Food *for* Wales: Food *from* Wales 2010-2020

A Strategy for food

Foreword from the Minister for Rural Affairs Elin Jones AM

Food is a basic necessity for us all, as well as a key industry. It is a source of robust health and a celebration of culture. Wales is rapidly gaining a credible, national and international reputation for its innovative, food and drink and hospitality sector. Thanks to our producers, our unique geography, climate and farming practices, Wales can boast of a range of high quality foods, from our iconic Welsh lamb and beef to cheeses and Welsh seafood. The food and drink industry is important to the economy and the people of Wales; the UK agri-food sector contributes up to 7 per cent (£79.4 billion) of UK Gross Value Added. Through careful informed planning and working together it is vital that we increase this and I have every confidence that we can build on our success achieved so far to ensure a thriving, developing industry in the years to come.

There are complex and cross cutting issues around food such as making sure everyone continues to have access to the food they need, which means having an economically and environmentally sustainable industry capable of withstanding global pressures and meeting the challenges that climate change presents us with. Food issues are key to us all as consumers, throughout the industry , and as a Government. Reconnecting with food and how it's produced is a fundamental message that reaches out to all those engaged in the future of food supply in Wales. This Strategy sets the overall direction – it cannot deal in detail with every area of policy it will affect. As Minister for Rural Affairs for the Welsh Assembly Government I am keen for Wales to do the best we can to ensure a sustainable food system which meets our economic and ecological priorities. To achieve this we need to reach out to all parts of Government to ensure we work together to share agendas and make better connections.

The food chain accounts for 31% of greenhouse gas emissions within the EU, and we all have a part to play in addressing these issues. Working together, we can look to readdress these imbalances – by looking to source food locally, eat seasonally, and reduce food miles to consequently reducing carbon emissions. We also need to look to reduce our food packaging which contributes to waste and landfill and increase the creation of biodiversity habitats for insects and wildlife.

To outline my commitment to this over-arching Food Strategy for Wales; I asked Dr Haydn E Edwards, Chair of the Food and Drink Advisory Partnership and officials from my own department and across the Assembly Government) to address how best to balance the challenges of increased food production and energy needs with the need to protect our environment for the immediate and long term future.

This Strategy sets out the Welsh Assembly Government's vision for the future of food *for* Wales and *from* Wales and outlines our clear commitment to the key basic principles of Sustainability, Resilience, Competitiveness and Profitability.

Co-operation, collaboration and industry involvement will be key to the success of our vision, which is why we have engaged closely across all Ministerial portfolios, working with colleagues in health, education and sustainability to develop a cohesive approach that is integrated across all areas of work

This agenda cannot be driven by Government alone, there is already an enviable record of partnership working in the Welsh food and drink sector, it is my firm belief that through continued cooperation the industry has a bright future and the capacity to drive forward fundamental changes that will secure improvements in the industry, as well as safeguarding the sustainable production of food for the people of Wales today, and for generations to come.

I hope that you will engage with us on this consultation to make sure that the final strategy is one that represents the best possible way forward.

Elin Jones AM, Minister for Rural Affairs

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Foreword from Dr Haydn E Edwards, Chair of the Food and Drink Advisory Partnership

This Strategy has been developed in close working between the Food and Drink Advisory Partnership (FDAP)[1], Welsh Assembly Government and a team from the Economic and Social Research Council's (ESRC) Centre for Business Responsibility, Accountability, Sustainability and Society (BRASS)[2] at Cardiff University. The BRASS team was commissioned to advise the Welsh Assembly Government Minister for Rural Affairs on the future direction of the industry. There were meetings and workshops held to facilitate the development of the strategy between BRASS, the Partnership and officials. The draft strategy was delivered according to specification and to the set time.

As chair of the partnership I am grateful for the outstanding work done by BRASS, the advice and contributions of the members of the Food and Drink Partnership Drink Partnership and the obvious enthusiasm of all concerned to ensure the best possible food supply system which we recognise is so crucial to the well – being of all the people of Wales.

The focus is on food which includes the interests of processors, retailers, food service work as well as the primary producers, whose continuing success and development is key to the future of the industry. This Strategy relates directly to the Welsh Assembly Government's Farming Food and Countryside: Building a Secure Future (May 2009) document which outlines the policy direction to secure a sustainable future for the farming food and land based production industries and the Welsh countryside environment through to 2020. In many respects this food Strategy reaches out wider to several areas of society and the industry as well as various Welsh Assembly Government departments – in health, education, training, economic regeneration and more who have all been engaged in developing the Strategy.

The direction here is radical and faces up to the challenges of ensuring that people have access to the affordable and healthy food they need whilst ensuring that this does not impact adversely on the natural environment. We need to be focussed in order to identify and make best of opportunities as they arise. The challenges are to be managed in the context of our position in the UK – and as part of an EU Member State and the increasingly global market that operates in the food supply chain.

The Strategy is designed to raise the profile of food issues for all of us. I trust that the Strategy will enhance the debate on the priority areas and place more emphasis on the theme of building connections. I am confident that we will make the most of the many strengths we have to ensure an increasingly viable and sustainable food industry for the long term future. Whilst we can celebrate the progress made so far, in a changing world we need to be in a position to face new challenges. This strategy prepares us for that future.

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[1] See Appendix 1 for details
[2] See Appendix 1 for details

Chapter 1 Introduction

1. This food Strategy focuses on both Food *for* Wales and Food *from* Wales, and looks to identify and address the issues around food that face all of us, including how best to balance the need for increased food production with the need to protect our environment for the immediate and the longer term future. It provides direction for the next ten years for all those involved to achieve the food sector's potential as a key economic, environmental, social and cultural asset.

2. This Strategy is intended to provide the direction and capacity for policy makers, businesses and other stakeholders to both take advantage of the new opportunities on offer but also to prepare for and meet the complex challenges ahead.

3. This is an over arching directional Strategy which will fit in with the policy direction of the One Wales Government –any actions arising will be agreed and planned in partnership between the industry and Government. There are existing plans identifying actions to be undertaken by the industry in partnership with Government – on Local Sourcing, Food Tourism, Red Meat, Dairy Horticulture and Organic sectors. These plans will be updated in the light of actions identified by the Strategy following the widespread consultation, and as the economic and policy environment changes. There may also be new action plans if required.

Raising the Debate

4. The consultation on this Strategy is to ask for views on the direction suggested. Any actions arising will be for the industry in partnership with Government. There needs to be agreement especially on the main priorities as we build on the partnership that has been put in place over the last few years. We are already addressing and redeveloping our food culture but to continue with this work and in recognition of changing contexts, a step-change in the policy approach is necessary now. This change may be brought about through the theme of the Strategy which is **Building Connections and Capacities.**

This Food Strategy presents:

- a vision for the future of the food sector;
- the changing context for food, globally and within Wales;
- a set of 5 strategic drivers and accompanying principles;
- a series of policy interventions and associated actions to promote food both domestically and beyond linked by the central theme of building connections and capacities; and
- proposals for a robust implementation, monitoring and reappraisal system to ensure its relevance to ongoing challenges for the sector.

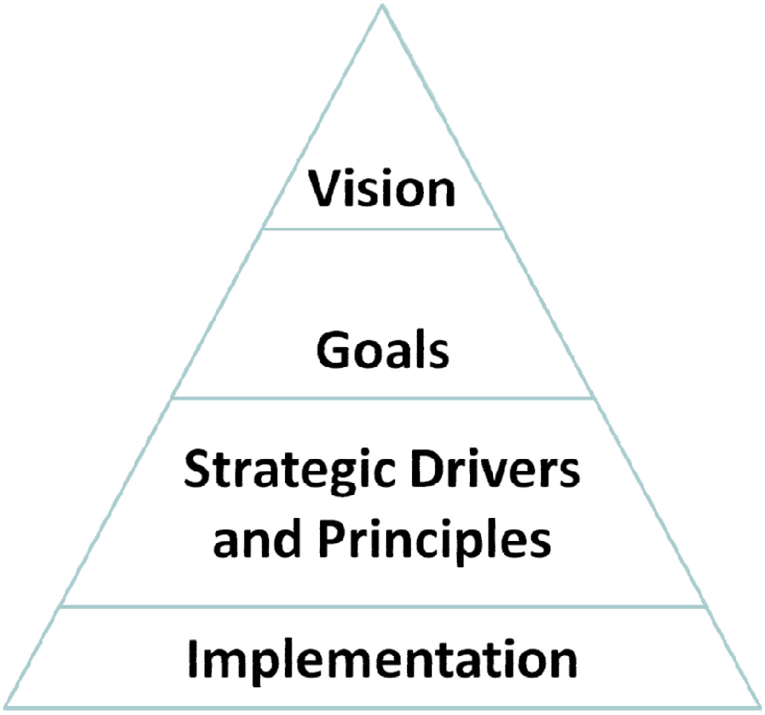

Figure 1: The Structure of the Food Strategy

5. The Welsh Assembly Government has developed this Strategy in conjunction with the Food and Drink Advisory Partnership (FDAP) working with the industry and with significant input from the Economic and Social Research Council's (ESRC) Centre for Business Responsibility, Accountability, Sustainability and Society (BRASS) at Cardiff University.

The Food and Drink Advisory Partnership (FDAP) role in Strategy development

6. The Food and Drink Advisory Partnership has the following prime responsibilities:

- To provide expert advice to Government on all matters in relation to Food;
- To assist with and be part of policy and strategy development in relation to Food; and
- To monitor specific action plans.

7. There are more details about the FDAP's role and membership at Appendix 1. The Centre for Business Relationships, Accountability, Sustainability and Society (BRASS) from Cardiff University were awarded the contract of advising the Minister for Rural Affairs through the Food and Drink Advisory Partnership (FDAP) on the development of a Food Strategy in October 2009. Dr Haydn E Edwards, Chair of the

FDAP has overseen the development alongside officials working on food related policy from across the Welsh Assembly Government.

8. The developmental process for the Strategy involved the following four phases:

- A review of food related data use;
- A review of food policy;
- A review of existing food Strategy processes in other regions of the world; and
- A presentation of the strategic options available.

9. Each of these four outputs was used as a basis of consultation between BRASS, the FDAP and Welsh Assembly Government. There will be intensive and wide ranging consultation within Government, the industry and wider society before the final direction is determined.

Chapter 2 A Vision for Food in Wales 2020

A vision of how the industry may look in 2020 following adoption of the direction set out in this Strategy.

In 2020 we can say clearly that over the last 10 years we have witnessed a significant improvement in the reputation of, and value attached to Welsh food following the step change in our approach to food policy. Wales is now frequently identified by reference to its high quality, natural and wholesome food. Consumers increasingly look to source these products from a wide selection of outlets. We can see that the looked for improvements in the quality of bulk foods has been achieved – making good healthy food more accessible for all. In international markets too, food produced here enjoys an increasingly high market share.

These improvements have been achieved by the efforts of farmers, fishermen, food processors, retailers, caterers, health professionals, educators and Government working together towards a shared goal with a clear understanding of what is needed. Government has facilitated the sharing of ideas and best practice to improve uptake of healthy food options. The consultation in 2010 opened up a wider debate which served to make policy more integrated across policy areas outside food production and processing.

Consumers are increasingly appreciative of our products and our producers are far more focussed on their nutrition needs as part of a balanced diet. We have a strong food sector which trades to economic advantage on the global market and continues to add increasingly to the economy of Wales through export revenue and employment increases.

The tourism sector is stronger as a result of the attraction of such an agreeable food experience. Communities are benefiting as they contribute to meeting the need for more food for consumers. Food producers have significantly increased production and are proactive protectors of the environment. There is a clear recognition of the health benefits attached to greater food consciousness on the part of consumers, promoted by both educational and food procurement initiatives. Food is a central part of education and there is strong evidence that many more people of all ages are attaining qualifications. All those working in the supply chain are benefiting from the enhanced skills sets now at our disposal.

The Food Strategy continues to be relevant and flexible to change, taking advantage of the existing evidence base for evaluation and review as well as the genuine and close partnership working that has become central to the delivery of developments as circumstance and policy drivers change.

Expectations of the food system have radically changed. Consumers are increasingly demanding more socially and environmentally responsible food products as well as greater value and variety in what they consume. Our restaurants are offering very high standards of locally sourced products on their menus which proudly boast the provenance for all to see. Domestically, *food is recognised as being an important provider of economic growth but also as being central to our culture and our health. Food is seen as an essential ingredient of a sustainable, healthy and equitable society.*

Chapter 3 Why do we need a Food Strategy?

- To provide a strategic vision that accounts for its distinctiveness in terms of production, consumption, governance, social and cultural issues;
- To account for a unique set of pressures that will impact on food over the next decade;
- To help policy makers, businesses and other stakeholders confront and deal with the resultant complexities;
- To promote the ability of the food industry to take advantage of new opportunities resulting from these changes; and
- To promote and coordinate the capacity of public policy to meet these challenges.

1. Expectations of the food system have in the past been largely addressed by focusing on the provision of bulk quality foods at a reasonable price to as many people as possible. Over recent years, however, broader and more complex demands on the food system have come to the fore. The environmental, health and social impacts of our food system have become increasingly evident and concerns about the security of our food supply have grown[3].

2. Experts agree that we have entered a period of complexity in the food system brought on by global resource pressures on land, water, energy, population and biodiversity[4]. We also face the challenges of climate change adaptation and mitigation. Our food sector must account for and respond to these developments in order to maximise its own vitality, and to continue to be able to supply consumers with the food they need.

3. Consumers are increasingly demanding more socially and environmentally responsible food products as well as greater value and variety in what they consume. The health impacts of food will continue to grow in importance and provide opportunities for all parts of the food sector. At the same time, the sensual and social enjoyment of food products will remain important to the ways that we consume food.

