Part 1:
Wales
2. Setting the scene

Cattle farming

2.1 During the period covered by this Report, almost 80 per cent of the land surface in Wales was in agricultural use. Since much of Wales is hilly or mountainous, around four-fifths of this land fell within ‘Less Favoured Areas’. These areas were designated as such by the European Union (EU)\(^2\) because their soil, climate or physical features were not particularly favourable to agriculture. Financial assistance from Government was available to farmers operating there. Conditions in Wales meant that the agricultural industry was based on grassland systems such as sheep and cattle farming, with dairy products and beef each accounting for about a third of gross agricultural product in 1992, and sheep 24 per cent.\(^3\) By 1995, however, sheep and lamb production was the largest livestock sector in Wales.\(^4\) As in England, there were more dairy cattle than beef cattle between 1986 and 1996. In Wales, dairy cattle represented 11 per cent of the UK herd and beef cattle 13 per cent. Individual herd size remained lower than the UK average throughout the period.\(^5\)

The slaughtering industry

2.2 The slaughtering, rendering and animal feed industries were not significantly different from those in England (see vol. 13: *Industry Processes and Controls*). Trade in beef and beef products was highly complex: store cattle\(^6\) were transported around the United Kingdom, particularly into Scotland; live cattle crossed boundaries for slaughter; and cut or processed meat moved from abattoir to cutting plant to meat manufacturers, all in different regions. A 1995 survey of the trade found that there were ‘no reliable data on these cross border flows’.\(^7\) However, it was clear that there was little value-added activity such as meat processing or manufacturing associated with beef in Wales, and that many cattle were ‘exported’ to England and Scotland either for finishing or for slaughtering.\(^8\) One of the largest abattoirs in the UK, which was situated in England, was killing cattle from all over Wales during this period. A second English slaughterhouse also sourced cattle from Wales. However, the Inquiry was told that these plants would have been the exception to the rule, and that animals for slaughter were usually sourced from within a 150-mile radius of the slaughterhouse.\(^9\)

---

\(^2\) The European Union (EU) came into existence on 1 November 1993 as a result of the Maastricht Treaty. It incorporated but did not replace the European Community. Throughout the volumes of this Report, the term EU is generally used for consistency’s sake (even if sometimes chronologically incorrect), except where specific reference is made to the functions conferred by the European Community Treaty or to its legal effect


\(^4\) M11 tab 2 p. 50

\(^5\) MLC, *Yearbook 1987*, Milton Keynes, 1987, p. 6; M44 tab 4 p. 6

\(^6\) ‘Store’ animals are young animals being kept on a low-maintenance diet over the winter months in preparation for ‘finishing’ in the summer. The process of finishing or fattening involves appropriate feeding of cattle or sheep to produce good quality beef or lamb for slaughter

\(^7\) M11 tab 2 p. 41

\(^8\) M11 lab 2 p. 51

\(^9\) T58 pp. 84–5
The rendering industry

2.3 During the period covered by the Report, the rendering industry in England and Wales was usually considered as a single market, and separate from the market in Scotland. Prosper De Mulder (PDM) dominated the industry, holding an estimated UK market share of between 40 and 50 per cent from the early 1980s. Representatives of PDM told the Inquiry that raw materials for rendering could have been sourced from up to 200 miles away or nationally in the case of specialist plants rendering greaves only. Another large company based in England had collection depots in Wales for raw materials. Thus not all raw materials generated in Wales were rendered there. Arrangements for marketing the end products of rendering (chiefly meat and bone meal, and tallow) varied, but brokers or selling agents were widely used during this period. Some plants sold meat and bone meal (MBM) directly to farmers, farm merchants and cooperatives, but the biggest users of MBM were animal feed compounders.

The animal feed industry

2.4 Meat and bone meal (MBM) was sold to animal feed compounders as a source of protein. In Wales as in England, there were three large national feed companies which owned mills throughout the United Kingdom and held between 50 and 55 per cent of the market share in the late 1980s. The rest of the UK market was made up of smaller independent or ‘country’ compounders and farmer cooperatives, the latter supplying approximately 10 per cent of the market.

2.5 Most of the feed compounders sourced MBM for their products from within the United Kingdom, but Mr Jim Reed, Director-General of the feed trade association UKASTA, told the Inquiry:

There has always been fairly free flow of meat and bone meal and other products between the Republic of Ireland and the UK.

2.6 The finished product tended to be sold fairly near the mill. A representative of one of the largest feed manufacturers said of the output of its Carmarthen mill:

Predominantly, these products would have been sold within a reasonable distance of the mill, such that the lorry can actually get there and back easily within a day, usually within a 30-mile zone, but possibly up to 100 miles, maybe. It would not travel all across the country.