

Agenda – Pwyllgor yr Economi, Masnach a Materion Gwledig

Lleoliad: I gael rhagor o wybodaeth cysylltwch a:
Hybrid – Ystafell Bwyllgora 5 Tŷ Hywel a Robert Donovan
fideogynadledda drwy Zoom Clerc y Pwyllgor
Dyddiad: Dydd Mercher, 15 Mehefin 2022 0300 200 6565
Amser: 09.30 SeneddEconomi@senedd.cymru

Rhag-gyfarfod preifat (09.15–09.30)

Cyfarfod cyhoeddus (09.30–12.30)

1 Cyflwyniad, ymddiheuriadau, dirprwyon a datgan buddiannau
(09.30)

2 Papur(au) i'w nodi
(09.30)

2.1 Llythyr gan Aelod o'r Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad, ac
Aelod o Bwyllgor yr Economi, Masnach a Materion Gwledig
(Tudalennau 1 – 2)

Dogfennau atodol:

Cynulliad Partneriaeth Seneddol rhwng y DU a'r UE

2.2 Llythyr gan Andrew RT Davies AS

(Tudalennau 3 – 4)

Dogfennau atodol:

Penderfyniad Llywodraeth Cymru i gaffael Fferm Gilestone ym Mhowys

(Saesneg yn unig)



Llythyr gan Gadeirydd Pwyllgor yr Economi, Masnach a Materion Gwledig –
Ymateb

2.3 Llythyr gan y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd

(Tudalen 5)

Dogfennau atodol:

Craffu ar y Cyd-ddatganiad Pysgodfeydd drafft (JFS)

2.4 Llythyr gan Gadeirydd y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad

(Tudalennau 6 – 7)

Dogfennau atodol:

Cynulliad Partneriaeth Seneddol rhwng y DU a'r UE

2.5 Llythyr gan Gadeirydd y Pwyllgor Deisebau

(Tudalennau 8 – 10)

Dogfennau atodol:

Deiseb P-06-1263 Rheoli llygredd sy'n deillio o waith amaethyddol yn y
rhannau o Afon Gwy ac Afon Hafren a leolir yng Nghymru

Llythyr gan Gadeirydd Pwyllgor yr Economi, Masnach a Materion Gwledig –
Ymateb

2.6 Llythyr gan Undeb Amaethwyr Cymru

(Tudalennau 11 – 13)

Dogfennau atodol:

Effeithiau'r rhyfel yn Wcráin ar amaethyddiaeth a chynhyrchu bwyd yn yr UE –
cyllid y Rhaglen Datblygu Gwledig (Saesneg yn unig)

Llythyr gan Gadeirydd Pwyllgor yr Economi, Masnach a Materion Gwledig –
Ymateb

2.7 Llythyr gan y Gweinidog Newid Hinsawdd

(Tudalennau 14 – 18)

Dogfennau atodol:

Fframwaith Drafft ynghylch Gwastraff ac Adnoddau – Gwahardd plastigau
untro neu gyfyngu ar y defnydd ohonynt

2.8 Llythyr gan Gyfarwyddwr Cyfathrebu y Gymdeithas Siopau Cyfleustra

(Tudalennau 19 – 24)

Dogfennau atodol:

Ymatebion i gwestiynau ychwanegol yn deillio o gyfarfod y Pwyllgor ar 26 Mai
2022 – Costau byw (Saesneg yn unig)

2.9 Llythyr gan y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd

(Tudalennau 25 – 27)

Dogfennau atodol:

Cyfarfod y Grŵp Rhyngweinidogol ar yr Amgylchedd, Bwyd a Materion
Gwledig – 16 Mai

2.10 Llythyr at Weinidog yr Economi

(Tudalennau 28 – 29)

Dogfennau atodol:

Orthios Eco Parks Ltd, Ynys Môn

2.11 Llythyr gan Weinidog yr Economi

(Tudalennau 30 – 32)

Dogfennau atodol:

Cytundeb Masnach Rydd y DU–Awstralia – effaith ar Gymru – ymatebion

2.12 Llythyr gan Weinidog yr Economi

(Tudalennau 33 – 34)

Dogfennau atodol:

Rheoliadau Rheolaethau Swyddogol (Ymestyn Cyfnodau Trosiannol) (Diwygio)
2022

**2.13 Llythyr gan Weinidog yr Economi at Gadeirydd y Pwyllgor Deddfwriaeth,
Cyfiawnder a'r Cyfansoddiad**

(Tudalennau 35 – 36)

Dogfennau atodol:

Rheoliadau Rheolaethau Swyddogol (Ymestyn Cyfnodau Trosiannol) (Diwygio)
2022

3 Cytundeb Masnach Rydd rhwng y DU a Seland Newydd

(09.30–10.00)

(Tudalennau 37 – 54)

Nick Fenwick, Pennaeth Polisi, Undeb Amaethwyr Cymru

Tori Morgan, Undeb Cenedlaethol Amaethwyr Cymru

Dogfennau atodol:

Papur briffio gan Ymchwil y Senedd

Tystiolaeth gan Undeb Cenedlaethol Amaethwyr Cymru (Saesneg yn unig)

Egwyl (10.00–10.05)

4 Craffu ar waith Gweinidogion – Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd

(10.05–11.05)

(Tudalennau 55 – 68)

Lesley Griffiths AS, y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd

Victoria Jones, Pennaeth Amaethyddiaeth, Is-adran Datblygu Cynaliadwy

Christianne Glossop, y Prif Swyddog Milfeddygol

Dean Medcraft, Cyfarwyddwr, Cyllid a Gweithrediadau

Dogfennau atodol:

Papur briffio gan Ymchwil y Senedd

Papur tystiolaeth – Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd (Saesneg yn unig)

Egwyl (11.05–11.20)

5 Craffu ar waith Gweinidogion – Gweinidog yr Economi

(11.20–12.30)

(Tudalennau 69 – 89)

Vaughan Gething AS, Gweinidog yr Economi

Sioned Evans, Cyfarwyddwr, Busnes a Rhanbarthau

Andrew Gwatkin, Cyfarwyddwr, Cysylltiadau Rhyngwladol a Masnach

Steffan Roberts, Dirprwy Gyfarwyddwr, Datblygu Twristiaeth a Chwaraeon

Dogfennau atodol:

Papur briffio gan Ymchwil y Senedd

Briff ymchwil – Cytundeb Masnach Rydd y DU–Seland Newydd – 26 Mai 2022

6 Cynnig o dan Reol Sefydlog 17.42(ix) i benderfynu gwahardd y cyhoedd o weddill y cyfarfod

(12.30)

7 Preifat

(12.30–12.40)

Trafod tystiolaeth yn dilyn y cyfarfod

Y Gwir Anrhydeddus Elin Jones AS
Llywydd

25 Mai 2022

Annwyl Elin,

Cynulliad Partneriaeth Seneddol y DU a'r UE

Pleser o'r mwyaf oedd cael cynrychioli'r Senedd yng nghyfarfod cyntaf Cynulliad Partneriaeth Seneddol y DU a'r UE ym Mrwsel ar 12-13 Mai 2022. Fel y gwyddoch, sefydlwyd y Cynulliad Partneriaeth o dan y Cytundeb Masnach a Chydweithrediad rhwng y DU a'r UE, gyda'r bwriad o ddwyn â seneddwyr o'r DU a'r UE ynghyd i drafod y modd y caiff y cytundeb ei weithredu a statws y cysylltiadau rhwng y DU a'r UE yn ehangach.



Roedd yn bwysig ein bod ni, fel Aelodau o'r Senedd, yn ogystal â chydweithwyr o Senedd yr Alban, yn gallu mynd i'r cyfarfod, ynghyd â chydweithwyr o Dŷ'r Cyffredin a Thŷ'r Arglwyddi.

Cafodd y cyfarfod ei annerch gan y Comisiynydd Šeřčovič a chan Michael Ellis AS, Gweinidog Swyddfa'r Cabinet. Er bod gwahaniaethau amlwg i'w gweld o ran gweithredu'r Protocol a materion eraill, roedd y cyfarfod hefyd yn gyfle i seneddwyr gael deialog onest ynghylch y materion y mae Gogledd Iwerddon yn eu hwynebu, ac ynghylch atebion posibl a allai hwyluso'r broses o weithredu'r Protocol.



Cafwyd trafodaeth hefyd ar gydweithio rhwng y DU a'r UE ym meysydd diogelwch a pholisi tramor, ac yn benodol ar yr ymdrechion a wneir ar y cyd i gefnogi Llywodraeth Wcráin yn y rhyfel yn y wlad honno. Cafodd y cyfarfod ei annerch hefyd gan Stefano Sannino, Cyfarwyddwr Cyffredinol y Gwasanaeth Gweithredu Allanol Ewropeaidd, a chan y Gwir Anrhydeddus James Heappey, Gweinidog y Lluoedd Arfog. Yn ogystal, cymerodd y ddau ohonynt ran mewn dadl fanwl ar yr hyn y mae'r rhyfel yn ei olygu o ran cydweithio rhwng y DU a'r UE yn y meysydd hyn, meysydd posibl o gydweithio yn y dyfodol, a'r broses o ymchwilio i droseddau rhyfel posibl.



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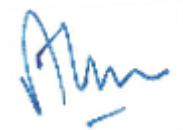
Gwnaeth y broses o gyfnewid barn ar sicrwydd ynni, newid hinsawdd, arloesi ac ymchwil dynnu sylw at feysydd sylweddol o ddi-ddordeb cyffredin sy'n bodoli rhwng y dirprwyaethau, yn ogystal ag ystod o feysydd posibl lle gallai'r Cynulliad gael effaith gyfunol yn y dyfodol.

Cafwyd trafodaeth hefyd ar y Cynulliad ei hun, a'i ffyrdd o weithio yn y dyfodol. Er bod cael Aelodau o'r Senedd yn bresennol yn yr ystafell yn amhrisiadwy o ran meithrin perthynas â chydweithwyr yn y DU ac Ewrop, dylid ymchwilio ymhellach i roi cyfle i gynrychiolwyr deddfwrfeydd datganoledig gyfrannu i'r cyfarfodydd ar feysydd sy'n gysylltiedig â materion datganoledig. Byddai hyn yn cyfoethogi'r trafodaethau ac yn sicrhau bod deddfwrfeydd datganoledig yn gallu nodi eu safbwyntiau ynghylch y meysydd lle mae ganddynt gyfrifoldebau gweithredu.

Roedd yn bwysig bod y trafodion yn cael eu darlledu'n fyw gan Senedd Ewrop, fel bod rhanddeiliaid a dinasyddion yn gallu dilyn y trafodaethau a gynhaliwyd. Rydym yn gobeithio y bydd y dull tryloyw hwn yn parhau i gael ei ddilyn ar gyfer holl gyfarfodydd y Cynulliad yn y dyfodol.

Un mater y byddwch, o bosibl, am ei ystyried yw sut y caiff y Senedd ei hysbysu am ganlyniadau'r cyfarfodydd hyn gan y rhai sy'n cymryd rhan. Bwriad y llythyr hwn yw dechrau'r broses honno. Rydym yn gobeithio y bydd yn ddefnyddiol ar gyfer y trafodaethau sydd i'w cynnal gan Fforwm y Cadeiryddion yr wythnos hon ynghylch cynrychiolaeth ar y Cynulliad Partneriaeth yn y dyfodol.

Yn gywir,



Alun Davies AS

Aelod o'r Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad



Sam Kurtz MS

Aelod o Bwyllgor yr Economi, Masnach a Materion Gwledig



0300 200 7233 

@andrewrt.davies 

@AndrewRTDavies 

/AndrewRTDaviesAM 

25th May 2022

Dear Paul,

I am writing to you in your capacity as the Chair of the Economy, Trade and Rural Affairs Committee to raise concerns I and others have over the Welsh Government's acquisition of Gilestone Farm in Powys.

While I am immensely proud of the cultural and economic footprint of the Green Man Festival, the acquisition of Gilestone Farm on the premise of an exclusive business relationship between Welsh Government and Green Man, to sell the freehold or secure a tenancy on that property, is a matter of concern, particularly given the absence of a business case.

There are three areas that I believe warrant further investigation:

1. In the First Minister's own words, Green Man are a 'trusted partner', and the implications of that status in regards to the release of public funds are unclear. Indeed, is it now Government policy to identify businesses with 'trusted partner' status?
2. The policy governing the planning and execution of the decision making process that allowed the acquisition of Gilestone Farm, an asset now earmarked for Green Man, in the absence of a business case.
3. What policy is the Welsh Government now working to, given the implication, by the Economy Minister, that there was some risk of Green Man leaving Wales if the Welsh Government did not purchase Gilestone Farm and make it exclusively available to Green Man for purchase or tenancy, and will there be similar courses of action for other businesses?

The circumstances around the purchase of Gilestone Farm appear to constitute a major shift in policy from Welsh Government on the process for releasing taxpayer money and for offering support to businesses.

Therefore, I would recommend that you and committee colleagues consider carrying out a short, sharp inquiry into the processes and circumstances surrounding the purchase of Gilestone Farm.

I have also written the Mark Isherwood, Chair of the Public Accounts Committee, inviting his committee to consider opening an inquiry into this subject.

I look forward to hearing back from you.

Kind regards,

Andrew

**Pwyllgor yr Economi,
Masnach a Materion Gwledig**

**Economy, Trade and
Rural Affairs Committee**

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Andrew RT Davies AS
Senedd Cymru

9 Mehefin 2022

Annwyl Andrew,

Diolch am eich llythyr ynghylch Llywodraeth Cymru yn caffael Fferm Gilestone ym Mhowys. Byddwch yn ymwybodol bod y Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus wedi cyfeirio'r mater hwn at yr Archwilydd Cyffredinol.

Bydd y Pwyllgor felly'n cadw golwg ar ganlyniad gwaith y Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus ar y mater. Rwy'n anfon copi o'r llythyr hwn at Mark Isherwood AS, Cadeirydd y Pwyllgor hwnnw.

Cofion cynnes,



Paul Davies AS
Cadeirydd: Pwyllgor yr Economi, Masnach a Materion Gwledig

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.



