating satisfactorily | 0 | 0 | — | — | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rendering plant not operating satisfactorily | 0 | 0 | — | — | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: BSE Enforcement Bulletin January 1997.

BSE: PROPOSAL FOR A UK EXPORT CERTIFIED HERDS SCHEME

NOTE BY THE UNITED KINGDOM

Introduction

1. This paper outlines the basis for a UK Export Certified Herds Scheme. Under the Scheme, meat and products from cattle in herds which comply with strict conditions would be eligible for export in accordance with the position paper prepared by the European Commission for the Florence Summit. Individual animals would be checked against the herd conditions before being slaughtered for export.

Main Principles of Certification Scheme

2. Meat and products¹ would be eligible for export if the following conditions can be met:
 - (a) *identity*: the animal has been clearly identifiable throughout its life;
 - (b) *age*: the animal was not over 30 months old at the time of slaughter;
 - (c) *herd history*: the absence, for at least six years (see paragraph 5 below) of confirmed or suspect cases of BSE in cattle in or born in the animals's natal herd and in cattle in herds which it has subsequently entered; from which it follows that the animals is very unlikely to have had contact with infected meat and bone meal.
 - (d) *controls*: the animal was slaughtered separately from animals which could not be certified to meet the conditions above; and close controls were exercised over meat derived from it at all subsequent stages to maintain separation.

Identification of animals

3. All UK animals can be identified by their unique eartag number. This incorporates a herd number for each separate group of animals, designed to allow immediate identification of the herd in which it was born. For animals born in or imported into GB since 1 July 1996 this information is also recorded in the animal's passport. In Northern Ireland the identification number is recorded on, and can be traced through, the computerised traceability system which has been in place for eight years.

Age of the animal

4. In GB, animals' dates of birth can be established either by reference to the Cattle Identification Document (CID in England/Wales, CCD in Scotland) or Cattle Birth Record Document (CBRD). Since 1 July 1996 animals born in GB have a passport which gives the date of birth. In Northern Ireland the age of the animal is held on the computerised system. These records enable us to establish that animals are no more than 30 months old at slaughter.

Herd History

5. The following types of BSE association if found in an animal's herd history would exclude that animal from the Scheme:

- (a) *for beef for export as carcase meat or bone-in*:
 - in an animal born in the same herd (including cases in animals which have since moved);
 - in the six years prior to the animal's slaughter in an animal in any herd in which it had been or is present.
- (b) *for de-boned beef for export*:
 - in the six years prior to the animal's slaughter, a confirmed case of BSE, or suspect case under investigation:
 - in an animal born in the same herd (including cases in animals which have since moved);
 - in an animal in any herd in which it had been or is present.

6. In GB movement records (or passports for those animals which have them) enable us to identify the herds in which the animal has been present. Only those animals where movement records and herd records are reliable, or which are registered under the Beef Assurance Scheme but are still under 30 months old, would be eligible.

¹ : exports are sought in relation to the products covered in Council Directives 64/433 as amended (fresh meat), 77/99 as amended (meat products), 92/118 (pet food and lard) and 94/65 (minced meat and meat preparations).

All of the herds in which the animal has been would then be checked against the database of BSE cases to establish whether there had been any association with BSE in accordance with the principles set out in paragraph 2 above.

7. The computerised system in Northern Ireland enables all animals in the Northern Ireland herd to be identified and their BSE status to be established. The computer will allow all animals not meeting the criteria in paragraphs 2(b), and (c) above to be identified. The database is updated instantaneously in respect of animal movement and is automatically updated each night in respect of BSE status.

8. In GB animals which are established as being free from association with BSE following the checks above would be entered onto a Scheme database, as identified by their individual eartag numbers.

9. Both GB and NI systems will re-check all animals against the BSE database every night. This check will immediately pick up new suspected cases of BSE which have been reported; and newly confirmed cases. New BSE suspects will automatically trigger the suspension of any Scheme animals which have moved through the herd where the case occurred or were born in the same herd as the suspect. No suspended animals would be slaughtered for export. The suspension would be made permanent if BSE were confirmed.