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[3] See for example at the UK level: Cabinet Office (2008)*: Food Matters,* and Crown Copyright, London (2010): *Food 2030*

[4] Ambler-Edwards; Bailey; Kiff; Lang; Lee; Marsden; Simons; Tibbs; (2009). *Food Futures: Rethinking UK Strategy*; Chatham House, London; DEFRA (2009). *Food 2030*; Crown Copyright, London (2010); DEFRA (2010): *UK Food Security Assessment: Detailed Analysis*, *August 2009; updated January 2010;* IAASTD report, World Bank (2009): *Agriculture at a Crossroads*; Welsh Assembly Government (2009): *Food Farming and Countryside Strategy*

4. This Strategy aims to promote the distinctiveness of Wales in terms of its food production base, natural assets, cultural heritage, consumer demands and social priorities. At the same time the Strategy provides a focus on the powers needed for policy development and legislation that can be deployed to promote the Strategy's vision and goals in a coordinated and effective manner.

5. This Strategy is founded on the belief that the food system requires a holistic approach that extends to all aspects of food production and consumption. It is presented as a strategic approach applicable across Government, rather than being confined to departmental portfolios and responsibilities, and is based on building an inclusive and collaborative relationship with all parts of the food sector[5].

a) The global context

6. It is thought that growth in world population over the next 20-30 years will lead to an increased demand in food supply[6] that will have consequent effects on input as well as output commodity prices. Pressures on already scarce resources such as oil, water and fertile agricultural land are predicted to increase, and food security has become a central concern to governments across the world[7]. This will increase the need to manage our use of these resources carefully.

7. These demand and resource pressures combined with the challenges posed by climate change[8] and uncertainties over global responses to them. As a result, we are likely to be entering a period of significant change, with potential for high supply volatility and pressure to increase food prices. The twin issues of food sustainability or security and the need to develop sustainable food production and consumption systems for the well being of our people will be key concerns for the coming decade. It is important that we recognise that there are potentially conflicting issues, and that we strike an appropriate balance. Some actions though well intentioned may have unintended consequences

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[5] Note that the food system is distinguished from the food sector. The food sector refers to the commercial sector that encompasses economic activities of production, manufacturing, distribution, food preparation, retail and food service. The food system includes the food sector and the impacts of various components of the sector on the natural environment and the levels of health and well being for all our people.

[6] World Bank (2009), *Implementing Agriculture for Development*: *World Bank Group Agriculture Action Plan 2010-2012*; World Bank, Washington DC; and FAO (2009) *How to feed the World in 2050.* The FAO has forecast that the increase of food for human consumption (not including food used for biofuels) must be in the order of 70% from the 2005/2007 level to meet an expected equal increase in demand. The demand projection must itself be regarded with some caution since it includes assumptions about diet, diet change, and changes in per capita consumption in societies that become more affluent (See also DEFRA: *UK Food Security Assessment: Detailed Analysis, August 2009; updated January 2010*)

[7] See for example UK government studies of food security in DEFRA, (January 2010):'*UK Food Security Assessment: Detailed Analysis'*; analysis of UK trade statistics

[8] See Wales Assembly Government (2010): *Land Use Climate Change Report;* available at http://wales.gov.uk/docs/drah/publications/100310landuseclimatechangegroupreporten.pdf

and we must anticipate them where we can. An example of this could be the drive to diversify production resulting in rain forest clearance to answer demands for animal feed. It is important to consider the carbon footprint in the global context as well as the regional and local.

World Food Supply: Competing and Changing Demands

Recent World Bank analysis suggests that global food demand should increase at a lower rate over the next 25 years in comparison to the last couple of decades. Increase in farmed land, and improvements in yield and agricultural techniques, are expected to lead to increased production. Continued improvement, however, depends on investment in technology and in infrastructure to support farm technology application and the storage and distribution of commodities. The World Bank also points to the challenges posed by climate change and to the as yet uncertain demands of a major switch to using bio-fuels.

The impact of bio-fuels on potential food supply
Because of pressures on global energy supplies, various governments have supported the expansion of bio-fuel production. This means that in some areas there has been a shift from food to fuel production. In the United States, for example, 100m tonnes of grain are expected to be used to make ethanol for cars in 2010, a steep increase from the year 2000 when the US total was less than 20m tonnes. Figures from the USDA and the UN suggest that this amount of grain could feed around 350m people (Earth Policy Institute, 2010).

Changes in world consumption patterns
Global meat consumption has increased from 44m tons in 1950 to 260m tons in 2007. This translates to an average of 17 kg per person per annum (pppa) in 1950 and of 39 kg pppa in 2007.

Patterns of food consumption have become more similar across the world, shifting towards higher-quality and more expensive foods such as meat and dairy products. In developing countries meat consumption has increased from10kg pppa in 1964-66 to 26kg pppa 1997-99, and is projected to reach 37kg pppa by 2030. Similarly milk and dairy products consumption has increased from 28kg pppa in 1964-66, to 45kg pppa in 2009, and is projected to reach 66kg pppa by 2030 (FAO, 2009).

(Sources: *Global Economic Prospects 2009*, World Bank; FAO; USDA; UN; and the Earth Policy Institute, 2010)

b) Wales in the UK context

8. Whilst changes in the global food system are important, it must be recognised that the most immediate and direct influences are local, British and European. This can be clearly seen in trade between nations and/or regions of the UK with considerable cross-border flows of livestock, of unprocessed and of processed foodstuffs.[9] Food and agricultural policies are strongly influenced by the European Union.

9. In keeping with the ambitions laid out above, the Food Strategy regards the food system in broad terms. Relevant components of the system, therefore, includes state support for agriculture (including CAP), business and skill development, import and export trade, processing and manufacturing, distribution, food preparation and food service. The impacts of the food sector and of food policy on the natural environment, on attitudes towards food, on consumer health, and on the role of food in community development are also considered to be important features of the food system.

10. The food system envisaged in the Strategy is complex (as represented in Figure 2)[10]. It is highly integrated into the food system of the United Kingdom and the European Union in both commercial, social and policy terms. It is difficult to analyse Welsh food in isolation due to the interaction of differing components of the systems in the UK and Europe. Whilst recognising these limitations, the following outline illustrates the production capability and outputs, and contributions to employment and economic value of the food system.

Welsh Food Supply and the UK

The UK food supply system is dependent on a diverse range of sources. A spread in food supply sources may be considered as an important strength: endowing the food system with resilience against failures or interruptions in supply from any one source. However, the system is also vulnerable to a wide range of potential threats such as interruptions in energy supplies, extreme weather events, global pandemics, and economic disruption.

In 2007 around 50% of UK food (by farm-gate value of unprocessed food) was sourced domestically, with the Netherlands, Spain, France, Germany, Ireland, Denmark, Belgium and Italy accounting for another 25%. The remainder was supplied from countries across the globe, including others in Europe. Most of this travelled over land.

The supplies of imports into the UK also vary according to sector. For example, in 2007 the UK was 80% self-sufficient in meat and meat products, 84% in dairy products and birds eggs*, 50% in cereals and cereal preparations, but only 19% in fresh fruit and vegetables.

(Source: '*UK Food Security Assessment: Detailed Analysis*'; DEFRA, January 2010: analysis of UK trade statistics; *Note that Dairy products and birds eggs are counted as one trade classification in official statistics.)

[9] See research conducted by DTZ Consulting into Value Added Supply Chains on behalf of the Welsh Assembly Government (2009)

[10] Figure 2 represents the main components, influences on, and impacts of, the food system. It does not attempt to indicate the relative importance or the direct relationships between the different factors included but acts as an illustration of the scope and complexity of the food system as envisaged in this Strategy.

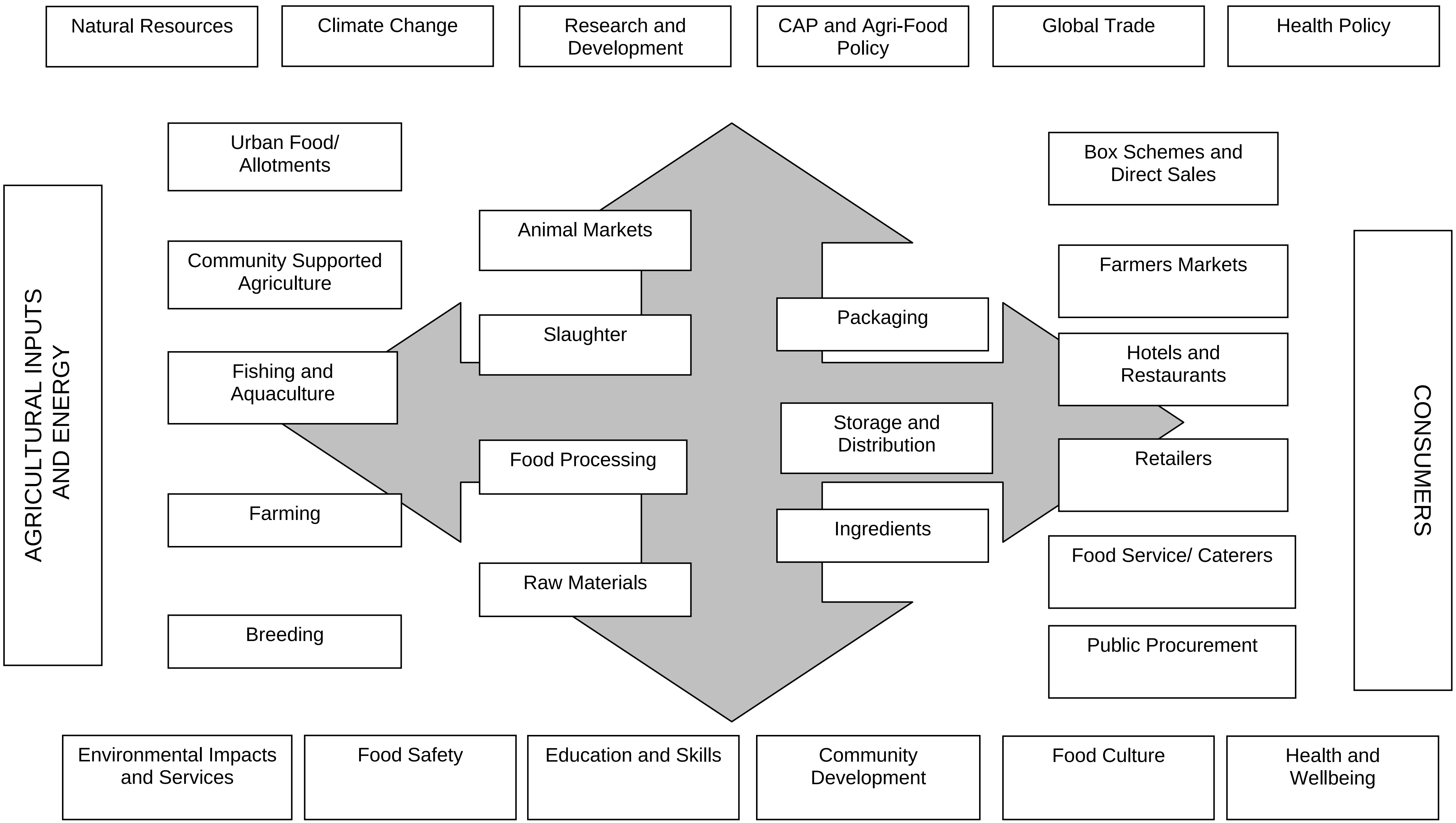


Figure 2: THE FOOD SYSTEM: COMPONENTS, INFLUENCES AND IMPACTS

(c) Primary production output and capacity

11. The value of agricultural production fluctuates in response to changing global demand and currency movements. However, a snapshot in 2007 showed that the value of the main primary production categories totalled some **£938m** (excluding store animal sales).

12. Agricultural production continues to be dominated by beef, lamb, milk and dairy products, which have accounted for around three quarters of all primary agricultural production for the last few years. Over the ten years to 2007 the number of agricultural holdings engaged in beef, lamb and dairy production have each declined. In 2008 the number of milk producers was half that in 1998 although the decline in milk production was a much smaller percentage of the total over the same period. The number of specialist pig, poultry, and horticultural holdings have fluctuated during this period but total numbers remain small (e.g. 34 pig, 328 poultry, and 133 horticulture in 2008) [11]. Other commodities have been present to varying levels, but have either remained as small contributors to the total output or have shown a substantial decline during the second half of the twentieth century[12]. The area of arable crops[13] in 2007, for example, is a third of what it was in the late 1950s.

Welsh Primary Output by Product Category

Category	2007	2008 (provisional)	2009 (forecast)
Milk and Milk Products	30.1%	32.6%	29.1%
Cattle	22.8%	23.3%	24.7%
Sheep	17.7%	17.2%	19.5%
All crops and Horticulture	5.1%	4.1%	4.8%
Others	24.2%	22.8%	22.0%

(Source: *Aggregate Agricultural Account, in Farming Facts and Figures, WAG 2009*
Note that 'Others' includes pigs, poultry, eggs, clip wool, capital formation in livestock, other agricultural activities and 'inseparable secondary activities')

Value of Welsh agricultural output, 2009 (forecast)

Category	Value (£ million)
Milk and Milk products	330
Sheep and Lambs	204
Finished cattle	207
Poultry and Eggs	78
Finished pigs	4
Total cereal	15
Horticulture and potatoes	33
Capital formation in livestock*	51
Other agricultural activities	121
Store Cattle and sheep sales	90

(Source: *Welsh Agricultural Statistics, WAG 2009*; *Note Capital formation refers to investment in buildings, physical work undertaken by the farmer and the value of the physical increase in breeding livestock)

[11] See *Welsh Agricultural Statistics available from WAG*
[12] See *Rural Development Plan for Wales, 2007-2013: The Situational Analysis,* WAG, 2008
[13] See *Land Use Climate Change Report;* LUCG, WAG, 2010

13. The fishing industry is divided between commercial sea catching; recreational; sea angling; aquaculture; and inland fisheries. It varies in terms of scale and importance: whilst Wales leads UK seabed mussel production, there is only a niche position for oyster and other shellfish production. Fishing contributes to the tourism sector; however, robust data on its contribution in this regard are not currently available.

