

HCC evidence

for the Climate Change, Environment and Rural Affairs Committee

Inquiry into Rethinking Food in Wales

18 October 2017

Hybu Cig Cymru – Meat Promotion Wales (HCC) is the strategic body responsible for the development, marketing and promotion of the Welsh red meat industry. Its mission is to develop profitable and sustainable markets for Welsh Lamb, Welsh Beef and pork from Wales. HCC welcomes the opportunity to provide a written submission to the inquiry ‘Rethinking Food Policy in Wales’ and is supportive of the principles.

The red meat sector (sheep, cattle and pigs) is an important primary production industry in Wales. Beef and sheep producers represent 31 percent of active Welsh holdings (2016)¹ and Welsh red meat production contributes the largest share towards Welsh Agricultural Output. Welsh red meat production alone accounts for 43 percent of the total Welsh Agricultural Output is worth £634 million (2015).²

The Strategic Action Plan for the Welsh Red Meat Industry (Twenty Twenty Vision), which was launched by the Welsh Ministers in 2015, seeks to deliver a profitable, efficient, sustainable and innovative industry which benefits the people of Wales; which is resilient to political and environmental change, and is capable of responding competitively to ever changing market trends. A key strategic objective of the Action Plan, in relation to ‘Brand Wales’, is that of “increasing sales revenue from Welsh red meat”, which is focussed in the Action Plan on UK retail, export and UK foodservice sales.

Welsh Red Meat Brands

The long-term branding strategy for beef and lamb is inextricably linked to the coveted PGI status of Welsh Lamb and Welsh Beef. This widely-recognised status gives the consumer the highest possible confidence in the provenance and traceability of produce. Welsh Lamb and Welsh Beef were granted Protected Geographical Indication (PGI) status by the European Commission in July 2003 and November 2002 respectively and HCC considers the status of PGI to be of enormous economic importance to the Welsh red meat industry, as they identify the origin and unique qualities of both Welsh Lamb and Welsh Beef.³

In order to fulfil its responsibilities and to ensure that the integrity of the PGI Welsh Lamb and PGI Welsh Beef designations are protected, HCC has implemented a verification scheme for abattoirs and cutting plants. This scheme provides for strict control and monitoring to ensure that only lamb and beef which meet the specifications is labelled as Welsh. An independent certification body is responsible for the enforcement of the designations in abattoirs and cutting plants, on behalf of HCC, where an inspection of the traceability and meat sourcing systems is undertaken

¹ **Source:** Welsh Government. Farming Facts and Figures, Wales 2017.

² **Source:** Welsh Government. Agriculture in the United Kingdom 2016, DEFRA

³ 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 is given legal protection against imitation throughout the EU. PGI products are produced or processed or prepared within a specific geographical area, and with features or qualities attributable to that area.

annually in addition to unannounced verification checks at 25 percent of members annually. Control and monitoring throughout the rest of the supply chain is undertaken by local authority Trading Standards Officers.

Retail Market

The Welsh red meat sector is heavily dependent on domestic markets (particularly England) and relies on continuing promotional endeavours to both retain existing markets and to establish new markets for PGI Welsh Lamb and PGI Welsh Beef. Of the red meat produced in Wales, five percent is consumed in the home (Wales) market. Approximately 60 percent of the sheep meat and 80 percent of the beef produced in Wales is consumed elsewhere in the UK. The importance of the PGI Welsh Lamb and PGI Welsh Beef brands in these domestic markets is enormous, as it provides a unique point of difference in an already oversupplied market, building on growing consumer interest in provenance and traceability.

Export Market

Of the red meat produced in Wales, approximately 35 percent of the sheep meat and 15 percent of the beef produced services the export markets. The combined total value of both sheepmeat and beef exports from Wales in 2016 was approximately £161 million. The export of sheep skins, cattle hides and offal from Wales equated to approximately £10 million bringing the total value of red meat exports from Wales in 2016 to approximately £171 million.⁴

The Welsh red meat industry is heavily reliant on export markets to achieve premium prices. Strong overseas demand uplifts farm gate prices and helps to balance supply and demand thus securing greater returns for the supply chain. The value of the red meat branding in these export markets is critical, as it provides growth opportunities for Welsh red meat and these worldwide markets are increasingly seeking products with quality credentials (such as PGI).

Procurement

In line with the Strategic Action Plan for the Welsh Red Meat Industry, a key HCC objective is to develop mechanisms to increase the volume of branded Welsh red meat available in order to achieve retail premium in foodservice. There is a need to develop a food culture by better linking production back to consumers and working with every section of the supply chain. There is also a need to ensure procurement contracts seek best value in products, measured by both cost and quality. HCC believes that one way of ensuring an integrated food sector is to encourage procurement of Welsh red meat amongst the Welsh public sector, thereby supporting the local rural economy, environment and communities. The use of model clauses and specified use of PGI Welsh Lamb and PGI Welsh Beef in procurement contracts would strengthen consumer perception of public bodies as supporting the local economy. The National Procurement Service (NPS) for Wales is now using its combined purchasing power in the public sector across Wales, seeking to find the best available deals and this provides opportunities for strengthening the sourcing of local products (including Welsh red meat).

⁴ **Source:** HCC. Calculated using HM Revenue and Customs data, 2016.

Value of the Welsh Red Meat Brands

Since achieving PGI status and using it as a cornerstone of marketing and promotional activity, exports of Welsh Lamb and Welsh Beef have grown substantially. In the UK market, in the 10 years immediately following securing the protected food name status, Welsh red meat experienced an increase of £64 million in retail market share, and an increased retail premium of at least £1 million per year. The value of sheepmeat and beef exports from Wales also benefited from the branding - it grew from £60 million in 2004 to £200 million in 2011. The public sector meanwhile is estimated to have achieved an additional £8.4 million (2005-2013) as a result of the combined work of HCC and industry alongside the PGI branding.⁵ Clearly, good progress has been made over the last decade in establishing the brands, gaining acceptance, increasing take up and developing markets at home and abroad. There is now scope to increase the brand potential further and to work with industry in achieving even greater market share for Welsh red meat brands.

⁵ **Source:** HCC. Flying the Flag: Decade of Success for the Welsh Red Meat Brands. 2013.