Feed

10. In July 1988 the ban on using ruminant protein in ruminant feed was introduced in GB (and in Northern Ireland in January 1989). That was strengthened in 1994 when the ban was extended to all mammalian protein. From the end of 1994 new European-wide rendering standards were brought into effect. Against this background of significantly decreased likelihood of contamination of feed since 1994, and with the requirement that animals should not have been in any herds with a BSE case in the previous six years, the likelihood of animals in this Scheme having contact with infected feed is extremely low. The most reliable indicator of the presence of infected feed is the occurrence of BSE in the herd. A herd with no BSE cases in the last six years provides a very good assurance that animals now in the herd have not been exposed to infected feed. In addition to those safeguards, the requirement that the animal should not be over 30 months reduces still further the likelihood of contact with contaminated feed: animals slaughtered in 1997 under this Scheme would have been born after the middle of 1994.

Certification and Control at and after slaughter

11. In Northern Ireland, verification that the animal presented for slaughter has certified status would be by Agriculture Department staff in abattoirs, who have direct access to the computer record and it is not necessary to issue a slaughter certificate.

12. Direct access is not available in abattoirs in the rest of the UK. It is therefore proposed that in GB tamper-proof certificates should be issued before any animal is moved out of the herd for slaughter. The certificate would accompany the animal to slaughter. It is envisaged that the following security features will be included:

- they will only be available from the Agriculture Departments' Animal Health Offices: no blank forms will be in circulation;
- they will be printed by computer on tamper proof paper; from a database which is updated automatically every 24 hours for any association with suspect or confirmed BSE cases;
- the computer would not issue more than one certificate per animal without a check;
- the certificate ceases to be valid after 10 days and the animal will be deleted from the Scheme database;
- animals would not be slaughtered for export without a certificate and CBRD, CID/CCD or passport; or if the certificate did not correspond with the eartag identification; or if the animal could not be identified because it had no eartag. These requirements would be enforced by Meat Hygiene Service staff in abattoirs in GB.

13. On arrival at the abattoir eligible animals would be marked with a special marker. This check would be carried out by Meat Hygiene Service staff in GB and by Department of Agriculture Veterinary staff in Northern Ireland. The cattle would be lairaged separately from non-qualifying cattle and slaughtered at a separate time before other cattle. The animals's identification would accompany it by means of special stamps and labels right through the processing.

14. Slaughtering, cutting and associated storage and handling would be carried out under veterinary supervision and would be subject to the UK's stringent controls on the removal of Specified Bovine Material.

15. After slaughter, audit procedures and documentation would be put in place to ensure that meat for export was securely and separately stored, transported and handled in subsequent cutting and processing stages.

16. If processed into meat preparations or products it would be processed separately or at a separate time from products not derived from export certified herds and would be identified by a separate label. Processing would be carried out on a batch system with a unique batch number. The post-slaughter arrangements have already been accepted by the Commission in their inspection at the end of July under Article 1(a) of Commission Decision 96/239 as amended for the control of meat imported into the UK for re-export as meat or meat products.

THE SCIENTIFIC RATIONALE FOR THE UK EXPORT CERTIFIED HERDS SCHEME

1. INTRODUCTION

1.1 The United Kingdom has prepared an Export Certified Herds Scheme (ECHS) to identify cattle whose meat could be exported to other member states when the current ban on exports is relaxed, following the UK's compliance with the five preconditions endorsed at the Florence Council. The purpose of this paper is to describe the scientific rationale which underlies that Scheme, and on which our proposals have been based.

1.2 This paper takes, as its starting point, the conditions recommended by the Office International des Epizooties (OIE) for trade in beef and beef products from countries with a high incidence of BSE. It summarises the evidence indicating the pivotal role of feed as a carrier of infection, and the decline in the UK epidemic which has been wrought by preventing the use of infected feed. Finally, the value of age and herd history as practical indicators of risk are discussed.

2. OIE CONDITIONS FOR TRADE FROM COUNTRIES WITH BSE

2.1 All member states of the European Union are members of OIE, which is the international organisation responsible for recommending conditions under which animals and animal products may be safely traded between countries. Recommendations are based on a scientific assessment of the available evidence, and set out in the International Animal Health Code. The chapters in the Code are regularly reviewed, sometimes by specialist groups established for the purpose, and updated where necessary. The OIE Code is the standard against which the World Trade Organisation would judge any dispute regarding trade between countries, but it would also consider a scientifically based risk assessment produced by either party to the dispute.