Primary Production and Capacity

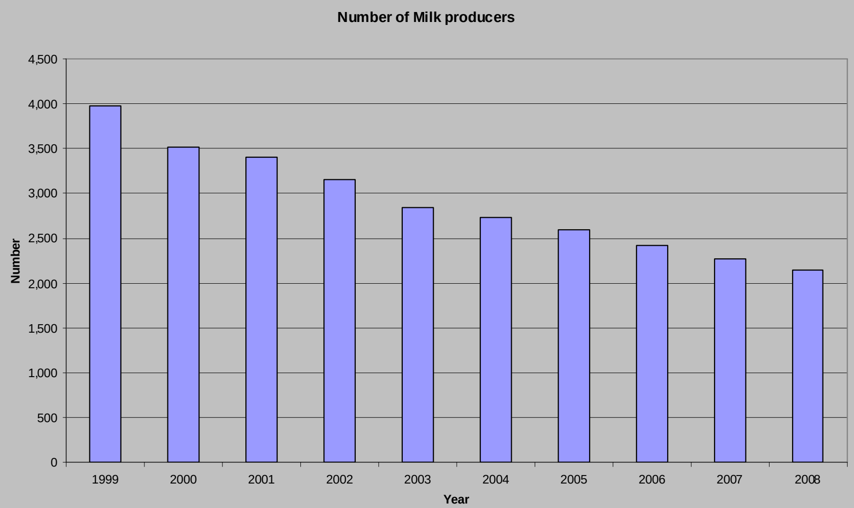
The amount of meat production has varied, showing in the case of beef, the effects of the Foot and Mouth epidemic. Livestock production and dairy products continue to maintain or increase their proportion of Welsh primary production.

Livestock Meat Production (Tonnes)

Category	2000	2001	2002	2003	2004	2005	2006	2007
Beef and veal	11,270.6	21,204.1	37,881.9	43,468.1	44,728.4	47,938.3	44,957.8	44,087
Mutton and lamb	73,105.6	53,686.0	71,672.9	75,556.4	80,583.0	85,612.2	82,613.2	79,952
Pig meat	2,097.7	1,777.2	1,340.5	990.8	1,064.8	1,279.7	1,534.1	2,012

(Source: DEFRA: Note that these are estimated quantities of meat produced from animals slaughtered in Wales. Meat from animals reared elsewhere may be included and meat from animals reared in Wales but slaughtered elsewhere is excluded)

Milk production capacity has declined as the number of milk producers, has been steadily decreasing over the last decade.



(Source: *DEFRA Register of Milk Producers*: figures in August apart from September of year 2000)

Fisheries

In 2005, the shellfish sector produced ~£12million of production value spread across 11 businesses and employing 56 people in full and part-time employment.

(Source: *Wales Fisheries Strategy, 2008*, WAG)

(d) Employment and added economic value in agriculture and the food sector[14]

14. The contribution of agriculture to the economy may be measured by the Gross Value Added (GVA) calculation, and whilst this is less than 1% of the total Welsh GVA agriculture also indirectly affects other sectors of the economy (not least food processing and manufacturing) through multiplier effects.

15. There are large numbers of small and very small food processing and manufacturing businesses, with only a few large food businesses. The pattern changes little across regions. The large businesses have a strong effect on employment, as shown by the fact that of the 22,900 people employed in this sector in 2007, over half (11,700) were employed by firms with more than 250 employees. For example, there are 23 licensed slaughter houses, but four major companies account for 85-90% of the total cattle and sheep slaughter in Wales (DTZ, 2009)[15]. Abattoirs in a number of locations along the border in England (e.g. Ludlow, Hereford and Shrewsbury) also take substantial quantities of Welsh-reared livestock, reducing the direct benefit of agriculture to the economy (HCC, 2009)[16].

Employment in Agriculture and the Food Sector

Employment in agriculture has steadily declined. In 1994 a total of 63,800 people were employed (including part-time employment) on holdings in Wales, but by 2009 this had reduced to 56,600. During that time agricultural land use also changed as the area of permanent grassland increased from 55% to 62%.

The total employment in the Food and Drink Sector (FD) is about 12% of total employment, whilst manufacturing in FD is 11% of the total employment in Welsh manufacturing. However, some 70% of the employment in FD is in rural areas and concentrated in particular regions.

(Source: *Welsh Agricultural Statistics*, Welsh Assembly Government, 2009)

Economic Value Added by the Agriculture and Food Sector

Contribution of the Welsh Food Sector to the Welsh Economy

Total GVA of Welsh Food and Drink* (F&D) (2005)	£3.5bn
Contribution of Welsh sector to UK F&D GVA	~4%
Contribution of Welsh F&D sector to total Welsh GVA	~12%
Welsh agriculture GVA (2009, at market prices)	£204.9m
Total Income from Farming (TIFF)2009**	£170.4m

*Excluding farming and fishing and including the food and drink industries include; food and drink manufacturing, wholesaling, retailing and foodservice (restaurants, canteens, catering, bars).
**GVA: Gross Value Added; TIFF includes income from diversified and value added activities that can not be separated from the agricultural business.
(Source: *Annual Business Inquiry, ONS. 2006; and Welsh Agricultural Statistics, WAG, 2009*)

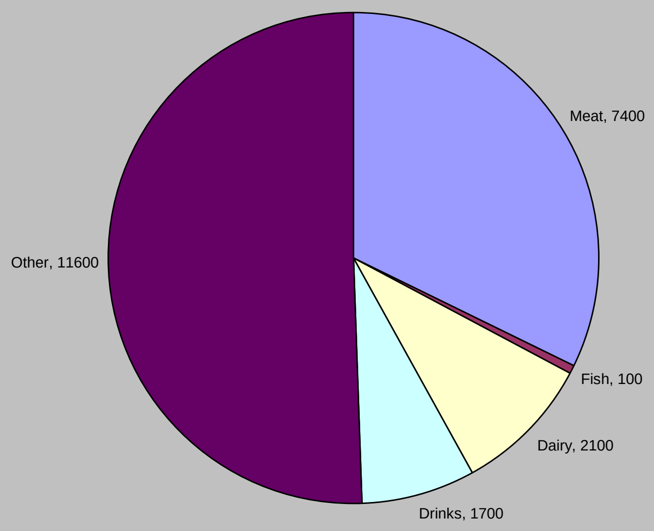
[14] Note that for statistical purposes agriculture is not considered as part of the Food Sector
[15] DTZ, 2009: see research conducted by DTZ Consulting into Value Added Supply Chains on behalf of the Welsh Assembly Government (2009)
[16] See *Little Book of Meat Facts: Compendium of Welsh Meat and Livestock Industry Statistics, 2009, HCC*

16. In dairy, five companies dominate the sector. 1.5 billion Litres of milk were produced in 2008, with 75% of this processed in Wales. Cheese accounted for the majority (80%) of the consumer product from the processed milk, and much of that cheese is destined for the commodity market (DTZ, 2009).

17. In the case of small and micro-businesses, on-farm or small facilities are utilised for processing, but a lack of facilities often means that processing may be done in centralised locations elsewhere in the UK.

Food Businesses: Employment and Range of Products

There were 100 businesses operating in the meat sector in 2007 (7,400 people); 100 in the drinks sector (1,700 people); fewer than 50 in both the dairy (2100 people) and fish sectors (100 people); while there were 300 engaged in the sector (other) that include manufactures of products ranging from bread and biscuits, vegetable and animal oil and fats, to preserving fruit and vegetables (11,600 people). Primary food processing facilities in Wales have, however, been in decline; for example the number of abattoirs has fallen from a total of over 60 in 1989/90 to some 23 in 2007.



Employment by Food Business Sector in Wales, 2007
(Source: ABI, 2007)

(e) *The food supply chain and consumption*

18. The food output chain is dominated by export - not surprisingly, given the relatively limited domestic market. The consumption data of red meat illustrates very well the current dependence of the agricultural and primary production sectors on export markets: only 4% of the meat we produce is consumed here. As noted above, this agricultural output is mainly channelled through a small number of large companies, whether in red meat or dairy. Recent research into small and micro businesses, shows most report that their largest market is Wales, while the larger the company, the larger is the proportion of sales to the rest of the UK (DTZ, 2009).

19. Food processing companies here source a high proportion of their primary inputs as locally as they can and therefore, add value to the end product. The primary inputs are dominated by dairy and red meat, although there is a local processing market for a range of produce which includes seafood, cereals, fruit and vegetables, and chicken (DTZ, 2009).

Location of red meat markets (2008)

Category	Total production	Consumed in Wales	Consumed in rest of UK	Consumed outside UK	Export value (2008)
Beef and Veal	99,000	4 %	89%	7%	£17m
Sheep meat	92,000	4%	63%	33%	£91m

In 2009 Welsh Lamb exports were valued at £109m and Welsh Beef £31m. France was the largest market, importing £77m worth of Welsh Lamb, followed by Belgium, Italy and Germany (HCC press release 22 March, 2010)

Size of business and location of largest market (2008)

No. Employees	In Wales	In UK outside Wales	Outside UK
0-9	87%	11%	2%
10-49	74%	235%	3%
50-249	57%	29%	14%
250+	38%	63%	0%

(Source: DTZ, 2009)

20. As with processing, the retail sector is dominated by a few large companies, following the pattern for retail across the UK. Other outlets include farmers' markets, farm shops, box schemes, direct order and community food ventures. Data on the latter chains are currently limited; however, opportunities remain to be exploited in these alternative retail channels, particularly for the small and micro food businesses.

21. In terms of the major purchase habits for consumers, alternative chains remain peripheral. In recent surveys of consumer habits[17], the ranking of factors influencing food purchasing has not changed substantially over the

[17] Research conducted for the Welsh Assembly Government by Beaufort Research, 2009

last decade. Price remains the most important factor followed by taste, healthiness, fat content, and locally produced.

22. Other points of food consumption include public and private sector canteens and food service outlets. Whilst we can say that in 2003 research by Horizons Foodservice Intelligence indicated that there were 16,325 Food Service outlets employing 54,397 people (ONS ABI, 2003), data on these areas of the food sector are difficult to compile for Wales.

Retail and Consumer profile

Supermarkets:
The UK food retail market in 2007 was estimated to be worth £72.8 billion, which represent an increase of 18.5% since 2002 (Datamonitor Industry Reports).

Supermarket chains dominate the UK food retail market, with 56.0% of sales. In Wales this dominance is reflected in meat retail where about 85% of the total meat in 2008 was sold through supermarkets, with independent butchers and other retailers accounting for the remaining 15%*.

In 2004, Wales had 65 superstores and 209 non superstores (IGD research)**

Alternative Retail Channels:
- Around one in four buyers of Welsh produce use specialist outlets, such as butchers, farmers markets and farm shops (FARMA [a])
- There are 46 Farmers Markets in Wales (FARMA [a])
- 17% of households shop from farmers markets, around 12% from farm shops and 5% from Pick Your Own farms. *(*FARMA [b])Cymru*)*
- 72% of Welsh organic consumers are willing to pay more for local produce *(Soil Association)*

Consumer Motivation
While consumers continue to make price the most important factor in purchasing decisions, other reasons are also important, and long term trends suggest that they will continue to be significant into the future.

% consumers reporting that they are prepared to pay higher prices (918 main shoppers surveyed, aged 16+)	
Fair Trade	36
Locally sourced	34
Organic	34
Naturally healthier food (e.g. fruit, veg.)	32
Meat reared to higher welfare standards e.g. Freedom Foods	29
Healthy/functional	44
Luxury/indulgent	45

(Source: Mintel, 2007 in WAG, 2009: *Farming Food and the Countryside, Technical Annex 1*)

**The Institute of Grocery Distribution (IGD) defines a 'superstore' as a store with a sales area greater than 25,000 square feet, although it does not necessarily need a non-food component to qualify as a superstore. A store smaller than this is classed as a 'non-superstore'
(Sources*:* * HCC: *Little Book of Meat Facts: Compendium of Welsh Meat and Livestock Industry Statistics 2009'*; WAG, 2009: *Food Tourism Action Plan: Food And Drink for Wales*; and FARMA [a]: FARMA Cymru 2007 : *Research on direct sales from the producer with a focus on Welsh Farmers and Producer Market;* FARMA [b]: FARMA Cymru,: *Hungry for more – Farmers Market Conference June 2006;* Soil Association: *Organic Food and Farming Report 2003)*

(f)Why we need a Food Strategy – in summary

23. It is clear from the data presented here, although providing only a partial view that our food system is highly integrated into the UK and European systems and is profoundly influenced by a wider global context. It also demonstrates that the food system has a combination of characteristics that makes it distinctive and this Strategy seeks to provide direction to make the most of the specific opportunities identified.

24. The agriculture, horticulture, fishing and food sectors remain as important facets of economic, environmental and social life. What is known about these sectors varies; whilst we have a considerable amount of data and experience in analysing the agricultural sector (although there continues to be room for improvement here), there are large areas of the food system that are poorly analysed due to the difficulties in gathering suitable data.

25. Three categories (beef, lamb and dairy) continue to dominate Welsh production, but these are subject to influences that may be due to market and/or natural causes (e.g. currency movements, disease events, and competition). The causes and effects of change in the structure of farming and food processing, illustrated by the decline in the number of dairy farmers and in the number of independent abattoirs, are important to identify and understand. These changes signify the vulnerabilities of sectors, but also provide opportunities for alternative agricultural production and food supply combinations.

26. Better data is also required to inform policy related to the processing, food distribution, retail and food service sectors. We have glimpses of local systems of production, processing and distribution, and these co-exist with an export-led sector (mainly to the rest of the UK) dominated by large firms that control substantial processing facilities. How these are integrated into the local economy can be important in developing further local markets for producers and in improving the supply of raw materials to processors.

27. A significant issue for the agricultural sector is to better understand cross-border flows in order to gain a more accurate picture of its true worth to the economy. A better understanding of the multiple effects of all food system sectors on other aspects of the economy can lead to a better appreciation of how elements of the food system interact. The fishing and aquaculture sector is a case in point: where even though we have access to sea, lake and river environments, the interaction of this sector with tourism, environmental objectives and health priorities are not as well known as they could be.