Ein cyf: MA/LG/1703/22

Paul Davies AS
Cadeirydd
Pwyllgor yr Economi, Masnach a Materion Gwledig
Senedd Cymru

25 Mai 2022

Annwyl Paul

Diolch am eich llythyr dyddiedig 8 Ebrill ac adroddiad craffu'r Pwyllgor ar y Cyd-ddatganiad drafft ar Bysgodfeydd.

Wrth adolygu'r Cyd-ddatganiad drafft ar gyfer ei gyhoeddi, byddwn yn ystyried eich argymhellion chi, ynghyd ag argymhellion gweinyddiaethau eraill y DU ac ymatebion yr ymgynghoriad cyhoeddus.

Rhoddir ymateb llawn i'r Pwyllgor erbyn Tachwedd 2022 yn unol â gofynion y Ddeddf Bysgodfeydd, gyda'r cyd-ddatganiad hefyd yn cael ei gyhoeddi ym mis Tachwedd. Ein bwriad yw cyhoeddi crynodeb o ymatebion y DU gyfan a ddaw i law fel rhan o'r ymgynghoriad cyhoeddus yn yr haf. Byddaf yn rhoi gwybod ichi pan fydd hwnnw'n barod.

Cofion

Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd

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Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Y Gwir Anrhydeddus Syr Oliver Heald CF AS
Arweinydd a Chyd-gadeirydd Dirprwyaeth y DU i
Gynulliad Partneriaeth Seneddol y DU a'r UE
Tŷ'r Cyffredin
Llundain
SW1A 0AA

26 Mai 2022

Annwyl Oliver,

Cynulliad Partneriaeth Seneddol y DU a'r UE

Ar ran fy nghyd-Aelodau a gynrychiolodd y Senedd yng nghyfarfod cyntaf Cynulliad Partneriaeth Seneddol y DU a'r UE, roeddwn am ddiolch i chi, yr Is-gadeiryddion a'ch cyd-gadeiryddion yn Senedd Ewrop, am drefnu cyfarfod cyntaf llwyddiannus iawn, am estyn gwahoddiad i gynrychiolwyr o'r Senedd, ac am y croeso a roddwyd i'r Aelodau hynny a oedd yn bresennol. Rwyf hefyd yn dymuno diolch i bawb a gyfrannodd at waith yr ysgrifenyddiaeth ar y ddwy ochr am eu holl gymorth.

Fel yr adroddwyd gan Alun Davies AS i'r Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad, deallaf y cyfarfod wedi bod yn gyfle i gynnal trafodaethau gonest ynghylch yr anawsterau presennol sy'n wynebu cysylltiadau rhwng y DU a'r UE yn y dyfodol. Deallaf ei fod hefyd wedi bod yn gyfle i archwilio meysydd helaeth o ddiddordeb cyffredin, a meysydd ar gyfer cydweithio yn y dyfodol ar wahanol bynciau, gan gynnwys ynni, newid hinsawdd, ymchwil ac, wrth gwrs, ein rhyddid a'n diogelwch cyfunol.

Fel y soniwyd yn ystod y rhag-gyfarfod a gynhaliwyd gyda chi ac Aelodau o Fureau y DU, rydym yn edrych ymlaen at feithrin y berthynas rhwng y Senedd a dirprwyaeth y DU, ac at gynnal trafodaethau pellach ar y mecanweithiau gorau ar gyfer dyfnhau'r gwaith ymgysylltu hwn. Mewn cyfarfodydd yn y dyfodol, sy'n ymwneud â materion lle byddai'n ddefnyddiol rhannu gwybodaeth a chlywed am y gwaith cadarnhaol sy'n cael ei wneud ar faterion sy'n cael eu trafod (er enghraifft, gwaith ar bolisi hinsawdd a'r amgylchedd), rydym yn mawr obeithio y bydd modd creu lle yn yr agenda er mwyn

galluogi cynrychiolwyr o'r deddfwrfeydd datganoledig i wneud cyfraniadau uniongyrchol. Ar ôl siarad â chydweithwyr ym Mhwyllgor y Rhanbarthau, gwyddom eu bod yn rhannu'r uchelgais hwn, ac rydym yn rhannu'r farn y bydd clywed yn uniongyrchol gan gynrychiolwyr ar y lefel hon yn cyfoethogi ac yn gwella'r trafodaethau pwysig sy'n cael eu cynnal.

Edrychaf ymlaen yn fawr at barhau â thrafodaethau ar waith y Cynulliad gyda chi, dirprwyaeth y Culture Committee" "materion allanol" DU a'n cyd-Aelodau yn Senedd Ewrop.

Rwy'n anfon copi o'r llythyr hwn at y Gwir Anrhydeddus Hilary Benn AS a'r Iarll Kinnoull, Is-gadeiryddion dirprwyaeth y DU; Nathalie Loiseau ASE, Cadeirydd dirprwyaeth Senedd Ewrop; Alun Davies AS, aelod o'r Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad; Paul Davies AS, Cadeirydd Pwyllgor yr Economi, Masnach a Materion Gwledig, a Sam Kurtz AS, aelod o'r Pwyllgor; y Gwir Anrhydeddus Elin Jones AS, Llywydd; a Clare Adamson ASA, Cynullydd Pwyllgor y Cyfansoddiad, Ewrop, Materion Allanol a Diwylliant Senedd yr Alban.

Yn gywir,

Huw Irranca-Davies

Huw Irranca-Davies

Cadeirydd y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

Paul Davies AS
Cadeirydd
Y Pwyllgor yr Economi, Masnach a Materion Gwledig
Tŷ Hywel
Bae Caerdydd
CF99 1SN

27 Mai 2022

Annwyl Paul

Deiseb P-06-1263 Rheoli llygredd sy'n deillio o waith amaethyddol yn y rhannau o Afon Gwy ac Afon Hafren a leolir yng Nghymru Cefndir

Trafododd y Pwyllgor Deisebau'r ddeiseb uchod yn ein cyfarfod ar 9 Mai, ynghyd â gohebiaeth gan y Gweinidog Materion Gwledig a Gogledd Cymru a'r Trefnydd.

Yn y cyfarfod, cydnabu'r aelodau fod eich Pwyllgor ar hyn o bryd yn cynnal adolygiad o Reoliadau Adnoddau Dŵr (Rheoli Llygredd Amaethyddol) (Cymru) 2021 a chytunodd i ysgrifennu atoch er mwyn gofyn a ellid ystyried y materion a godwyd gan y ddeiseb fel rhan o'r gwaith hwnnw.

Mae rhagor o wybodaeth am y ddeiseb, gan gynnwys gohebiaeth gysylltiedig, ar gael ar ein gwefan at: <https://busnes.senedd.cymru/ie/IssueDetails.aspx?Id=39089&Opt=3>.

Os oes gennych unrhyw ymholiadau, cysylltwch â thîm clericio'r Pwyllgor drwy'r cyfeiriad e-bost isod, neu drwy ffonio 0300 200 6454.

Byddwn yn ddiolchgar pe gallech ymateb drwy e-bostio'r tîm clericio: deisebau@senedd.cymru.

Yn gywir



Jack Sargeant AS
Cadeirydd

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



**Pwyllgor yr Economi,
Masnach a Materion Gwledig**

**Economy, Trade and
Rural Affairs Committee**

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Jack Sargeant AS
Cadeirydd, Y Pwyllgor Deisebau

1 Mehefin 2022

Annwyl Jack,

Diolch am eich llythyr ynghylch deiseb P-06-1263 Rheoli llygredd sy'n deillio o waith amaethyddol yn y rhannau o Afon Gwy ac Afon Hafren a leolir yng Nghymru.

Yn anffodus, mae'r Pwyllgor eisoes wedi cwblhau ei waith ar Reoliadau Adnoddau Dŵr (Rheoli llygredd Amaethyddol) (Cymru) 2021. Cymeradwyodd yr Aelodau'r adroddiad terfynol yn ein cyfarfod ar 26 Mai. Ar hyn o bryd mae'n mynd drwy'r gwiriadau terfynol cyn cael ei gyhoeddi. Rydym yn gobeithio cyhoeddi ar 8 Mehefin.

Fel y gwyddoch, gofynnodd y cynnig yn y Cyfarfod Llawn inni adolygu'r Rheoliadau 'ar frys'. Fodd bynnag, gohiriwyd y gwaith hwn o ganlyniad i her gyfreithiol i'r Rheoliadau gan NFU Cymru ond mae Aelodau fy mhwyllgor bellach yn awyddus i gwblhau'r gwaith hwn ar unwaith.

Cofion cynnes,



Paul Davies AS
Cadeirydd: Pwyllgor yr Economi, Masnach a Materion Gwledig

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.





Glyn Roberts, President, Farmers' Union of Wales, Llys Amaeth, Plas Gogerddan,
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Fax: 01970 820821
E-mail: head.office@fuw.org.uk

Paul Davies SM
Chair
Economy, Trade and Rural Affairs Committee
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30th May 2022

Annwyl Paul

On Friday 20th May 2022 the European Commission announced the latest of numerous emergency measures aimed at alleviating the impacts of the war in Ukraine on EU agriculture and food production, in the form of an exceptional measure that allows Rural Development Programme funding to be used to assist farmers and other businesses “...affected by significant increases in input costs.”

Given that the RDP continues to operate in Wales, and that the Welsh Government faces the challenge of spending an unprecedented amount of unspent RDP funds over the coming year - or losing it - we would naturally argue that this is something that needs to be considered given the pressures on farmers and others in the food supply chain caused by the war.

In a broader context, this and the Commission's other numerous announcements, coupled with the actions being taken across the EU's Member States, draws attention to the relative inaction here in Wales.

The severe issues facing agriculture and consumers in Wales and globally, and examples of the significant financial interventions announced in numerous countries, have been outlined in an [FUW briefing](#) sent to all Senedd Members on the 26th April 2022.

Our concerns regarding the rapidly closing or closed windows of opportunity for the Welsh Government to take proactive actions to help mitigate potentially severe impacts later in the year have repeatedly been made clear to the Welsh Government.

Given that, twelve weeks on from us first writing to the Welsh Government asking for swift action to be taken, we have yet to see any major actions or announcements by Welsh Government, and that the longest day of the year is nearly upon us, we would welcome it if the Committee were able to discuss this issue at its forthcoming meeting.

We would also welcome it if the Committee felt able to write to the Welsh Government urging them to instigate meaningful discussions with the agricultural industry and supply chain in order to consider in detail swift actions and policy changes that might ensure more crops and fodder are available for our consumers and livestock after the summer and into 2023.

As you know, and as we have already pointed out to the Welsh Government on numerous occasions since early March, failure to act now will not only have consequences for our own consumers, farmers and livestock, but will also have a severe knock on effect on populations in the poorest countries in the world, as richer countries such as the UK that have failed to bolster their own production are forced to buy in larger volumes of food and feed from a severely depleted global food market.

Yn gywir

A handwritten signature in black ink that reads "W. Glyn Roberts". The signature is written in a cursive style with a large, stylized 'R'.

W. Glyn Roberts
President

**Pwyllgor yr Economi,
Masnach a Materion Gwledig**

**Economy, Trade and
Rural Affairs Committee**

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Glyn Roberts
Undeb Amaethwyr Cymru

1 Mehefin 2022

Annwyl Glyn,

Diolch am eich llythyr ynghylch y mesurau brys a gymerwyd gan y Comisiwn Ewropeaidd.

Mae'r Pwyllgor yn rhannu pryderon ffermwyr ynghylch costau mewnbwn uwch ac mae hefyd wedi bod yn monitro cyhoeddiadau'r Comisiwn Ewropeaidd. Cytunaf hefyd fod trafodaethau ynghylch polisi a'u cyd-gynhyrchu gyda ffermwyr a'r diwydiant ehangach yn bwysig, yn enwedig yn y cyfnod ansicr hwn. Mae'r Aelodau'n bwriadu codi'r materion hyn gyda'r Gweinidog yn ein cyfarfod nesaf â hi ar 15 Mehefin.

Cofion cynnes,



Paul Davies AS

Cadeirydd: Pwyllgor yr Economi, Masnach a Materion Gwledig

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.





Ein cyf/Our ref MA/JJ/1805/22

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith
Y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad
Pwyllgor Economi, Masnach a Materion Gwledig
Pwyllgor Cydraddoldeb a Chyfiawnder Cymdeithasol

31 Mai 2022

Annwyl Llyr,

Ysgrifennaf mewn ymateb i lythyr dyddiedig 10 Mai oddi wrth Gadeirydd y Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith o ran y gwaharddiadau plastigau untro a'r eithriad potensial o dan y Fframwaith drafft ar gyfer Adnoddau a Gwastraff (**gweler Atodiad A isod**).

Yn ystod 2020, ymgynghorodd Llywodraeth Cymru ar gynlluniau i gyflwyno rheoliadau i wahardd neu gyfyngu ar werthu yr eitemau plastig untro hyn, sy'n cael eu taflu'n aml, i'r defnyddiwr terfynol:

- cytleri (gan gynnwys cyllyll, ffyr, llwyau, gweill bwyta a sporks)
- platiau (gan gynnwys powlenni, dysglau a hambyrddau)
- troellwyr diodydd
- gwellt yfed
- cynwysyddion bwyd a diod wedi'u gwneud o bolystyren wedi'i ehangu
- ffyn cotwm plastig
- ffyn balwnau, ac
- eitemau wedi'u gwneud o blastig oco-bioddiraddiadwy

Ailadroddodd ein Rhaglen Lywodraethu ein hymrwymiad i ddeddfu er mwyn diddymu defnyddio plastigau untro sy'n cael eu taflu'n aml. Mae'n ymrwymiad gennyf o hyd ddod â deddfwriaeth felly ymlaen yn gynnar yn y tymor Senedd hwn.