2.2 Chapter 3.2.13 of the Code deals with BSE. It was first adopted by the 60th General Session in May 1992, together with a supporting document which set out the scientific information on which the recommendations were based. Both the chapter and the supporting document have been revised and updated on a number of occasions, and the chapter in its present form was approved by the International Committee on 24 May 1996. The supporting document was updated by an *ad hoc* specialist group meeting during the same month, and both have been published recently.⁷

2.3 The code recommendations distinguish between countries with a high or low incidence of BSE, setting stricter standards for the former. The UK is, at present, considered to be the only high incidence country (although neither high nor low incidence has actually been defined, and it is arguable that for example Northern Ireland, where the number of cases recorded in 1996 was much the same as in the Republic of Ireland, and so far in 1997 is less, should now be classified as low incidence. The same argument applies to some Scottish islands).

2.4 The Code specifies that when importing fresh bone-in meat from cattle from a country with a high incidence of BSE, veterinary administrations should require the presentation of a certificate attesting that:

- the disease is compulsorily notifiable;
- affected cattle are slaughtered and completely destroyed;
- ante mortem inspection is carried out on all bovine animals;
- an effective and continuous monitoring and surveillance system is practised;
- bovine brains, eyes, spinal cord, tonsils, thymus, spleen and distal ileum are removed from all cattle over six months old at slaughter and destroyed;
- the cattle from which the meat originates:
 - (a) were born after the date on which a ban on the use of ruminant meat and bone meal in feed for ruminants has been effectively enforced; or
 - (b) were born and had only been kept in herds in which no case of BSE had been recorded; and
 - (c) have never been fed ruminant meat and bone meal.

2.5 When importing deboned meat and meat products from cattle, veterinary administrations should require a certificate stating either that the same conditions as for bone-in meat apply, or alternatively that:

- the disease is compulsorily notifiable;
- affected cattle are slaughtered and completely destroyed;
- ante mortem inspection is carried out on all bovine animals;
- an effective and continuous surveillance and monitoring system is practised;

- brain, eyes, spinal cord, tonsils, thymus, spleen and distal ileum are removed from all cattle over six months old at slaughter, and destroyed;
- nervous and lymphatic tissues exposed during the cutting process have been removed and destroyed.

The alternative certification recommended for deboned beef and beef products takes account of the diminished risk which may be associated with the removal and destruction of nervous and lymphatic tissue exposed during the deboning process. This assumes that these tissues may pose a risk to health, even though infectivity has never been demonstrated in them either during the incubation period or when clinical signs have developed.⁶ Nevertheless this has been regarded as a potential risk factor, and the same factor has also been reflected in previous EC Decisions governing the export of beef from the UK to other member states. Perhaps surprisingly it has never been applied to beef from other member states where BSE is present.

2.6 The Code recognises the potential significance of maternal transmission in the context of exports of live animals and embryos, and recommends conditions which cover the subject in relation to those commodities. It is significant that it makes no such recommendation in respect of trade in beef and beef products.

3. THE EXPORT CERTIFIED HERDS SCHEME

3.1 The proposals in the UK Export Certified Herd Scheme are consistent with, but more restrictive than, the OIE code recommendations for deboned beef.

3.2 The Code offers alternative recommendations for bone-in beef. The first would apply to beef from cattle born after 1 August 1996, by which date all feed containing mammalian meat and bone meal had been recalled and most premises cleaned and disinfected, and from which date the possession of such material wherever farm animal feed was stored or prepared was a criminal offence. It is assumed that the ban on exports will be relaxed for boned and deboned beef from such animals irrespective of herd history, but as the oldest is only six months old at present this is not of immediate concern, and meat from such animals does not form part of the ECHS proposals at this stage. The second is appropriate for cattle born before 1 August 1996 and requires certification of herd status and feeding history. It provides the basis for the Scheme proposals for bone-in beef.

