

Rural Development Sub-Committee

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The Red Tractor scheme and Welsh food products

A note for the National Assembly for Wales Rural Development Sub-Committee

Summary

- The Red Tractor is an industry scheme to ensure best practice on UK farms through farm assurance standards and inspections. It covers most commodity sectors and most UK farm production.
- The Red Tractor logo is used on food labels to identify and differentiate the products of these assured farms at the point of sale. It provides a vehicle for communication with consumers and seeks to reward the producers in the system.
- The logo also includes an indication of the farm origin of the food. The customary form (above) indicates UK origin via the Union Flag but regional variants, including one for Welsh food, are anticipated and would be simple to execute.



The Scheme

1. The primary objective of the scheme is to promote best practice standards of food production, especially on farm. It does this by:
 - Documenting standards of best practice for the various farming sectors
 - Operating and inspection scheme to certify producers who meet the standards
 - The products of producers who can comply can be marked with the logo and are promoted in the marketplace.
2. The aim of the scheme is to restore and maintain the reputation of the food and farming sector in the face of the legitimate consumer interest in food safety and animal welfare.
3. Equally Trade Buyers and Retailers must have knowledge of their supply chain to exercise 'due diligence' and to protect the reputation of their own brands. A second aim of the scheme is to provide a single national point of reference to avoid multiple inspections of producers. To the same end we have increasing dialogue with regulatory agencies.
4. The Red Tractor logo provides a single mark of trustworthy food standards avoiding a profusion of logos and providing synergies and economies of scale in communication work.

Organisation

5. Assured Food Standards (AFS) is a not-for-profit company limited by guarantee created by the UK food chain¹ for this purpose.

¹ AFS - Owned by British Retail Consortium, Agriculture and Horticulture Development Board, Dairy UK, National Farmers Union of England and Wales, Ulster Farmers Union; (Food & Drink Federation)

6. The Red Tractor logo is owned by the NFU but managed independently by AFS on its behalf and is available to any producer that meets the standards.

Scope - Commodities

7. The Red Tractor Scheme covers almost every sector of land based agriculture:

| | |
|-------------|--|
| Beef & Lamb | Poultry Meat (chicken & turkey) |
| Dairy | Fresh Produce (fruit & vegetables) |
| Pigs | Combinable Crops (cereals, oilseeds etc) |

The Red Tractor scheme does not cover table eggs where the similar and long established Lion Egg Code operates independently.

Scope - Technical

8. The scheme standards cover:

- Food Safety
- Animal Health and Welfare
- Some Environmental Protection measures (waste management, pollution, use of pesticides etc)
- In some cases, notably red meat, aspects of food composition and eating quality.

9. There are regular expert inspections of all farms. Serious non-conformers are excluded from the assured supply chain on temporary or permanent basis.

10. The scheme has positive effects on industry standards, levels of contamination & welfare of livestock. To provide one example: chicken standards demand specific salmonella controls over and above regulatory requirements. Following is an extract of European Food Safety Agency data on proportion of flocks infected by salmonella:

| Salmonella in Broiler (chicken meat) flocks | |
|--|------|
| EFSA March 2007 | |
| EU average | 11% |
| UK Salmonella enteritidis | 0% |
| Salmonella typhimurium | 0.1% |
| Portugal | 40% |
| Spain | 24% |

Scope - Geographic

11. AFS Farm schemes differ in their geographical scope viz:

| | | | |
|-------------|------------------------|----------------|--|
| Beef / Lamb | (Assured British Meat) | England | Mutual recognition with similar schemes in Wales (FAWL), Scotland & NI |
| Pigs | (Assured British Pigs) | Eng; Wales; NI | |
| Dairy | (Assured Dairy Farms) | UK | |

| | | |
|--|------------|--|
| Poultry Meat (Assured Chicken Production) | UK | |
| Fresh Produce (Assured Produce) | UK | |
| Crops (Assured Combinable Crops) | Eng; Wales | |
| <i>All schemes in the column are wholly owned subsidiaries of AFS.</i> | | <i>Mutual recognition allows product from farms in these schemes to be labelled with Red Tractor logo.</i> |

Penetration of Farm Assurance

12. c 80,000 farms in the UK are assured covering the majority of UK production:

| Sector | % production 'assured' by value, volume or hectares |
|--------------------------------|---|
| Beef / Lamb | 60-75% |
| Pigs | 85% |
| Dairy | 95% |
| Poultry Meat | 95% |
| Fresh Produce (varies by crop) | c. 80% |
| Crops | 85% |

(We would anticipate that participation by Welsh producers would mirror these UK averages. In the sheep sector there are probably higher levels of participation in Wales than elsewhere in the UK.)