O ran cais Llywodraeth yr Alban am eithriad o dan y Broses Fframweithiau Cyffredin, o dan UKIMA, i gael eithriad mae'n ofynnol cael Offeryn Statudol, y mae'n rhaid cael ei osod gan yr Ysgrifennydd Gwladol dros yr Amgylchedd yn Senedd y DU. Rwyf bellach wedi derbyn llythyr oddi wrth Weinidog Prentice o Lywodraeth y DU i gael y cydsyniad ffurfiol oddi wrth Weinidogion Cymru (fel sy'n ofynnol dan UKIMA) a fwrriadaf ei roi.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

Tudalen y pecyn 14
We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Byddai unrhyw gydsyniad heb ragfarn o ran yr ymgyfreitha UKIMA parhaus. Ein safbwynt o hyd yw nad ydym yn ystyried bod gan UKIMA yr effaith ar gymhwysedd y Senedd y mae'n honni ei chael. Drwy gydsynio ag Offeryn Statudol eithriadau Llywodraeth y DU, nid ydym yn newid y safbwynt hwn. Tra bod yr ymgyfreitha ar y gweill, rwy'n ystyried bod angen cydweithio ac ymgysylltu â'r broses eithriadau.

Yn sgil yr adborth i'n hymgyngoriad, rwy hefyd yn cynnig cynnwys gwaharddiad ar werthu weips sy'n cynnwys plastig a bagiau siopa plastig untro yn y ddeddfwriaeth a gynllunnir. Mae fy swyddogion yn cynnal adolygiad tystiolaeth cyflym ar hyn o bryd ac maent yn ymgysylltu â rhanddeiliaid am gynnwys yr camau ychwanegol.

Rwyf wedi copïo'r llythyr hwn at y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad.

Yn gywir,



Julie James AS/MS
Y Gweinidog Newid Hinsawdd
Minister for Climate Change

ATODIAD A

1. A allwch roi syniad pryd y bydd y darpar Fframwaith ar gyfer Adnoddau a Gwastraff ar gael i graffu arno ac egluro'r rheswm dros yr oedi parhaus cyn ei gyhoeddi?

Ateb: Disgwylir y caiff y Fframwaith ar gyfer Adnoddau a Gwastraff ei gytuno arno ar lefel swyddogion yn ystod yr haf. Mae'n bwysig nodi, fodd bynnag, y bydd yn rhaid wrth gliriad Gweinidogol portffolio oddi wrth bob un o'r pedair Llywodraeth er mwyn cyhoeddi'r fframwaith i graffu arno.

2. Er ein bod yn cydnabod bod y cais am yr eithriad wedi deillio o Lywodraeth yr Alban, mae'n ymddangos y bydd Llywodraeth Cymru yn dibynnu ar yr eithriad i fwrw ymlaen â'i chynigion i wahardd plastigau untro. A allwch gadarnhau bod hyn yn wir?

Ateb: Fel yr amlinellaf yn fy llythyr uchod, ein safbwynt o hyd yw nad ydym yn ystyried bod gan UKIMA yr effaith ar gymhwysedd y Senedd y mae'n honni ei chael, a thrwy gydsynio ag Offeryn Statudol eithriadau Llywodraeth y DU, nid ydym yn newid y safbwynt hwn.

Fodd bynnag, tra bod yr ymglyfreitha ar y gweill, rwy'n ystyried bod angen cydweithio ac ymgysylltu â'r broses eithriadau o hyd.

3. Yn absenoldeb y Fframwaith Cyffredin ar gyfer Adnoddau a Gwastraff, a allwch amlinellu'r prosesau ar gyfer ystyried a chytuno ar yr eithriad?

Ateb: Gan god y Fframwaith yn weithredol ar lefel swyddogion, roedd y broses a ddilynwyd fel y gosodir yn y Broses Eithriadau UKIMA a rannwyd yn barod gyda'r Pwyllgorau.

Yn ei llythyr, mae'r Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd yn cyfeirio at siom Llywodraeth Cymru ynghylch "natur gul yr eithriad".

4. A allwch roi manylion am yr eithriad ac egluro ym mha ffordd y mae'n gulach nag yr oeddech chi a'ch gweinidog cyfatebol yn Llywodraeth yr Alban wedi gobeithio amdano?

Ateb: O dan amodau UKIMA, mae Llywodraeth y DU wedi penderfynu rhoi eithriad cul a gyfyngir i'r eitemau yn rheoliadau Llywodraeth yr Alban.

Mae'r siom, a rannaf gyda'r Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd, oherwydd, o dan y fframweithiau Cyffredin ac UKIMA, bydd unrhyw wro polisi pellach yn y maes polisi hwn yn golygu dychwelyd at gychwyn y broses negodi eithriadau, gan ddwyn amser oddi ar ddatblygu'r polisiau eu hunain.

Fel yr amlinellais uchod, ein safbwynt yw nad ydym yn ystyried bod gan UKIMA yr effaith ar gymhwysedd y Senedd y mae'n honni ei chael. Eto i gyd, tra bod yr ymglyfreitha ar y gweill, rydym yn cydnabod bod angen cydweithio ac ymgysylltu â'r broses eithriadau.

Mae'r Broses ar gyfer ystyried eithriadau i Farchnad Fewnol y DU mewn meysydd Fframwaith Cyffredin yn nodi bod y pedair llywodraeth yn gallu defnyddio'r mecanwaith datrys anghydfodau o fewn y Fframwaith perthnasol os ydynt yn dymuno.

5. A allwch egluro a ddefnyddiwyd y mecanwaith datrys anghydfodau gyda'r nod o sicrhau eithriadau ehangach? Os na, pam felly?

Ateb: Gallaf gadarnhau y'i defnyddiwyd.

6. A allwch egluro a fydd "natur gul yr eithriad" yn effeithio ar gwmpas y gwaharddiad arfaethedig ar blastigau untro yng Nghymru, ac os felly, sut y bydd yn effeithio arno?

Ateb: Fel y nodwyd uchod, ein safbwynt o hyd yw nad ydym yn ystyried bod gan UKIMA yr effaith ar gymhwysedd y Senedd y mae'n honni ei chael. Gan hynny, ni fydd natur gul yr eithriad yn effeithio ar unrhyw waharddiad arfaethedig ar blastigau untro yng Nghymru.

O dan y Ddeddf, mae angen cymeradwyaeth dau Dŷ Senedd y DU ar gyfer diwygiadau i'r atodlenni sy'n cynnwys eithriadau. Yr Ysgrifennydd Gwladol sy'n gyfrifol am sicrhau bod rheoliadau drafft yn cael eu rhoi gerbron Senedd y DU. Cyn gwneud rheoliadau, rhaid i'r Ysgrifennydd Gwladol ofyn am gydsyniad y gweinyddiaethau datganoledig.

7. Pa drafodaethau ydych wedi'u cael gyda Llywodraeth y DU ynghylch amseriad rheoliadau drafft a fydd yn rhoi effaith i'r eithriad?

Ateb: Mae Llywodraeth yr Alban wedi gosod rheoliadau yn barod sy'n gwahardd rhestr o eitemau plastig untro a ddaw i rym ar 2 Mehefin 2022. Deallaf fod Llywodraeth y DU yn bwriadu gosod yr Offeryn Statudol mor agos i'r dyddiad hwnnw a bo modd.

8. A allwch gadarnhau y byddwch yn rhoi gwybod i'r Senedd pan gaiff y rheoliadau drafft eu gosod gerbron Senedd y DU?

Ateb: Gallaf, paratoaf Ddatganiad Ysgrifenedig.

9. A allwch gadarnhau y byddwch yn ceisio barn y Senedd cyn penderfynu a ddylid rhoi cydsyniad i'r Ysgrifennydd Gwladol wneud y rheoliadau? Os felly, a allwch roi syniad pryd y mae hyn yn debygol o fod a pha broses rydych yn bwriadu ei dilyn?

Ateb: O ran cais Llywodraeth yr Alban am eithriad o dan y Broses Fframweithiau Cyffredin, o dan UKIMA, i gael eithriad mae'n ofynnol cael Offeryn Statudol, y mae'n rhaid cael ei osod gan yr Ysgrifennydd Gwladol dros yr Amgylchedd yn Senedd y DU. Rwyf bellach wedi derbyn llythyr oddi wrth Weinidog Prentice o Lywodraeth y DU i gael y cydsyniad ffurfiol oddi wrth Weinidogion Cymru (fel sy'n ofynnol dan UKIMA) a fwriadaf ei roi.

Rwyf wedi cynnwys Pwyllgorau Senedd eraill â buddiant posibl i'r cydsyniad hwn yn yr ymateb hwn.

Ym mis Medi 2021, gwnaethoch ddweud wrthym y byddai ymateb Llywodraeth Cymru i'r ymgynghoriad ar y gwaharddiad arfaethedig ar blastigau untro, gan gynnwys y camau nesaf, yn cael ei gyhoeddi ym mis Hydref 2021. Eto, ym mis Rhagfyr 2021, gwnaethoch ddweud y byddai'r ymateb yn cael ei gyhoeddi ym mis Ionawr 2022. Nid yw'r ymateb wedi'i gyhoeddi eto.

10. A allwch gadarnhau amseriad cyhoeddi'r ymateb ac egluro'r rheswm dros yr oedi parhaus?

Ateb: Dymunaf allu rhannu cynlluniau manwl ac amserlen ddangosol am sut rwy'n bwriadu bwrw ymlaen â'r polisi hwn yng ngoleuni ymatebion yr ymgynghoriad. Fe welwch yn fy ymatebion uchod pam nad oedd modd imi ei wneud hyd yn hyn.

Rhagwelaf gyhoeddi'r ymatebion dros yr haf.

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

1 June 2022

Dear Paul,

Thank you for the opportunity to provide evidence to the Economy, Trade and Rural Affairs Committee's inquiry into the cost of living on 26th May. We have outlined our response below to the additional questions that were not able to be covered during the session. We have also included a report from a focus group of convenience retailers that was carried out at the start of the year, providing some additional detail and anecdotal evidence on the breadth of cost increases that retailers are facing at the present time.

We welcome the opportunity to discuss these issues further and look forward to the findings of the Committee's inquiry.

Responses to Additional Questions, Cost of Living Inquiry

Q: The extent increased wages due to the cost of living increase is impacting business costs in comparison to other factors such as energy costs, and any effect of labour shortages which may be adding to these.

Retailers are reporting to us that the current labour market is extremely challenging, both in terms of retention and new entry. Those who are currently hiring new colleagues are reporting that the expectations of pay and working hours flexibility are higher than before, which is also impacting existing employees that are either looking for an increased wage or benefits to stay in the business.

Figures from our 2021 National Living Wage survey show that the £8.91 NLW rate had required 68% of retailers to take less profit in the business, while 48% of retailers have had to increase prices for customers, and 44% of retailers have had to automate more processes in the business. Looking ahead from that point, 58% of retailers believed that the £9.50 NLW (in force from April 2022) would impact their investment plans, and 63% believed it will affect the overall number of employees in their business. We are currently collating information on the impact of the April 2022 NLW increase and the implications for the sector.

In terms of comparison between other factors like energy costs, typically measures that stores put in place to reduce employment costs will come with a cost elsewhere – for example putting in a self service till will increase the energy and maintenance costs of the system. However, at the moment

most retailers are close to their limit when it comes to reducing costs and still keeping the business going, so there is very little flexibility for cost reduction across the board.

Q: Looking forward, how will cost of living pressures be exacerbated for businesses across Wales over the coming months? What are the key factors behind this and implications if no further government support is provided?

The increase in costs that retailers have been facing throughout the year across all areas of their business have not yet been passed on to the extent that is expected in the near future. Retailers are telling us that up to now, they are attempting to hold off on increasing the price of products to customers as much as possible by looking at alternative options to reduce costs, but as previously mentioned this is close to the limit and the only other lever retailers will have is to increase the price of goods on sale to cover the cost increases they're facing.

Retailers are being impacted not only by increased product costs but by delivery charges imposed by wholesalers to cover their own increased operating costs. This challenges retailers not only in adding to their overall costs, but it makes for challenging decisions about which products should be subject to price increases to cover these costs.

The implications of this are that the current inflation figures we're facing will be accelerated through the rest of 2022 as more price increases come through in stores. Government support on areas like energy costs for small businesses, grants and funding for energy efficiency investment, and freezing the business rates multiplier for 2023/24 are needed to stem the incoming tide of price increases and provide some respite for retailers.

Q: How should the Welsh Government prepare for the rise in unemployment predicted by the Bank of England?

In the convenience sector, recruiting staff is a challenge at present in part because of the extremely low levels of unemployment and the higher expectation of staff coming from other businesses/sectors. We believe that the Welsh and UK Government should be looking at ways to recognise good quality work and encourage growth in that area, rather than focusing on the overall employment figures which include a proportion of uncertain gig economy work that doesn't offer the same progression opportunities. The convenience sector provides opportunities for development for thousands of colleagues every year, but more can be done to encourage and incentivise that development.

Kind Regards,



Chris Noce
Communications Director
Association of Convenience Stores

Convenience Retailer Focus Group: Pressures on Doing Business in 2022

Conducted by the Association of Convenience Stores

ACS | the voice of
local shops

On January 14th 2022, the Association of Convenience Stores conducted an online focus group discussion with 20 convenience retailers, representing a broad cross section of the UK convenience sector. The group included standalone convenience operators, forecourt operators, those in both rural and urban areas across England, Wales and Scotland, as well as a mix of gender and ethnicity.

The group was asked to give their feedback on the pressures that they're facing as business owners in 2022. All have agreed to share this feedback anonymously for the benefit of informing policymakers.

Topics covered included the cost of doing business, supply chain issues, challenges around employing people, investment plans, and long term strategy decisions. These have been summarised below.

INFLATION

In the 12 months to December 2021, inflation reached 5.4% with further increases on the horizon. The group shared significant concerns about the impact of increasing inflation on every aspect of their business, which ultimately forces retailers to put their prices up to maintain product margins and keep the business profitable. However, retailers are acutely aware of the impact that increasing prices has on their ability to attract and retain customers - with incomes being squeezed, price will become more of a primary determinant of where customers choose to shop.

The increases in inflation were not regarded as a short term problem by the group, with many reporting that they're considering fundamentally changing the fabric of their business operations to ensure that they can keep trading in the future.