3.3 The feeding of ruminant meat and bone meal to ruminant animals has been prohibited in Great Britain since 18 July 1988, and in Northern Ireland since 11 January 1989. This action reversed the trend of the BSE epidemic and is responsible for the rapid decline in cases occurring since the epidemic peaked in 1993^{5,6}, but there is also evidence that some meat and bone continued to get into cattle feed for some years after the ban had been imposed. It is impossible to be absolutely certain that a particular animal born in the UK before 1 August 1996, or anywhere else in the Community at any time, has not been exposed to feed containing meat and bone meal. Nor is it possible completely to eliminate the possibility of infection by a different route, from the dam or by horizontal transmission. But it is possible to use herd history as an indicator of the risk of infection, and by doing so to identify cattle which are extremely unlikely to be infected, and to provide additional assurance by restricting the age of cattle killed for meat and by removing high risk tissues (the specified bovine material: brain, spinal cord, tonsil, thymus, spleen and intestines), and even other visible nervous and lymphatic tissues which have never been shown to contain infectivity. These are the principles which underlie the Export Certified Herds Scheme.

3.4 The ECHS is designed to identify cattle under 30 months old which have not been exposed to the risk of infection in feed, to enable beef from these animals to be exported. The OIE support document⁷ sets out, in paragraphs 3, 4 and 5, the evidence implicating feed as the source of BSE infection and the lack of evidence for any other form of transmission. It concludes in paragraph 6, that:

- there is very powerful evidence that infected feed is the cause of BSE;^{2,4,9,10}
- there is evidence that other methods of exposure are not likely to be important in the spread of disease, and that current evidence suggests:
 - (a) that it is unlikely, though not impossible, that any animals not exposed to contaminated feed would develop the disease, and
 - (b) that the risk of an animal developing disease depends upon exposure, not upon the past or present BSE status of the herd to which the animal belongs.

3.5 Because observance of the ban on feeding ruminant protein to ruminants was initially incomplete, BSE has continued to occur in animals born after the introduction of the ban (BAB case), albeit at a declining rate. A case control study of animals born after 30 October 1988 found no evidence that maternal or horizontal transmission could be responsible for the majority of BAB cases, and concluded that the most likely source of infection was feed.^{2,5} Recent modelling studies have concluded that the British BSE epidemic is well past its peak and in a phase of rapid decline, such that the epidemic will fade close to extinction by 2001 irrespective of whether any selective cull is carried out. If maternal transmission has occurred the epidemic is forecast to fade more quickly than if it has not.¹

3.6 It is likely that cattle continued to be infected from feed, with diminishing frequency, until December 1994, when the minimum rendering standards required by Decision 94/382 had been introduced. Rendering would thereafter have diminished the titre of any BSE present in unprocessed material at least 80 fold, and this, together with controls which remove the main risk tissues, the specified bovine offals, from the feed chain, should have been sufficient to prevent further feed born transmission. Direct evidence will not be available for some time. No case of BSE has been recorded in an animal born since September 1993, although it is likely that some cases will occur in cattle born after this date. The number of infected cattle under 31 months old remaining in the UK is reckoned to be tiny: Oxford group modelling studies indicate that between 100 and 500 infected animals under 31 months old are still alive on British farms, and that new infections from contaminated feed had fallen close to zero by the end of 1994.¹

3.7 Although the ECHS has been drafted on the basis that feed is the only important source of infection for cattle, the proposals are based on herd freedom from evidence of disease and do therefore provide a large measure of assurance in respect of maternal and horizontal transmission too.

3.8 The UK public is protected against BSE infection by rigorously enforced controls, including the slaughter and destruction of all suspect cases, the removal and destruction of specified bovine material (SBM) from all healthy cattle, and the destruction of all beef from cattle more than 30 months old (or 42 months old from specified herds) at the time of slaughter. These measures are consistent with independent scientific advice (and in the case of cattle over 30 months old go beyond that advice) and would protect consumers in the rest of the EU as effectively as they protect UK consumers. The ECHS proposes further safeguards which ensure that the cattle which produce the beef for export are no more likely to have been exposed to the risk of infection than cattle in other member states.

4. AGE AS AN INDICATOR OF SAFETY

4.1 Epidemiological studies indicate that most BSE infected animals have been exposed whilst calves.² The pathogenesis of BSE following oral dosing with 100g of infected cowbrain is being studied, and some early results have been published.³ The study is not yet complete, but so far it is known that infectivity is detectable in the distal ileum six months after challenge, and is still detectable there, but in no other tissue examined, after a further 12 months (i.e., 18 months p.i.) Histopathological lesions were first detected in brain 32 months after challenge, and clinical symptoms were observed in some cattle 35-37 months after challenge. In experimental mouse scrapie models the length of incubation period is dependent on the challenge dose, irrespective of the route of challenge⁴, and unpublished data from the incomplete attack rate study being carried out in the UK indicates that the same is true in cattle (M Dawson; personal communication). The challenge dose used in this study is at least 100 times greater than needed to transmit infection by the oral route, and the incubation period is accordingly shortened. In the field epidemic the mean incubation period is about five years: the youngest case recorded was 20 months old at the time of onset of clinical signs, and the oldest 18 years.

