

Wednesday 27 November 2002

REPORT OF THE MINISTER FOR RURAL DEVELOPMENT

Welsh Beef – PGI status

1. On 21 November, Welsh Beef received Protected Geographical Indication (PGI) accreditation from the European Commission as a protected brand under the European Union system for the protection of food names on a geographical or traditional recipe basis. This means that beef born and bred in Wales and meeting the farm assurance standards, will have the opportunity to carry the Welsh Beef branding and be accorded legal protection.

2. The approval will allow the beef industry in Wales to maximise the opportunities for promoting Welsh beef as a top quality product. The Welsh Assembly Government, in partnership with the industry, has been working hard over the last two years in driving through PGI accreditation for Welsh beef. This is excellent news and is in line with the policy set out in the Assembly Government's strategic document "Farming for the Future". This approval for Welsh Beef is only the first phase. The next steps will involve trying to secure PGI status for Welsh Lamb and work is continuing in pushing this particular application forward.

Proposed new meat body

3. Work is continuing with the aim of establishing the new red meat body from April, next year. The partner organisations are working together on the details of the arrangements and discussions will continue at a series of meetings between now and the early part of 2003. A copy of my recent press notice is attached at Annex 1 for Members' information.

Illegal meat imports

4. On 14 November, I launched a Wales-wide publicity campaign aimed at raising awareness among travellers on the dangers of bringing illegal meat and plant products back from abroad. The launch took place at Cardiff International Airport where I was joined by senior representatives from the travel and agriculture industries. As part of this campaign, I have written to every travel agent and tour operator in Wales urging them to display a leaflet highlighting potential dangers of items they may be tempted to buy while abroad. A bilingual video for passengers to be shown in-flight is also being sent to all airlines flying out of Wales.

Rural Community Regeneration Programmes

5. On 26 November, I will be launching the bidding process for Rural Community Action. This is the £3.05 million funding programme I announced recently following the budget statement. The measures in Rural Community Action will help promote sustainable rural communities and will provide a significant boost for rural community regeneration. The biggest part of the £3.05million budget, which is the first year of an on-going programme, will go to projects run by local organisations which can help build regeneration capacity and develop improvement projects.

6. Projects can be very wide ranging, covering social, economic, environmental and cultural activities. The funding available will include a mix of capital and revenue support covering such things as the formation and training of groups, promoting partnerships, developing strategies, development worker support and investment in facilities and physical improvements.

7. Also on 26 November, local authorities and community groups in Flintshire, Monmouth, the Vale of Glamorgan and Wrexham will be invited to access funding under the Article 33 provisions of the Rural Development Plan for Wales targeted at promoting the adaptations and development of rural Wales. The specific elements are:

- provision of basic services for the rural economy and population;
- renovation and development of villages and protection and conservation of the rural heritage;
- encouragement of tourist and craft activities.

8. Although they are limited in the geographical area they can assist, because they can only operate outside the Objective 2 and Transitional areas, they will bring some £8.7million of additional support to those areas that are not part of the mainstream Structural Funds areas.

9. To maximise the effectiveness of the funding being made available, a strategic approach to the delivery of the measures is being taken using development partnerships for each local authority area concerned. The partnerships will work with communities to bring together single projects, local packages (groupings of projects that provide a co-ordinated response to a specified need) and projects, which will operate at a more regional level, to form an Action Plan for the area.

Sheep Annual Premium payments

10. Progress in the first week of releasing Sheep Annual Premium Scheme payments has been good. Up to Friday, 22 November, over 75% of claims had been processed to the value of over £50 million. A separate paper has been tabled for discussion by the Committee at this week's meeting.

Tir Gofal

11. At the last meeting, I undertook to provide information about the geographical spread of successful Tir Gofal applications in response to a request from the Committee. The issue arose in relation to a question about when the requirement for five successful applicants in each Countryside Council for

Wales (CCW) area had been dropped, and whether this had any effect.

12. This requirement was rescinded in time for the second application window when we moved from a ranking to a threshold system. The Committee will recall that it agreed to make the changes because of the distorting effect it was having on the spread of successful applications. At that time, the cut off point to produce 700 applicants was 129 points but most of the "top five " in each area were well below this. The table at Annex 2 shows data for the 941 agreements entered on CCW's database. CCW advise that they have now signed 1178 agreements and those not on the database will be entered shortly.

13. The data presented in the table relates to agreements signed from farms applying in the first two years. No District has less than 10 agreements - which would have been the minimum requirement had "5 agreements per District " rule been retained into the second application round. It can be seen therefore, that the change in practice has not had a negative effect on the spread of agreements.