PRESSURE POINTS

- Wholesale product costs rising on a frequent and unpredictable basis
- Customers alienated by increased prices of staple items like milk and bread
- Traditional models of stores operating with a gross percentage margin in the low 20s being reconsidered
- Retailers aren't passing cost increases on immediately, so they're playing catch up all the time
- Cost of doing business increasing at a time when business rates bills are about to be reintroduced

RETAILER VIEWS

“The price of products is going up so frequently at the moment that it's very difficult to focus on the strategy of the business, we're spending time focusing on making sure that we're getting enough margin on each product line.

When inflation creeps up, usually we just end up passing that on to the customer, but now there's a fundamental shift in how we're looking at our business. The only way we're going to be able to overcome costs going up in all areas of the business is by moving from a 22% gross margin to a 25-27% gross margin - the entire model is going to have to change.

As businesses operating in communities, we're always scared of increasing costs because we don't want to alienate those customers, but that can only last so long when the costs we pay are going up all the time.

”

INVESTMENT

Over the last 12 months, the UK's convenience store retailers have invested £534m, with the most common form of investment being in refrigeration (both increasing the amount of refrigeration available in store, and replacing units with more efficient ones). The group reported that investment in energy efficient measures like solar panels, LED lighting and modern refrigeration was becoming more urgent and taking priority over other investments in the business. The group also reported that investment in productivity measures was a priority, with retailers looking to automate processes where possible through technology like self service tills.

PRESSURE POINTS

- Urgent need to invest in reducing costs can take up resources that would otherwise be spent improving the offer for customers
- Businesses rethinking their plans for the coming years to focus on staying afloat rather than improving and developing their stores
- Experienced retailers are falling back on established relationships, credit lines and knowledge of how to find ways round problems, but this is very difficult time to start a business in the sector with so many operational problems

RETAILER VIEWS

“ Our focus this year is on energy efficiency and labour efficiency. We'll be looking at new refrigeration, looking at LED lighting, increasing the amount of solar that we've got, as well as other ways of saving the cashiers time before we look to cut hours.

We've invested in refrigeration and lighting, we're looking at ways to reduce our costs, but we'll get to a point where we've exhausted all of that and I'm not sure where we go next.

”

ENERGY COSTS

The cost of gas and electricity has been rising steeply through 2021, with more rises expected in 2022. This is having a significant impact on convenience stores, who are typically high volume users of electricity for their square footage owing to the amount of refrigeration and freezers that they have. The group reported that there was difficulty negotiating new contracts at the present time due to the uncertainty over future increases, with brokers hesitant to fix retailers on longer term rates. Efforts to make the business more energy efficient were also seen to only go so far before the impact of cost increases led to prices having to go up or the range of products offered being reduced.

PRESSURE POINTS

- Significant rises in gas and electricity costs across the board
- Making the business more energy efficient is expensive, and only pays back after several years
- Uncertainty over future rises, so difficult to fix costs over a period of time, which then impacts on other decisions
- Cost of utilities affecting service and product availability in store

RETAILER VIEWS

“ We're looking at how we can generate electricity on site by investing in solar. We invested in the equipment two years ago and are still paying it off. Before Christmas this year, the cost of electricity has led to us offering less frozen product because the cost of running the freezers strips out all of the profit.

We're looking at the cost of gas and electricity doubling in our business this year.

”

SUPPLY CHAIN

Throughout the pandemic, there have been a number of instances where supply chain issues have arisen, with convenience stores often having to source products from local wholesalers themselves to keep shelves stocked. The group reported that wholesalers and suppliers delivering to their stores are already taking a range of actions to reduce costs in their own businesses, which has led to retailers receiving fewer deliveries, paying additional levies for deliveries, and paying more for the products that are delivered. These issues disproportionately affect rural retailers, who in some cases have had to band together with other businesses in the area to share deliveries.

PRESSURE POINTS

- Minimum order numbers increasing for wholesale deliveries, as well as additional levies on deliveries being introduced
- Higher prices on products at wholesale
- Less frequent delivery schedules being forced on retailers, especially those in rural areas
- Less frequent deliveries are not practical for retailers without space in store
- Ranges had already been cut back during the peak of the pandemic and supply issues have meant that retailers still aren't operating with full ranges

RETAILER VIEWS

“As a rural store, we're at the end of the line. We've encouraged other businesses in the area to band together to be able to meet minimum orders so that everyone benefits and can get the product they need on a timely basis.

I normally have a supplier that comes four days a week, but they've reduced that to two days a week. The problem is that as the products are date sensitive, I can't just order twice as much stock because some of the product goes out of date before I can sell it.

Regulations like Natasha's Law are that much harder to comply with because of a lack of availability of good quality alternatives in the supply chain.”

EMPLOYING PEOPLE

Convenience stores employ over 400,000 people in the UK, with many of those employees being on or close to the National Living Wage (scheduled to rise to £9.50 per hour in April). The group have reported that there are significant difficulties with hiring new people, as interviewees expect to negotiate and in some cases dictate the pay rates that they're going to receive. Retailers in the group were keen to stress that levels of crime in the business, both in terms of shop theft, abuse and violence, was having a negative impact on morale of their colleagues, who are also dealing with the impact of cost increases themselves and their families during a pandemic.

PRESSURE POINTS

- Rising National Minimum Wage and National Living Wage rates
- Higher expectations of pay and hours from new employees
- Harder to find new colleagues in the current market
- Ongoing isolation issues with colleagues leading to issues with cover in store
- Crime in stores continuing to affect morale of colleagues

RETAILER VIEWS

“There's a new expectation that the wages some bigger companies are paying are available everywhere. It's difficult enough to get people in for an interview, and when they do come in they're dictating what they're going to be paid.

We're heading toward a Scandinavian society where everything is more expensive both in terms of wages and product costs. We're on that journey now but everything is moving so fast and it's really unbalanced, so there's going to be a lot of pain in the medium term.”

ABOUT THE UK CONVENIENCE SECTOR

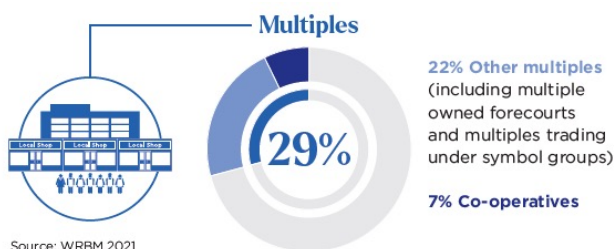
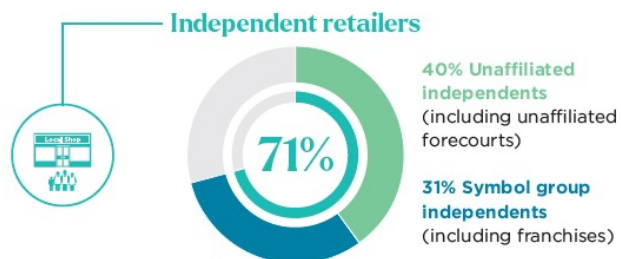
Source: ACS Local Shop Report 2021 (full report available on request)

There are **47,079** convenience stores in mainland UK

Convenience stores in mainland UK provide over **392,000 jobs**

Colleagues in the convenience sector worked a combined **9.6m hours** over the last year

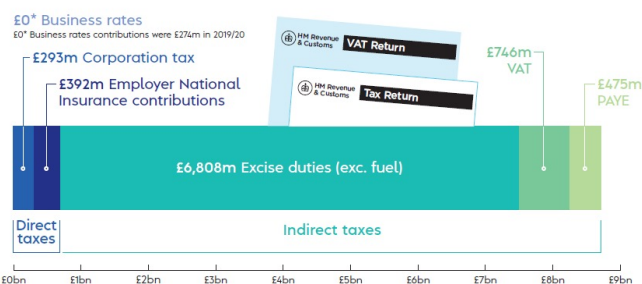
Source: ACS/Lumina 2021



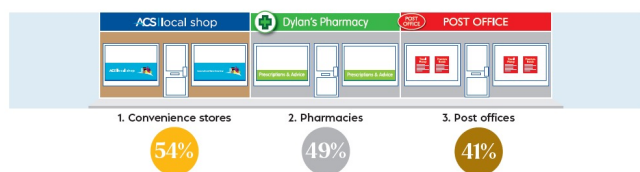
Source: WRBM 2021



Over the last year, the convenience sector contributed Over **£9.8bn** in GVA and over **£8.7bn** in taxes



Most positive impact on the local area



CONTACTS

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#mylocalshop

Tudalen y pecyn 24



Huw Irranca-Davies AS

Cadeirydd

Y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad

Huw.Irranca-Davies@senedd.wales

7 Mehefin 2022

Annwyl Huw,

Yn unol â'r Cytundeb Cysylltiadau Rhyng-sefydliadol, rwy'n eich hysbysu y cafodd cyfarfod arall y Grŵp Rhyngweinidogol – yr Amgylchedd, Bwyd a Materion Gwledig ei gynnal ar 16 Mai.

Yn bresennol yn y cyfarfod roedd Edwin Poots ACD, Gweinidog Amaethyddiaeth, yr Amgylchedd a Materion Gwledig, Gweithrediaeth Gogledd Iwerddon (Cadeirydd); George Eustice AS, yr Ysgrifennydd Gwladol dros yr Amgylchedd, Bwyd a Materion Gwledig, Llywodraeth y DU; Victoria Prentis AS, Gweinidog Gwladol, DEFRA, Llywodraeth y DU; Mairi McAllan, Gweinidog yr Amgylchedd a Diwygio Tir, Llywodraeth yr Alban; Lorna Slater ASA, Gweinidog Sgiliau Gwyrdd, yr Economi Gylchol, a Bioamrywiaeth, Llywodraeth yr Alban.

Yn ystod y cyfarfod, gwnaethom ailystyried yr argyfwng yn Wcráin a'r effaith ar gostau cynhyrchu gwrteithiau, bwydydd anifeiliaid a thanwydd. Gwnaethom hefyd drafod trefniadau rhoi anifeiliaid anwes mewn cwarantin, a phwysais ar Lywodraeth y DU i roi sicrwydd y byddai lleoedd ar gael mewn cyfleusterau cwarantin ar gyfer pob cenedl yn y DU ni waeth beth yw'r gwahaniaethau rhwng eu polisïau.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



Darparodd Llywodraeth y DU bapur yn nodi ei safbwynt diweddaraf ynglŷn â pharatoadau ar gyfer rheoli ffiniau, a chadarnhaodd na châi rhagor o fesurau rheoli mewnforion eu cyflwyno yn ystod 2022. Nodais fy mhryderon, unwaith eto, fod gwiriadau'n cael eu hoedi, a hynny heb ymgynghori â'r llywodraethau datganoledig ymlaen llaw – mae hwn yn ymddygiad sydd wedi datblygu'n batrwm braidd o ran Llywodraeth y DU. At hynny, nodais bryderon fy Mhrif Swyddog Milfeddygol ynghylch goblygiadau'r oedi i fioddiogelwch, yn ogystal â siom rhanddeiliaid oherwydd y diffyg tegwch rhwng mewnforwyr ac allforwyr, sy'n rhoi cynhyrchwyr domestig dan anfantais o ran cystadlu.

Nododd Llywodraeth y DU ei rhaglen ddeddfwriaethol ar gyfer y dyfodol ynghyd â'i chynigion yn deillio o araith y Frenhines, a oedd yn cynnwys Bil Technoleg Enetig (Bridio Manwl); Bil Lles Anifeiliaid (Anifeiliaid a Gedwir); Bil Masnach (Awstralia a Seland Newydd) a Bil Caffael.

Daeth Llywodraeth yr Alban â'r cyfarfod i ben drwy gyflwyno'i fframwaith ar gyfer dyfodol polisiau ym maes amaethyddiaeth yn yr Alban, sy'n canolbwyntio ar fentrau diwygio tir, adfer natur a ffermio cynaliadwy. Mae'r Alban yn dilyn trywydd tebyg i Gymru, gyda system o gymorth sylfaenol a thaliadau amodol ychwanegol sy'n seiliedig ar ganlyniadau ar gyfer yr hinsawdd a bioamrywiaeth.

Gwnaethom gytuno y câi'r cyfarfod nesaf ei gynnal wyneb yn wyneb ddydd Mercher, 20 Gorffennaf, yn ystod Sioe Frenhinol Cymru, pan fwriadaf nodi cynigion amaethyddol Cymru i'r dyfodol.

Caiff hysbysiad ynglŷn â'r cyfarfod hwn ei gyhoeddi ar wefan Llywodraeth y DU yn: <https://www.gov.uk/government/publications/communicate-from-the-inter-ministerial-group-for-environment-food-and-rural-affairs>.

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Lesley Griffiths AS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd



Llywodraeth Cymru
Welsh Government

Rwy'n anfon copi o'r llythyr hwn at y Pwyllgor Newid Hinsawdd, yr Amgylchedd, a Seilwaith a Phwyllgor yr Economi, Masnach a Materion Gwledig.

Cofion,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style.

Lesley Griffiths AS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd

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Tudalen y pecyn 27

Eitem 2.10

**Pwyllgor yr Economi,
Masnach a Materion Gwledig**

**Economy, Trade and
Rural Affairs Committee**

Senedd Cymru

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SeneddEconomi @senedd.cymru
senedd.cymru/ SeneddEconomi
0300 200 6565

Welsh Parliament

Cardiff Bay, Cardiff, CF99 1SN
SeneddEconomy@senedd.wales
senedd.wales/ SeneddEconomy
0300 200 6565

Vaughan Gething AS
Gweinidog yr Economi

9 Mehefin 2022

Annwyl Vaughan,

Ar 30 Mawrth, fe ofynnodd Rhun ap Iorwerth gwestiwn ynghylch rhoi Orthios yn nwylo'r gweinyddwyr. Yn eich ymateb, fe ddywedoch chi wrth y Cyfarfod Llawn fod Llywodraeth Cymru yn cydweithio gyda'r cyngor a'r Adran Gwaith a Phensiynau i wneud yn siŵr bod pob carreg yn cael ei throï wrth edrych ar "y gwahanol fathau o gymorth y gall y ddwy Lywodraeth genedlaethol ei ddarparu, gyda'r cyngor, i gynorthwyo gweithwyr i chwilio am gyflogaeth amgen gynaliadwy." At hynny, fe ddywedoch y byddech chi'n cyfarfod â Rhun i "draffod nid yn unig y sefyllfa bresennol, ond y tymor hwy ar gyfer y safle hwn".