Promotion of 'Red Tractor' food

13. The objective is to provide reward and recognition for 'quality' producers. 'Reward' may be access to markets and differentiation of the product on the supermarket shelf where otherwise provenance becomes anonymous and commoditised.

14. The Red Tractor scheme aims to connect mainstream producers with the majority of shoppers and consumers. The logo:

- Identifies product from Red Tractor certified producers to shoppers and trade buyers
- Provides a vehicle for consumer communications and promotion

Eligibility to be labelled with Red Tractor logo

15. Every business in the supply chain, not only the farm, must be certified to appropriate standards before the product can carry the Red Tractor logo, example:

Animal feed supply > Farm > Livestock transport > Abattoir > Wholesale Butcher

Appropriate standards are available for every link in the chain.

16. The Red Tractor logo can only be used under licence from AFS. *Licence conditions provide AFS with rights of access to processing and packing plants to inspect proper use of the logo; i.e. only eligible product is labelled.*

Red Tractor Logo - Penetration

17. Appears on £8 billion product per annum (retail value). Used by all food retailers, many major brands, some food service operators and public sector contracts.
18. The Red Tractor logo appears on the labels of retailers and manufacturers to support their brands as a 'kitemark'. Logos of this type can only exist if they are 'hosted' by labels belonging to others, ergo they must add value if they are to get access to these labels.
19. The Red Tractor logo is used across a very wide range of products. Some meat from PGI Welsh lamb / Scotch beef or organic production finds a secondary market in Red Tractor packs.

Communications and Marketing

20. Activity has been constrained by finances and resources. In January 2009 the UK levy board, the Agriculture and Horticulture Development Board (AHDB) has agreed in principle to rationalise promotions behind a single logo - the Red Tractor mark.
21. This is subject to State Aids approval and an application is in progress. If successful this should provide an uplift in resources available for communication and marketing. Strategic plans are being developed.

[Note on AHDB]

22. [AHDB is the recently created 'UK' levy board bringing together levy companies for Cereals; Horticulture; Potatoes; Dairy; Pigs and Beef/Lamb. Its activity is pan-UK in the first 4 sectors but administration of levy for the red meat sectors is devolved - in Wales to HCC.]

Indications of food origin

23. Since its launch in 2000 Red Tractor logo has always included a clear indication of the farm origin of the food. In 2005 the design of the logo was changed for clarity. The flag in the logo is the indication of origin.



24. AFS is aware that there can be confusion as to whether a statement of 'origin' on a food pack indicates the place of processing or place of farming. Our scheme rules ensure that there can be no such confusion with products labelled the Red Tractor logo. Our criteria are entirely consistent with Food Standards Agency guidance on Country of Origin labelling (October 2008) and, as a private scheme, AFS is able to enforce these vigorously where regulators can only use them as guidance.
25. Indications of origin must take care not to interfere with the EU single market. That is, it is not permissible to imply that a product is inherently superior because of its origin in regard to attributes for which there is harmonised EU legislation. Using State Aid (including statutory levy) for such promotion bring even greater constraints.

26. Hence the Red Tractor is primarily an indicator of technical quality attributes; and it is essential that there is a 'quality' proposition in order to comply with EU rules. An indication of origin may be attached as a secondary message.
27. The EU Protected Designations schemes (PGI & PDO) provide an alternative route for promotion recognising that products registered in these schemes owe some or all of their quality characteristics to the locality where they are produced or processed. In the UK Welsh Lamb and Beef and Scotch Beef & Lamb have PGI status and are products that sell in very significant volumes. However only about 30 other UK products are registered and most of these supply much smaller niche markets; the same is true of the majority of PGI/PDO products across the EU. So whilst PGI/PDO status is important for those products that benefit from it, its application may be limited. Red Tractor provides a platform for promotion of the products of mainstream producers.
28. The Union Flag in the Red Tractor logo reflects a 'British' product stream which it has been customary to differentiate through the supply chain. More recently we recognise moves towards more local sourcing / branding and it would be perfectly feasible to accommodate this. Already the logo design criteria are that the flag device is interchangeable to match the origin of the food to which it is applied. The need for regional variants, particularly the four home countries, has been anticipated and is included in general terms in the current State Aids application. The detail of execution and design is not finalised but this should be straightforward. Mechanisms already exist to ensure honest and correct use of the logo.

Funding

29. AFS receives or will receive three streams of funding:
- Technical assurance activity is self supporting. Farmers pay a (modest) annual fee most of which goes to the costs of farm inspection and a small slice to central development and management of the scheme,
 - Packers / processors using the logo pay a licence fee proportionate to volume which is hypothecated to a traceability and integrity programme,
 - It's anticipated that marketing and communication will receive new funding under contract from levy bodies and from industry in non-levy sectors (poultry).
30. For information a 'Picture Gallery' showing examples of Red Tractor packs and promotions will be sent as a separate document.

Assured Food Standards

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