



Strategic Action Plan for the Welsh Red Meat Industry



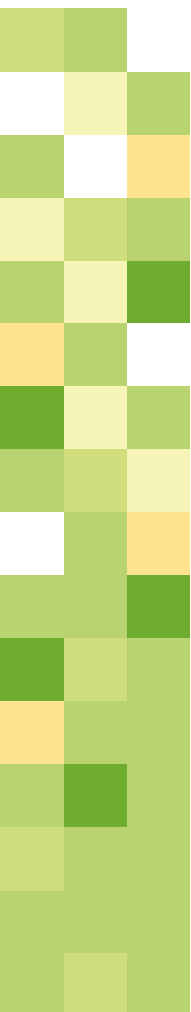
Vision

A profitable, efficient, sustainable and innovative Welsh red meat industry, which responds competitively to ever changing market trends and benefits the people of Wales

28 April 2009



Llywodraeth Cynulliad Cymru
Welsh Assembly Government



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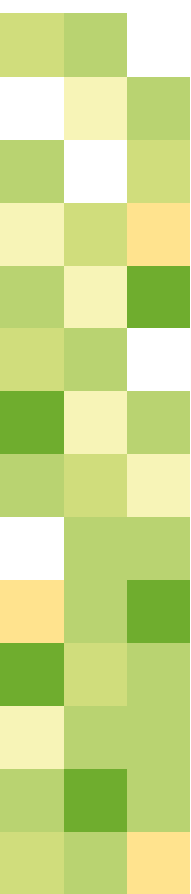
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Contents

Foreword from the Minister for Rural Affairs	Pages 3 - 4
Message from the Chair of Meat Promotion Wales (HCC)	Pages 5 - 6
Chapter 1 Executive Summary	Pages 7 - 10
Chapter 2 The Current Situation	Pages 11 - 26
(i) Overview	
(ii) Livestock Production	
(iii) Abattoirs and Slaughtering	
(iv) The Importance of Trade	
(v) Consumption of Meat and Meat Products	
(vi) Supply-chain Issues	
(vii) Market Predictions	
Chapter 3 Challenges and Opportunities	Pages 27 - 50
(i) Political Change	
- Changes to Agricultural Policy	
- Complying with Regulations	
- Influencing Regulation Development and Minimising Burdensome Requirements	
(ii) Environmental Change	
- 'Greening' of Agriculture	
- Climate Change	
- Bio-diversity	
- Water and Waste Disposal	
- Energy	

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- (iii) Societal Change
 - Demand Drivers
 - Society
 - Demography
 - Labour
 - (iv) Market Conditions
 - World Context
 - Market Opportunities
 - Promotion
 - Labelling
 - Supply-chain
 - (v) Innovation and Technical Best Practice
 - New Technology and Research and Development (R&D)
 - Knowledge Transfer
 - Disease Control
 - (vi) Overview

Chapter 4

Strategic Objectives, Actions and Outcomes

Pages 51 - 75

Chapter 5

Implementation, Monitoring and Evaluation

Pages 76 - 77

Annex 1:

Meat Promotion Wales (HCC) Board Members

Page 78

Annex 2:

Government and Welsh Red Meat Industry Partners

Pages 79 - 82

Foreword from the Minister for Rural Affairs



The Strategic Action Plan for the Welsh Red Meat Industry identifies ways that all those in the red meat supply-chain, including producers and processors, can work together to meet the challenges the industry will face in the future.

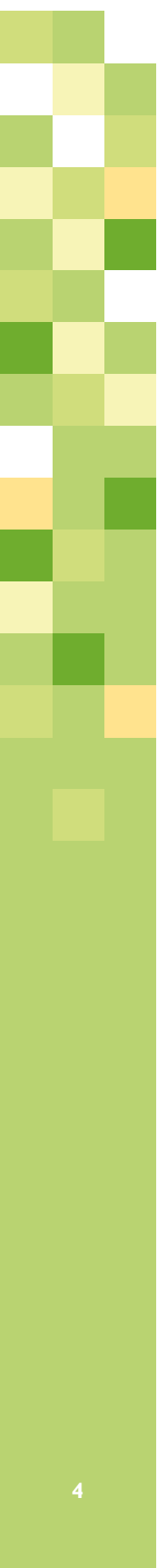
The Action Plan has been developed in partnership with the Welsh red meat industry and the Welsh red meat authority, Meat Promotion Wales (HCC).

The vision is one where a profitable, efficient, sustainable and innovative Welsh red meat industry thrives; an industry well placed to respond efficiently and competitively to the increasing pressures of the local and more global marketplace.

The Welsh Assembly Government will be working closely with HCC and other partners to deliver, through Farming Connect and other Rural Development Plan initiatives, an accessible, comprehensive and coordinated support programme, detailed in Chapter 4 of this Action Plan. The Welsh Assembly Government has a role in raising awareness of factors that will impact on the red meat sector; encouraging innovation and new product development where it can and in the sharing of the considerable expertise we have in Wales and in the provision of business management and technical advice.

Farming Connect has already delivered support for the red meat sector in many ways: demonstration farms, discussion groups, health plans and other key elements of the red meat programme. Farming Connect provision will be at the centre of a number of measures in the future to promote the sustainability of the sector.

Wales enjoys a number of competitive advantages in the efficient production of Welsh Lamb and Welsh Beef and the development of new red meat products. Our traditional family farms continue to benefit from the advantages of the natural landscape in Wales to produce lamb and beef of the highest quality.



Through generations they have made a major contribution to our culture and to the environment of Wales. The consistency of their quality production has earned Welsh Lamb and Welsh Beef the much-prized Protected Geographical Indication (PGI) status award by the European Union to products of quality and special regional identity.

This Action Plan recognises that the red meat industry in Wales now faces a number of challenges as it strives to achieve sustainability and profitability while meeting the evolving and complex demands of modern international consumers within an increasingly global marketplace. These include lifting farm returns throughout the year to meet the costs of production; encouraging the conditions to secure a critical mass of production to meet supply chain needs, as well as the need to attract younger people into the industry year-on-year.

The Strategic Action Plan for the Welsh Red Meat Industry is one of a number of sector specific plans for the Welsh food and drink industry which relate to the overarching Food and Drink from Wales Strategy which is currently being developed. The recently appointed Strategic Food and Drink Advisory Group is taking forward this work and it is intended that the strategy will address the major strategic issues facing primary production sectors and all those within the Welsh supply-chain. It will also be in line with the Welsh Assembly Government's commitment to sustainable development.

Implementation of the Action Plan is to be funded from a number of sources including Welsh Assembly Government Programme money; Welsh red meat levy payers contributions; funds available through the Rural Development Plan for Wales 2007-2013; EU Convergence Programmes and support from the industry itself.

I am grateful to those individuals and organisations who responded to the consultation exercise that preceded this document. All comments have been considered and many incorporated in the process for finally producing this Strategic Action Plan for the Red Meat Industry, which, when implemented, should play a significant part in securing a positive future for the sector.



Elin Jones AM

Minister for Rural Affairs

Message from the Chair of Meat Promotion Wales (HCC)



This Strategic Action Plan for the Welsh Red Meat Industry has been developed by Meat Promotion Wales (HCC) in close consultation with the Welsh red meat supply-chain and the Welsh Assembly Government.

The aim of this Action Plan is simple; to maintain a profitable, efficient, sustainable and innovative Welsh red meat industry, which responds competitively to ever-changing market trends and benefits the people of Wales.

HCC represents the whole of the red meat supply chain in Wales from farmgate to dinner plate. It delivers a set of strategic marketing, promotional and industry development objectives to help the industry in Wales become stronger and more competitive.

Co-operation, collaboration and the take-up of the wide-ranging support on offer will be key to the industry achieving this Action Plan's overall vision.

HCC, the Welsh Assembly Government and other industry partners will provide a range of support activities. These will be delivered through HCC using Welsh Red Meat Levy; and through the Welsh Assembly Government under the Rural Development Plan 2007 - 2013, using Farming Connect, the Farm Advisory Service, the Processing and Marketing Grant Scheme and the Supply Chain Efficiencies Scheme; and also through other industry initiatives.

In Wales, the red meat sector is an important primary production industry, playing a leading role in the rural economy and the sustainable management of the landscape.

There are a number of challenges facing the industry. Producers have historically suffered sustained periods of low prices, often coinciding with

outbreaks of disease such as Foot and Mouth Disease which have hit our important export market.

The current economic situation, which has seen the value of Sterling fall against other currencies, has led to increased exports and kept prices reasonably buoyant. But the volatility of the financial market means that there is no guarantee that this will continue and prices received by farmers are just as likely to fall in future.

An increase in returns is therefore essential in the post-CAP (Common Agricultural Policy) environment when producers must successfully negotiate a transition from a subsidy system to one of commercial and environmental sustainability and profitability.

Livestock auction markets and large abattoirs are increasingly concerned with maintaining their sources of livestock supply and the abattoir and processing sector in Wales faces a continuing underlying problem of fluctuating profitability.

However, the Welsh red meat industry has some significant opportunities. Protected Geographical Indication (PGI) for Welsh Lamb and Welsh Beef strongly supports the production of differentiated branded product and offers a vehicle for adding value and creating a product premium available to producers and processors.

To meet the challenges we face and take the opportunities in front of us, this Action Plan is a flexible tool, allowing the industry to increase efficiency, adapt to changing market conditions, embrace innovation, adopt technical best practice and improve overall business management.

I would like to extend my sincere thanks to all those who have played a part in the development of the Strategic Action Plan for the Welsh Red Meat Industry. Each contribution has been valuable, welcomed and incorporated in the document that you now have before you.