Fel y dywedwch, mae hen safle Alwminiwm Môn yn safle allweddol i Gymru o ran cyflogaeth. A fydddech chi cystal â darparu'r canlynol i'r Pwyllgor?

- Diweddariad ar y gwaith ar y cyd rhwng y Llywodraeth a'r cyngor i gefnogi gweithwyr yr effeithir arnynt;
- diweddariad ar unrhyw waith a wnaed ynghylch dyfodol y safle; ac
- unrhyw beth pellach y teimlwch sy'n berthnasol yn sgil eich trafodaeth â Llywodraeth y DU, y Cyngor neu'ch trafodaethau â Rhun.

Rwyf wedi anfon copi o'r llythyr hwn at Rhun er gwybodaeth iddo.



Cofion cynnes,

Paul Davies

Paul Davies AS

Cadeirydd: Pwyllgor yr Economi, Masnach a Materion Gwledig

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.





Paul Davies AS
Pwyllgor yr Economi, Masnach a Materion Gwledig
Senedd Cymru
Caerdydd
CF99 1SN

9 Mehefin 2022

Annwyl Paul,

Diolch am eich llythyr dyddiedig 03 Mai.

Rwy'n croesawu'r prif ganfyddiadau a'r argymhellion a gyflwynwyd gan Bwyllgor yr Economi, Masnach yn eich llythyr ac rwy'n ddiolchgar ichi am yr ymdrech a wnaed ac am yr amser a dreuliodd ar y gwaith hwn

Mae Llywodraeth Cymru yn rhannu rhai o'r pryderon a godwyd gennych ac mae llawer o'ch argymhellion yn adlewyrchu'r gwaith y mae fy swyddogion yn ei wneud eisoes.

Rwyf wedi ymateb i bob un o'ch argymhellion yn eu tro.

Argymhelliad 1 - *Rydym yn argymhell y dylai Llywodraeth Cymru gyflwyno sylwadau i Lywodraeth y DU drwy'r Fforwm Masnach Gweinidogol, neu unrhyw fforwm arall y mae'n ei ystyried yn briodol, er mwyn:*

- a) *gwneud cais am fynediad llawn i'r data masnach a gedwir gan Lywodraeth y DU, er mwyn rhoi gwybodaeth ychwanegol i Lywodraeth Cymru ynglŷn ag effeithiau posibl y Cytundeb Masnach Rydd rhwng y DU ac Awstralia ar sectorau yng Nghymru; a*
- b) *rhoi asesiad llawn o'r effeithiau tebygol ar sectorau ac is-sectorau o fewn gwledydd a rhanbarthau'r DU mewn asesiadau o effaith cytundebau masnach yn y dyfodol.*

Cytuno - Mae swyddogion Llywodraeth Cymru mewn cysylltiad rheolaidd â'u cymheiriaid yn Llywodraeth y DU a byddant yn parhau i ofyn am gael gweld y data a/neu'r dadansoddiadau sydd ar gael, gan gynnwys asesiadau effaith. Rydym wedi gofyn dro ar ôl tro i Lywodraeth y DU gynnal asesiadau penodol o'r effaith ar wledydd unigol y DU, yn ogystal ag asesiad cronol o'r effaith bosibl pe bai nifer o gytundebau masnach gwahanol. Cafodd ceisiadau o'r fath eu gwneud hefyd ar lefel y Gweinidogion ar draws portffolios nifer o'r Gweinidogion, gan gynnwys yn Fforwm Masnach y Gweinidogion.

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Tudalen y pecyn 30
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Argymhelliad 2 - *Er mwyn sicrhau bod y Pwyllgor yn gallu ystyried asesiadau Llywodraeth Cymru o gytundebau masnach yn y dyfodol sy'n canolbwyntio ar Gymru fel rhan o'i gwaith craffu, rydym yn argymhell y dylai Llywodraeth Cymru gwblhau a chyhoeddi ei hasesiadau cyn i gytundebau gael eu gosod gerbron Senedd y DU.*

Cytuno - Rydym wedi ymrwymo i baratoi adroddiad ar bob Cytundeb Masnach Rydd newydd ac arwyddocaol a lofnodir gan y DU. Mae'r adroddiadau hynny'n tynnu sylw at achosion lle, yn ein barn ni, y gallai cytundebau masnach effeithio ar Gymru, ac maent hefyd yn darparu fersiwn benodol i Gymru o asesiad effaith llywodraeth y DU ei hun. Ein nod yw cyhoeddi'n hadroddiadau cyn i broses Diwygio Cyfansoddiadol a Llywodraethu (CRAG) y DU ddechrau, er mwyn sicrhau bod y pwyllgor yn gallu craffu ar y cytundeb ar yr un pryd â Senedd y DU. Er enghraifft, cyhoeddwyd ein hadroddiad ar y Cytundeb Masnach Rydd rhwng y DU ac Awstralia ar 10 Mai 2022 ac nid yw'r broses Diwygio Cyfansoddiadol a Llywodraethu (CRAG) ar gyfer y cytundeb hwnnw wedi dechrau eto. Yn unol â gofynion Adran 42 o Ddeddf Amaethyddiaeth 2020, cyn i gytundeb gael ei osod yn y Senedd a chyn i'r broses CRAG ddechrau, mae'n rhaid gosod adroddiad ar wahân sy'n nodi i ba raddau y gallai unrhyw fesurau sydd yn y cytundeb effeithio ar lefelau diogelwch statudol y DU. Os bydd hynny'n newid am unrhyw reswm a'r cytundeb yn cael ei osod adeg ei lofnodi, ni fyddem yn gallu cadw at ein hymrwymiad, oherwydd na fyddai digon o amser rhwng yr adeg y deuai'r testun terfynol i law a'r adeg y gosodid y cytundeb inni fedru cynnal asesiad.

Argymhelliad 3 - *Mae'r Pwyllgor yn annog Llywodraeth Cymru i barhau i weithio gyda llywodraethau eraill ledled y DU, a chyda'r sector bwyd-amaeth yng Nghymru, i sicrhau bod dulliau effeithiol ar waith i fonitro'r farchnad. Dylid mabwysiadu'r dull hwn ar gyfer sectorau eraill o'r economi hefyd.*

Cytuno - Mae Llywodraeth Cymru wedi ymrwymo i fonitro newidiadau yn y farchnad ar draws pob sector ac i weithio ar draws y llywodraethau i nodi a datrys risgiau. Mae'n dadansoddwyr yn gweithio gyda llywodraethau eraill y DU i wneud y defnydd gorau o'r data sydd ar gael inni ar hyn o bryd ar lefel Cymru er mwyn monitro llif masnach a dilyn hynt amodau'r farchnad yn y DU. Byddwn yn parhau i ofyn am gael gweld data masnach manylach ar gyfer Cymru i'n helpu gyda'n gwaith dadansoddi yn y maes hwn. Mae fy swyddogion yn cynnal cyfarfodydd rheolaidd gyda chynrychiolwyr ar draws y sector bwyd-amaeth cyn i negodiadau ar Gytundebau Masnach Rydd ddechrau, er mwyn deall eu barn nhw am y cyfleoedd a'r bygythiadau sy'n gysylltiedig â phob cytundeb.

Argymhelliad 4 - Rydym yn argymhell y dylai Llywodraeth Cymru sefydlu mecanweithiau ar gyfer adolygu'n barhaus effeithiau cronol cytundebau masnach rydd ar economi Cymru. Dylai ymgynghori â gwahanol sectorau ar sut y dylid datblygu'r gwaith hwn a chyhoeddi canfyddiadau'r asesiadau hyn o bryd i'w gilydd.

Cytuno mewn egwyddor - Mae fy swyddogion wedi bod yn ystyried yr opsiynau o ran deall ymarferoldeb asesiadau effaith cronol ac maent wrthi ar hyn o bryd yn edrych ar y manteision posibl a'r agweddau ymarferol ar baratoi asesiad effaith ar yr effeithiau cronol ar sectorau yng Nghymru, gan gynnwys y sector amaethyddiaeth. Bydd yn rhaid ystyried nifer o faterion cyn y gellir gwneud penderfyniad, gan gynnwys ystyried a oes data addas ar gael (fel y nodir yn Argymhelliad 1), er mwyn sicrhau bod unrhyw ddadansoddiad yn gadarn ac yn ddibynadwy.

Argymhelliad 5 - *Rydym yn argymhell y dylai Llywodraeth Cymru hefyd gyflwyno sylwadau i Lywodraeth y DU i sicrhau y caiff dadansoddiadau rheolaidd eu cynnal o effaith gronol cytundebau masnach er mwyn llywio negodiadau masnach y presennol a'r dyfodol.*

Cytuno - Mae fy swyddogion wedi trafod arwyddocâd y mater hwn gyda swyddogion Llywodraeth y DU ar sawl achlysur ac wedi pwysleisio dro ar ôl tro yr effeithiau negyddol

posibl y gallai nifer mawr o Gytundebau Masnach Rydd eu cael ar ein cynhyrchwyr domestig. Bydd fy swyddogion yn parhau i drafod hyn gyda Llywodraeth y DU.

Argymhelliad 6 - *Mae'r Pwyllgor yn gofyn am gael y wybodaeth ddiweddaraf gan Lywodraeth Cymru ar unrhyw drafodaethau sy'n digwydd ynghylch labelu bwyd a diodydd a gaiff eu mewnfario, gan gynnwys ym maes gwasanaethau bwyd.*

Cytuno mewn egwyddor - Er fy mod yn deall y pryderon y mae'r pwyllgor wedi'u codi wrth ddrafftio'r argymhelliad hwn, mae'n bwysig nodi na fydd safonau lechydol a Ffytioiechydol domestig presennol y DU yn cael eu newid yn uniongyrchol o ganlyniad i'r Cytundeb Masnach Rydd gydag Awstralia. Nid yw'r cytundeb yn golygu y bydd yn rhaid inni dderbyn unrhyw nwyddau y gwrthodwyd mynediad i'r DU iddynt yn y gorffennol. O ran labelu bwyd a fewnforir, mae gofynion ar draws y DU eisoes o ran labelu bwyd a bydd fy swyddogion yn rhoi'r wybodaeth ddiweddaraf i'r pwyllgor os bydd unrhyw ddatblygiadau yn hynny o beth.

Argymhelliad 7 - Mae'r Pwyllgor yn argymhell y dylai Llywodraeth Cymru gyflwyno sylwadau i Lywodraeth y DU i sicrhau ei bod yn cymryd rhan yn nhrefniadau llywodraethu'r Cytundeb Masnach Rydd. Mae'r Pwyllgor hefyd yn gofyn i Lywodraeth Cymru roi'r wybodaeth ddiweddaraf iddi am benderfyniadau sy'n ymwneud â hyn, gan gynnwys unrhyw ymgysylltu neu bresenoldeb ar y gwahanol bwyllgorau a gweithgorau a sefydlir gan y Cytundeb Masnach Rydd.

Cytuno - Mae fy swyddogion mewn cysylltiad dyddiol â'u cymheiriaid yn Llywodraeth y DU ac maent yn chwarae rhan fawr yn y trafodaethau ar sefydlu'r holl bwyllgorau gwahanol ar weithredu a llywodraethu'r Cytundeb Masnach Rydd. Er nad ydym o'r farn y byddai angen i swyddogion Llywodraeth Cymru fod yn bresennol ym mhob cyfarfod o bwyllgor gweithredu'r Cytundeb Masnach Rydd, rydym yn cytuno'n llwyr bod angen strwythur llywodraethu er mwyn sicrhau bod Llywodraeth y DU yn rhoi rhan briodol inni. Byddwn yn parhau i gyflwyno sylwadau i Lywodraeth y DU am y mater hwn.

Yn gywir



Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Ein cyf: MA-VG-1633-22

Paul Davies Davies AS
Cadeirydd
Pwyllgor yr Economi, Masnach a Materion Gwledig
SeneddEconomi@senedd.wales

10 Mehefin 2022

Annwyl Paul,

Rheoliadau Rheolaethau Swyddogol (Ymestyn Cyfnodau Trosiannol) (Diwygio) 2022

Ysgrifennais atoch ar 9 Mai yn dilyn fy natganiad llafar, yn amgáu gohebiaeth rhwng Gweinidogion Cymru a Gweinidogion y DU ynghylch eu penderfyniad i ohirio archwiliadau SPS oedd i'w cyflwyno ar 1 Gorffennaf.

Mae'r Ysgrifennydd Gwladol yn cynnig gwneud yr Offeryn Statudol a enwir uchod ("Rheoliadau 2022") o dan bwerau a roddwyd gan Erthygl 144(6) a pharagraff 2 o Atodiad 6 o Reoliad (UE) 2017/625 Senedd Ewrop a'r Cyngor ar reolaethau swyddogol a gweithgareddau swyddogol eraill a gyflawnir i sicrhau bod cyfraith bwyd a bwyd anifeiliaid, rheolau ar iechyd a lles anifeiliaid, iechyd planhigion a chynhyrchion diogelu planhigion yn cael eu defnyddio.

