

# Proposed Welsh Red Meat Industry LCO Committee

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## **Response from Welsh Lamb and Beef Producers Ltd**

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#### **Response to the Proposal for a Government Legislative Competence Order (LCO) Relating to the Welsh Red Meat Industry**

##### **1.0 Introduction**

This response is made by Welsh Lamb & Beef producers Ltd (WLBP), a producer owned and controlled agricultural co-operative with 7,500 members in Wales producing over 75% of the Welsh lamb and Welsh beef, born and reared in Wales.

2.0 The Red Meat Industry is of significant economic and social importance to Wales. It makes a direct contribution to the environment and tourism and supports Wales' image as a green and clean country.

The retail value (i.e. at the consumer end) of the Red Meat Industry in Wales supports employment not merely on the farm but also along the entire supply chain between farm and the consumer. The UK market for red meat accounts for approximately 1.1 million tonnes of beef and 375,000 tonnes of lamb consumed in 2006. The total market is estimated to be worth over £7 billion (this includes food service). Home produced meat accounts for approximately 73% of beef sales and 65% of lamb sales in the UK. Wales has approximately 30% of UK sheep flock and 11% of cattle herd. The industry in Wales is clearly of important economic significance.

3.0 Despite its importance economically the Red Meat Industry is financially fragile and during 2007 the industry operated at a loss. The production costs of the industry are greater than its market returns which results in the majority of producers having to use their Single Farm Payment (SFP) to subsidise such losses.

The production base is also very fragmented which restricts the ability of small producers to improve their efficiency and to add value from economies of scale. This fragmentation hinders the development of commercial partnerships between producers and the supply chain.

4.0 One way to counter this fragility is for producers to economically co-operate and collaborate with each other to provide the economies of scale, particularly to their marketing.

It is important that the industry becomes more focused on the market place and positions its outputs in a such a way that enables it to capitalise on Wales's USP attributes such as its environment, its high animal health and welfare and its extensive rearing and grass feeding regimes. (Emphasise the attributes that were fundamental in Welsh lamb and Welsh Beef gaining their Protected Geographical Indication Status)

The Welsh Red Meat Industry must seize every opportunity to improve the promotion and marketing of its products.

Improving the marketing of the outputs of the Welsh Red Meat Industry is about much more than merely advertising and promotion. Advertising raises product awareness but does not on its own generate or deliver added value sales.

Successful marketing is about building robust supply chains that deliver added value sales to consumers on a recurring basis. On its own advertising merely stimulates interest that if not fulfilled by delivery frustrates the consumer which will not be in the long term interests of the producer or the Welsh Meat industry.

5.0 WLBP therefore totally supports this order and its provision of Legislative powers to the National Assembly Government for Wales to increase the efficiency in the industry, to improve marketing in the industry, to improve and develop services that the industry provides or should provide and the improved ways in which the industry contributes to sustainable redevelopment. WLBP also supports the greater flexibility that the Order gives the Assembly to deliver these legislative powers in this area. Innovation and collaboration will be central to enable the Welsh industry to "punch above its weight".

6.0 The delivery will need to be adapted to develop "joined up marketing strategies" that will provide a greater share of the added value from the market place to the primary producers who ultimately pay the levy that this LCO will give the National Assembly the power to collect and spend. This order gives the National Assembly the ability to do just that and competitively position Welsh Red Meat in the market place both at home and overseas.

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