Rees Roberts

Chair - Meat Promotion Wales (HCC)

Chapter I

Executive Summary

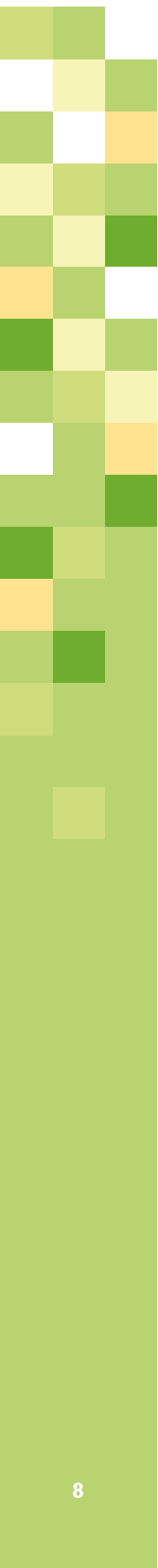
(i) Introduction

This Strategic Action Plan for the Welsh Red Meat Industry has been developed by Meat Promotion Wales (HCC) in close consultation with the Welsh red meat industry and the Welsh Assembly Government. The Action Plan is one of a number of sector specific strategies for the Welsh food and drink industry under the overarching Food and Drink Strategy for Wales, which addresses the major strategic issues facing primary production sectors and all parts of the Welsh supply-chain. It seeks to address the Government of Wales' *One Wales Agreement* (of June 2007), by supporting the Welsh red meat agricultural industry, which plays an important role in contributing to environmental considerations and in supporting the rural social economy.

(ii) The Current Situation

2 The Welsh red meat sector (sheep, cattle and pigs) is an important primary production industry in respect of the rural economy and sustainable management of the landscape. Welsh red meat production contributes 43 percent of the annual total value of Welsh agricultural output, worth £361 million (in 2006). In 2008 there were 4.2 million breeding ewes, a breeding beef herd of 340,000 head, a breeding dairy herd of 335,000, and a pig breeding herd of 3,000 head. Producers face a number of challenges following a sustained period of low prices and low profitability which has left many farms struggling with financial viability.

3 The abattoir and processing sector in Wales has undergone significant rationalisation and faces a continuing underlying problem of fluctuating and, at times, low profitability. The Welsh livestock auction



market sector is also facing similar difficulties. There are currently 24 operational red meat abattoirs in Wales, of which four are responsible for approximately 80 percent of the Welsh sheepmeat throughput and four are responsible for approximately 90 percent of the Welsh cattle throughput. Nine abattoirs account for approximately 90 percent of the Welsh pig throughput. In 2007, 75,500 tonnes of clean sheepmeat, 44,100 tonnes of clean beef, and 2,000 tonnes of pigmeat was produced in Welsh abattoirs. During 2007, the 23 livestock markets in Wales marketed over 1.1 million prime sheep and 21,000 prime cattle. No pigs were marketed through Welsh livestock markets in 2007.

4 The Great Britain (GB) market (particularly England) is an important market for the Welsh red meat industry as it is estimated that only 5 percent of red meat produced in Wales is consumed in the home market and that approximately 63 percent of the sheepmeat and 89 percent of the beef produced in Wales is consumed elsewhere in GB. Europe is also an important export market on which the Welsh red meat industry is heavily reliant to achieve premium prices. It is estimated that in 2007 over 20,000 tonnes of sheepmeat and just over 4,000 tonnes of beef was exported from Wales (despite the export ban at the end of 2007 as a result of the Foot and Mouth Disease [FMD] outbreak) to both the European market and wider afield. Minimal volumes of pigmeat are exported from Wales.

5 Meat consumption across GB is strong and in Wales per capita household purchases of mutton and lamb, beef and veal, and pork are 1.9 kg per person, 5.1 kg per person, and 3.2 kg per person, respectively (in 2007). Multiple retailers control over 80 percent of the GB household sales of red meat at retail but both in Wales and at United Kingdom (UK) level there is a growing interest in differentiated premium products of a more local origin. However, total UK mutton and lamb imports in 2007 were just under 130,000 tonnes (representing approximately 33 percent of total UK mutton and lamb consumption), whilst 300,000 tonnes of beef and veal (representing approximately 27 percent of total UK beef and veal consumption), and just over 500,000 tonnes of pork (representing approximately 55 percent of total UK pork consumption), were imported into the UK.

6 In 2007, multiple retailers sold approximately 78 percent, 82 percent and 82 percent of all lamb, beef, and pork sales, respectively in Wales and the West regions. At the same time the volume of sales through independent retailers accounted for 14 percent,

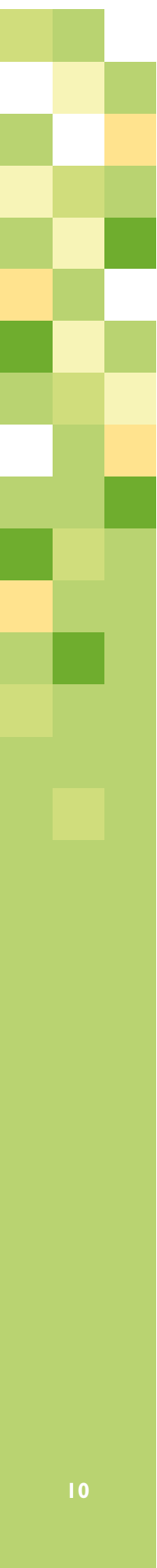
11 percent and 14 percent of all lamb, beef, and pork, respectively, sold in Wales and the West regions.

(iii) Challenges and Opportunities

7 Following a sustained period of low prices and low profitability there are a number of challenges facing the industry. Responding to political and environmental change, adapting to changing market conditions, embracing innovation and adopting technical best practice, and improving overall business management; all pose a challenge to the industry. At the core profitability remains the biggest challenge and there is a need to improve the overall confidence in the industry and encourage future investment.

8 Many Welsh producers are struggling to come to terms with the full implications for their businesses of the change in European subsidies, increasing regulation, market issues and environmental issues. Livestock auction markets and large abattoirs are increasingly concerned with maintaining their sources of livestock supply in the face of uncertainties around production levels whilst also attempting to cope with regulatory burdens. Processing plants in particular are under great pressure from fluctuating prices as a result of the instability in the energy and fuel markets, and increases particularly in waste disposal charges. They are also facing the financial burden of complying with regulatory requirements. This is compounded by the competitive nature of large supermarkets in a climate of fluctuating prices and one in which consumers may react to higher prices for primary produce.

9 However, these challenges also present a number of significant opportunities for the Welsh red meat industry. The image of the 'Welsh' brand encapsulates premium fresh red meat products backed up by provenance and taste, as the climate of Wales, the quality of its grassland and a family farm tradition, the commitment of all in the supply-chain, the location of abattoirs/processing facilities close to production and the support available from the Welsh Assembly Government, HCC and industry partners; are all advantages for the industry to utilise. The Protected Geographical Indication (PGI) status for Welsh Lamb and Welsh Beef also provides the industry with the opportunity to develop differentiated products. Both Welsh lamb and beef is produced to a high welfare standard which provides the industry with opportunities to seek greater market value.



10 The market within Wales provides a sound base for development of the sector as consumption of red meat has been increasing. There is also demand for food of more local origin which the Welsh Assembly Government is committed to supporting by encouraging more local sourcing within the public sector and other areas such as retail stores and food service outlets. Wales is also well placed to respond to consumer demands for meat from livestock produced to high welfare standards and in environmentally sensitive ways.

(iv) Strategic Objectives, Actions and Outcomes

11 This Action Plan has the vision of supporting the development of a **profitable, efficient, sustainable and innovative Welsh red meat industry, which responds competitively to ever changing market trends and benefits the people of Wales**. It is a flexible plan aimed at enabling the industry to respond to political and environmental change, adapt to changing market conditions, embrace innovation and adopt technical best practice, and improve overall business management.

12 It is focused on the following strategic aims:

- To improve the industry's level of understanding of market trends and to influence consumer behaviour.
- To foster innovation and improve supply-chain linkages.
- To improve the business performance of processors in response to changing market conditions, environmental requirements, climate change and consumer demands.
- To improve the business performance of primary producers in response to changing market conditions, environmental requirements, climate change and consumer demands.

13 In order to take forward the above aims the Welsh Assembly Government, HCC and industry partners will take forward the actions detailed in Chapter 4 of this Action Plan.

Chapter 2

The Current Situation

(i) Overview

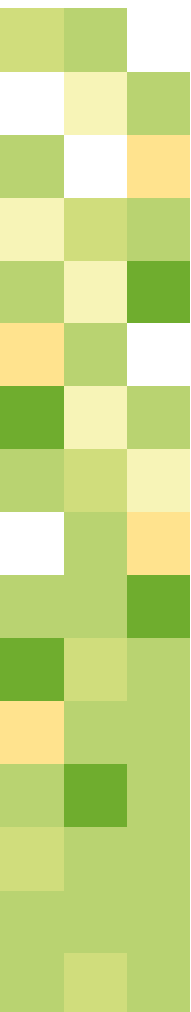
1 Red meat production (sheep, cattle and pigs) in Wales plays a vital part in the rural economy. However the industry faces a number of challenges following a sustained period of low prices and low profitability in the livestock production and meat processing sectors, which has left many farms and red meat companies struggling with financial viability.

2 In 2006 finished sheep and lambs accounted for 22 percent of the annual total value of Welsh agricultural output, worth £180 million; whilst finished cattle accounted for 18 percent, worth £153 million. The Welsh pig sector, whilst small in comparison with the lamb and beef sectors, is also an important contributor to Welsh agricultural output as finished pigs accounted for 3 percent of the annual total value, worth some £28 million in 2006.