28. Finally the retail, food service, public procurement, social, cultural, health and community components of the food system have not been fully analysed on a Welsh basis. These areas form important aspects of the food system and are of crucial concern to planning improvements to the well-being of our citizens. This Strategy's ambition is to develop a coherent and holistic approach to food policy, in partnership between

Government and its public and private partners, including in the wider sense civil society.

Chapter 4. The Goals of the Food Strategy

1. This Strategy aims to foster a food sector that can provide food of the highest standard. It is founded on principles of **sustainable development**, which are focused in the Strategy on the provision of safe, affordable, healthy food, and on a food system that produces positive social benefits whilst imposing the lowest possible environmental impacts.

2. An approach based on sustainable development will support the **resilience** of the food system. We need to address the need to assure the longer-term availability of the food our people need in the light of increasing (global) uncertainties in the market and to answer climate change challenges. The broad demands of environmental sustainability, and the social and health concerns of consumers, are of crucial concern to building robust resilience in the food system.

3. The system must be responsive to the many challenges faced by food sector businesses. To this end, the institutional and collaborative capacities that will allow the agricultural, horticultural, fishery and food sectors to develop flexibilities and diversity throughout the food supply chain must be enhanced.

4. **Competitiveness** and **profitability** will remain central to the success of food businesses, and the Strategy looks to support the development of the sector. These attributes are strongly linked with the **sustainability** and **resilience** of the food system. In view of the challenges and opportunities outlined in this Strategy, increases in competitiveness will become more conditioned by wider and more challenging concepts of productivity and efficiency that explicitly takes sustainability into account. In this way, a sustainable and resilient *food system* can, provide significant commercial benefits to *food sector businesses* by enhancing their capacity to compete and achieve profitability.

5. This Strategy, therefore, sets out an approach that is based on a **sustainable** and **resilient** food system, and supports the development of a **competitive** and more **profitable** food sector.

The Food Strategy has at its core the goals of

a **Sustainable and Resilient Food System**

that encompasses a food sector composed of

Competitive and Profitable Businesses

Chapter 5 Key Strategic Drivers

1. The inter-related goals outlined above demand a strategic approach that is focussed on the theme of ***Building Connections and Capacities***.

2. This theme is realised through five key drivers that provide an operational structure to deliver the Strategy's vision. Clear and comparable indicators of progress may be developed for each of these drivers.

3. The 5 key drivers are

- ***Market Development;***
- ***Food Culture;***
- ***Sustainability;***
- ***Supply Chain Efficiency; and***
- ***Integration.***

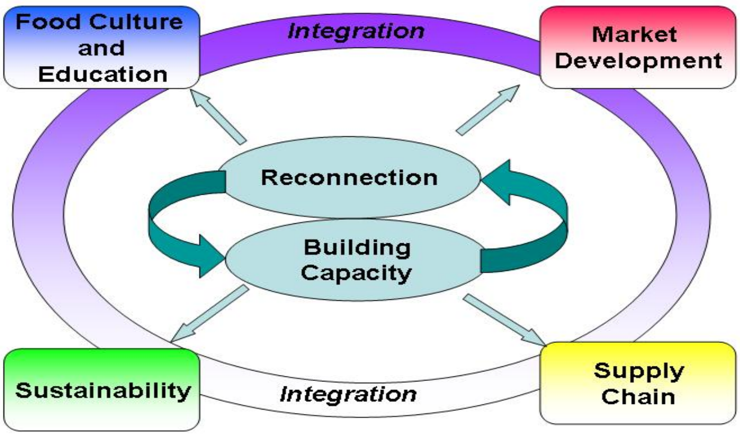


Figure 3: The 5 Key Strategic Drivers

Building connections and capacities –the theme of the Strategy

4. The food system has the potential to foster closer links between the economy, the environment and society – the three pillars of sustainable development. To realise this potential, the Strategy aims to strengthen capacity-building processes that create innovative connections across and between different food chains. The central idea is to build greater diversity into the food sector to create new and more sustainable relationships (or connections) between rural and urban areas, between food producers and consumers and between policy sectors. Also the connections that exist now will be strengthened

Strengthening Connections between Urban and Rural Areas.

5. The food industry here can offer foods of sufficient quality[18] that can bring significant benefit to local producers and retailers, whilst also contributing to exports and to increasing tourist income. This strength can be emphasised through enhancing the connection between the countryside and neighbouring urban areas and by increasing the supply of foods that are recognisably of Welsh origin.

6. This Strategy will encourage urban areas to make new and innovative economic links with the countryside through food provision.

Connecting producers with consumers

7. With its abundant and clean water resources, its green landscape, and its resourceful agricultural community, we have the capability to produce a range of good quality foods. The Strategy seeks to encourage the industry to capitalise on our natural resources to reconnect the producers of good foods with the existing consumer base. Water efficiency needs to be improved in the process of food production and the industry generally – the Strategy encourages an increased focus on this.

8. The embedded water in our goods and food services needs to be highlighted[19] to understand how our consumption affects water scarce regions and how greater local sourcing will impact future water resources availability in Wales[20].

9. In particular, the Strategy will support the growth of a healthy **food culture supporting people to achieve a balanced diet**, linking with efforts already being made in this regard within the health, community development, regeneration and tourism strategies, such as Change 4Life.

Connecting producers, processors and retailers

10. As set out in the Local Sourcing Action Plan, increased local food purchasing can have important benefits for the nation as a whole. At the very least connecting producers, processors and retailers means:

    - retaining more money in the local economy;
    - reducing the energy inputs needed by (and the greenhouse gases resulting from) the production, processing and transportation of food; and
    - enhancing the economic activity in rural and smaller communities, whilst also making fresh food available to people in all communities.

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[18] The Strategy uses the term 'Quality' to broadly refer to foods that have a character derived from good nutritional and taste standards, and that are produced by means of ecologically sound production methods.

[19] WAG (2009) Strategic Policy Position Statement on Water, http://wales.gov.uk/topics/environmentcountryside/epq/waterflooding/policystatement/?lang=en

[20] When 'virtual water' is considered, the UK is the sixth largest net importer of water in the world, and only 38 percent of our total water use comes from its rivers, lakes and groundwater reserves.

11. To achieve these goals, the Strategy will encourage new forms of collaboration to increase the availability and consumption of food produced here, as well as encouraging food producers to achieve the capacity needed to supply a range of different market outlets from supermarkets to the public sector.

Connecting with export markets

12. The Food Strategy aims towards a strong export market for food. The approach to export markets will be based on the vision and goals for the food system. The Strategy's theme of ***building connections and capacities*** will provide direction to strengthen the development of exports which will bear the hallmark of high quality; incorporating the need for ecological and sustainable practice into Welsh foods.

Connecting policies

13. Food is now recognised as a central policy area of public policy. This Strategy proposes that there needs to be more explicit integration, which recognises that the way in which food is produced, distributed and marketed directly affects public health policy, economic and community development, tourism, and our commitment to sustainable development. As such the Strategy will seek commitment for all concerned to further join up policy on food across government and the industry to achieve the best possible provision for the health and well-being of our citizens.

14. Specifically, food:

- is found as an important component of the main Sustainable Development policy *One Wales, One Planet* and carried into policies on health, in "Our Healthy Future" education and economic development;
- features strongly in the main Rural Development Plan for Wales, which is presented through the *Food Farming and Countryside Strategy*; and
- is being actively developed as part of the health, poverty and community development agendas.

15. The Food Strategy works with these current and developing policies and aims to create synergies with other pieces of strategic policy that have direct relevance to food. The Wales Spatial Plan is engaged in working towards Low Carbon Regions.

Connecting Policies
One Wales, One Planet:
A new Food and Drink Strategy will help to deliver "a much lower food ecological footprint and much lower greenhouse gas emissions associated with production, processing, distribution and consumption of food in Wales, with minimum generation of food waste, and maximum composting".
Food Farming and the Countryside (FFC):
FFC is the overarching Strategy for agri-food and rural policy. The Food Strategy is designed to be complementary to the FFC and will support the primary production sector, while extending policy focus to other aspects of the food system. The FFC charges the Food Strategy with the task of helping to develop a market-led, customer focussed, profitable and sustainable industry which adds greater value and is responsive to market trends.

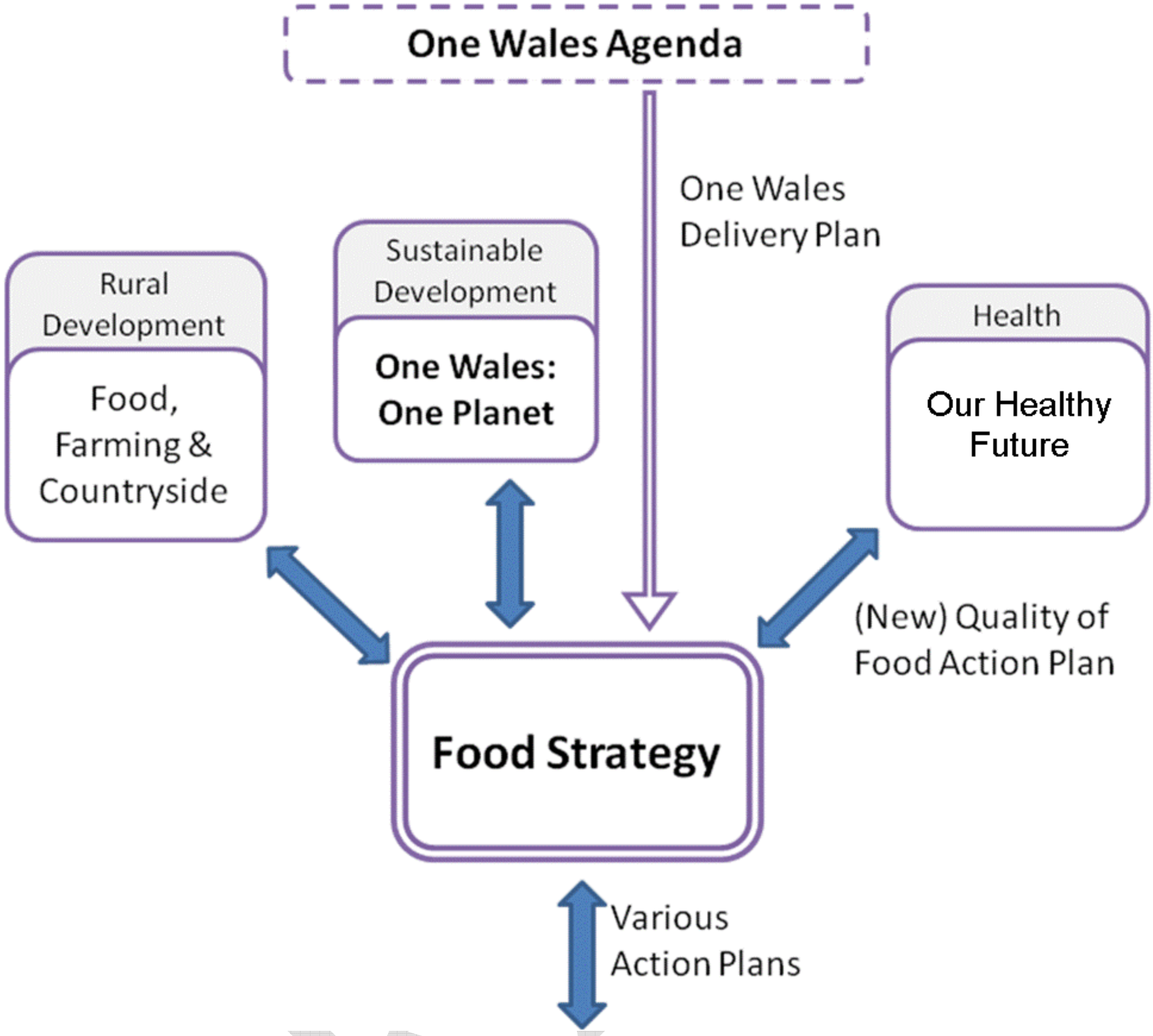

Figure 4: The Food Strategy's place among the main food-related strategies and Specific Action Plans of the Welsh Assembly Government

(a) Key driver 1 - Market Development

Principles:

- *Local and locality branded foods from Wales should be developed and promoted to markets in Wales, the rest of the UK, and more widely;*
- *The identity of Welsh foods should be strengthened through a distinct set of provenance indicators that should convey confidence in the associated qualities of Welsh food; and*
- *The public sector should use the power of purchasing to support the strategic development of the food sector.*

Branding Welsh food

16. The True Taste brand has been successful in establishing the unique identity of Welsh food and its inherent connection with the landscape. The Food Strategy directs the industry to build on this success, to enhance the appreciation of Wales as a source of the highest quality food, produced according to sustainable principles. The development of strong branding to reflect these qualities is essential to build on the success achieved so far to

- foster more diverse products;
- build more diverse routes to market; and
- deliver greater value to producers and processors.

In addition to this roll out the refreshed "Wales the True Taste" brand.

17. The Strategy holds an outward-looking approach that aims to foster connections between local and regional markets while at the same time purposefully expanding participation in export markets. The strategy is to build a strong, clearly differentiated brand that will help producers and processors to compete both locally and in export markets. The direction is to connect the growing food culture to wider markets by conveying compelling examples of the activity and vitality of food culture here.

Telling our story: the many different qualities of Welsh foods

18. An effective consumer research and marketing approach that tells a story about the benefits of **Food for and from Wales** is essential to connect producers with growing health conscious and sustainability conscious markets, with export markets and with regional markets.

