

From the Office of the Minister



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Ian Paisley Jnr MLA
Chairperson
Committee for Agriculture and Rural Development
Parliament Buildings
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22nd February 2010

Dear Ian,

Thank you for providing DETI with an advance copy of the Agriculture and Rural Development Committee's report into the dioxin contamination incident. As requested I am forwarding my comments to the DARD Minister for inclusion in the NI Executive's response.

I am grateful to the committee for the effort it has put into this inquiry. I have noted the Committee's recommendations and whilst none of these are specifically aimed at my Department, I am sure DETI and Invest NI will play a key supporting role in their implementation.

I only have one note of concern which relates to the inference in recommendation (g) that the NI Executive would provide aid in the event of a similar incident. Whilst I accept that we should discuss with the Commission the potential for future joint applications for aid, I would highlight that State Aid approval for situations such as this cannot be guaranteed. For this reason I suggest that the ARD committee might wish to reconsider whether it would be appropriate for companies to seek to insure against the risk of any similar incidents in the future.

In this case the Committee will also know that the European Commission did not easily agree to the NI Executive's aid package. We had to make a strong case that this was an exceptional occurrence and obtain an Exceptional Support Measure Regulation and State Aid approval. Ultimately this required a meeting with the Commission where the First Minister, the deputy First Minister, the DARD Minister and I, lobbied Commissioner Fischer Boel for her support.

I also note that this future aid issue has been considered by the Republic of Ireland's Inter-Agency Review Group on the Dioxin Contamination Incident, which concluded that:

- The question of financial guarantees / insurance should be pursued by Ireland at EU level;
- The industry should consider the range of voluntary options open to them to reduce their financial exposure in the event of any future product recall of this type;

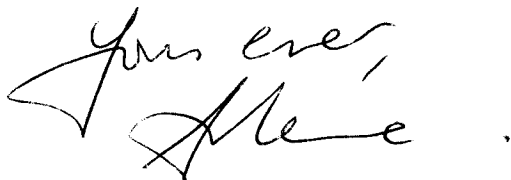
- There can be no guarantee of Irish Exchequer support for the industry in the event of similar incidents in the future; and
- The industry should consider the range of voluntary options, such as levies, emergency funds, insurance etc, to reduce its financial exposure in the event of similar incidents occurring in the future.

In relation to the 1st and 2nd bullet points above, the Irish Review Group reported that the EU Commission has already commenced some work on this issue and published a report, in August 2007, on the feasibility of financial guarantees. This report concluded that financial guarantees are not generally available at present, but are technically feasible. The report also recommended that there should be a wider public debate on the issue.

As detailed in the Irish Review Group's report, a Commission Working Group on Financial Guarantees met in December 2008. This meeting was mainly a fact-finding exercise during which there were presentations from representatives of the Belgian and German feed industry, who have forms of voluntary financial guarantee systems in place. Representatives of the insurance industry also participated. According to the Irish Review Group, the meeting highlighted the difficulties in the introduction of a mandatory form of financial guarantee in the feed sector.

My officials have established that officials from the Food Standards Agency are representing the UK on this working group and that there have been no significant developments on the issue of Financial Guarantees since December 2008. In order that the interests of Northern Ireland processors are taken on board, they have asked that FSA reports back to DETI if there are any further developments and if any proposals are made by the Commission that FSA consults with Northern Ireland on the UK's position and response to these.

In conclusion, as you have reported, this incident seriously destabilised the pigmeat and beef processing sector in Northern Ireland. Undoubtedly some temporary damage was done, but I hope the Committee will acknowledge this was an exceptional situation that could not have been anticipated by my Department and the actions it took have helped normalise the position and brought stability to the pigmeat and beef processing sector.

A handwritten signature in black ink, appearing to read 'Arlene Foster', with a large, stylized initial 'A'.

ARLENE FOSTER MLA
Minister of Enterprise, Trade and Investment