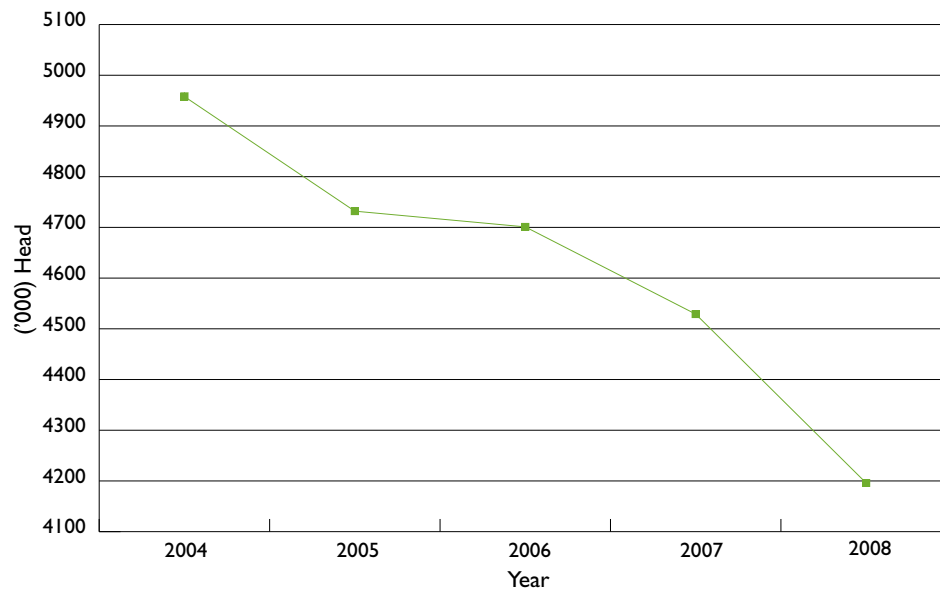
(ii) Livestock Production

3 There have been fluctuating sheep, beef and pig numbers in Wales (and across Great Britain [GB]), partly as a result of Common Agricultural Policy (CAP) reform and partly as a result of the outbreak of a number of diseases such as Bovine Spongiform Encephalopathy (BSE), the 2001 and 2007 Foot and Mouth Disease (FMD) outbreaks, the onset of Blue Tongue Virus (BTV), bovine Tuberculosis (TB), and the less high profile Escherichia Coli (E Coli) and Postweaning Multisystemic Wasting Syndrome (PMWS).

4 Between 1999 and 2008 the Welsh breeding ewe flock has declined by approximately 29 percent (to 4.2 million head). The following graph shows that since 2004 this decline has been by 15 percent overall.



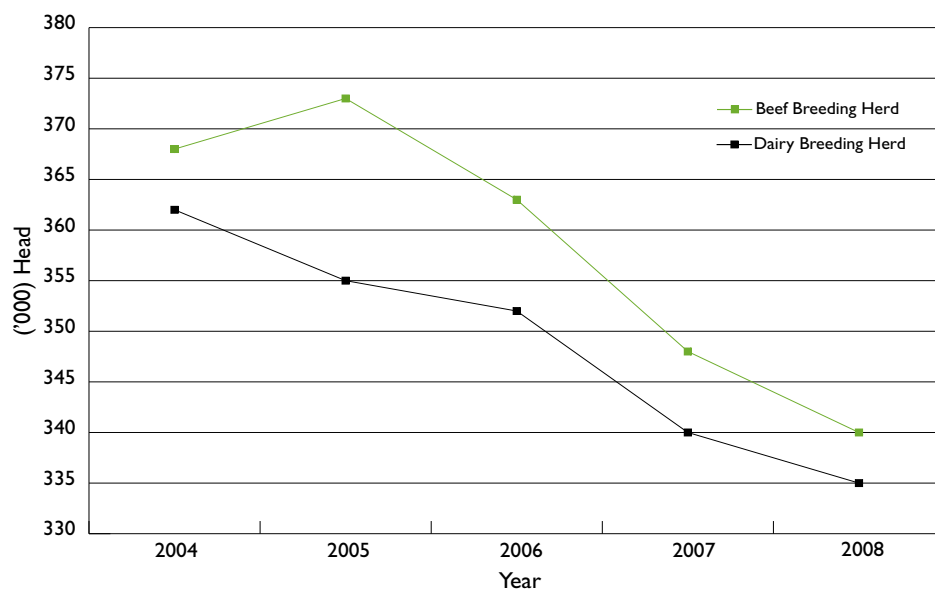
Welsh Breeding Sheep Numbers (2004 - 2008)



Source: Welsh Assembly Government, June 2008 Survey of Agriculture and Horticulture: Final Results for Wales

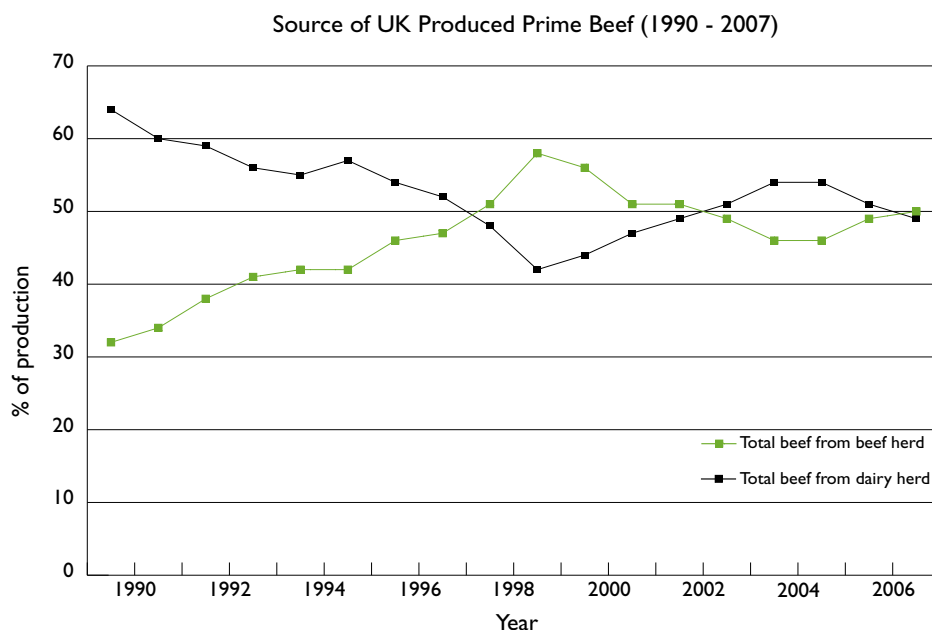
5 The Welsh beef herd has fluctuated in size significantly since 1997. However, as the following graph shows, the Welsh breeding herd has steadily declined since 2004, by 8 percent overall. Between 2007 and 2008 the herd declined by 2 percent, to 340,000 head.

Welsh Breeding Cattle Numbers (2004 - 2008)



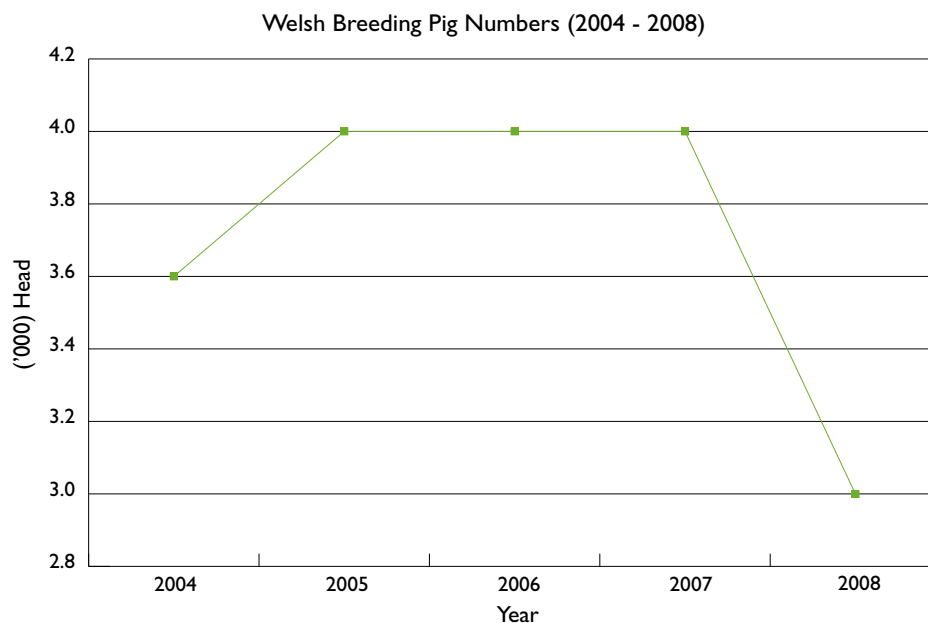
Source: Welsh Assembly Government, June 2008 Survey of Agriculture and Horticulture: Final Results for Wales

6 The Welsh dairy breeding herd has also decreased since 2004, by 7 percent to 335,000 head in 2008 and this has implications for the overall Welsh cattle herd as the dairy sector is an important supplier of animals for beef production. It is estimated that 49 percent of United Kingdom (UK) prime beef originates from the dairy sector:



Source: AHDB Meat Services

7 Between 1997 and 2008 the Welsh pig breeding herd declined in size by 73 percent from 11,000 to 3,000 head. In the absence of subsidies poor profitability has been a serious problem in the Welsh and GB pig sector. As the following graph shows, since 2004 the herd has fluctuated in size. Between 2007 and 2008, the herd has declined by 25 percent overall.



Source: Welsh Assembly Government, June 2008 Survey of Agriculture and Horticulture: Final Results for Wales

8 The Welsh red meat industry is typified by a large number of producers and a smaller number of abattoirs/processors, most of whom are Small and Medium Enterprises (SMEs).