19. The Food Strategy is to foster new niches, products and clusters of excellence which should be directly linked to tourism and amenity, and which should be promoted at home and abroad. In this respect, the Strategy's focus is on a more distinctive food system that:

- reconnects production and processing to a regional context and resource-base through an emphasis on products that are ***linked directly to Wales*** (regardless of whether they are marketed here);
- has products that are produced with the lowest possible impact on the environment and greatest impact on health; and
- emphasises food locality but can also accommodate the differing diet and cultural needs of a wide variety of ***consumers.***

Using provenance intelligently

20. It is acknowledged that producers here may not be able to compete with producers from other countries on costs of production or price alone. The Strategy encourages efforts to ***distinguish products in terms of quality, animal welfare, and sustainability***. Foods under the wider Welsh brand should demonstrate the following:

- the adoption of good *agro-ecological practices,* including measures to reduce production-based greenhouse gas emissions;
- compliance with *high animal welfare standards;*
- contribution to the *sustainable management of resources* such as soils, fishing grounds, water and landscape;
- increased *energy efficiency and lower carbon emissions* throughout the food chain;
- contribution to a healthy balanced diet; and
- A strong contribution to the *regeneration of sustainable communities* throughout Wales.

21. The development of Welsh branding of produce must be done in ways that do not add costs and onerous duties unduly to the industry. What is needed is a clear understanding of an expanded notion of Welsh food provenance. The EU's Protected Food Names[21] could be a way of identifying provenance for consumers on the domestic and overseas markets.

22. This will require careful consultation and collaboration between government and the industry, involving perhaps a series of incremental changes on both the supply and demand side. Focused and concerted actions will be required to achieve these objectives.

More than labels

23. Market development in the Food Strategy is not only about the creation of an over arching direction but it is also focussed on the need for specific actions within a clear and strategic marketing framework, which may involve:

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[21] The EU Protected Food Name Scheme identifies regional and traditional foods whose authenticity and origin can be guaranteed. Under this system a named food or drink registered at a European level will be given legal protection against imitation throughout the EU.

- the corporate retail sector;
- the public and private catering and procurement sector;
- farmers' markets and other direct delivery outlets; and
- the expanding export sectors.

24. There would have to be significant departure from the current position of marketing generic Welsh food to encompass and clearly articulate the local and locality dimensions of the food system. It is difficult to split the food offer strictly into these different sectors – each product would need to be looked at with lessons shared, e.g. between the marketing of cheese and Welsh lamb/ beef.

25. The Food Strategy is to encourage Local Authorities and other **public sector** bodies to source local food which contributes to a healthy balanced diet where possible. At the Local Authority level there is an increased recognition of the contribution that local food sourcing can make on environmental, economic and social grounds.

26. Improving the quantity and profiling of Welsh food in major **retail** outlets is another significant aspiration for the Food Strategy. Collaboration between producers, distributors and the retail sector at all levels will be needed.

27. In addition to marketing differentiation, the Strategy is to encourage the development of product-based strategic marketing approaches in producer sectors, including the livestock, dairy, horticultural, and fisheries sectors, and both conventional and organic markets along with partners such as HCC and OCW.

Both bulk food and speciality niche products are important

28. Low value outputs for the food manufacturing sector will continue but low value should not mean low quality and these activities should not be over-looked in terms of contributing towards our strategic vision.

29. All sectors can contribute to enhancing the international and national reputation of food from Wales, which should be marked by high quality, high animal welfare standards, reliability of supply and ecological efficiency[22].

30. This Strategy must, therefore, be applicable to the **bulk food markets** as well as to speciality **niches**.

[22] Ecological efficiency is defined in this paper as the effective production and transfer of safe, nutritious food through the supply chain, while minimising inputs, greenhouse gas emissions and waste.

Market Development

Improved marketing: developing domestic and export markets

31. Marketing to domestic outlets should continue to be improved, targeting the private, public and civic sectors in equal measure. The Strategy here is to encourage the purchase of more Welsh food and drink by consumers and promote True Taste award winning food and drink by means of all available media. This applies to existing success stories such as lamb exports, but also to other sectors such as dairy, beef, horticulture, fish, and aquaculture products, value added and niche products.

32. The Strategy supports continued and increased efforts to build on existing markets and to develop new markets worldwide. Welsh Assembly Government's Food, Fisheries and Market Development Division works in close partnership with International Business Wales[23] to ensure that food producers have a mechanism to access overseas markets.

33. Mechanisms for gathering better market intelligence should be strengthened and marketing services for producers and processors to improve promotion should be easier to access.

Develop stronger Welsh branding

34. The True Taste brand should continue to be strengthened in partnership with the food industry in order to develop clear and integrated brands that emphasise Welsh provenance and the wider sets of qualities detailed above. In addition to giving assurance of this basic set of qualities, linked to sustainability, brands should be flexible enough to allow individual products to communicate their own identities.

35. The Strategy is for the partnership working between Government and the industry to support further product applications for EU provenance schemes (such as Protected Geographical Indicators (PGI), Protected Designation of Origin (PDO), Traditional Speciality Guaranteed) to follow success in gaining PGI status for Welsh lamb and beef. Also the Strategy is to encourage more labelling of Welsh food which is destined both for the EU and global markets to create differentiated products which have clear links to specific areas and practices.

Support market access and stimulate Local and Regional Markets

36. The Strategy will continue to support the development of local and regional markets for Welsh brands and will encourage proactive public procurement policies that build on local sourcing policies as advocated in the Local Sourcing Action Plan.

37. Tenders for schools, hospitals, colleges, universities and care homes can and should request high quality and fresh products. To allow for this,

[23] International Business Wales supports Welsh businesses to develop overseas markets and also encourage inward investment into the principality.

protocols and guidance should continue to be developed so that those engaged in procurement will have a clear understanding of how to reflect values from the Strategy while engaging in purchasing decisions. These decisions should be in accordance with EU legislation which can be complex to interpret. However, with adequate and consistent information and training, a much higher level of local food purchasing by public sector bodies could be achieved.

38. The development of more diverse routes to market (as discussed in the Local Sourcing Action Plan) and stronger Welsh branded products within corporate chains will help to address some of the imbalance in value capture, but more structural change will be needed. The Strategy is to encourage the establishment and development of an independent body to oversee fairness in the retail sector and to enforce the Groceries Supply Code of Practice (GSCoP). This issue, and the established body, will be closely monitored over the ten years.

Promoting entrepreneurial initiative

39. The Strategy encourages supporting entrepreneurial initiatives that create opportunities for people to get together around the subject of developing Welsh food. These will include different kinds of public and private initiatives, including for example:

- support and encourage more new food and drink businesses to start up and develop new products to take to domestic and overseas market;

- retain and develop a database of producers offering fresh/quality Welsh products to be made available to local restaurants; and

- progress towards a clear, standardised branding for restaurants offering local ingredients, this could include the True Taste brand and an enhanced role for the PGI designation.

Building data resources for better market development

Organic Centre Wales (OCW) is funded by the Welsh Assembly Government to disseminate and collate information on organic food and farming to producers and other interested parties in Wales. It began regular producer surveys in 2007 in response to a demonstrable need for more data on the state and the development of the sector. In 2007, the OCW targeted all certified and in-conversion producers, and the survey was repeated in 2008. Because a large number of new converters had appeared since 2006, the second survey was divided between established and new organic farmers, allowing better tailoring of questions to address the particular concerns of each set of farmers.

Whilst previous data collection on organic and in-conversion land had been improved much available data had become out of date and inaccurate. The survey, therefore, asked specific questions to remedy gaps and to improve understanding of the nature of Welsh organic farms.

The surveys have provided more detailed insights into the sector than were previously available, and were also able to provide information about the intentions and concerns of organic farmers. These data have indicated structural problems that reflect on the interaction between producers and industry development bodies, and highlight the need to build closer ties to improve efforts at market development.

A crucial concern in developing the organic market is to combat consumer perceptions that organic produce is always more expensive than conventional produce. The marketing of organic produce emphasises the pivotal role that organic farming may play in achieving societal goals such as environment protection and good animal welfare. Close co-operation between producers and industry development bodies, based on a robust and detailed evidence base can enhance efforts to develop the market. Data gathering exercises such as the organic surveys are, therefore, crucial for developing the sector.

(Source: Organic Centre Wales: *Welsh Organic Production and Market report, 2008*)

(b) Key driver 2 -Food Culture

Principles:

- *A strengthened Welsh food culture leading to a steady demand for quality food is one of the most important ingredients of a sustainable food system*; and
- *Tourism should play a major role in marketing and promoting Welsh food*.

A Sustainable Food Culture

40. Whilst a steady demand for quality food is one of the most important ingredients of a sustainable food system, producers need to know that they can rely on a diversified food market, which comprises more than just niche outlets.

41. Good food does not just mean top quality food, and increasing the consumer's knowledge of how to use affordable food most effectively becomes an essential element in a sustainable system of food production and provision.

42. Increasing knowledge about food in our communities will help to develop a stronger food culture, which will grow the demand for good quality and locally produced food.

Helping consumers make informed food choices

43. More widespread knowledge about food leads to increased consumer empowerment and helps people to understand that their food choices and purchasing habits have important implications for:

- their health;
- the environment and its resources;
- animal welfare; and
- the economy.

44. The Food Standards Agency (FSA) is the lead organisation working to inform consumer choice and has run successful campaigns to inform the public on aspects of consumer health – such as the traffic lights system for labelling the content of food. Welsh Assembly Government is increasingly linking up with the FSA on such issues as labelling food and directing/influencing the food research agenda.

45. For this reason, the Food Strategy aims to direct people to become knowledgeable and creative about their food, about how it was produced and how it was prepared. Central to this effort is the Wales-wide adoption of a "whole-school" approach – that is, an approach that embeds the healthy eating message into a wider educational package that stresses the positive links between food, fitness, health and both physical and mental well being. The whole school approach is already being taken forward through the Network of Healthy School Schemes – 99% of schools are actively engaged. A number of initiatives have already demonstrated that where it is fun, stimulating and enabling, this approach can deliver handsome dividends even in the most challenging social environments[24]. There is already much good work underway – such as the Welsh Assembly Guidance on developing a whole school food and fitness policy, and work more widely on different levels of skills needed throughout the sector. The understanding of needing to be fully aware of health and safety issues continues and though provision of training has been significant and affective in recent years, it is important to remain vigilant as situations change and to avoid complacency.

46. The Strategy aims to make people proud of our **diverse** food cultures, around rural or urban settings for example, and to be aware whatever local community they are part of or their socio-economic status, what they can contribute to further developing the links between food production, preparation and consumption. The education being encouraged here includes any aspect of provision – in order to provide learning and to influence behaviour, including work based learning, and adult community learning.

The Food Matters Project

In 2006, an area of Cardiff was chosen to pilot a highly ambitious food education project, called *Food Matters*, which was designed to nurture children's knowledge of the school food chain from “seed to plate”.

One of the most innovative features of the project was a peer-to-peer learning process through which children were taught to teach other children about the merits of healthy eating.

Eating what they had grown, learning from each other and, above all, being actively involved in their own transformation were the hallmarks of the *Food Matters* project.

The project proved that children in the most deprived communities can learn to appreciate healthy food if the learning opportunities are sufficiently stimulating and empowering.

(Source: Morgan, K.J. and R. Sonnino (2008) *The School Food Revolution: Public Food and the Challenge of Sustainable Development*. London: Earthscan)

Tourism as a promoter of Welsh food

47. The qualities conveyed by the mountains, valleys, rivers, seas, and our communities should be closely associated with the food we produce. This should then be made the most of when we are working to establish the distinctiveness of our foods on the market.

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[24] Morgan, K. and R. Sonnino (2010) Re-thinking School Food: The Power of the Public Plate. In: *State of the World 2010: Transforming Cultures: From Consumerism to Sustainability*. Washington: The World Watch Institute.

48. As set out in the Food Tourism Action Plan, businesses in farming, horticulture and fishing should be encouraged to offer to tourists a diversity of services that emphasize the distinctiveness of our topography and natural resources in promoting the associated foods. Meals cooked using fresh local ingredients will add to the clear connection between these elements and what it has to offer in terms of quality food.

> **Tourist Food Expenditure**
>
> Visitor on short breaks to Wales spend 18.7% of their holiday budget on food and drink, while for those on longer holidays the proportion falls to 17.8%. This expenditure is divided between restaurants, bars, cafes, fast food and other takeaway outlets, and sandwich bars and bakeries, with the highest proportion being spent in restaurants.
>
> (Source: Visit Wales Expenditure Survey, 2005; Food Tourism Action Plan: Food and Drink for Wales; Welsh Assembly Government, 2009)

Developing Food Culture

Citizen and consumer empowerment

49. Initiatives to increase citizen and consumer empowerment should include a series of specific actions[25], including:

- food education programmes in schools;
- schoolchildren visits to farms and the countryside;
- public access to Open and Demonstration farm days; and
- further development of food festivals

50. The education of our citizens on the benefits of healthy eating is a vital driver in developing a positive healthy eating culture and attitude to food which has potential to deliver significant improvements in their health and well-being throughout the life cycle.

51. The Strategy will also encourage creation of new public spaces for producers and consumers around a sustainable food culture. This includes

- food cooperatives (such as the Community Food Co-operative Programme currently supported by the Welsh Assembly Government[26]);
- community growing initiatives – both formal and informal;
- community Supported Agriculture and box schemes; and
- initiatives that make sustainable and affordable food products accessible to deprived communities in both urban and rural areas.

[25] There will be options to explore on the development of initiatives /programmes focussed on linking production with consumers. These may include the ECO schools initiative, the Community Focussed Schools policy and the Education for Sustainable development and Global Citizen Group's work.
[26] The Community Food Co-operative Programme in Wales is funded by the Welsh Assembly Government, and delivered by the Rural Regeneration Unit.

Increasing the sustainability of public provision of food

52. There is scope for the supply chain plans already developed in the Local Sourcing Action Plan to be enhanced by ensuring that :

- food education in schools is based on the adoption of a "whole-school" approach;
- initiatives are introduced to use the public canteen as a venue to educate people about the benefits of sustainable healthy food choices;
- core education on sustainability includes the issues surrounding food production and distribution; and
- education is provided widely throughout the industry aimed at increasing understanding the causes of food waste and how it can be reduced.