Winter Fair

14. This year the Royal Welsh Agricultural Society's Winter Fair has been extended to two days for the very first time. I will be visiting both days (2 & 3 December) to carry out a variety of formal and informal engagements and lend my support to the farming industry. As with the summer agricultural shows, the main focus of the Assembly Government's corporate exhibition at the Winter Fair will be *Farming for the Future*.

Caerphilly Woods

15. On 18 November I was able to formally announce the acquisition by the Assembly of 223 hectares (551 acres) of woodland at Caerphilly that will be managed for community benefit by the Forestry Commission's Agency, Forest Enterprise. The woodlands are located adjacent to Caerphilly town and will be of significant benefit to the local residents for access and recreation. There has been strong community support for this acquisition, with considerable scope for a partnership with public and voluntary sectors to exploit the potential of these woods as community woodlands. Many people attended the opening event, which is testament to the support for the acquisition. The Forestry Commission will also, in due course, dedicate these woodlands for public access under the *Countryside and Rights of Way Act 2000*, thus safeguarding access in perpetuity.

Wales Rally GB

16. Two weeks ago, the Network Q rally took place in Wales. Most of the competitive stages of the rally run though Assembly owned woodlands. It is Wales' largest spectator event and attracts a television audience of 350 million people in 185 countries. The Forestry Commission has made significant effort to provide good quality roads for this event and works closely with Motor Sports Limited to provide safe viewing areas for spectators.

17. The success of this event, (entirely based in Wales for the past 3 years) has helped Wales negotiate the continuation of this rally for the next 4 years, rebranding it as the Wales Rally GB. The new agreement not only provides a long term base for the rally in west and south Wales, but creates a platform to develop greater economic and social benefits across the whole of Wales. The Assembly woodlands have a special role to play to ensure that we continue to provide world class facilities for the rally and maximise the opportunities for local communities and businesses to benefit from the event.

Annex 1

Michael German urges Welsh farmers to back new body

The Assembly's Deputy First Minister and Minister for Rural Development, Michael German, today (Friday, 15 November) responded to allegations that earlier advice on the rationale for establishing a new body to promote Welsh red meat had been misleading.

"It is important to set the record straight, not least so that farmers can be totally assured that this is the best way ahead." he said. "Welsh Lamb and Beef Promotion's comments, reported in the Press, are wide of the mark in a number of respects.

- The composition of the Board will be for the five prospective partners to determine: NFU Cymru, FUW and WLBP would be a majority of the five partners;
- It is not true that farmers will "lose control" – FUW, NFU Cymru and WLBP would between them constitute a majority of the legal members of the company. Both NFU Cymru and FUW agree that this is the case. If the two farming unions felt that these proposals were not in the best interests of Welsh farmers they would not be committed to supporting them.
- The requirement for safeguards in respect of WDA and MLC funding has been known and accepted by WLBP since the Summer – and indeed all five parties saw and raised no adverse comments on them at a meeting on 11 September. They are standard – and necessary – safeguards intended to ensure that public funding and levy payers' money is protected. Equivalent safeguards are a requirement for the use of all public funds and levy payers' money in the rest of the UK.

"There must be no confusion about the role of the new body. Its job is to help all those in the Welsh meat industry to succeed, by promotion and by helping them to cut costs, raise quality, and innovate. It cannot be a trading body, actually buying and selling meat and livestock, otherwise it would be in competition with the very people it is trying to help. Calls for the new body to be a farmer-controlled co-operative would be understandable if it was to trade in meat and livestock, but legally that cannot be its role," he said.

"I was surprised to see that WLBP are reported as threatening to refuse the new body consent to use the Welsh beef and Welsh lamb brands. Such a course of action is not open to WLBP – assuming that the European designations which are currently being sought are achieved, it will be open to all farmers who can comply with the registered specification for those protected food names to market their produce in this way.

"It is important to recognise that the status quo is not an option. It is not possible under EU rules for WDA or MLC monies to be transferred without competitive tender to WLBP to provide services.

"Furthermore, similar arrangements with bodies established in Scotland and England are being put in place. It is vital that we in Wales seize the opportunity now to establish a co-ordinated structure – otherwise we will get left further behind.

"I believe that the proposed new body offers the right way forward. Four of the five prospective partners – including the two farming unions – have signalled their acceptance of the framework and detailed discussions are underway to establish the body. I urge WLBP to join in for the sake of the Welsh livestock industry".

(15 November, 2002)

PROPOSED NEW BODY TO DEVELOP THE WELSH RED MEAT INDUSTRY

Why is a new red meat body needed?