Mae Rheoliadau 2022 yn diwygio:

- Rheoliadau Rheolaethau Swyddogol (Ymestyn Cyfnodau Trosiannol) 2021 i newid dyddiad gorffen y "cyfnod graddoli trosiannol" (fel y'i diffinnir ym mharagraff 2 o Atodiad 6 i Reoliad (UE) 2017/625) o 30 Mehefin 2022 i 31 Rhagfyr 2022;
- Rheoliad (UE) 2017/625 i:
 - allu arfer pwerau gwneud rheoliadau yn Erthyglau 53 a 54 o'r Rheoliad hwnnw yn ystod y cyfnod graddoli trosiannol, ac yn ei dro, galluogi pennu "gyfradd amlder briodol" (a ddiffinnir ym mharagraff 2 o Atodiad 6 i Reoliad (UE) 2017/625) ar gyfer rhai planhigion a chynhyrchion planhigion drwy gyfeirio at reoliadau a wneir gan ddefnyddio'r pwerau hynny;
 - dewis planhigion a chynhyrchion planhigion â blaenoriaeth uchel ar sail Erthygl 44(2) o'r Rheoliad hwnnw, sy'n pennu cyfradd amlder briodol y rheolaethau ar gyfer nwyddau nad ydynt yn cael eu cyflwyno wrth safleoedd rheoli ffiniau;

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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- Rheoliadau Paratodau Cig (Diwygio ac Addasu Dros Dro) (Lloegr) (Ymadael â'r UE) 2020 i newid dyddiad gorffen yr ataliad dros dro ar y gofyn i baratodau cig gael eu rhewi'n ddfwn pan gânt eu mewnfurio i Loegr o aelod-wladwriaethau'r AEE, Ynysoedd Ffaro, yr Ynys Las neu'r Swistir o 30 Mehefin 2022 i 31 Rhagfyr 2022. Nid yw'r gwelliant y cyfeirir ato yn y pwynt bwled olaf uchod yn gymwys i Gymru. Fodd bynnag, bydd Gweinidogion Cymru yn cyflwyno Rheoliadau Paratodau Cig (Cymru) (Diwygio) 2022 i wneud diwygiad cyfatebol.

Heb y gwelliannau hyn, o 1 Gorffennaf 2022, bydd yn rhaid i fusnesau mewnfurio ac allforio ym Mhrydain Fawr a'r UE yn y drefn honno gydymffurfio â gofynion rheoli'r archwiliadau iechydol a ffytoiechydol (SPS) a fyddai fel arall yn dod yn weithredol. Mae Rheoliad (UE) 2017/625 sydd fel arall yn weithredol pan ddaw'r cyfnod graddoli trosiannol i ben yn darparu gofynion llymach, sy'n golygu, heb estyniad, fod angen i ni naill ai gael Safleoedd Rheoli Ffiniau dynodedig i wasanaethu pob porthladd neu roi'r gorau i fewnfurio nwyddau SPS i Gymru drwy'r porthladd hwnnw.

Rwy'n ysgrifennu atoch i roi gwybod i chi fy mod yn rhoi fy nghaniatâd i'r Ysgrifennydd Gwladol wneud Rheoliadau 2022 mewn perthynas â Chymru. Deallaf y cânt eu gosod gerbron y Senedd ar 8 Mehefin 2022 a byddant yn ddarostyngedig i'r weithdrefn negyddol.

Bydd caniatáu i Defra ddeddfu ar ein rhan y tro hwn yn helpu i anfon negeseuon am ddefnyddio trefniadau diwygiedig yn gyson ledled Prydain Fawr, ac yn dangos i randdeiliaid ein bod yn barod i weithio'n adeiladol gyda Llywodraeth y DU, gan wahaniaethu pan fydd dadleuon cryf o ran Cymru i wneud hynny. Nid yw Llywodraeth Cymru wedi gweld unrhyw fygythion allai godi i'r setliad datganoli os bydd Defra'n deddfu ar ran Gweinidogion Cymru y tro hwn.

Rwy'n anfon copi o'r llythyr hwn at y Cwnsler Cyffredinol a Gweinidog y Cyfansoddiad, y Gweinidog Newid Hinsawdd a Chadeirydd y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad.

Yn gywir,



Vaughan Gething AS/MS

Gweinidog yr Economi
Minister for Economy

Our ref: MA-VG-1633-22

Llywodraeth Cymru
Welsh Government

Huw Irranca-Davies AS
Cadeirydd
Y Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad
SeneddDCC@senedd.cymru

10 Mehefin 2022

Annwyl Huw,

Rheoliadau Rheolaethau Swyddogol (Ymestyn Cyfnodau Trosiannol) (Diwygio) 2022

Mae'r Ysgrifennydd Gwladol yn cynnig gwneud yr Offeryn Statudol a enwir uchod ("Rheoliadau 2022") o dan bwerau a roddwyd gan Erthygl 144(6) o Reoliad (UE) 2017/625 Senedd Ewrop a'r Cyngor ar reolaethau swyddogol a gweithgareddau swyddogol eraill a gyflawnir i sicrhau bod cyfraith bwyd a bwyd anifeiliaid, rheolau ar iechyd a lles anifeiliaid, iechyd planhigion a chynhyrchion diogelu planhigion yn cael eu defnyddio.

Mae Rheoliadau 2022 yn diwygio:

- Rheoliadau Rheolaethau Swyddogol (Ymestyn Cyfnodau Trosiannol) 2021 i newid dyddiad gorffen y "cyfnod graddoli trosiannol" (fel y'i diffinnir ym mharagraff 2 o Atodiad 6 i Reoliad (UE) 2017/625) rhwng 30 Mehefin 2022 a 31 Rhagfyr 2022;
- Rheoliad (UE) 2017/625:
 - galluogi i bwerau gwneud rheoliadau yn Erthyglau 53 a 54 o'r Rheoliad hwnnw gael eu harfer yn ystod y cyfnod pontio, ac yn ei dro, galluogi'r "gyfradd amlder briodol" (a ddiffinnir ym mharagraff 2 o Atodiad 6 i Reoliad (UE) 2017/625) i rai planhigion a chynhyrchion planhigion gael eu pennu drwy gyfeirio at reoliadau a wneir gan ddefnyddio'r pwerau hynny;
 - dewis planhigion a chynhyrchion planhigion â blaenoriaeth uchel o gwmpas Erthygl 44(2) o'r Rheoliad hwnnw, sy'n pennu amlder priodol y rheolaethau ar nwyddau nad ydynt yn cael eu cyflwyno mewn safleoedd rheoli ffiniau;
 - Rheoliadau Paratoadau Cig (Diwygio ac Addasu Dros Dro) (Lloegr) (Ymadael â'r UE) 2020 i newid dyddiad gorffen atal dros dro y gofyniad i baratoadau cig gael eu rhewi'n ddwfn pan gânt eu mewnforio i Loegr o aelod-wladwriaethau'r AEE, Ynysoedd Faroe, yr Ynys Las neu'r Swistir rhwng 30 Mehefin 2022 a 31 Rhagfyr 2022.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Nid yw'r gwelliant y cyfeirir ato yn y pwynt bwled olaf uchod yn gymwys i Gymru. Fodd bynnag, bydd Gweinidogion Cymru yn cyflwyno Rheoliadau Paratodau Cig (Cymru) (Diwygio) 2022 i wneud diwygiad cyfatebol.

Heb y gwelliannau hyn, o 1 Gorffennaf 2022, bydd yn rhaid i fusnesau mewnforio ac allforio ym Mhrydain a'r UE yn y drefn honno gydymffurfio â gofynion rheoli'r archwiliadau iechydol a ffytoiechydol a fyddai fel arall yn dod yn weithredol. Mae'r Rheoliad Rheolaethau Swyddogol sydd fel arall yn weithredol pan ddaw'r cyfnod graddoli trosiannol i ben yn darparu ar gyfer gofynion llymach, sy'n golygu, heb estyniad, fod angen i ni naill ai gael Safleoedd Rheoli Ffiniau dynodedig i wasanaethu pob porthladd neu atal mewnforio nwyddau archwiliadau iechydol a ffytoiechydol i Gymru drwy'r porthladd hwnnw.

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Bydd caniatáu i Defra ddeddfu ar ein rhan y tro hwn yn helpu i anfon negeseuon am ddefnyddio trefniadau diwygiedig yn gyson ledled Prydain Fawr, ac yn dangos i randdeiliaid ein bod yn barod i weithio'n adeiladol gyda Llywodraeth y DU, gan wahaniaethu pan fydd dadleuon cryf o ran Cymru i wneud hynny.

Rwy'n anfon copi o'r llythyr hwn at y Cwnsler Cyffredinol a'r Gweinidog dros y Cyfansoddiad, y Gweinidog dros y Newid yn yr Hinsawdd a Chadeirydd Pwyllgor yr Economi, Masnach a Materion Gwledig a Chadeirydd y Pwyllgor Deddfwriaeth, Cyfiawnder a Chyfansoddiad.

Yn gywir,



Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Mae cyfyngiadau ar y ddogfen hon

NFU Cymru response to the Economy, Trade and Rural Affairs Committee consultation on the UK –New Zealand Free Trade Agreement

1. NFU Cymru welcomes the opportunity to respond to the Economy, Trade and Rural Affairs Committee consultation on the recently concluded UK – New Zealand Free Trade Agreement (FTA).
2. NFU Cymru champions Welsh farming and represents farmers throughout Wales and across all sectors. NFU Cymru's vision is for a productive, profitable and progressive farming sector producing world renowned climate-friendly food in an environment and landscape that provides habitats for our nature to thrive. Welsh food and farming delivering economic, environmental, cultural and social benefits for all the people of Wales whilst meeting our ambition for net zero agriculture by 2040.
3. The importance of the farming industry in rural Wales cannot be over-stated. Welsh farming businesses are the backbone of the Welsh rural economy, the axis around which rural communities turn. The raw ingredients that we produce are the cornerstone of the multi million-pound Welsh food and drink industry which is Wales's largest employer employing over 239,000 people.
4. Welsh farmers also play a key role maintaining and enhancing our natural environment – Wales's key asset. Farming activity supports a diverse range of species, habitats and ecosystems, provides a range of ecosystem services including flood alleviation, carbon sequestration, climate change mitigation; and delivers the significant backdrop for Wales's tourism and recreation sector worth an estimated £2.5bn annually.

Summary

5. There is little in this deal with New Zealand to benefit Welsh farmers. When it comes to agriculture, it appears that New Zealand has achieved all it asked for and Welsh farmers are left wondering what meaningful benefits have been secured for them. This will just heap further pressure on farm businesses which are already facing serious challenges such as shortages of labour and rocketing input costs.
6. NFU Cymru is not opposed to free trade, but we do believe that deals must be balanced in respect of offering reciprocal benefit. They should also have adequate measures or safeguards in place to maintain domestic production standards and for those sectors deemed as sensitive. It is difficult to pinpoint in this trade deal where the reciprocal benefit lies for Welsh farmers.
7. Welsh farmers are being asked to go toe-to-toe with some of the most cost-effective food producers in the world. However, there is scant evidence that the UK and Welsh Governments have the vision to create the conditions to allow our farmers to compete. We have seen some welcome developments in recent months, including the announcement of additional agricultural attachés in our overseas embassies, and the commitment to establish a UK Export Council, but details remain sketchy, and much more is needed.
8. NFU Cymru re-iterates its calls for a Wales-specific impact assessment for free trade agreements, including the UK New Zealand Free Trade Agreement. By conducting a Wales-specific impact assessment some of the adverse impacts could be anticipated and potentially mitigated. This was also a recommendation from the House of Commons Welsh Affairs Committee report into family farms which said that that the UK government should publish a statement on the impact of free trade agreements (FTAs) on the agricultural sector in Wales. The

committee's report credits the sector's distinctive characteristics and calls for the UK Government to publish its cumulative impact modelling data on FTAs.

9. We are incredibly disappointed to see that the UK Government only chose to protect Scotch Whisky in this agreement with no other Geographical Indicator (GI) protection. Welsh producers are proud of their products and the heritage which comes along with them. PGI Welsh lamb and beef are recognised around their world for their quality and provenance. NFU Cymru believes securing protection of UK GIs should be a priority in all trade deals.
10. With Welsh Government set to take the Agriculture (Wales) Bill through the Senedd this year, there is an urgent need to look again at how future agriculture policy can continue to underpin sustainably produced, climate-friendly Welsh food and support our rural communities, against the backdrop of the UK Government's trade policy, a pandemic and a post-Brexit environment which continues to challenge and re-shape our food supply chains.

What is the likely impact of the agreement on the economy and specific sectors in Wales?

11. There is very little in this deal to benefit Welsh farmers, it seems that once again a negotiating partner has achieved all they have asked for whilst our farmers are left wondering what's in it for them. This will only serve to increase pressure on domestic farmers who are already seeing huge increases in input prices, up 18.3% from last year to December 2021¹.
12. There are significant downside risks for the red meat and dairy sectors, both of which characterise traditional Welsh family farming. The deal with New Zealand closely mirrors the UK/Australia FTA confirming the precedent which we feared had been set, leading to full tariff liberalisation across a range of sectors over the next few years. This means that the UK will shortly be opening our doors to potentially significant extra volumes of imported food, whether or not produced to our own high standards, while securing very little in return for domestic producers.
13. Trade should be a reciprocal relationship between countries. However, New Zealand represents a market of less than 5 million people compared to the UK's 66 million and there are very limited export opportunities. This is not just because of population size, but also because New Zealand produces very similar things to us and is largely self-sufficient with the vast majority of its farmers producing for the export market. For example, New Zealand is 880% self-sufficient in liquid milk and exports over 90% of the beef and 95% of the lamb it produces. It is difficult to pinpoint where the reciprocal benefit lies for Welsh farmers.
14. NFU Cymru welcomes the ambition of UK and Welsh Government's to grow our exports of food and drink and recognise that part of this is negotiating new trade deals. However, we are deeply disappointed that the sectors predicted to be damaged in this trade deal with New Zealand are the agriculture, forestry, fishing, and semi processed food sectors. From the UK Government's own impact assessment, this deal is expected to see a reduction in gross value added of £48 million for agriculture and £97 million for the semi processed foods sectors. In terms of potential costs, the UK Government predicts this deal could result in a reduction in gross output of 1% for beef alone or simply put, this deal this is expected to take £29 million off the bottom line of UK beef production. This combined with market liberalisation through other trade deals, such as the deal with Australia which has predicted a reduction in GVA for agriculture of £94 million and semi

¹ [API – Index of the prices of agricultural outputs and inputs – statistics notice \(data to December 2021\) - GOV.UK](https://www.gov.uk/government/statistics/api-index-of-the-prices-of-agricultural-outputs-and-inputs-statistics-notice-data-to-december-2021)
(www.gov.uk)

processed foods of £225 million², clearly demonstrates the costs of this Free Trade Agreement on Welsh farmers.