9 There is also a stratified structure within the production industry. In the sheep sector there is a dominance of Welsh Mountain breeds which represent 59 percent of pure breeds in Wales. Approximately 60 percent of ewes are classed as Hill, 20 percent as Upland and 20 percent as Lowland. In the beef sector there is a dominance of terminal breeds, with the pure and crossbred Limousin breed accounting for 48 percent of the Welsh herd. In 2006 there were 34,755 people employed on holdings with sheep in Wales and 33,827 people employed on holdings with cattle. Very few specialist pig holdings exist in Wales and as a result there are minimal numbers of people employed on pig holdings in Wales.

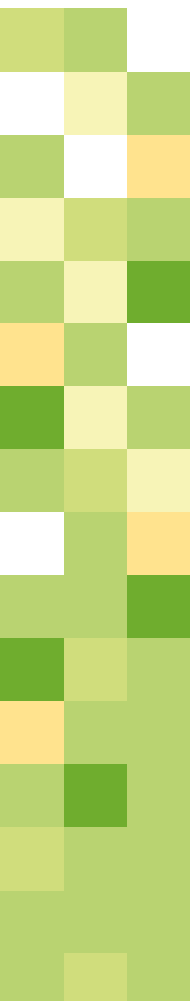
10 Many of the farms in Wales are family owned which may influence the industry's ability to keep pace with technological developments in farming practices. There is also an ageing agriculture and meat industry labour force in Wales and the average age of farm holders in Wales is 57 years. The age profile of the industry is an important factor in determining attitude toward new ideas and co-operation. A problem also exists in encouraging new entrants to the industry which the Welsh Assembly Government is addressing in order to ensure sustainability of the industry and rural communities in Wales. The 'Support for Young Entrants

to Farming' Strategy proposes to support young entrants to establish farming businesses and to stimulate innovation and entrepreneurship. A £2 million budget has been allocated to supporting young entrants to farming from 2010 aimed at overcoming the barriers that prevent young people entering the farming industry in Wales thereby ensuring sustainability of the industry and rural communities in the future.

11 Since 1991 there has been a steady decline in the number of livestock holdings in Wales. The number of Less Favoured Area (LFA) holdings and lowland units has fallen by 18 percent and 38 percent, respectively. In 2006 there were 11,035 LFA sheep and cattle holdings and 2,679 non-LFA sheep and cattle holdings. Breeding sheep and beef cattle were found on 38 percent and 23 percent, respectively, of total Welsh agricultural holdings. With respect to breeding pigs, there were only 484 holdings representing 1.3 percent of total Welsh agricultural holdings.

12 Organic production in Wales has been developing steadily with particular emphasis on organic cattle and sheep production. By December 2007 the area of organically managed land in Wales was 95,865 hectares, covering 857 holdings and representing 6.4 percent of the total Welsh agricultural area. In 2007 there were 367,000 organic sheep and 45,000 organic cattle producing 78,000 prime lambs and 6,000 prime cattle. This represented 1.9 percent and 4.4 percent respectively of the total prime lambs and prime cattle slaughtered in Wales. Indications for 2008 are that there has been a significant (more than 30 percent) increase in the organic sector, almost all of which are sheep and beef producers, indicating that Wales is on the way to meet the Welsh Organic Action Plan target of 10-15 percent of Welsh land being organic by 2010. However, future growth of the organic sector is less certain in the current economic climate, and with the increase in the number of farms converting to organic production during 2008, there is likely to be an effect on organic red meat prices, which will need to be considered further in the Strategic Action Plan for the Welsh Organic Sector (due to be released in 2009).

13 With the removal of direct subsidies in 2005, sheep and cattle enterprises have depended mainly on profits generated from the market. However, farm incomes have fluctuated. Since 2004/2005, average net farm income on LFA sheep and cattle holdings in Wales has declined by 21 percent overall, to £12,200 per farm (in real terms at 2007/2008 prices). Over the same period average net farm income on lowland sheep and cattle holdings in Wales rose by 275 percent overall,



to £11,000 per farm (in real terms at 2007/2008 prices). Income on specialist pig farms in the UK has fluctuated since the FMD outbreak. For example, in England, farm business income on specialist pig farms has fallen from £26,100 per farm in 2004/2005 to a forecasted £4,100 in 2007/2008. However, despite 2008 sheep and cattle prices increasing, this has been balanced against rising energy and feed costs. Global market forces have led to increases in feed wheat and barley prices and the growth of the ethanol market and shortages in world grain markets means that there will be continued uncertainty about feed costs in the future.

14 In 2007/2008, based on Farm Business Survey data, it can be estimated that subsidies contributed to 43 percent of total outputs per farm in Wales on hill sheep and cattle farms, whilst subsidies contributed to 32 percent and 29 percent of total outputs per farm on upland sheep and cattle farms and lowland sheep and cattle farms, respectively. Support measures including the Single Farm Payment (SFP), Tir Mynydd, Tir Gorfal, Tir Cynnal and the Organic Farming Scheme are important contributors to farm income.

15 On average in 2007/2008, Welsh market returns covered only 75 percent of the costs of lamb production, and 56 percent of the costs of suckler calf production. The profitability of pig production and its competitiveness against international competitors is also fragile, as despite an increase in finished pig prices in 2008 (to a peak in August of 137.38 pence per kg deadweight), input costs remain high.

(iii) Abattoirs and Slaughtering

16 Over recent years the profit margins of the abattoir and processing sector have come under greater pressure from lower fifth quarter returns, costs of by-product disposal and the sourcing policies of the multiple retailers. Costs have also been incurred from Meat Hygiene Service (MHS) charges, Transmissible Spongiform Encephalopathies (TSE) regulations and Food Hygiene regulations. As a result of this continuing low profitability, the abattoir and processing sector has undergone substantial rationalisation, including changes in the pattern of ownership.

17 Since 1990 the number of abattoirs operating in Wales has fallen from 58 to 24, in addition to one seasonal plant. There are currently two major cattle plants in Wales, St Merryn Meat Ltd. and Randall

Parker Foods. Welsh Country Foods, Dunbia Llanybydder, St Merryn Meat Ltd., Randall Parker Foods and Fairfield Meat Co. are the five major players in the sheep slaughtering sector. Most of the headquarters of these companies are outside Wales.

18 The following table illustrates the number of Welsh abattoirs and their throughput. Data for 2007 shows that of the then 25 operational plants, four were responsible for 81 percent of the Welsh sheepmeat throughput (Dunbia Llanybydder, Randall Parker Foods, St Merryn Meat Ltd. and Welsh Country Foods). The largest sheep slaughterer in Wales during this period was Welsh Country Foods. Four abattoirs were also responsible for 91 percent of the Welsh cattle throughput (Cig Calon Cymru, Randall Parker Foods, St Merryn Meat Ltd. and Pembrokeshire Meat Company). The largest cattle slaughterer in Wales during this period was St Merryn Meat Ltd. In the same period, 15 abattoirs in Wales slaughtered pigs, where nine accounted for 92 percent of throughput. The largest pig slaughter in Wales during this period was G R Evans & Co. The specialisation in large plants that has been seen for sheep and beef is not seen in pig slaughtering and the smaller plants tend to slaughter multi-species.

Number of Welsh Abattoirs and their Throughput

	Number of Abattoirs		Throughput (%)	
	2006	2007	2006	2007
<i>GB Livestock Units*</i>				
0 - 1,000	6	4	0.2	0.2
1,000 - 10,001	10	12	4.7	5.6
10,001 - 30,000	5	3	7.0	3.9
30,001 - 100,000	2	2	10.5	12.1
100,001 +	4	4	77.5	78.2
Total	27	25		

*GB Livestock Unit = 1 cattle beast = 3 calves = 5 sheep = 2 pigs

Source: AHDB Meat Services Economics

19 Since 2000, clean sheepmeat slaughterings in Welsh abattoirs has increased by 3 percent to 4 million head in 2007, compared to the UK where numbers have steadily fallen in recent years. Total production of

clean sheepmeat in 2007 was 75,500 tonnes. Cattle and calf slaughterings in Welsh abattoirs have also increased since 2000, by 246 percent to 135,100 head in 2007, whereas UK numbers have steadily fallen. This is mainly accounted for by the opening in 2001 of St Merryn Meat Ltd. in South Wales as a cattle slaughtering plant. In 2007 total production of clean beef was 44,100 tonnes. Total pig slaughterings in 2007 amounted to 31,300 head, 18 percent lower than slaughterings in 2000. Pig meat production in Welsh abattoirs in 2007 was 2,000 tonnes. The following table sets out throughput figures for Welsh abattoirs in 2007.

Throughput of Welsh Plants, 2007			
	Slaughterings (‘000 head)	Production (‘000 tonnes)	Average carcase weight (kg)
Clean Sheep	4,054.7	75.5	18.6
Cattle and Calves	135.1	44.1	326.3
Pigs	31.3	2.0	63.9

Source: Defra

20 Opportunities for improved supply-chain collaboration and associated efficiency improvements are constrained by there being a limited number of integrated further processing facilities (where a cutting plant/further processing plant forms part of, or is attached to, a slaughter facility).

(iv) The Importance of Trade

21 Animal disease outbreaks, food scares and fluctuations in exchange rates all affect the UK trade of red meat products. The majority of the market for Welsh red meat is outside the country because a relatively small proportion of production is consumed in Wales. It is estimated that only 5 percent of the red meat produced in Wales is consumed in Wales and that approximately 63 percent (around 58,000 tonnes) of sheepmeat and 89 percent (around 88,000 tonnes) of beef produced in Wales is consumed within the rest of GB. Europe is also an important market: lamb and beef products are in a strong position to access wider global markets as both Welsh Lamb and Welsh Beef are recognised at a European

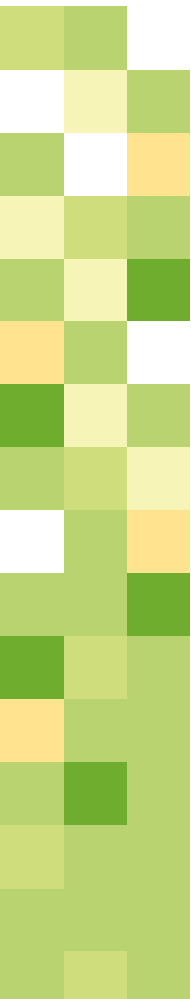
level to have unique regional characteristics and they have been awarded the status of Protected Geographical Indication (PGI).