Linking food production to culture and marketing

53. The Strategy encourages building on partnership working between the Welsh Assembly Government, key industry stakeholders, and the industry more widely to continue to stimulate and develop the food culture through measures that connect people with how food is produced through measures that:

- promote the value and status of the True Taste awards;
- increase awareness of direct sales opportunities; and
- promote and enhance food events and media participation.

54. The True Taste Awards should be encouraged to build on achievements so far in order to increase the opportunities for direct sales to consumers around the country. Food champions operating at different stages of the supply chain (i.e., producers, processors, caterers, restauranteurs, etc.) should be encouraged and supported in their efforts to inspire and mobilise communities about food.

Deiniol ap Dafydd

Deiniol ap Dafydd has an established and deserved reputation for his food businesses in Llanrwst, Conwy. Blas ar Fwyd is an impressive delicatessen for such a small market town and it specialises in Welsh and European food and drink. Deiniol's reputation is built on 25 years in business in Llanrwst and has resulted in him being awarded the accolade of True Taste Champion at the True Taste Awards in 2009.

Deiniol takes an interest in expanding on collaboration between food processors and distributors, which has assisted with the growth of his own businesses. The role of True Taste Champion is an important one as it provides a focus on all that is positive and laudable about the food and drink sector in Wales. In Deiniol, Wales has a true ambassador whose desire to promote and further the Welsh food and drink industry is at the core of his business and his personality

(c) Key driver 3- Sustainability and well-being of our people

Principles:

- *The Food Strategy emphasises the development of sustainable food chains that have ecological efficiency at their heart*;
- *The food sector has a responsibility to maximise its contribution to domestic climate change mitigation and adaptation*; and
- *The Food Strategy recognises Wales' moral responsibilities in a globalised food system*.

Healthy eating

55. The Food Strategy emphasises the production and development of food that contributes to a healthy balanced diet, to improve the well-being of our people.

56. The amount and type of food that people eat, as well as the way it is prepared, can play an important role in protecting and improving health. Overall, it has been estimated that around one third of deaths from heart disease and a quarter of deaths from cancer in the UK can be attributed to the food and drink consumed. Whilst many people eat healthily, a large number do not. For example only 36% of adults report eating the recommended five portions of fruit and vegetables (Welsh Health Survey 2008). The food system should help to reduce the economic drain on healthcare costs of diet related diseases and the cost to the wellbeing of our citizens of these diseases. To support people to change their behaviour to eat more healthily we need to ensure that healthy choices become the easiest option. Work is underway, particularly in the public sector, to increase the availability and marketing of healthy options.

57. Food in schools is being improved through the roll out of Appetite for Life and guidance on healthy eating has been issued for early years' settings, youth clubs and leisure centres. Hospitals are being driven to be exemplars of good practise with initiatives such as the All Wales Nutrition Care Pathway and Health Promoting Hospital Vending. These initiatives are creating opportunities for companies to respond to a changing market and be at the forefront of providing healthier foods to meet the demands of this developing market whilst contributing to improving the health of all our people.

58. Initiatives such as those cited above are central to the Welsh Assembly Government's new Child Poverty Strategy and Delivery Plan for Wales, which was launched for a three month period of public consultation on 12 May 2010. The new Child Poverty Strategy is underpinned by the 13 Broad Aims of the Children and Families (Wales) Measure and includes a commitment to reduce inequalities in health between children and between parents of children (so far as necessary to ensure the wellbeing of their children). The new Child Poverty Strategy sets out a series of priority policy actions – which includes “more emphasis on policies designed to improve nutrition amongst children and young people living in low income households” and “more emphasis on educating parents about the importance of diet and exercise”.[27]

Environmental sustainability throughout the food sector

Sustainability

59. Food production and provision have a significant ecological footprint. Reducing this impact will be essential to meet the climate change commitments set out in the UK *Low Carbon Transition Plan* and *One Wales: One Planet* Strategy document and to conserve natural resources such as energy, land, water and soils. Following this direction already, the Wales Spatial Plan (WSP) has ensured that ecological footprint information has been published for the six WSP areas.

60. Ecologically efficient food supply chains will look to minimise inputs, energy demand, greenhouse gas emissions and waste while producing and delivering safe and nutritious food. The emphasis will be to embed good practices across the chain while also adding value for local and regional producers and processors.

61. Improving water efficiency is an important component of adapting to climate change for primary producers[28]. Additionally, food and drink related sectors account for the largest commercial water use in Wales[29] as well as potentially having high energy use for heating water. Water efficiency will also play an important role in helping mitigate emissions from this sector.

62. In addition to meeting commitments to renewable energy generation, lower-carbon based and other green technologies, this approach recognises that the food sector has a strong role in ***creating*** environmental goods and services through the careful husbandry of natural resources and the provision of carbon sinks and renewable raw materials.

63. The **'Capturing the Potential: A Green Jobs Strategy for Wales[30]'** is an important delivery mechanism of the Sustainable Development Scheme, One Wales: One Planet. It aims to enhance competitiveness and

[27] The new Child Poverty Strategy sets out the Assembly Government’s vision for tackling child poverty in Wales. Its accompanying Delivery Plan sets out the policy action and commitments designed to deliver this vision. The Child Poverty Strategy and Delivery Plan for Wales were issued on 12 May 2010 for a three month period of public consultation. http://wales.gov.uk/consultations/childrenandyoungpeople/cpStrategy/?lang=en

[28] The Water Resources Strategy for Wales outlines future pressures on water resources and agriculture http://www.environment-agency.gov.uk/research/library/publications/40731.aspx

[29] Catering and tourism, agriculture and the food and drink industry are three of the four highest consumers of public water supply, excluding household water use and based on Dwr Cymru Welsh Water data.

[30] See Capturing the Potential :a Green Jobs Strategy, Welsh Assembly Government ,2009

profitability, stimulate demand for a low carbon low waste society and strengthen the low carbon energy sector in Wales. The Green Jobs Strategy is organised into three high level priorities: supporting business, fostering innovation and technology, and investing in a more sustainable economy.

Strong linkages to Sustainable Development Strategies

64. There are strong linkages between the food sector and sustainability in other areas also. A prime example is that of food waste. The strong push in the *Waste Strategy* towards waste minimisation as the first priority has strong resonances with the Food Strategy, given the estimates[31] of food waste at one third of foodstuffs at a cost of £500m. Food policy can offer a strong lead in this context through an emphasis on:

- waste minimisation,
- including portion control and effective food storage;
- packaging reductions and recycling;
- greater business responsibility for waste production; a strong emphasis on waste composting; and
- turning waste into energy, bio-gas and anaerobic digestion

65. Again, the benefits manifest themselves in cost and raw material savings, organic waste and greenhouse gas reductions, and better secondary resource use.

66. **The Wales Spatial Plan** 2008 update contained a commitment for each Spatial Plan Area to develop plans to move towards becoming a low-carbon region. The Sustainable Development Commission was commissioned to produce a report (*Low Carbon Wales: Regional Priorities for Action*) with recommendations about how best to achieve that goal. Supporting the report is a Resource Bank acting as a reference guide for Spatial Plan Area Groups and wider stakeholders. The document provides background information on a wealth of low carbon solutions alongside case studies, tips for replication, and recommendations for delivery through the Wales Spatial Plan Groups.

67. The general principles of a low carbon diet are eating local, seasonal food, wasting less food, minimising energy used in cooking and storage, taking fewer trips to the supermarket, and ensuring that a balance is achieved on carbon intensive food such as red meat and dairy products.

68. Soil and plant stores in Wales are currently estimated to hold 547 million tonnes of carbon, with 80% stored in upland soils and grasslands. The EU policy for soil is set out in the Thematic Strategy for Soil Protection adopted in 2006. This Strategy aims to encourage improved efforts made to better manage carbon stores in soils, and also to increase efforts to increase sequestration.

[31] See Waste Strategy, Welsh Assembly Government , 2008

Local Sourcing/Co-operatives/Community Farms

69. The establishment of environmental co-operatives could be encouraged (e.g. Pontbren Farmers' Co-operative in North Powys), to secure benefits from large scale land management, as well as the sharing of resources, knowledge, and risk.

70. Local produce should be promoted (including in public sector procurement efforts) by using criteria emphasising freshness, and seasonality of produce.

71. Attempts could be made by local authorities to map out land under their ownership which could potentially be made available for community food growing, including community farms and gardens. Swansea Community Farm is currently the only community led farm in Wales, and more could be done to promote this concept, and access consequent emissions reductions.

Supporting fair trade and other ethical trading schemes

72. Wales was the first country to achieve Fair Trade Nation status, acknowledging the significant progress that has been made to develop awareness and consumption of fair trade products in recent years. The Wales Fair Trade Forum, funded by the Welsh Assembly Government, has driven this process by encouraging businesses and institutions to stock fair trade products. Public sector institutions, including Government offices, now routinely purchase a range of fair trade products, directly supporting small producers in developing countries.

73. The Fair Trade initiative and ethical trading schemes more generally represents a significant tool for promoting more sustainable production and marketing activities, particularly in the developing world but also closer to home. They provide both an economic dividend to producers and an educational dividend to consumers and, as such, they should play an important role in promoting a more sustainable food system.

Local food and ethical motivations: consumer behaviour across the UK

In recent research by the IGD shoppers across the UK maintained ethical motivations for food purchases and an interest in buying locally produced food

- 30% shoppers specifically chose locally produced food (January 2010)
- 27% have bought Fairtrade products
- 18% bought food with high animal welfare standards
- Motivation:
  - the belief that locally produced food will be fresher
  - short distance travelled
  - 54% wanted to support local producers and farmers (28% in 2006)
  - Buying local food to keep jobs in the area increased by 4 times

- "Shoppers are looking for both **value and values**. …They are not simply looking for cheaper food in tough times; they also expect the grocery industry to support their moral and ethical values."(Joanne Denney-Finch, IGD's chief executive)

- Asda's sales of locally sourced products up 300% since 2007 (> 6,000 items through regional hubs to prevent food moving around the country unnecessarily)

- Tesco has 4,000 local lines: "Enjoy the taste of . . .", ~ £830 million in 2010 with target of £1 billion by 2011

(Source: IGD, 2010; and The Times Newspaper 31-01-10)

Environmental Sustainability: Developing ecologically efficient production and supply chains

74. There is a need to build capacity within the supply system (particularly the farming and processing sectors) that will facilitate lower-carbon usage and a reduction in waste production.

75. The Welsh Assembly Government will work with each part of the food sector to support the development of the ecological efficiency of supply, building on the already existing plans where appropriate. This will include better measurement of current ecological performance within each sector (e.g. carbon footprint, water usage, waste generation and waste management) to better understand the social and environmental impacts of land use, together with the impacts of potential land use changes.

76. The Food Strategy supports and complements the *Food, Farming and Countryside Strategy* to:

- promote on-farm energy efficiency and the adoption of current best practices to reduce greenhouse gas emissions (e.g. by creating a specific tailored set of support services via Farming Connect);
- encourage and promote collaborative initiatives across the supply chain to jointly improve supply chain efficiencies - including transportation, energy and water usage, and waste reduction; and
- Continually review and develop schemes to support and encourage better ecological practices (e.g. as in the introduction of Glastir land management scheme in 2012).

77. Wales now has a major opportunity to embrace a more sustainable approach to land management, and also to take account of the impacts of climate change. This approach could not only underpin the future marketing of high-quality, value-added Welsh produce but could also sustain the growth of tourism in the spectacular rural landscapes of Wales. "Well thought out environmental policies provide opportunities for innovation; create new markets and increase competitiveness through greater resource efficiency and new investment opportunities" (Wim Kok; Lisbon Strategy for Growth and Employment 2004).

78. To help achieve more ecologically efficient systems, the Food Strategy will support efforts to strengthen and develop existing infrastructure in the food system (such as small abattoirs and processing plants).

79. It is recognised, however, that there are potentially difficult trade-offs that have to be negotiated between a desire for more local production and processing capacities and the objective of reducing the overall carbon demand at all stages of the food chain system. The Strategy therefore supports continued research to enable a better balance to be found for food production, processing, marketing consumption and any waste disposal.

Food Waste

80. Since the issue of food waste reduction is intrinsically linked to demand management, the Strategy will encourage efforts toward reducing waste production by retailers and food outlets as well as households (in line with objectives in the One Wales; One Planet).

81. Efforts to reduce the impact of food waste will be aided through support for anaerobic food digestion plants (with funding from the Strategic Capital Investment Fund) and for schemes that utilise waste food for energy.

82. As part of our Towards Zero Waste Strategy, plans will be developed for priority sectors. These will detail actions for businesses, communities and the public sector to deliver the policies and principles outlined in the strategy document. The wholesale and retail sector plan will look at food and associated packaging waste and ways of reducing this waste in the supply chain from manufacturer through to end user. The municipal sector plan will look at education and behaviour change of consumers with regards to reducing household food waste.

83. The Welsh Assembly Government is using ecological foot-printing to measure how far it is meeting its sustainable development commitments as outlined in One Wales One Planet. Waste generation from consumption based activities contributes 15% to Wales' ecological foot-print, with food waste contributing to 30% of the ecological foot-print impact of commercial and industrial waste. Reducing the impact of food waste is one of the main priorities identified in the Waste Strategy. Towards Zero Waste promotes prevention and reduction of food waste in

the first instance and then the diversion of food waste from landfill to anaerobic digestion.

Investment in Research and Development

84. The Strategy encourages private-based investment but will also encourage the commitment of public-funds to ensure that Research and Development effort, in collaboration with UK Research Councils, Government Bodies and Higher Education Institutes, is targeted at the challenges facing the food system. Work with industry and the research base to define research priorities will aim to target: renewable energy generation; yield-enhancing technologies; carbon capture and low-carbon solutions (including anaerobic digestion); waste management; other environmentally sound technologies and their applications within the food chain; reformulation of food to improve its nutritional content; and knowledge transfer and extension schemes to create strong partnerships and linkages between higher and further education establishments, research institutes and the private sector.