4.2 The pathogenesis of different TSE agents in different species clearly varies: transmission studies in mice with tissues from naturally infected clinical BSE cases have detected infectivity only in central nervous tissues, indicating an unusually restricted distribution of the agent in the body.⁵ Studies of the pathogenesis of experimental scrapie in mice indicate that infectivity is detectable in brain about half way through the incubation period,⁶ and the incomplete bovine BSE pathogenesis study suggests that in cattle the infectivity appears even later. A 30 month cut off (half the mean incubation period) has therefore been selected for the ECHS. This is consistent with the situation in the UK, where (with limited exceptions) *only* beef from cattle up to 30 months of age may be sold for human consumption.

4.3 Age is also important as it limits the source of beef for human consumption to cattle born about or after the time that new infections via feed had fallen close to zero in Britain¹ (see also paragraph 3.6).

5. HERD HISTORY AS AN INDICATOR OF SAFETY

5.1 An animal which develops BSE whilst still on the premises on which it was born can only have been infected there. An animal which develops BSE after moving from its natal herd may have been infected on the premises of birth or it may have contracted infection elsewhere. When using herd history as an indicator of risk it is therefore necessary to take account of events in every herd in which the animal has been during its life, although because most cattle which develop BSE do so as a result of calfhood exposure,⁷ the history of the natal herd is clearly of greatest importance.

5.2 Cattle which develop BSE as a result of infection contracted in the natal herd may develop clinical disease after moving to other premises. Therefore, the disease history of all animals born in the herd will be taken into account when assessing natal herd status, and the UK system of herd marks and database of suspected and confirmed cases enables this to be done.

5.3 The ECHS would prevent deboned meat from an animal being traded if any other animal born in that herd had developed BSE in the six years prior to slaughter, whether still in that herd or not. Six years has been selected as a conservative figure, providing evidence of freedom from any apparent source of infection, including feed born, maternal and horizontal transmission, for a year longer than the mean incubation period of BSE.

5.4 A more restrictive approach is proposed when meat derived from animals born before 1 August 1996 is to be exported bone-in. To compensate for that fact that nervous and lymphatic tissue cannot be removed if meat is not deboned a longer period of herd freedom is proposed for bone-in meat, which would be ineligible for export if BSE had ever been confirmed in an animal born in the same natal herd.

5.5 In addition, the ECHS would disbar from trade meat from any animal which, although qualifying under either of the natal herd provisions above, had been in any herd in which a case of BSE had been confirmed. In this case the main theoretical risk would be horizontal transmission from the case, although there is no evidence that this occurs. This could be addressed by taking into account only cases of BSE which occurred whilst a potential scheme animal was actually in the herd, but for simplicity and added assurance it is proposed that any case in the herd in the six years before slaughter would prevent export of the meat, whether or not the slaughter animal had been in the herd when the case occurred.

6. CONCLUSION

6.1 These proposals do not provide an absolute assurance that a Scheme animal will not have been exposed to the BSE agent. No member state can provide such absolute assurance for any animal, but the proposals exclude from trade any meat from cattle which have been in herds with a relevant history of BSE, and place UK beef on a basis at least as secure as beef from other member states: indeed, rather more secure than beef from member states in which BSE is occurring and less strict measures are being taken. The proposals are firmly based on scientific evidence and risk reduction principles, and make it extremely unlikely that meat from any animal infected with BSE could be exported. In particular, beef exports would be restricted to:

- meat from animals under 30 months old, in which infectivity, if present, would not be detectable even in the central nervous tissues (paragraphs 13 and 14);
- meat from animals which, on the basis of herd history, had not been exposed to infection in the herd in which they had been present (paragraphs 15-18).