22 Overall the Welsh red meat industry is heavily reliant on a prosperous export market (exports outside of GB) in order to underpin farm-gate prices. Developing these markets is therefore of vital importance to the industry. It is estimated that in 2007 when there was an export ban imposed as a result of the FMD restrictions, approximately 23,000 tonnes of sheepmeat was exported from Wales to countries outside of GB, which equated to the value of approximately £60 million. In the same period it is estimated that 4,000 tonnes of beef was exported, which was valued at approximately £9 million. In 2007 the UK exported approximately 109,000 tonnes of pigmeat, of which minimal volumes were from Wales. As the following table demonstrates, 2006 exports were significantly higher for sheepmeat, however beef exports in 2006 were limited as the export ban caused by BSE was only lifted in May that year.

Estimated Welsh Sheepmeat and Beef Export Volumes and Value, 2006 - 2007				
	2006		2007	
	Volume ('000 tonnes, product weight)	Value (£ million)	Volume ('000 tonnes, product weight)	Value (£ million)
Sheepmeat	28.7	76.8	22.5	59.9
Beef	2.9	6.4	4.1	8.7

Source: AHDB Meat Services

23 The export market also has an essential role in supporting the abattoir and processing sector in managing carcase balance. Welsh fifth quarter sales also have a significant impact on price. Estimated Welsh sheep offal exports to countries outside of the UK for 2007 equated to approximately 509 tonnes and a value of approximately £441,000. In addition, it is estimated that in this same period over 4.5 million skins were exported from Welsh abattoirs to countries outside of the UK (through hide and skin dealers and internet auctions, which are generally located outside of Wales), equating to a value of approximately £5.5 million.



24 Total UK mutton and lamb imports in 2007 were 128,000 tonnes and were at similar levels in 2006. This represented approximately 33 percent of total UK consumption. The main supplier of imported lamb into the UK remains New Zealand which, in 2007, imported 74 percent of the total UK sheepmeat imports, representing approximately 25 percent of total UK consumption. These imports formed part of New Zealand's total tariff free quota to the European Union (EU) of 228,000 tonnes.¹

25 Imports of beef to the UK come primarily from the Irish Republic, whilst the major non-EU supplier to the UK has been Brazil. In 2007, 300,000 tonnes of beef and veal were imported into the UK, about the same as the previous year, of which 61 percent originated from the Irish Republic and 11 percent from Brazil. Imported beef and veal represented approximately 27 percent of total UK consumption, and imports from the Irish Republic and Brazil represented approximately 16 percent and 3 percent respectively, of total UK consumption. However, Brazil's limited ability to export beef to the EU during 2008 as a result of strict traceability and animal movement measures imposed by the EU may affect the future supply of beef from Brazil to the UK. Whilst imports from Brazil to the UK have fallen in 2008 (January to November) by 75 per cent, compared to the same period in 2007, total import volumes into the UK have not been affected overall as alternative countries (particularly Uruguay) have increased imports during this period.

26 Imports of pork have increased as UK production has fallen. In 2007 imports of pork were 514,000 tonnes, which represented approximately 55 percent of total UK consumption. The main importers of pigmeat into the UK are Denmark, Germany, the Netherlands and Belgium.

27 Prior to the introduction of the worldwide ban on UK beef and cattle in 1996 almost half a million UK calves were exported annually, primarily for veal production. This provided a valuable source of extra income for surplus calves within the dairy industry. In the period following the export ban and the end of the Calf Processing Aid Scheme

¹ Sheepmeat imports into the EU from third countries are subject to import restraints in the form of Country Specific Tariff Rate Quotas (CSTRQ). Countries, such as New Zealand and Australia, may import previously negotiated quantities, on a carcass equivalent basis, free of duty. Quantities imported above the CSTRQ are subject to substantial tariffs dependent on the type of product being imported. The CSTRQ quantities do not differentiate between fresh, chilled and frozen sheepmeat.

in 1999 many of these surplus dairy bull calves were destroyed shortly after their birth. As a result of the lifting of the export ban there has been a re-establishment of this export trade for live calves, predominately to the Netherlands and Belgium. During 2007 there were 64,000 calves exported from the UK providing the dairy sector with a welcome financial boost alongside the obvious benefits of not having to slaughter large numbers of young calves. It is estimated that Wales exported approximately 11,000 of these calves, of which 42 percent were exported to the Netherlands and 21 percent to Belgium.

28 In 2007 the UK slaughtered approximately 3,700 calves (1,370 tonnes of veal), which is a 52 percent decline on the same period in 2005. The value of the veal market in the UK is approximately £2 million.

29 An important consideration for red meat trade is that of the exchange rate. In early December 2008, the pound sterling fell to a historic low against the euro (£1:€1.1499) and a seven year low against the dollar (£1:\$1.4466). Weakness of the currency increases the value of trade from the UK impacting directly on price and competitiveness however fluctuations in currency are outside of the control of the industry and as a result are uncertain in their long-term impact on the industry.

(v) Consumption of Meat and Meat Products

30 Red meat consumption throughout 2007 and 2008 has been strong within the UK aided by factors such as television advertising and retailer promotions. However links between excessive consumption of red meat and human health or between the production of red meat and its environmental impact need consideration both in terms of human health and also as they have domestic and global implications on the industry. The 2007 report by the World Cancer Research Fund (WCRF) provided a comprehensive review of the scientific evidence on food, nutrition, physical activity and cancer. Obesity and lack of physical activity were the major focus of the report and a key finding was that maintaining a healthy weight is the best way of reducing the risk of cancer. The report did however also cite a possible link between high red meat consumption and colorectal cancer. However, Welsh Assembly Government and Food Standards Agency advice continues to support the inclusion of lean red

meat in a balanced diet as it contains a number of essential nutrients in a form readily absorbed by the body.

31 Mutton and lamb consumption has been steady since 1995 with relatively high mutton consumption in England. Per capita household purchases of mutton and lamb in Wales in 2007 was 1.9 kg per person compared to 1.8 kg per person in GB. After a long decline in beef and veal consumption due to BSE UK figures are now showing an increase since 1995. Per capita household purchases of beef and veal in Wales in 2007 was 5.1 kg per person compared to 5.2 kg per person in GB. There has also been a growth in pigmeat consumption. Per capita household purchases of pork and bacon in Wales in 2007 was 3.2 kg per person and 3.5 kg per person respectively, compared to 2.9 kg per person and 3.3 kg per person respectively in GB.

32 As the following table shows, in simple terms (excluding import and export trade) in 2007 the UK produced 85 percent, 80 percent and 67 percent respectively of total UK mutton and lamb, beef and veal, and pork, consumed in the UK.

UK Total Red Meat Supplies of Meat Available for Consumption, 2007				
('000 tonnes)	Production	Imports	Exports	Total consumption
Mutton and Lamb	325	128	70	383
Beef and Veal	882	300	67	1,115
Pork	607	415*	104	918

* - Imports excluding pork for curing

Source: AHDB Meat Services

33 There is also consumer demand for organic and local products. For example, currently 3.2 million GB households buy organic meat; organic lamb, beef and pork represent 2.2 percent, 1.5 percent and 1 percent respectively of total lamb, beef and pork sales. It is estimated that Welsh organic meat sales are worth £2.4 million per annum.

34 Total expenditure in GB on fresh and frozen lamb, beef and pork increased between 2006 and 2007 by 9 percent, 6 percent and 9 percent respectively, whilst expenditure in 2007 was £616 million,

£1,604 million and £737 million respectively. The following table details expenditure on red meat products at a Wales and GB level.

Expenditure (Fresh and Frozen Meat), 2007				
		Expenditure (£)	Volume (tonnes)	Average price (£/kg)
Lamb	Wales	£ 47 million	8,436	£ 5.56
	GB	£ 616 million	105,782	£ 5.85
Beef	Wales	£ 115 million	22,549	£ 5.11
	GB	£1,604 million	309,026	£ 5.20
Pork	Wales	£ 60 million	14,274	£ 4.24
	GB	£ 737 million	169,880	£ 4.34

Source: TNS Worldpanel

(vi) Supply-chain Issues

35 The liveweight selling of sheep and cattle has steadily declined and as a result there has been rationalisation in the live markets sector in Wales and across GB. Since 1995 the number of live markets in Wales has declined from 26 to 23. During this period the liveweight marketing sector was severely affected by BSE and FMD but recovered well, particularly in relation to sheep. Rationalisation is likely to continue due to a reduced number of buyers, changes in the livestock supply-chain, regulatory burdens (e.g. bio-security requirements) and continued growth of deadweight selling.

36 In 2007 over 1.1 million prime sheep and 21,000 prime cattle were marketed through Welsh auction markets, which represented 21 percent and 6 percent respectively of GB marketings. No pigs were sold through Welsh auction markets during 2007. The table below sets out the throughput at auction markets by UK country. Despite a fall in the total throughput of sheep and cattle through auction markets the volume of sales per market looks set to increase in the future as a result of the concentration of the sector.