True Taste Winners of outstanding contribution to Sustainable Development

Established in 2000, Calon Wen is a co-operative of some 20 dairy farming families forming two clusters in both North and South Wales. They are passionate about the milk they produce, about quality and freshness and about providing consumers with peace of mind by ensuring that their products could be traced right back to the farm.

They were awarded the True Taste Contribution to Sustainable Development award in 2008/09 for the steps they have taken to provide fresh organic milk to customers across the UK. They were recognised for their success in promoting a struggling dairy industry and their support for the rural economies and communities that are needed to supply this valuable commodity.

Faced with the pressures of operating in a commodity market place, they have invested in their brand, and combine creative design with skilful marketing to ensure they are seen and heard.
The company has utilised innovative techniques in an attempt to reduce the amount of packaging they consume.

(Source: Research by Ecostudio on behalf of the Welsh Assembly Government's Sustainable Supply Chain Initiative)

(d) Key driver 4 – Supply Chain Efficiency

Principles:

- *Supply chains that work together in open and equitable partnerships are the basis of a sustainable food system;*
- *Collaborative action should be fostered across supply chains, and the principles outlined in the Strategy should be widely embraced across the food supply chain;*
- *Supply chain efficiency should be interpreted beyond economic cost-and-benefit to include social and environmental considerations; and*
- *Capabilities throughout the supply chain should be enhanced so that the sector may deliver products that are competitive, match consumer needs and are produced in a sustainable manner.*

Building collaborative relationships

85. The Food Strategy is focused on the needs of people and community values and aims to foster a collaborative and innovative entrepreneurial culture. This would mean a more open culture free from stereotypical barriers or gender biased approaches to the structure of the industry or the employment profile of those engaged in all stages of the supply chain.

86. Forms of horizontal collaboration can equip producers, processors and local food service companies to participate and compete better within corporate based chains. However, the inherent difficulties in fostering more collaborative and partnership-based approaches within supply chain cannot be ignored. The Food Strategy encourages discussion of where future collaboration could be introduced – in the debate on the shape of the CAP beyond 2013 and planning for new and existing business expansion. This should take into account the profile of businesses (particularly the preponderance of small businesses) that currently operate in the food sector here.

87. These principles should explicitly *encompass* all sections of the agri-food supply chain (from producers to consumers) and all established and emerging production and value-adding sectors (from red meat and dairy to horticulture, aquaculture and coastal fisheries). The approach must emphasise the *multi-functionality* of farming, of food production and processing and of the countryside, and look to enhance the economic, social and biological *diversity* of the rural resource base.

88. Farming Connect is funded by the Welsh Assembly Government and the European Union, and is delivered under Axis 1 of the Rural Development

Plan for Wales 2007-2013.[32] Working closely with its partner organisations, it provides one to one support, knowledge, expertise, training and advisory services, tailored to the developing needs of farmers. The advice and guidance can help farming families run their businesses more efficiently and safeguard the future of their farm business.

89. An approach emphasising multi-functionality and diversity should also be linked to enhanced Welsh-provenance foods for sets of local, regional, national and international markets. Consideration must be given to improved product and service development that lead to better practices and performances at farm level and across the supply chain, which reflect improved understanding of the needs of a more diversified consumer base both in the UK and abroad.

Strengthening enterprise and promoting research and development

90. The Food Strategy aims to foster an innovative entrepreneurial culture. The approach to innovation, whilst centred on technical development and new products, should include recognition of social, public sector and organisational innovation to:

- sustain the social and economic life of communities; and
- enhance the exposure of consumers to the benefits of enjoying Welsh food products.

91. The role of the Welsh Assembly Government's evolving Economic Renewal Programme will continue to influence the sector and to strengthen enterprise in targeted ways. This will continue to work across all sections of the industry as priorities and economic conditions change.

Skills Development

92. There are moves to strengthen the links between skills, education and food related policy across Welsh Assembly Government with the aim of integrating development in a focussed direction.

93. The industry view is that continuing investment in skills development is crucial for improving the performance of the food supply system. To foster further expansion, the level of skill and knowledge amongst those working in all aspects of the food system must continue to be improved. A collaborative approach to food skills development should become a feature of the skills agenda following the lead of the Sector Skills Council's 'Sector Skill Agreements'.

94. The Welsh Assembly Government's Young Entrants Support Scheme (YESS) developed by the Department of Rural Affairs and Heritage (DRAH) is designed to offer support, guidance and grant aid with the aim

[32] The Rural Development Plan (RDP) for Wales 2007-2013 was formally approved by the European Commission's Rural Development Committee on 20 Feb 2008).

of attracting, and retaining the business skills and acumen of young people into the industry.

95. Young farmers represent a key factor in the sustainable development of the farming sector. This Scheme provides assistance to facilitate the establishment of young farmers (defined as being under 40) who possess adequate skills and competence and are setting-up as head of the holding for the first time. 'Setting up as head of holding' includes those who have set-up as head of holding for the first time within the previous 12 months.

96. In addition to industry and central Government involvement, there may be a strong and significant role for research institutes and Higher Education Institutes in innovation and in instilling best practice. There are also three Food Centres: The Food Technology Centre (Coleg Menai), Food Centre Wales (Horeb) and The Food Industry Centre at University of Wales Institute, Cardiff (UWIC) work with start up businesses to provide advice on inception, and help with developing new products towards a market launch.

97. Each centre has been established with the support of the Welsh Assembly Government to help to develop food producers' businesses. All three centres are dedicated to encouraging the development of the food sector and offer technical and practical support on all aspects of food production. Each centre has specific expertise with access to many food technology experts.

Supply Chain Efficiency - Supporting entrepreneurship and training

98. Entrepreneurial initiatives should be identified and encouraged whether within business start ups, established firms, community groups, social enterprises or the public sector. The aim here would be to provide confidence for both individuals and groups who are considering new food production solutions that support strategic goals of the industry.

99. The Food Strategy recognises the efforts currently being made to develop skills in all the areas that relate to food - including land-based industries, hospitality, leisure and tourism, the retail industry, distribution and freight industries, and the food manufacturing and processing sector. The Food Strategy encourages continued collaboration across these sectors by bodies such as DCELLS, DE&T, HEFCW, Wales TUC, Job Centre Plus, Careers Wales and the Sector Skills Councils. The provision of work-based and adult learning is also encouraged.

100. In the longer term the Strategy would encourage a strong and significant role for initiatives such as the activity of the Food Centres and Higher Education Institutes research programmes in:

- fostering innovation;
- providing a collaborative approach to the development of food skills; and

- Disseminating and instilling best practice and experience across the food sector.

Investment in Research and Development

101. Close engagement is needed with both the providers of Research and Development funding and the institutions that can develop specific research agendas based on the strategic principles and needs of the sector both in the short and longer terms.

102. The Food Strategy will encourage the wider adoption of new technologies that may be beneficial to developing a more competitive, efficient and sustainable sector. To enable efficient sharing of technology and learning, and to encourage mutually beneficial 'knowledge spill over' processes, the Welsh Assembly Government working in partnership with stakeholders and the industry will encourage all concerned to build on current knowledge sharing. It will also consider extension schemes in this context to create stronger partnerships and linkages between higher and further education establishments, independent expertise in research and development, research institutes and the private sector.

Innovation and Niche product development

103. Niche innovation and development should become a key part of the food industry in order to support the broad vision of sustainable, healthy, and quality foods from Wales. To this end, the Food Strategy will encourage the development of product services for new and existing markets, and to encourage a strengthening of links between educational establishments and entrepreneurs.

Collaborative partnership

104. In developing local and collaborative food systems, *food hubs*[33] should be related to the regional hubs identified in the Wales Spatial Plan, with the hubs encouraged, investigated and trialled:

- to create common pools of resources and knowledge that actively sustain increased collaboration and the connections between all aspects of the food sector (including consumers); and
- to alleviate supply chain 'bottlenecks' and problems of quality and supply consistency that may arise from small and dispersed producers.

105. The Strategy encourages the industry to look at the whole supply chain to identify possible efficiencies. In particular to examine ways in which collaborative initiatives across the supply chain could be encouraged to improve efficiencies and enhance competitiveness, especially in regard to the high proportion of small businesses in the food sector.

[33] See Morley, A. Morgan, S. and K. Morgan (2008) *Food Hubs: The 'Missing Middle' of the Local Food Infrastructure?* (2008). BRASS Centre, Cardiff University

106. Extension services should play an important role in encouraging new forms of cooperation amongst producers through, for example, the active establishment of networks of producers to achieve the capacity needed to supply the public sector.

Sustainable Supply Chains (SSC) initiative

The SSC initiative helps small food and drink enterprises access new markets. Launched in June 2009, it is a pilot project that will run for 18 months in South Wales.

It is developing innovative ways of benchmarking and measuring sustainability in food and drink businesses and practical ways to enable business to embrace sustainable ways of doing business.

It is currently working on a number of diverse projects with eligible businesses to demonstrate the commercial benefits that can be gained through adopting more sustainable ways of doing business.

Projects that are underway include:

- working with a group of wine producers to enable them to be recognised for their commitment to sustainable production and consumption
- supporting the long term strategic development of an organic dairy co-operative through assisting with sustainable product development
- undertaking a sustainability review of established community food co-ops and providing ways for local producers to supply this organisation.

Lessons learned from this initiative will inform future government intervention and initiatives to support Welsh food and drink business.

(Note: SSC is a Supply Chain Efficiencies Scheme project and has received funding through the Rural Development Plan for Wales 2007-2013 which is funded by the Welsh Assembly Government and the European Agricultural Fund for Rural Development.)

(e) Key driver 5 – Integration

Principles:

- *The horizontal integration of food policy into other policy areas is a key element in the successful operation of the Strategy; and*

- *There should be vertical integration of policy affecting food to ensure that policies adopted at different levels of governance are coherent with each other and that the principles outlined in this document and promoted in the Strategy are embraced throughout the policy context.*

The centrality of food to Welsh life

107. Food is so central to us all that it is no surprise that a host of social issues connect to food policy. These include:

- public health;
- climate change;
- regeneration;
- social exclusion;
- poverty; and
- education.

108. Not all of these issues can be addressed solely through a Food Strategy but accepting that food intersects with these significant areas of public policy will allow the Food Strategy to play its part. Equally not all problems relating to food can be solved by a Food Strategy because these may be better addressed under other policy initiatives.

109. What is clear is:

(a) that there are many diverse connections between food and other areas of public policy; and
(b) that these must be addressed in a consistent and coherent way.

110. To take just one of these areas, the relationship between food, health and well being is generally accepted. Policy initiatives stress the importance of a healthy diet in fighting the inception of major health disorders, including coronary heart disease, diabetes and certain cancers. The benefits delivered by wholesome food are obvious in this context not only in saving costly medical interventions but also in promoting the health of the working population and general communities well being. It is important to recognise the challenges this presents perhaps especially in the light of evidence that lower income families would gain most from the availability of sufficient, affordable, safe and nutritious food. The availability of such food is key to improvement for this group who often find themselves unable to shop in places where cheaper nutritious food is offered- sometimes because the transport links they need are not in place.

Food and Education

In February 2010, Baden Powell Primary School in Tremorfa became the 1000th school to participate in the Welsh Assembly Government's Free Breakfast initiative. The Welsh Assembly Government makes funding available to provide free school breakfasts for primary schools throughout Wales. Around 66 per cent of all primary schools are now offering free breakfasts to their pupils.

111. Attention needs to be given to the mechanisms that help to deliver coherence and integration. A successful Strategy must:

- achieve buy-in to its vision;
- be widely disseminated among stakeholders;
- engage with and support consumers of food; and
- promote partnership working between people working at all stages of the food chain.

Developing horizontal and vertical linkages

112. Given the range of areas relevant to the food system in which Local Authorities are active, these are particularly important in this process of collaborative working. Local Authorities can play an important role in mobilising the drivers identified in the Food Strategy and much work is already being undertaken. The Food Strategy encourages Local Authorities, other public bodies and agencies such as the Food Standards Agency and the Environment Agency, along with community groups and partnerships, to engage in high levels of activity and to think about developing our food culture and to develop a coherent, integrated and strategic approach to food planning.

113. The Welsh Assembly Government will continue to strengthen its links with the other devolved administrations, with the UK Government and the EU and to continue to remain fully engaged on the food and agriculture agendas.

114. Over time developments and changes to key policies influencing the sector such as the CAP should be taken into account and alteration in direction considered so that all opportunities could be fully exploited. This will include inter-governmental collaboration on sustainable food production, action to combat climate change, food research and development, and skills development within the food industry.

Building on good work: linking policies

115. A key feature of the Strategy is to encourage integration of disparate strands of food policy (such as nutrition, food hygiene, and food production) and to link food policies with other key initiatives (such as waste and energy minimisation, sustainable tourism and transportation). The Food Strategy will also look to play its part in promoting rural regeneration and redevelopment and the reconnection of urban centres to the rural environment through building on interest and pride in food provision.

116. Integration requires a conscious effort to construct these linkages through work with the public, with those working in the food chain and with a wide range of other stakeholders to devise a clear policy agenda. The concept of ***food proofing*** is relevant in this respect, allowing Government to overcome the debilitating effects of poor food policy integration in the public sector. Effective food proofing will allow the Food Strategy to develop into the first *government* Food Strategy, rather than be a Strategy that may be constrained by limited departmental budgets and remits.

Developing strong linkages between the Food Strategy and the Sustainable Development Strategy

117. As noted elsewhere in this document, there are strong linkages between the Food Strategy and sustainable development. The Sustainable Development Scheme for Wales, *One Wales: One Planet* is capable of providing the organising principles on which delivery of the Strategy can be based. Indeed, **integration** is a core principle of that scheme. As the document states:

"…only an approach that makes the connections between, and effectively integrates, economic, social and environmental challenges will achieve sustainable development."

118. An example is that of food waste[34], where the benefits of all effective strategies manifest themselves in cost and raw material savings, organic waste and greenhouse gas reductions, and better secondary resource use.