6.2 Rigorous enforcement would ensure that only beef which met these standards was exported, and any possibility of confusion with beef of different status would be prevented by ensuring that only cattle which met these standards were slaughtered at the same time, that the meat produced was subsequently kept and handled separately, and was accompanied by veterinary certification to confirm its status.

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APPENDIX 8

COMPARISON OF BSE REPORTED CASES BY MONTH

For 1996

| | NI | ROI | GB |
|------------|----|-----|-------|
| January | 13 | 4 | 919 |
| February | 11 | 4 | 1,193 |
| March | 14 | 1 | 847 |
| April | 10 | 1 | 592 |
| May | 4 | 3 | 629 |
| June | 1 | 0 | 1,026 |
| July | 2 | 7 | 801 |
| August | 8 | 8 | 541 |
| September | 7 | 7 | 655 |
| October | 6 | 9 | 673 |
| November | 3 | 14 | 594 |
| December | 3 | 15 | 268 |
| Year total | 82 | 73 | 8,738 |

Source: Northern Ireland Office.

APPENDIX 9

Letters to the Chairman of the Committee from the Minister of Agriculture, Fisheries and Food

At the meeting of the Northern Ireland Affairs Committee on 26 February, I undertook to let the Committee have my views on the Report by the European Parliament's Temporary Committee of Inquiry (TCI) into BSE.

Firstly, on the TCI report, in overall terms, the Report is an unbalanced and disappointing piece of work. BSE is a completely new disease, and one that has a five year incubation period. Much is learned about such diseases as they progress, and we therefore know much more about BSE today than we knew five years ago. This may seem obvious, but the Committee of Inquiry largely discounted this in reaching the conclusions in its Report to the European Parliament.

On the false premise that we knew in the past everything we know now about the disease, it was easy for the TCI to criticise action taken by the UK or by the Commission in respect of BSE. The UK certainly made some mistakes in tackling the disease: the system of inspection we had on meat and bone meal, for example, was not fully effective and we would be the first to admit it. However, our policies have always been based on the scientific knowledge available at the time and on the precautionary assumption that BSE might be transmissible to man. The TCI Report failed to acknowledge this, giving no credit for the important action the UK has taken to protect human and animal health, nor for the effectiveness of measures to eradicate the disease.

There are two further, specific, points I would like to make about the TCI Report. First, it suggested that my decision not to give evidence to the TCI represented a breach of our obligations under Article 3(2) of the Interinstitutional Agreement on TCIs. There is no legal requirement for Government Ministers to give evidence to a TCI, and I was within my rights to decline the Committee's invitation to do so. As I said to your committee, I am accountable to the UK Parliament, and I believe that there would have been constitutional implications had I agreed to give evidence to the TCI. The UK in any case fully co-operated with the Inquiry, sending top officials to give evidence, and providing volumes of documentation both at its own instigation and in response to requests. The claim in the Report that the UK was unwilling to release documents was therefore extraordinary.

This leads to my second point: in spite of the written and oral evidence provided to the Inquiry, the Report contained important errors of fact and made serious and unfounded allegations of conspiracy against the UK. In my evidence to your Committee I referred to a detailed paper on the Report. The purpose of the paper was to illustrate the deficiencies in the Report; it was never intended that the paper be published. The paper has however been made available to MPs and MEPs, and I attach a copy now.¹ Section I.2.5 (page 6) provides an example of an unsubstantiated allegation against the UK; whilst Section I.2.6 (also page 6) illustrates how the TCI ignored the factual evidence.

In conclusion, the TCI would have made a more useful contribution to the BSE problem by looking to the future. It is disappointing that it failed to do so, or to take the opportunity to recommend action similar to that already taken by the UK throughout the European Union.