15. Owing to Welsh agriculture's reliance on one or two key sectors - namely livestock and dairy - and the typically smaller size of our average farming business, certain trade liberalisation scenarios will risk having a disproportionate impact on Wales compared to the rest of the UK. NFU Cymru therefore calls for a Wales-specific impact assessment for free trade agreements, including the UK-New Zealand Free Trade Agreement. By conducting a Wales-specific impact assessment some of these adverse impacts should be able to be anticipated and potentially mitigated. A proper understanding of the implications of future trade deals can only follow a deep and meaningful examination of their content. Without such an examination there is a serious risk of doing great damage to Wales's rural communities.
16. Welsh farmers are concerned that cumulative impacts of the deals with Australia and New Zealand will set a precedent for future trade deals with Canada, the USA, Mexico, India and others such as the major agricultural producers in South America. Fully liberalising the UK's sensitive agricultural sectors, even with "phase out" periods for tariffs, undermines the investments that our farmers have been making, both on farm to improve productivity and deliver environmental or animal welfare gains, and in increasing their market share at home and abroad. At a time when input prices continue to climb it adds to the uncertainty and ultimately creates an unlevel playing field for our farmers.
17. In signing this agreement, the UK Government is asking Welsh farmers to go toe-to-toe with some of the most competitive and export focused farmers in the world. Welsh farm businesses face significantly higher costs of production than farmers in New Zealand. For example, despite the UK being amongst the top milk producing nations in the world, the cost of producing milk in New Zealand is 25% lower. Moreover, the cost of New Zealand lamb production is 63% lower than in the UK. This is primarily because New Zealand farmers face different regulatory and climatic conditions that allow them to significantly reduce their fixed costs, for example less need for buildings, winter forage crops and storage of manures.
18. Having significantly lower costs of production gives New Zealand farmers a huge competitive advantage. Lower costs of production mean greater resilience and profit margins for producers who can supply a range of markets at different price points, meeting consumer demands in multiple markets around the world.
19. Once again Welsh growers and producers are being asked to compete directly with some of the foremost producers and agricultural exporters in the world without the necessary resources to compete effectively. Investment in research is a core element of New Zealand's agri-food export strategy, for example its industry has made vast strides towards increasing the shelf life of their products whilst in transit. It has invested heavily in 'super chilled' container ships to extend the shelf life of their lamb from 28 days to 60 days. By comparison Hybu Cig Cymru /Meat Promotion Wales has used similar innovative techniques to achieve an extended shelf life of Welsh Lamb of 33 days. Clearly if we are to compete on the global stage, there is a need to supercharge this investment.
20. Currently, much of New Zealand's agri-food exports are destined for China, for example on average (2017-19) China consumes 46% of New Zealand's sheep meat exports³. This is not just because of the huge Chinese population but also it is in response to China seeking alternative

² [Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and Australia \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

³ https://ahdb.org.uk/news/future-trade-deals-new-zealand-production-and-trade#_ftnref1

sources of protein following the mass culling of China's pig population in response to an outbreak of African Swine Fever. Once China's protein needs switch back to being met from local sources New Zealand (and Australia) will inevitably look to re-direct product to new markets elsewhere in the world. Similarly, currency movements or geopolitical tensions can serve to make markets more or less attractive to exporting nations impacting trade flows.

21. The uncertainty over precisely how much New Zealand will capitalise on its newfound preferential access to the UK agri-food market is precisely why NFU Cymru has advocated the inclusion of more robust and meaningful safeguards than those available under the terms of the deal. If our concerns don't come to pass the inclusion of such measures would be academic as they would never be called upon.
22. As with the Australian trade deal, NFU Cymru welcomes the inclusion of a bilateral safeguard clause to protect domestic producers for up to five years after the phase out of quotas which would allow tariffs to be re-imposed. However, we are concerned about the limited application in which the safeguard may be imposed.
23. To use the bilateral safeguard clause there is a requirement to demonstrate serious injury or threat of serious injury to domestic production (Chapter 3, Article 3.6). The first and second "safeguards" identified above are product specific and can be triggered at an arbitrary and pre-defined volume of imported product (but not at a pre-defined value of imported product). However, the "bilateral" safeguard measure applies to all goods and is intended to provide protection if the sector faces injury as a consequence of increased trade with New Zealand. In this event, the UK Government could trigger an investigation and apply on a provisional basis (pending the outcome of the investigation) actions to reinstate tariffs or suspend further tariff liberalisation only to "the extent necessary to prevent or remedy the serious injury and to facilitate the adjustment of the domestic industry." If the UK government were to take such action, the length of time such action can remain in place is limited to two years, with a further two years possible under exceptional circumstances. The conditions of use are also subject to a range of caveats which would have to be considered in any potential actions taken by the government.
24. The bar to trigger action under the safeguard clause is set high. "Serious injury or threat of serious injury" is not the language of ordinary events in routine trade. Direct causal effect would have to be proven to be as a result of the increase in imports from New Zealand specifically (and not as a result of market conditions generally). In practice, this makes these types of clauses very difficult to apply. It is much more likely that market pressure will happen because of the cumulative impact of increasing imports from around the world at the same time. The safeguard clauses in the UK-New Zealand FTA offer no protection against this. We call on the UK governments to step up their market monitoring to ensure any warning signs are picked up and action is taken early.
25. Furthermore, the purpose of the safeguard is ultimately to facilitate the adjustment of the domestic industry to the new trading environment. It is not clear how the sector would be expected to adjust given the nature and somewhat limited options many farmers, especially livestock farmers in Wales uplands, would have.
26. Notwithstanding our concerns regarding the applicability and efficacy of the bilateral safeguards, it is disappointing that the UK Government's ability to potentially use them is also time limited. The agreement includes no safeguards that can be applied in respect of New Zealand imports five years after the corresponding tariff for that good is eliminated (i.e., this is from Year 11 onwards for beef and Year 16 onwards for sheep, which is the longest timeframe for any products under this deal on which these safeguards can be used). Therefore, whilst we welcome

the inclusion of safeguards NFU Cymru have deep concerns over the usefulness of them in protecting domestic production.

27. From an agricultural perspective the UK Government has agreed to eliminate tariffs on New Zealand imports, although they will be phased out over a period of years on some products. Tariffs on beef will be eliminated after 10 years, with a further 5 years when a product specific safeguard for beef foresees the possibility of introducing a 20% tariff on volumes above a defined volume trigger. For lamb, tariffs are eliminated after 15 years. Tariffs on cheese and butter will be eliminated over a period of 5 years and tariffs on fresh apples will be eliminated over 3 years.
28. **Sheep meat** - New Zealand currently has access to the UK market through its country-specific duty-free WTO quota of 114,138T. The UK is self-sufficient in lamb but on average imports around 83,000T of sheep meat annually. New Zealand has not filled its generous WTO quota since 2008, for example in 2019 New Zealand supplied 38,675T which is 63% of the UK's total imports for sheep meat. As a result of this trade deal sheep meat will eventually be liberalised and unlimited quantities will be able to enter the UK duty free. New Zealand is an established supplier on the UK market and is a direct competitor for Welsh lamb. With that in mind, it is difficult to see the justification behind liberalising trade in this area.
29. Imports of New Zealand lamb have the potential to cause significant disruption on the UK market. It is therefore incredibly disappointing that the sheep meat quota will be managed on a first come first served arrangement and is not managed in tranches (e.g., quarterly allocations). This means there is the potential for New Zealand lamb to flood the UK market displacing domestic product not only at a time when British lamb is in season, but also at times surrounding key religious festivals such as Eid.
30. **Beef** – New Zealand exports over 90% of the beef it produces. Despite falling outside of the top 10 for global cattle numbers it is consistently in the top 5 beef exporters in the world.⁴ New Zealand predominately exports frozen boneless cuts of beef and based on a three-year average (2017 – 19), over 80% of beef the UK imported from New Zealand was frozen product. Although we cannot know for sure, this product was likely destined for food service and manufacturing sectors where there is a preference for frozen.
31. Pre-Covid, UK consumers spend on eating out was almost equal to that spent on food and drink in grocery retail. Although volumes are smaller, higher ticket prices add value and tight margins mean there is greater incentive to use cheaper raw materials in out of home settings. Whilst in the short term (given the high level of retailer commitment to British sourcing of proteins), New Zealand imports may not directly land on UK retail shelves, they are much more likely to be destined for the food service or manufacturing sectors where there is little to no transparency of sourcing or visibility of country of origin for consumers.
32. When considering the impact of the trade deal with New Zealand we cannot just consider the volume of imports – we must also consider value. A relatively small volume of imports (if high in value) has the potential to significantly disrupt domestic markets. For example, 7,000 tonnes of striploins would require 20% of UK prime beef kill to produce. New Zealand currently sends cheaper cuts of meat to the US, but the majority of its expensive cuts come to European markets. UK beef production is only viable if the high value cuts are sold, creating “balance across the carcass”. If Welsh farmers are unable to sell these because they cannot compete with New Zealand (given the differences in costs of production), their businesses will struggle to remain viable only through selling the much cheaper meat cuts like mince and stewing steak.

⁴ https://ahdb.org.uk/news/future-trade-deals-new-zealand-production-and-trade#_ftnref1

33. **Dairy** - New Zealand currently has very limited access to the UK market through only WTO quotas and in 2019 it sent only 821T of butter and 3.5T of cheese. However, it should be noted that these WTO quotas have strict conditionality about the type of product and the way it must be packaged to qualify, which acts as a disincentive to trade. For example, for product to qualify under the existing WTO cheddar quota the cheese must be in complete wheels and have a net weight of not less than 33 kg but not more than 44 kg, must have a fat content of 50 % or more by weight in the dry matter, and must be matured for at least three months
34. New Zealand is 880% self-sufficient in dairy and is hugely competitive on the global market. Fonterra the main dairy co-op processes 80% of milk in New Zealand and controls 30% of the world market. Due to the scale of operation in New Zealand, natural climatic factors and the power of Fonterra, the cost of producing milk is 25% lower in New Zealand than in the UK. Given New Zealand's powerhouse status on the global dairy market, there are likely to be few opportunities for Welsh dairy to be exported to New Zealand. This agreement creates much more opportunity for New Zealand than our own producers.
35. **GIs** - We are incredibly disappointed to see that the UK Government only chose to protect Scotch Whisky in this agreement with no other Geographical Indicator protection. We recognise that the UK and New Zealand will review this situation if New Zealand signs an international agreement that requires it to protect GIs or if New Zealand adopts any substantive change to its GIs regime (e.g., introduction of a scheme for the registration and protection of agri-food GIs). In those circumstances, this agreement will be amended to ensure similar levels of protection. If New Zealand does not introduce a scheme within two years after entry of force of the agreement, both sides will review the provisions related to GIs. However, there is no legal requirement to agree anything, just to revisit discussions. To be dependent on the outcome of other's endeavours to establish protection for GIs is galling and ironic given claims of taking "back control." NFU Cymru believes that ensuring GIs receive protection in all third countries must be a priority for UK negotiators.
36. Welsh producers are proud of their products and the heritage which comes along with them. PGI Welsh lamb and beef are recognised around their world for their quality and provenance. The use of Geographical Indicators would have allowed us to differentiate our product from the world market, access a premium and increase profitability. This is evidenced by the European Commission funded study by AND-International in 2012 which found that GI products sold for 1.55 times as much as non-GI products for the same volume. Given that 25% of UK food and drink exports (by value) are generated by GI, worth £5bn in exports in 2018⁵. It is incredibly disappointing that this opportunity has been missed.

What are the likely social and environmental impacts of the Agreement?

37. Agriculture, and family farms make a very significant contribution to Wales's cultural life and sense of national identity. The average size of a farm in Wales is 48ha, compared to an 88ha average size in England. This means that the Welsh countryside is characterised by farms of a modest size, typically owned and/or occupied by farming families, who will often have farmed in that locality for many generations.
38. With around a third of agricultural land in Wales rented through formal and informal agreements the tenanted agricultural sector is very important in Wales. Tenants face a number of unique challenges, access to finance can be a problem and tenancy agreements can often hinder or

⁵ https://gpfoods.inparliament.uk/sites/appg_gpfoods.inparliament.uk/files/2021-06/APPG_Minutes_-_GP_Food_03.03.2021_0.pdf

prevent a tenant from diversifying or switching enterprises to meet changing market conditions. In that respect, tenants' ability to quickly adjust to changing market conditions as a result of the trade deal with New Zealand is dramatically reduced.

39. Research has shown that the proportion of Welsh speakers in the industry is 43%, a figure which is more than twice the level of Welsh speakers in the population as a whole (19%). With the extensive use of the language within the industry, both in the workplace and on a social level, there exists an undeniable connection between the future of Welsh agriculture and the future of the Welsh language.
40. In Wales, the Well-being of Future Generations Act 2015 which focuses on 'improving the social, economic, environmental and cultural well-being of Wales's confers a duty on public bodies to work to achieve the vision for Wales set out in the seven well-being goals. One of these seven well-being goals is 'A Wales of Vibrant Culture and Welsh Language'. NFU Cymru considers Welsh farmers to be key promoters and protectors of the culture, heritage and language of Wales, with the farming sector making an essential contribution to the preservation of the Welsh language.
41. As farmers in Wales maintain the Welsh landscape, they also continue to maintain its language and cultural traditions, and in so doing preserve our heritage and sense of place for future generations. Those in the agricultural industry are often at the heart of many rural communities across the country, as part of community groups, or in voluntary or leadership roles throughout rural Wales, and Welsh farmers make a key contribution towards the provision of attractive, viable, safe communities in rural areas. By their very nature, rural communities in Wales are small or in isolated locations. In these communities, it is often farmers and members of their families that support, sustain, and facilitate many aspects of community life.
42. Many farmers or individuals involved with the agricultural industry undertake leadership and voluntary roles in rural communities which contribute to community cohesion. There will often be members of the agricultural industry sitting on Community Councils, PTAs or on the board of school governors. Farmers are often closely involved with tasks which assist rural communities, from clearing roads when it has snowed to arranging local shows. Local Young Farmers' Clubs bring young people in rural communities together, providing key life skills and social opportunities for young people reducing any sense of rural isolation. A typical farm business contributes to the rural economy by sourcing numerous inputs and services from a wide range of rural businesses. Farm businesses therefore not only create employment on farm, but also in the wider rural economy, and in so doing help maintain the viability our rural communities.
43. As demonstrated the way in which our patchwork of family farms contribute to cultural life cannot easily be represented quantitatively or assigned a monetary value. NFU Cymru is firmly of the view that Wales would be culturally impoverished if our family farming structure were to be harmed or in some way diminished. The UK – New Zealand FTA puts all this cultural heritage at risk.
44. We welcome the inclusion of a strong environmental chapter in this agreement which recognised the sovereign right of each party to establish its own environmental priorities and levels of environmental protection. We support the agreement to take measures and promote efforts to reduce greenhouse gas emissions from agricultural production and to achieve domestic net zero targets by 2050. NFU Cymru has been clear that, for the UK to truly deliver on its ambitions for a more sustainable future and the goals of COP26, all aspects of policy, from domestic environmental and agricultural policies to international trade policy, must be joined up in their delivery of these aims.