Food and Tourism

Tourism provides an excellent example of an area of government influence in which food can play a key role. Good quality food and food service can enhance the reputation of Wales as a leading sustainable tourism destination. Provision of Welsh food at tourist outlets can promote economic development and boost environmental and cultural tourism. This approach can make for a tourist experience that is highly valued, encouraging the return of visitors to Wales.

The Food Tourism Strategy is effective in using food as a tool to increase the attractions of Welsh rural areas illustrated by the achievements of Monmouthshire and Pembrokeshire, which were the first two winners of the Food Destination Awards under the True Taste scheme.

In addition, research by the Mid Wales Food and Land Trust in 2006 concluded that, of the visitors surveyed, 82% stated that provision of good locally produced food was a very important part of their holiday experience and they would pay up to 13% extra to experience it.

(From *Food Tourism Action Plan, WAG,* 2009)

[34] See discussion under the Sustainability Driver Section.

Integration - Making the Food Strategy work across all levels of Government

119. Welsh Assembly Government policies, as well as local authority and public sector policies, make credible and consistent food policy statements, public policy will be subjected to ***'food-proofing'*** at all levels of governance. To ensure that overlaps, duplication and costs are minimised the Welsh Assembly Government will seek to engage and work with Local Authorities in coherent and structured fashion to develop food policy by:

- evaluating the costs and benefits of more integrated and comprehensive food planning; and
- work in partnership to produce integrated and strategic action plans on food at the Local Authority level.

120. The Food Strategy will be subject to annual review and evaluation which will be undertaken by Government and the industry working in partnership. Progress will be assessed on quantitative and qualitative terms against the five key drivers identified in the Strategy.

Changing the Regulatory Framework

121. The delivery of the Food Strategy may involve changes to the regulatory framework surrounding food in due course. For example, legislative options will be considered that would require institutional buyers to include a certain percentage of locally produced food in their purchasing.

"Soft" approaches to change

122. Not every change needs to be a legal one. 'Softer' approaches, including statements of good practice, voluntary codes, better education, and public/private partnering, may prove much more effective mechanisms for delivery. This approach may be particularly effective where the goal is to integrate different policy areas.

Chapter 6 - Implementation

Data Usage

1. As well as working towards the principles and goals outlined in this document, the Welsh Assembly Government and the industry are keen to establish a firmer evidence base against which the food sector may be monitored and progress measured. This data needs to be collected and presented in a form accessible to all stakeholders, who should be able to use and adapt it to their own needs.

2. There are challenges to the development of robust data for the food sector. Although many of these challenges are common to most socio-economic activities, the breadth and complexity of the food system pose additional problems. Among other things, understanding our food system means being able to account for:

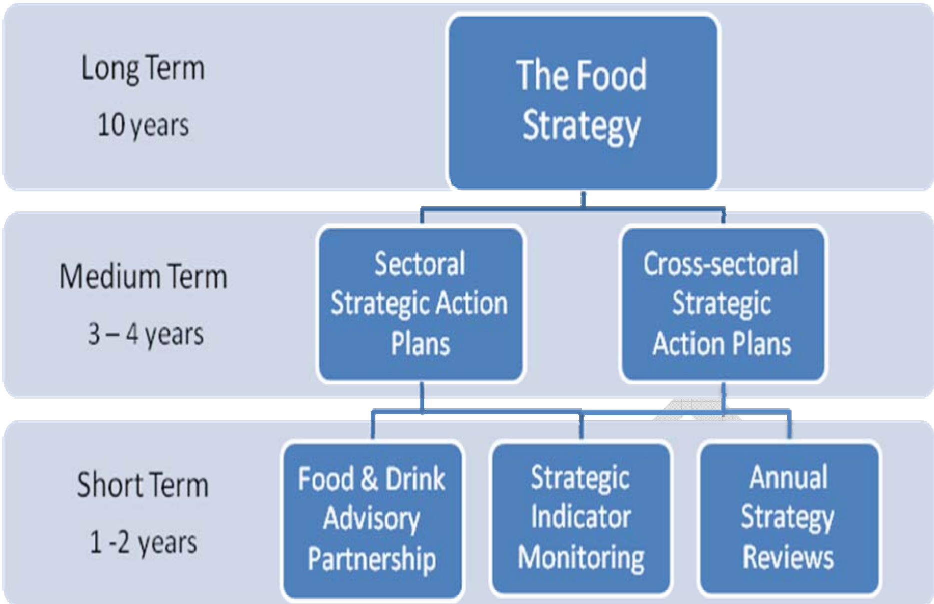
   - cross border flows of food - in UK, EU and Global context;
   - the affect of our actions on others – e.g. ploughing up grassland to produce more horticultural produce to answer food needs may result in unwanted release of soil stored carbon;
   - businesses registered in one location but operating in many (often across the UK);
   - businesses with peripheral but significant food activity (e.g. institutions with canteens, general stores, sporting events);
   - trends in consumer behaviour; and
   - the boundary between different sectors - e.g. defining the points where ‘food’ ends and where ‘agriculture’, ‘waste’, or ‘health’ begins.

3. As this document attempts to make clear, understanding the food system here also involves understanding its position and performance within a broader UK and international context. The Welsh Assembly Government will continue to work closely with the UK sustainable food indicator process to ensure that Wales is fully included in UK and International benchmarking.

Monitoring and Strategic Renewal

4. This document presents an ambitious Strategy for the development of the food sector over the next 10 years. The inherent complexities, resource pressures and uncertainties in the food system restrict this document to a series of strategic visions, rather than detailed initiatives, action plans or proposals. This Strategy is designed as a working process involving a continuous re-appraisal of strategy that will be continually updated, and will be utilised to guide, and work in conjunction with, existing and future strategic action plans for the food sector and the food system more generally.

5. As the figure below illustrates, the Food Strategy is the overarching element of a broader set of policy tools for the food sector.



6. This over arching food Strategy sets the direction for the next ten years. Where there is specific action identified these may be developed through close working with the food industry and other stakeholders.

7. There are short-term steering processes to ensure the Strategy remains relevant and effective, and in addition to the strategic indicator monitoring outlined above, the Food and Drink Advisory Partnership will continue to provide ongoing strategic oversight. There will be an annual review to monitor and update the Strategy, with all partners taking their part in the development of the food system to ensure that it continues to meet evolving challenges and to allow strategic priorities to be realigned accordingly.

Chapter 7 Summary of the direction of the Food Strategy

1. *Local and locality branded foods from Wales will be developed and promoted to markets in Wales, the rest of the UK, and the world.*

2. *The identity of Welsh foods will be strengthened through a distinct set of provenance indicators that convey confidence in the qualities of Welsh food.*

3. *The public sector will use the power of purchasing to support the strategic development of the food sector.*

4. *Welsh food culture will be strengthened and used to develop a steady demand for quality food that contributes to a healthy balanced diet. This is one of the most important ingredients of a sustainable food system*.

5. *Tourism will play a major role in marketing and promoting Welsh food products*.

6. *The Food Strategy emphasises and accepts that sustainable food chains need to have ecological efficiency at their heart*.

7. *The food sector will be encouraged to take responsibility to maximise its contribution to domestic climate change mitigation and adaptation*.

8. *The Food Strategy recognises Wales' moral responsibilities in a globalised food system. This will include addressing the challenge of ensuring that everyone, whatever their income has access to the healthy balanced diet that they need.*

9. *It is accepted that supply chains that work together in open and equitable partnerships are the basis of a sustainable food system.*

10. *Collaborative action will be fostered across supply chains, and the principles outlined in the Strategy will be widely promoted across the food supply chain.*

11. *Supply chain efficiency will be interpreted beyond economic cost-and-benefit to include social and environmental considerations.*

12. *Capabilities throughout the supply chain should be enhanced so that the sector may deliver products that are competitive, match consumer needs and are produced in a sustainable manner.*

13. *Food policy will be integrated into related policy areas as a key element in the successful operation of the Strategy.*

14. *Food policy will be integrated at different levels of governance so that they are coherent with each other and so that the principles outlined in this document and promoted in the Strategy are embraced throughout the policy context.*

Chapter 8 Glossary of Terms and Definitions

CAP	Common Agricultural Policy (European Union)
CFP	Common Fisheries Policy (European Union)
DCELLS	Department for Children, Education, Lifelong Learning and Skills
DE&T	Department for Economy and Transport
FCC	Food, Farming and Countryside Strategy
FDAP	Food and Drink Advisory Partnership
GVA	Gross Value Added
HCC	Hybu Cig Cymru (Meat Promotion Wales)
HEFCW	Higher Education Funding Council for Wales
HEI	Higher Education Institutions
OCW	Organic Centre Wales
OWOP	One Wales One Planet: The Welsh Assembly Government's Sustainable Development Scheme
PDO	Protected Designation of Origin
PGI	Protected Geographical Indication
TSG	Traditional Speciality Guaranteed
UWIC	University of Wales Institute Cardiff

1. *Collaboration:* Collaboration is used in this document to indicate the kind of joint work and action that organisations and businesses may undertake to achieve common goals. Collaboration is used to indicate that all partners participate and contribute substantively to achieve a shared goal. In this sense all participants are seen to be active in the task at hand. Collaboration also indicates joint work that may be time-limited, is focussed on well defined and specific goals, and on goals that are outside or additional to the normal area of operation for the participants.

2. *Competitiveness:* Competitiveness is considered in business terms, where businesses may be capable of delivering affordable food around a potentially higher baseline of costs.

3. *Ecological efficiency:* The effective production and transfer of safe, nutritious food through the supply chain, while minimising inputs, greenhouse gas emissions and waste.

4. *Food and Drink Sector*: Unless noted otherwise the Food and Drink sector as referred to in this document and in most Government statistics is exclusive of farming and fishing and includes the food and drink industries including; food and drink manufacturing, wholesaling, retailing and foodservice (restaurants, canteens, catering, bars).

5. *Food Service Sector:* The food service sector comprises all outlets involved in the "provision of meals out of the home" (IGD, 2005)

6. *Food system:* The food system is distinguished from the food sector in the Strategy. The food sector refers to the commercial sector that encompasses economic activities of production, manufacturing, distribution, food preparation, retail and food service. The food system

includes the food sector and the impacts of various components of the sector on the natural environment and society.

7. *GVA:* Gross Value Added (GVA) measures the difference between a sector's sales and the value of its purchased inputs. It is a measure of the value of the economy. Put simply, GVA is the value of goods and services produced by an area, sector or producer minus the cost of the raw materials and other inputs used to produce them.

8. *Local Food*: This is food that is produced AND marketed locally.

9. *Locality Food*: Locality food is related in some way to a specific location (usually through branding such as PDO/PGI) but may travel afar and sold on distant markets.

10. *Food Quality:* The Strategy uses the term 'Quality' to broadly refer to foods that have a character derived from good nutritional and taste standards, and that are produced by means of ecologically sound production methods.

11. *Resilience:* The resilience of a food system is a measure of its ability to assure longer-term availability in the light of increasing (global) uncertainties.

12. *Sustainability:* A sustainable food system is regarded as a system that can supply safe, healthy food, provide positive social benefits and impose low environmental impacts.

13. *Total Income from Farming (TIFF):* Total Income from Farming is income generated by production within the agriculture industry, including subsidies. It represents business profits plus remuneration for work done by owners and other unpaid workers. It excludes changes in the values of assets, including stocks due to price changes. It includes non-agricultural activities such as further processing or tourist activities where these cannot be separated from the agricultural business.

Appendix 1

1) The Food and Drink Advisory Partnership

a The Food and Drink Advisory Partnership (formerly the Agri-Food Partnership Advisory Group) was established over a decade ago. The Advisory Partnership has the following prime responsibilities:

- To provide expert advice to Government on all matters in relation to Food;
- To assist with and be part of Policy and Strategy development in relation to Food;
- To monitor specific action plans; and
- To act as “ambassadors” for the Government on Food matters, but with no executive responsibilities.

b The expert members of the Partnership (see following pen portraits) were invited into the partnership by the Minister for Rural Affairs following a public appointment process. Many of the members also chair specialist sub-groups which have on average around 20 members. This wider membership is not subject to a formal public appointment process. The secretariat and additional executive support are provided by the staff in the Department of Rural Affairs. The groups meet 3 times per annum. Currently the subgroups deal with the areas outlined as follows – but there is a review of the structure of the partnership which may result in changes from 2011.

c. Subjects covered by the groups include Dairy, Education and Training, Fisheries and Aquaculture, Horticulture, Organics, Red Meat and Trade Development. In addition, there are four regional groups (north, mid, south west and south east) and these bring together companies, organisations, voluntary bodies and the public sector. Their prime task is to ensure effective communication on Food issues throughout the region.

2) The Members of the Food and Drink Advisory Partnership

Dr Haydn E. Edwards
Alison Lea-Wilson
Gwyn Thomas MSc (Marketing)
Huw Rees
Jenny Davies
Jeremy Percy
Jo Hughes
Kate Morgan
Katie Palmer
Dr Nic Lampkin
Peter Midmore
Rees Roberts OBE
Richard Parry Hughes
Roger Hughes

Shyam Patiar

3) The Economic and Social Research Council's (ESRC) Centre for Business Responsibility, Accountability, Sustainability and Society (BRASS) at Cardiff University.

The team within BRASS commissioned to develop the strategy consisted of seven experienced academics with proven track records on a wide range of food related issues. This core of expertise had access to the wider resources of the BRASS Food group, a network of around 20 food related researchers within Cardiff University, along with the University's dedicated Research & Consultancy arm. The membership included Professor Terry Marsden, Dr Adrian Morley, Dr Roberta Somiro, Dr Selyth Morgan, Kate Bailey, Professor Bob Lee and Professor Ken Morgan

4) Members of the BRASS team

Professor Terry Marsden
Dr Adrian Morley
Professor Kevin Morgan
Professor Robert Lee
Dr. Roberta Sonnino
Dr. Selyf Morgan
Kate Bailey