The Welsh lamb and beef sector cannot compete in an increasingly competitive market through marketing alone: greater product innovation, greater added-value, and cutting costs on farm and all the way through the supply chain are also essential.

The industry faces an enormous challenge: a new integrated approach is the best way to address it. We need to eradicate wasteful duplication and harness the energies of WLBP, MLC and WDA to work as one.

The proposal is that the new body would be a company with 5 legal members- NFU Cymru, FUW, WLBP, MLC and the WDA.

The job of the new body is to help all livestock farmers and companies in the meat industry in Wales to succeed, by implementing an action plan for the sector, on marketing, promotion, helping farmers and companies to cut costs, raise quality, develop new products and so on. It will not buy or sell animals, or trade in meat, as that would put it in competition with the very companies it was designed to help. It will be able to take a strategic view across the sector and will have one single consolidated budget – including additional money from both the MLC and the WDA

Why do we need to decide so quickly?

The proposals were first published in January so there has been plenty of time for discussion. But in the meantime, new promotional bodies have been established in both Scotland and England, and it is essential that we come to a conclusion on these proposals in order to avoid Wales falling behind with promotional activity.

Can't we just keep things the way they are?

The status quo is not an option – it is quite clear that changes in the interpretation of European regulations mean that WDA or MLC can no longer fund WLBP to undertake promotional activity in the way they have done in the past. This will apply whatever the outcome of the current negotiations.

Won't farmers lose control?

No. The opposite is the case. WLBP, NFU Cymru and FUW would be a majority of the legal members of the company. This gives farmers a majority in an organisation with a far wider remit than WLBP is able to exercise as a marketing and promotional body.

The composition of the Board will be a matter for these 5 legal members. The current thinking is that the Board of the company would be made up of up to 10 people. There would be 7 core members: one each from NFU Cymru, FUW, WLBP, WDA and MLC, plus one person representing the abattoir/processing sector, which pays levy, and a chairman appointed by these people through fair and open competition. It would also be possible for up to a further 3 people to be appointed, to bring added expertise and knowledge to the Board. The final arrangements will be for the 5 legal members to determine.

Won't the new body be under the control of the MLC and/or the WDA?

No. WLBP, NFU Cymru and FUW would be a majority of the legal members of the body. The company will be able to decide its own strategy within the limits of the law.

Doesn't the small print say that the new body must comply with any instruction given to it by MLC or WDA?

There have to be safeguards in place to ensure that public money will be spent legally and with proper accountability. That is what this small print refers to. These provisions will not interfere with the normal running of the body; they are there to safeguard public money and levy payers' money if the body decided to ignore the procedures for taking proper care of them.

The small print in the proposal is not new - it was seen by members of the WLBP negotiating team as long ago as June 2002, with no objection being raised, and was agreed by them in September 2002.

Equivalent protection for public funds and levypayers' money are in place in the rest of the UK.

Wouldn't WLBP cease to exist?

No. WLBP would be able to continue to administer the Farm Assured Welsh Livestock scheme, it would also help set the strategic direction for the new company and for the Welsh red meat sector as a whole.

What have the partners been asked to do?

The five partners are being asked to agree the framework for the new company and to commit to working to establish the company as soon as possible. None of them has raised any fundamental issues of concern on the framework (the proposals published on 2 October which were developed by the negotiating teams of all five prospective partners in extensive discussions over the Summer and Autumn).

So far as the detailed issues of concern – including staffing – which have been raised are concerned, these should properly be dealt with during the discussions which will now take place between the partners prior to the formation of the new company. None of them is insurmountable.

Annex 2

CCW District Code	CCW District Name	Number of Agreements on database on 22/11/02	Comments
NW 01	Anglesey	13	Low take up due to coverage by ESA
NW02	North Gwynedd (outside SNP)	27	
NW 03	North Gwynedd (within SNP)	85	

NW 04	Meirionnydd	86	
NE 05	Conwy (outside SNP) and Denbigh	52	
NE 06	East Clwyd (Flint and Wrexham)	21	
NE 07	Y Berwyn	13	Large number s.15 agreements on SSSI
E 08	North Powys (Montgomery)	42	
E 09	Mid Powys (Radnor)	15	Low take up due to coverage by ESA
E 10	South Powys (BBNP)	100	
W 11	Ceredigion	137	
W12	Carmarthenshire	170	
W13	Pembrokeshire	91	
S 14	Swansea, Neath & Port Talbot	25	
S 15	Vale and Valleys	30	
S 16	Cardiff and Newport	10	Large number of farms with s.15 ags on Gwent Levels
S17	Caerphilly/Blaenau Gwent	54	