Auction Market Throughputs of Finished Stock by UK Country, 2007

(000 head)	Wales	England	Scotland	Great Britain
Total prime cattle	21	304	43	368
Cull cows	6	87	13	106
Total prime sheep	1,146	3,308	970	5,424
Cull ewes	349	959	144	1,452
Clean pigs	-	36	-	36
Cull sows	-	9	-	9

Source: AHDB Meat Services

37 Multiple retailers today control over 80 percent of GB household sales of red meat and are likely to continue to be the main purchaser of red meat produced in Wales but both in Wales and at UK level there is a growing interest in differentiated premium products of a more local origin. These multiple retailer markets require continued support to maintain their links with Welsh red meat producers. As the livestock and meat supply-chain can be long and complex many supermarkets and large food service chains are attempting to shorten the supply-chain by introducing producer clubs and dedicated suppliers. As a result there are an increasing number of collaborative producer groups that have forged relationships with multiple retailers for the supply of relatively small volumes of product. In order to address this interest for differentiated premium products direct sales of Welsh red meat products (such as farmers markets, internet selling, farm shops, food co-operatives, etc.) are also an important element of the supply-chain, which will require ongoing support in the future.

38 As the following table illustrates, in 2007 approximately 78 percent, 82 percent and 82 percent of all lamb, beef and pork sales, respectively in Wales and the West regions was sold through multiple retailers. At the same time the volume of sales through independent retailers is declining. In 2007 total butchers only accounted for 14 percent, 11 percent and 14 percent of all lamb, beef and pork respectively sold in Wales and the West regions. This proportion has declined since 2006 by 28 percent, 12 percent and 20 percent respectively.

Breakdown of the Retail Outlets for Red Meat in Wales and West Regions, 2007

Volume % Share	Lamb	Beef	Pork
Tesco	27.3	29.4	25.9
Asda	11.4	18.1	18.1
Morrisons	8.3	11.2	9.5
Sainsbury's	10.4	9.7	8.1
Somerfield Group	8.0	6.7	8.4
Co-Op	3.1	3.0	4.4
Iceland	4.8	1.6	3.8
Waitrose	0.6	1.0	1.0
Aldi	2.9	1.0	1.7
Marks and Spencer	0.7	0.7	0.2
Butchers	13.8	11.2	13.7
Others	8.7	6.4	5.2

Source: TNS Worldpanel

(vii) Market Predictions

39 There are uncertainties regarding the situation and outlook for World agricultural commodity markets. Fluctuating prices of cereals, oilseeds and dairy products may have long-term consequences for other agricultural products as for example, high cereal prices caused by weather variations, global warming, etc., inevitably increase the costs of livestock production. In the long-term oil and gas prices are a major concern as agricultural production is heavily reliant on commodities derived from fossil hydrocarbons (i.e. fuel, fertiliser, etc.).

40 It is forecast that the Welsh sheep flock, the beef and dairy herds and the pig herd will continue to decline over the next few years in line with forecasted decreases across the UK. This is due to a number of factors including the impact of decoupled subsidy payments, continued pressure on margins, competition with other more profitable enterprises, less labour availability, and fewer family farm successions. Slaughtering is also expected to follow the trends within the breeding

flock/herds. However, as there is likely to be some improvement in productivity as a result of efficiency gains from improved carcass weights/ conformation, an enhanced labour resource and improved nutrition, production may not decline to the same extent.

4 | The future supply of livestock is of concern to the industry since reduced numbers impact directly on the viability of livestock markets, abattoir and processor facilities and on funds for the development and promotional activities for the Welsh red meat sector. Furthermore, there are clear indications that future average feed prices are likely to be higher than in the past 10 years and that there is likely to be more volatility in prices unless sustainable production of feed is ensured for the Welsh industry. This uncertainty could negatively impact on producer investment and retention of stock numbers.



Chapter 3

Challenges and Opportunities

The Welsh red meat industry has a number of positive and unique advantages. The image of the 'Welsh' brand encapsulates premium fresh red meat products backed up by provenance and taste,² as the wet climate of Wales, the quality of its grassland and a family farm tradition, the commitment of all in the supply-chain, the location of abattoirs/processing facilities close to production and the support available from the Welsh Assembly Government, Meat Promotion Wales (HCC) and industry partners; are all advantages for the industry to utilise. The challenges lie in responding to political and environmental change, adapting to changing market conditions, embracing innovation and adopting technical best practice and improving overall business management; whilst coping with declining stock numbers which impacts on critical mass of production, thereby affecting future capacity to meet demand.

2 Establishing a competitive advantage for Wales based on a clear identity and real strengths is a priority across all sectors and the Welsh Assembly Government commits specifically to helping the Welsh agri food industry gain a bigger share of the quality food market, both at home and abroad. In order to ensure the Welsh red meat industry is positioned in the most profitable markets and in a position to respond to the challenges and opportunities outlined below, reference needs to be made to the Government of Wales' *One Wales Agreement* (of June 2007) and the Welsh Assembly Government's strategic direction of working for a better future for food producers, food processing and agri-food businesses in Wales, to develop income and employment and help the agricultural industry adapt for the future. This Action Plan has been developed with due regard to issues of equality.

² The Welsh red meat industry has traditionally produced and supplied 'fresh' red meat and future activity will continue to support the 'fresh' market as this is an established market which ensures maximum returns to the industry (in comparison to frozen product).

3

Specifically, reference should be made to the following publications and commissions:

- New Strategy for Farming in Wales: Farming, Food and Countryside - Building a Secure Future (expected to be released in 2009);
- Food and Drink from Wales Strategy (expected to be released in 2009);
- Food Tourism Strategic Action Plan (expected to be released in 2009);
- Local Sourcing Strategic Action Plan 2009;
- Sustainable Farming and Environment: Action Toward 2020;
- Strategic Action Plan for the Welsh Dairy Industry;
- Strategic Action Plan for the Welsh Organic Industry (expected to be released in 2009);
- Support for Young Entrants to Farming Strategy (expected to be released in 2009);
- Appetite for Life Action Plan;
- Animal Health and Welfare Strategy: Wales Action Plan 2008-2009;
- Environment Strategy for Wales;
- AEA Energy and Environment Report: Policy Options Development and Appraisal for Reducing Greenhouse Gas Emissions in Wales;
- Chatham House report - Food Futures: Rethinking UK Strategy. February 2009;
- Wise about Waste: The National Waste Strategy for Wales;
- Bioenergy Action Plan for Wales (out to consultation); and
- EU proposals for a Council Regulation on the protection of Animals at the time of killing.

- 4 A summary of the main challenges and opportunities facing the Welsh red meat industry is outlined below.

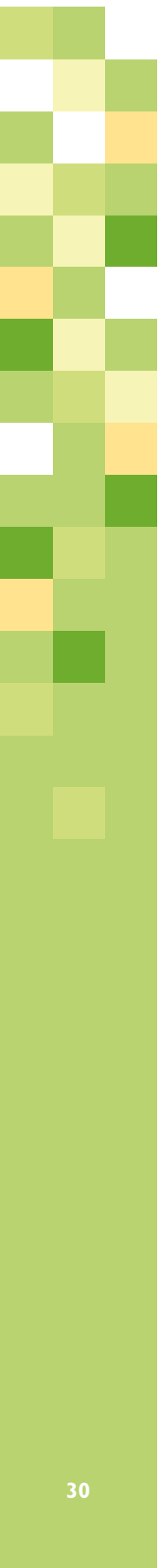
(i) Political Change

Changes to Agricultural Policy

5 The Welsh sheep, beef and pig sectors are still facing a difficult period adjusting to the subsidy structure brought about by reform of the Common Agricultural Policy (CAP). These changes are focusing producers on the financial performance of their enterprises and on market needs. In future it has been recommended by the Sustainable Farming and Environment: Action Toward 2020 report (Commissioned by the Welsh Assembly Government) that reform of the CAP should be influenced by the industry to provide farmers with sufficient time and support to restructure their businesses.

6 World Trade Organisation (WTO) reforms also present a challenge for the industry. The Doha Development Round (which commenced in November 2001) collapsed in July 2008. It was to be an ambitious effort to make globalisation more inclusive and help the World's poor, particularly by slashing barriers and subsidies in farming. The discussions were highly contentious and agreement was not reached despite intense negotiations. Despite the main disagreement being over opening up agricultural and industrial markets in various countries and how to cut rich nation farm subsidies, the immediate cause of the collapse appears to have been that key developing countries (India in particular) wanted a more robust and readily triggered Special Safeguard Mechanism in order to protect their agricultural producers against surges in imports and subsequent price falls. For the time being at least, the European Union (EU) and those in the Welsh livestock industry will not have to face the kinds of cuts in import protection that were expected and would undoubtedly have put serious price pressure on key products (e.g. beef and some pigmeat). However, there is a risk that the WTO's authority and effectiveness has been undermined and that ad hoc trade arrangements may appear making the international trading system more confusing and less open in the future. The effects of the new United States (US) Farm Bill in 2008 could also have an immediate impact on global trade as support for agricultural production within the US will impact on the supply of global commodities.

The Welsh red meat industry needs to be able to plan for and cope with policy changes and be in a position to advise policy makers on the implications of new policy and assist in the development of future policy.



Complying with Regulations

7 There is an increasing amount of regulation for the Welsh red meat industry to cope with and an evident need to support the industry in complying with legislative requirements. Current and upcoming legislation/policy changes include animal identification, supply-chain traceability, water management and soil conservation, waste disposal, pollution prevention, fallen stock, animal by-products, food labelling, animal welfare, hygiene, Meat Hygiene Service [MHS] transformation and charges, food safety, transport, CAP Health Check, etc.; all of which require communication and assistance for the industry to comply. Co-ordination and data sharing should be encouraged between bodies where appropriate (e.g. where animal identification or traceability information is collated). Complying with regulations can be burdensome and as such an opportunity exists for the industry from the work being undertaken by the Welsh Assembly Government Task Force, which is addressing this issue.

8 Farm animal welfare is mainly European driven with mandatory requirements for farmers to be in compliance with welfare standards. Although farmers, owners and keepers of livestock have to comply with the Animal Welfare Act 2006, most of the conditions applying to the Act have existed in other forms of farm animal welfare law. However, the red meat industry must be aware of their need to comply with section 4 (*prevention from harm*) and 9 (*promotion of welfare*) of the Animal Welfare Act.