45. However, we remain concerned about the unintended consequences the UK – New Zealand FTA could have on our environment, biodiversity and landscape in Wales. Grazing livestock are key to the maintenance and ongoing management of several key habitats and species in Wales. As the UK Government's impact assessment shows, UK production in beef and lamb is expected to fall which implies a reduction in headcount. Without grazing ruminants on grassland, it would naturally revert to scrub, which would reduce biodiversity and habitats for a wide range of animal and plant life that contribute to the landscape.

What support will your business or organisation need from the Welsh and UK governments to respond to and prepare for the implementation of the Agreement?

46. Exports of agri-food products are important to Wales. Our farmers are very proud of the food they produce and are anxious not only to maintain and grow existing export markets but also to sell their produce into new markets. Trade agreements may offer opportunities to sell into new markets. However, realising these opportunities requires our Governments in Wales and Westminster to not only to invest in market development and promotion, but also support at home for companies wishing to export.
47. Investment in trade diplomacy is key if inroads are to be made in new and emerging markets. Whilst the development of an additional 8 dedicated agricultural attachés is welcome, bringing us up to 10 (New Zealand themselves have 18 agricultural attachés around the world) the rapid progression of Free Trade Agreement negotiations means that we risk too little action, too late. We would welcome further clarity from UK Government on the timings of the appointments of these agricultural attachés and would welcome assurances that they will be equipped with the skills and technical knowledge to allow them to excel in their roles. We would expect the UK and Welsh Governments food and trade divisions to work together to ensure that Welsh food and drink businesses are able to capitalise on new export market opportunities
48. NFU Cymru's ambition to be world leaders in the production of climate friendly food, against a backdrop where our nature and rural communities thrive requires long term investment. This requires the UK and Welsh Governments to, as a minimum, maintain current levels of funding to Welsh farming. NFU Cymru welcomed assurances given by 2016-2021 Welsh Government to the ring-fencing of funding for Welsh agriculture received from the UK Government in future. At this critical time, we would welcome a re-affirmation of this commitment by the current Welsh Government.
49. A commitment to deliver funding for agriculture on a long term multi-annual basis would be welcome and would offer farmers some stability and certainty beyond the arrangements currently in place, since our departure from the EU. We would therefore urge the UK and Welsh Governments to work together to look at options for making multi-annual commitments with regard funding for agriculture.
50. The trade deals with Australia and New Zealand mean potentially significant marketplace changes for Welsh agriculture. These trade deals, coupled with the impact of a pandemic and now the impacts of the Ukraine / Russia conflict, mean that things have changed drastically in a short space of time. The world of late 2021 is very different to the one we knew when Welsh Government began to consider future farm policy for Wales.
51. With Welsh Government set to take the Agriculture (Wales) Bill through the Senedd this year, we were pleased to hear the Minister say in a recent ETRA committee meeting that she is looking again at the Agriculture Bill in light of the current crisis. We believe there is an urgent need to look again at how future agriculture policy can continue to underpin sustainably produced,

climate-friendly Welsh food and support our rural communities, against the backdrop of the UK Government's trade policy, a pandemic and a post-Brexit environment which continues to challenge and re-shape our food supply chains.

52. Regulation and its impact is a crucial determinant of business confidence and the success of a farm business. The Welsh Government needs to recognise that the sector needs an enabling regulatory framework which encourages sustainable business growth and investment.
53. The public sector is a significant procurer of food, it is often the case that procurement decisions end up being made solely or largely on the basis of cost. We consider this approach to be short term and misguided and detrimental to domestic producers. We believe that following our departure from the EU, there are opportunities to look afresh at public sector procurement. We would expect the public sector to show leadership and make purchasing decisions on the basis of quality, standards and provenance.
54. With ever greater ranges of product set to come into the UK via trade deals reached with third countries NFU Cymru is of the view that our governments need to legislate for clear food labelling, including country of origin labelling in order to allow consumers to make an informed purchase. We believe that there is a pressing need to introduce stricter food labelling rules in relation to the foodservice and hospitality sectors where labelling has always been more opaque, and there has traditionally been a far greater use of imported product.

Mae cyfyngiadau ar y ddogfen hon

Evidence paper for MRANWT attendance at ETRA Committee on 15 June 2022 re Cost of living

The cost-of-living crisis

1. People across Wales are facing an unprecedented cost-of-living crisis, fuelled by soaring energy bills. The biggest impact of the current global uncertainty on the public is inflation. This is currently at 9% and forecast to increase during the year. Day-to-day prices – food, fuel, energy, clothes, travel costs, rent – are going up as inflation rises and the war in Ukraine is exacerbating this situation.
2. Since November 2021 the Welsh Government has announced £380m funding to help households manage the rising costs of living. This funding has supported the Winter Fuel Support Scheme which paid £200 to households in receipt of working age means-tested benefits to help with essential housing costs. It will also support a further fuel support scheme to be launched this autumn. We are looking at how the scheme can reach more households so that more people receive the £200 payment which offers such crucial support. It will also help fund a £150 cost-of-living payment for all households in properties in council tax bands A to D and to all households, which receive support from the Council Tax Reduction Scheme in all council tax bands.
3. As part of the 2022/23 final budget, a further £15m has been made available for the Discretionary Assistance Fund to continue flexibilities in the scheme which support an increase in the number and frequency of emergency awards for people experiencing extreme financial difficulty. This figure is in addition to the fund budget uplift of £7m per annum for the next three years.
4. This paper focuses on inflation and rising prices in the context of its impact on the food, farming and fisheries industries.

Food

5. Food and non-alcoholic beverage prices rose approximately 7% in the year to April 2022. This was the highest 12-month rate for food since June 2011 and they are forecast to increase more. Underneath the headline percentage there have been sharper increases for the cheapest product ranges where profit margins are lowest and the supply chain and retailers have much less scope to absorb costs. These are typically the product ranges which people with the least disposable income tend to rely on. Inflation manifests as price increases, a fall in special offers such as 'buy one, get one free', and 'shrinkflation' where less is sold for the old price. Thus, the actual rate of food price inflation for the poorest people is undoubtedly higher than the headline inflation rate.
6. The food industry is dominated by a small number of large retail businesses which exerted strong pressure on suppliers to hold down costs in the run up to Christmas but since are having to agree increases due to the very strong inflationary pressures in the supply chain. Although food retail businesses usually make large profits, profit margins are low and profit arises from selling large volumes. Food

retail is intensely price competitive and no part of the supply chain can absorb increase of the size now being experienced. The main retailers have a tiered product offer, typically a luxury range, a mid-tier range, and a bargain range. After some were criticised for cutbacks to their bargain range, there has been much new activity bringing new products to the market in this price bracket in the last 2-3 months. Nevertheless, prices have increased and will continue to do so.

7. Food is an international industry. The industry in Wales, and how food is supplied to the population, is wholly integrated with the UK. In reality there is no Welsh food system in the sense of a discrete entity which responds to a Welsh context and Welsh policy. Internal UK borders, with the exception of the unique situation of Northern Ireland, are irrelevant for food supply chains within the UK. 98% of food and fast-moving consumer groceries are purchased from the stores of a small number of large food retailers, meaning alternative channels are of negligible relevance. Most of the population buys most of its food on the basis of 'affordable convenience', that is the price is right and it is convenient to buy it at that location and preparing and consuming it fits the person's lifestyle. These are profound socio-economic realities which successful policy must recognise and navigate. To ignore them runs strong risk of wasting effort and public resources.
8. Welsh Government policy is to develop local networks and supply chain clusters where doing so is sustainable in the long term. We are already doing this with food manufacturers. The Community Food Strategy is an opportunity to further this work and facilitate grass roots activity also. There is evident interest and energy in communities about food related projects with myriad initiatives throughout Wales. Often the benefits are things other than the produce itself, and could contribute to a range of Future Generation Well-being goals. The government's intention is to assist these initiatives and we have been engaged in extensive one to one conversations with organisations active in this space to understand challenges and opportunities. It is conceivable public bodies might focus more on some of the structural barriers which exist for community projects such as availability of land, or they might consider how local suppliers can meet their procurement needs. However, it is not the government's goal these community projects can ever take the place of the mainstream agri-food system. We must be realistic about what is achievable. Alternative, food production and supply initiatives are rarely cost competitive and they are also seasonal. There are consumers prepared to pay higher prices, usually for ethical reasons, but most will not or cannot afford these alternative products, or shopping for them is just not convenient enough. Welsh Government investment can assist to pump prime and overcome barriers up to a point, but the government cannot change the fundamental factors driving the food system being international / UK factors of cost and profit margin, economies of scale, where Welsh geography, soil type, climate, and the distance of much land from large urban areas, are disadvantages for large scale, commercial fruit and vegetable growing.
9. Thus, the government's focus is on what direct, short term practical support can it provide to the population. On 11 May, The Minister for Social Justice held a food poverty roundtable to consider how resources can most effectively be directed to reduce and prevent the need for reliance on emergency food provision.

10. The Welsh Government is focusing on providing support to the most vulnerable so that the worst aspects of the cost-of-living crisis are mitigated. This year Welsh Government has allocated £3.9million to support community food organisations to provide emergency food aid and tackle the root causes of food poverty, and £1.1m has been allocated to support and bolster community food organisations to help them meet increased demand.
11. The Minister for Rural Affairs, North Wales and Trefnydd has frequent meetings with the major food retailers and has received assurances that the retailers are ensuring that measures are being taken across ranges to ensure products remain affordable. In addition, Welsh Government Officials are in regular dialogue with these retailers and have received separate assurances that all efforts are being undertaken to keep price increases to a minimum.

Agriculture

12. Input costs such as feed, fuel and fertiliser were already rising but these increases have intensified as a result of the war in Ukraine. The main impact of the war in Ukraine on UK farming sectors continues to be on the price, and to some extent, availability of inputs. Ukraine and Russia are significant producers of cereals and oilseeds globally and exports are disrupted by the conflict.
13. Russia is also one of the main providers of natural gas to Europe and the reductions in gas flow have led to increased prices in continental Europe and the UK. This, in turn, has led to increased costs of producing fertiliser and food grade CO₂. The threat of disruption to supplies of fertiliser, carbon dioxide and nitric acid has receded now CF Industries has made their commercial position clear. Despite this reassurance, it remains extremely concerning to see the significant increase in input costs faced by our agricultural producers in recent months.
14. We are concerned about the significant price for fertiliser and fuel, and the associated impacts on farmers across Wales. Welsh government officials are working collaboratively with their counterparts in the UK Government and other Devolved Governments to closely monitor the position via the UK Agriculture Market Monitoring Group. The Market Monitoring Group is an internal technical group between the four governments to monitor the agricultural markets and facilitate collaboration under the Agricultural Support Common Framework. The Welsh Government and other UK Administrations are using their established relationships to share intelligence where available. It is vital that continued access to the foresight capabilities to identify likely changes in commodity, energy prices and inputs within Defra continues to be made available to the Devolved Administrations.
15. The Minister for Rural Affairs, North Wales and Trefnydd is in regular contact with the farming unions, farmers, producers, and retailers as well as Ministerial counterparts across the UK to discuss these issues. She has also recently met with representatives of the banks to discuss the impact of the war on agricultural businesses and the supply chain. We have announced schemes, with a total value

of over £100 million, will be opened this year. The Small Grants – Efficiency scheme with a budget of £5.0m opened on 19 May.

16. Rural Payments Wales will process Basic Payment Scheme 2022 claims as quickly as possible to again allow advance payments to be paid on 15 October 2022. These payments will go out before validation is completed and payable to all claimants unless there is a specific problem for example no supporting documents, probate etc.
17. The Welsh Government is developing an information hub to signpost producers to the latest advice and information to help mitigate the current high input costs. This includes adjusting nitrogen application rates and alternative fertiliser management options and fertiliser calculation adjustment tools for grassland, cereals and oilseeds.
18. By supporting farmers, we not only develop resilience in their agricultural enterprises, we also enable investments, which, over time, will result in production efficiencies with a resultant reduction in carbon emissions.

Fisheries

19. Welsh landings were severely impacted in 2020 by the Covid pandemic and again in 2021 due to EU exit. The Welsh fleet has not had the opportunity to recover to 2019 levels, before the hyperinflation of fuel prices. The multiple 'shocks' of Covid, EU Exit and now hyper inflated fuel prices have had a significant effect on the Welsh fleet. Indirect costs are high and rising for inputs to the sector, for example fishing gear, bait, ropes, packaging, oils, parts and logistics with no headroom to pass on increased costs to the consumer.
20. The increased cost of living translates to less disposable income and as a result the domestic demand for seafood has decreased. Orders that would traditionally be higher at this time of year due to tourism have either been reduced significantly or cancelled. The seafood landed by the Welsh fleet is often seen as luxury and is not traditional prepared in the home, such as crab, lobster, oysters, and scallop. With the current cost of living increases out of home eating experiences will inevitably decrease having a further effect on the sector.
21. Welsh Government officials are monitoring closely with other Fisheries Administrations, through the Joint Fisheries Market Monitoring Group, the impacts of recent events on the fishing industry in the UK, and are considering how best to support further support the industry during this period

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