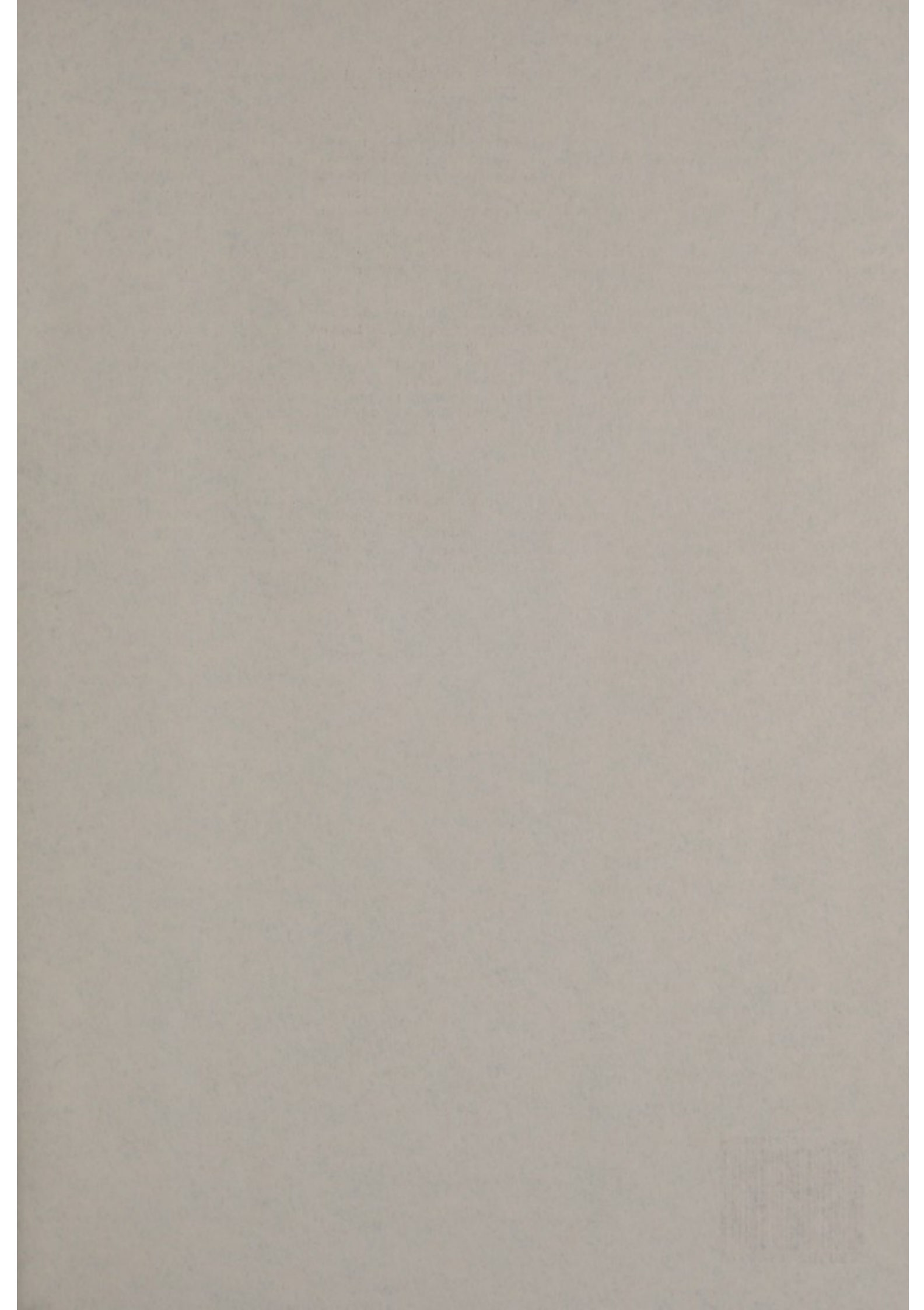
It is unfortunate that this was the first committee of inquiry under the Interinstitutional Agreement, since this unbalanced Report can serve only to detract from the reputation of the European Parliament. The UK very much supports the principle that the European Parliament should look into alleged contraventions or maladministration in the implementation of Community law, and strongly advocated the necessary amendment of the Treaty to give the Parliament powers to do so. Article 138c confers an important responsibility on the Parliament, enabling it to contribute to the effective application of Community Law through detailed consideration of how the Commission and Member States have implemented and enforced it. It therefore behoves the European Parliament to take its responsibilities seriously and to exercise them in a way which reinforces rather than undermines the purpose of the committee of inquiry.

11 March 1997

You wrote to me on 5 March to report on your meeting with Commissioner Fischler. You reported that he was keen to send an inspection team to Northern Ireland before 12 March. A team has indeed visited the UK last week: they spent two days in Northern Ireland and two days in the south of England. I am told that they were generally satisfied with what they saw of implementation there, as indeed they were in GB. We understand that they will be making their report promptly, though I cannot say exactly when.

11 March 1997

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