To enhance the reputation of the industry the Welsh red meat industry needs to be enabled to comply with existing and new legislative requirements and regulations in the most cost effective and timely way.

Influencing Regulation Development and Minimising Burdensome Requirements

9 There is general discontent regarding the amount of regulation imposed on the Welsh red meat industry and as a result implementing changes can be difficult. One current consideration is that of the DEFRA responsibility and cost sharing agenda. Regulatory requirements in Wales, across the United Kingdom (UK) and in Europe are considered by many to hinder development and in many instances there is a perception that Welsh red meat products are competing on an 'unfair

playing field', particularly with regard to issues such as export regulations and production techniques.

10 The Welsh Assembly Government is reviewing farming industry checks including an appraisal of the farm inspection regime. The Sustainable Farming and Environment: Action Toward 2020 report also recommended that the regulatory burden facing the Welsh agricultural industry must be reduced and simplified. Whilst the Welsh Assembly Government considers proper audit of the industry to be essential they wish to identify ways of streamlining the many checks in existence. Legislative requirements have increased to include due diligence standards on farm as a result of cross-compliance and there is therefore a need to ensure that producers are not paying for this compliance through alternative checks (such as farm assurance).

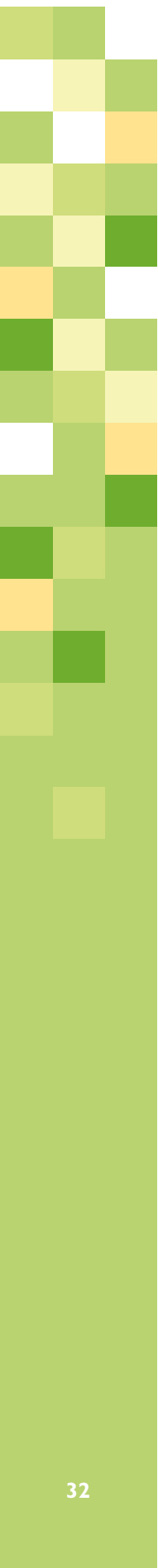
11 The Welsh Assembly Government has sought the views of industry about a new EU proposal which will apply to all animals killed in a slaughterhouse, on farm or for disease control purposes. Its purpose is to ensure that animals are spared any avoidable pain, distress or suffering. Animals must be killed by a method that leads to instant death after stunning. The proposed regulation includes detailed provisions on stunning and killing methods, the construction layout and equipment in slaughterhouses and provides operational rules for slaughterhouses. In other areas, e.g. the need for an Animal Welfare Officer in every slaughterhouse, the proposed regulation provides better welfare protection. However some of these additional protections will come at a cost to industry. EU discussions about the proposal have been constructive but the Welsh Assembly Government believes that it is important to gain the views from industry and use that information in future discussions.

The Welsh red meat industry needs to influence regulation development and minimise burdensome or unnecessary requirements for the industry wherever possible.

(ii) Environmental Change

'Greening' of Agriculture

12 The Welsh red meat industry has a valuable role in the future management of the environment and the sustainable use of Wales' natural resources. A balance is required between the needs of



production and with conservation of the environment as maintaining this balance will incur additional costs. The industry needs to find innovative solutions to environmental challenges, through mechanisms such as Farming Connect, to enable farmers to adapt to the future. Wise use of natural resources must be seen as an essential and integral part of good business management. These challenges present opportunities for farmers to promote and capitalise on their high environmental standards and contributions to rural social life whilst ensuring economic sustainability.

13 A challenge also exists in coping with the diverse objectives and pressures for land use and social priorities (e.g. health) from some Government bodies and from the public.

14 The Welsh red meat industry must also adjust to increasing pressures from EU and Government environmental policies for sustainable farming. Legislation through EU and UK policies will have a direct impact on the industry. However, as noted in the Sustainable Farming and Environment: Action Toward 2020 report *“in future farmers will become even more important as providers of food ... in a rapidly changing World, as well as (being) stewards of the rural environment and landscape”*. There is therefore a need for the industry to contend with differing objectives and visions for the future and maximise the resultant opportunities.

The Welsh red meat industry needs to capitalise on its environmental credentials and its role in rural social life and highlight the standards Welsh red meat is produced under, so as to maximise opportunities to deal with diverse environmental pressures and demands and to positively assist both political and public perceptions of the industry. The industry also needs to be in a position to adapt to environmental legislation and requirements, through initiatives such as Farming Connect, to promote the business benefits of good environmental management. Shared practice amongst producers needs to be encouraged, particularly in regard to how individuals have managed to sustain viable production whilst delivering positive environmental management.

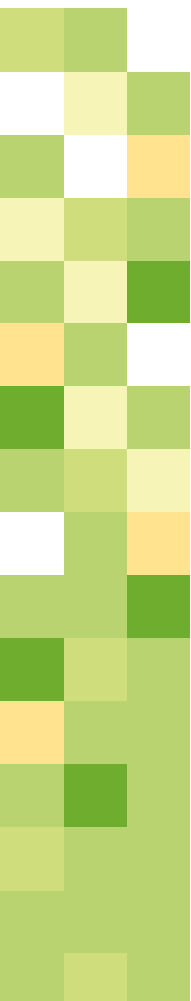
There is a need to improve supply-chain linkages within the entire Welsh red meat supply-chain and where appropriate to conserve resources through improved operational efficiencies.

Climate Change

15 The issue of greenhouse gas emissions from agriculture is increasingly recognised, specifically from livestock for methane. Greenhouse gas emissions from primary agricultural production contribute around 11 percent of total annual Welsh emissions. Nitrate oxide is released primarily from soil processes such as synthetic fertiliser, manure applications and the leaching of nitrogen fertiliser. Methane is released predominately from ruminants and stored manures and carbon dioxide is mainly from direct emissions from on-farm combustion of fuel.

16 In July 2008, the Cabinet Office Strategy Unit report - *'Food matters - towards a strategy for the 21st century'* - indicated that there will be pressures to reduce greenhouse gas emissions from livestock. In October 2008 the UK Government accepted the recommendation of the Climate Change Committee to extend the 2050 emission target to cut 80 percent of all greenhouse gas emissions by 2050, and that target will be binding in law. Furthermore, the Government of Wales' *One Wales Agreement* commits the Welsh Assembly Government to achieving annual greenhouse gas emission reductions of 3 percent per year from 2011 in areas of devolved competence. The Sustainable Farming and Environment: Action Toward 2020 report also recommends that the Welsh Assembly Government takes action to achieve carbon neutral status for agriculture by 2020. A major challenge for the Welsh red meat industry is to enable the sector to play its part in reducing emissions. The industry needs to be aware of how to mitigate the effect of its operations on the climate and to take steps to adapt to a changing climate. The effects of climate change are both an opportunity and a challenge for the industry particularly as both Government and consumers are increasingly moving toward carbon neutral food production.

17 Although grass based livestock production can provide environmental benefits (particularly through mixed grazing) there is a wider issue of emissions adding to greenhouse gas emissions. The Welsh Assembly Government is reviewing existing research, information and market opportunities to ensure that Welsh livestock farmers have access to the information necessary to help them adapt to the effects of climate change, reduce greenhouse gas emissions and take advantage of business opportunities. HCC and the Welsh red meat industry will work with the Welsh Assembly Government to ensure that this information is widely disseminated to the livestock production sector.



The Welsh Assembly Government is also proposing a Farming Connect Development Programme for Climate Change in Wales which will seek to raise awareness of the issues and work with partners to develop practical and sustainable options to help land managers to address climate change.

18 The Rural Development Plan for Wales provides a framework to achieve the Welsh Assembly Government's aims under the EU Rural Development legislation. It includes measures targeting the sustainable use of agriculture, which may include activities to reduce the greenhouse gas emissions from livestock management. A wide range of technical measures and policy options for reducing greenhouse gas emissions from the agricultural sector have been identified. Some of these measures will be influenced by existing mechanisms (e.g. environmental schemes) whereas others will require new policies to be introduced or modifications to the existing mechanisms.

19 An opportunity exists for the industry to adapt systems to cope with climate change by changing production systems to cope with warmer summers, wetter winters etc., and to comply with legislation such as the Water Framework Directive. The challenge will remain the financial costs associated with adhering to higher environmental standards.

The Welsh red meat industry needs to be in a position to comply with climate change legislation in order to ensure that its contributions to Welsh Assembly Government and UK policy regarding climate change are maximised whilst ensuring continued economic sustainability. An opportunity exists for the industry to adapt systems to cope with climate change and mitigate the industry's impact.

Bio-diversity

20 The issue of managing agriculture's dual role of growing food and protecting the environment and its biodiversity is of vital importance. Grazing livestock are an important tool in helping to conserve biodiversity. However it is important that the level and type of grazing is managed to endeavour to achieve the production of high quality food whilst not having a detrimental effect on biodiversity and the wider environment. A balance needs to be struck as the industry needs to compete in both domestic and international markets - a critical mass of stock needs to be maintained - and grazing animals provide an important means of conserving large areas of the Welsh countryside. This also raises an important issue with regard to Wales being able to

compete effectively in both the domestic and export markets. The cross compliance requirements within the Single Farm Payment (SFP) regime present challenges for the industry which must be met whilst current and future agri-environment schemes provide opportunities to enhance the environment and contribute to the viability of many farm businesses.

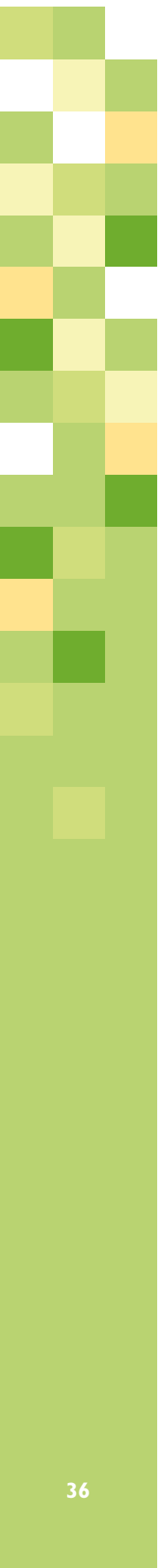
The Welsh red meat industry needs to be in a position to balance the needs of production with the conservation of biodiversity and natural resources in a way that contributes to the longer-term sustainability of both the rural economy and the environment.

Water and Waste Disposal

21 The availability of water for red meat production is plentiful but flooding can affect land use. The efficient management and disposal of water and the disposal of fallen stock, animal by-products etc. is of concern to both the production and processing sectors. The industry must ensure that water quality is maintained by the appropriate management of soils, manure and waste (e.g. by managing land to reduce the amount of run-off or by providing flood storage areas). The new National Waste Strategy for Wales seeks to move Wales toward more sustainable waste management.

22 New proposals concerning water management require consideration in particular the Water Framework Directive and related legislation. Nitrate Vulnerable Zones (NVZ) pose a challenge for the Welsh industry as there will be problems regarding the disposal of animal manures/abattoir waste, etc. The Farm Waste Directives and Integrated Pollution Prevention Control (IPPC) are also expected to affect the sheep, beef and pig sectors in Wales in some way.

The Welsh red meat industry needs to be in a position to respond to legislation and requirements with regard to water and waste disposal (e.g. fallen stock, animal by-products, etc.), whilst paying due regard to environmental and economic sustainability. The industry also needs to ensure efficient management and disposal of water and effective pollution control, waste disposal and flood prevention measures.



Energy

23 Recent rises in energy costs are impacting on both producers and processors although producers are not impacted to the same extent. The growing demand for alternative energy can provide opportunities for the industry to diversify but this needs to be balanced against product demand. There is also an issue of replacing the Hydrochlorofluorocarbons (HCFC) refrigerants in abattoirs before 2010, as required by the EU, which could be costly to some Welsh processors.

24 Reliance of the Welsh red meat industry on hydrocarbons (fuel, fertilizers, etc.) continues to pose a challenge to the industry, as fossil hydrocarbons are a finite resource and are as a result likely to increase in price in the future.

25 The Welsh Assembly Government Bioenergy Action Plan for Wales (out to consultation) aims to increase use of bioenergy with the aim of reducing fossil fuel use and the associated carbon emissions, thereby addressing climate change, which is a key priority for the Welsh Assembly Government.

The Welsh red meat industry needs to cope with increasing energy costs and issues by adopting energy saving and conservation techniques and making best/most economic use of alternative energy sources.

(iii) Societal Change

Demand Drivers

26 The market for red meat is becoming more segmented with demand drivers like taste, packaging, tenderness, colour, origin, etc., increasingly influencing consumers purchasing patterns. There are also increasing consumer concerns about food safety, health and nutrition, the environment, etc., in regard to red meat products and red meat production to which the Welsh red meat industry needs to respond to effectively and address. These demand drivers and concerns over production and processing methods are increasingly leading to demands for quality produce that is safe and healthy and has been produced with due regard for animal health, animal welfare and the environment. Higher welfare standards can be achieved through assurance schemes which aim to meet growing consumer demand for higher welfare produce.

27 Through differentiation the Welsh red meat industry has the opportunity to increase market share and Protected Geographical Indication (PGI), True Taste award products organic certifications and agri-environment schemes provide mechanisms for achieving this. However, there is a need to ensure consumers are not confused by a large number of logos on products. Furthermore, although there is a demand for local/niche/organic/premium produce, there remains a core demand for convenient cheap food. The industry needs to respond to these different markets and adapt quickly to their requirements especially for instance in periods of economic downturn where there may be a temporary decrease in demand for the more expensive premium products. The industry must consider how it might be able to provide food in a sustainable way in the future particularly as there is a growing interest in locally sourced food. Reference should be made to the Welsh Assembly Government Local Sourcing Strategic Action Plan 2009 and the Tourism Strategic Action Plan (which is expected to be released in 2009).

28 In order to meet consumer demand for consistent quality and taste and to compete with imported red meats there is a need to ensure eating quality, product quality and uniformity is improved in the future.

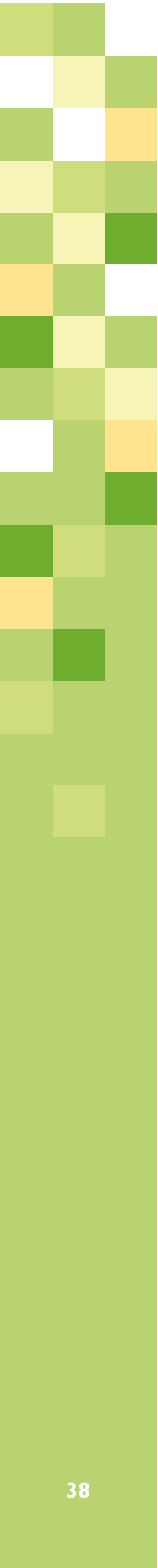
29 As the current insecure financial climate continues the Welsh red meat industry will need to ensure that animal welfare standards remain high. Animal welfare standards can be a key marketing driver for the Welsh red meat industry.

The Welsh red meat industry needs to ensure it is customer focussed and produce in a sustainable way in the future.

The direct and wider benefits of Welsh red meat products need to be disseminated to consumers so as to promote the benefits of consuming Welsh meat products and to counter the threats to this consumption.

Society

30 As society has changed the demands for red meat products has also changed as a result of rising disposable incomes, limited time for food preparation, a reduction in cooking skills, changes in the structure of the family and changes in attitudes to food with regard to health, obesity and food intolerances. Globalisation has also resulted in a wider variety of red meat cuts and dishes entering the market place. The ethnic market is an important market for Welsh red meat products (in particular



Halal sheepmeat and meat into the Afro-Caribbean market) and the immigration of people to the UK has offered opportunities to develop dried/cured meat and offal products.

31 There is also the issue of a proportion of society that perceive higher value cuts of lamb and beef as already being premium products (compared to chicken, turkey and pork) and as a result Welsh branded red meats may struggle to add any further premium or price to these products. During the Foot and Mouth Disease (FMD) outbreak in 2007 retailers reported that consumer's willingness to pay increased prices for lamb and beef was minimal.

32 Collaborative groups and direct sales (such as farmers markets, internet selling, farm shops, etc.) of value-added products are an important element in order to address this interest for differentiated products, which will require ongoing support in the future, as this is also an important means of meeting local sourcing and environmental demands at the same time. There is also an opportunity for promotion of the Welsh red meat industry and its products to be linked with tourism strategies thereby linking the culture, environment and food of Wales.

The Welsh red meat industry needs to be encouraged to respond to societal changes and take advantage of opportunities for product development as a result of globalisation. The development of added value Welsh red meat products and the utilisation of whole carcasses is also required for long-term sustainability. Linkages between Welsh tourism and red meat production need to be enhanced to further link Welsh red meat with the culture and environment of Wales.

Demography

33 The flattening in the growth curve of the World's population in the long-term (but steady growth in the medium-term), accompanied by increasing wealth in what were previously undeveloped sectors of the World economy is leading to 'food security' issues. Meanwhile, in the domestic red meat market, in light of consumer demands regarding food safety, health and nutrition, the environment, etc., there is a need to reassure consumers that red meat products are produced in a sustainable and animal welfare friendly manner and that red meat is an important part of the daily diet.

34 The growing number of consumers who are interested in taste, quality and welfare standards of red meat (and their associated spending power) creates opportunities for the Welsh industry both in delivering premium foods and in demonstrating corporate social responsibility. In addition the growing size of the 'time poor' population also provides opportunities for the industry via convenience products and food service.

35 As a result of recent difficulties in the industry and the downward pressure on producer prices there is expected to be a loss of small commercial producers in the red meat industry leaving more large commercial producers and lifestyle/hobby farmers. Strategies need to be developed to ensure all elements of the industry are assisted and that legislation etc. is applied equally across the range.

The Welsh red meat industry needs to continue to educate and inform consumers on the benefits of consuming Welsh red meat products and to counter the threats to this consumption. Focus should be given to educating the next generation of red meat consumers. The industry also needs to be in a position to respond to demographic changes.

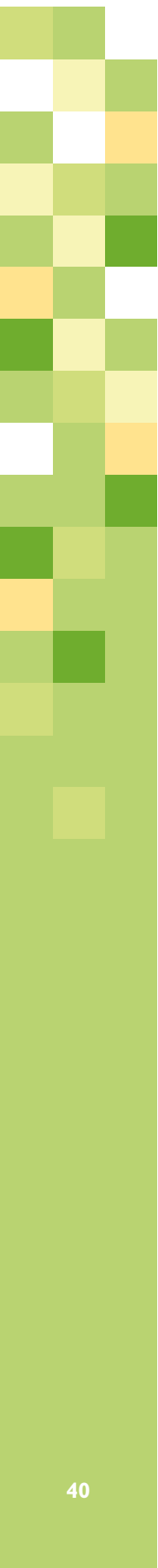
In order to emphasise the quality and raise awareness of Welsh red meat products, the industry needs to advertise, promote and protect Welsh red meat and enhance the Welsh red meat brands.

Labour

36 The average age of farm holders in Wales is 57 years and as age profile is an important factor in determining attitude toward new ideas and co-operation this creates a challenge for the Welsh red meat industry. There is also, increasingly, a problem of encouraging new entrants into the industry. Creating the right circumstances to attract young entrants to farming is key to the ongoing sustainability of the industry in Wales and contributes to maintaining rural communities and the Welsh culture. As a result the Welsh Assembly Government has introduced a scheme to support new entrants into the industry. Difficulties in encouraging new entrants into the industry are also increasingly leading to a skills shortage, particularly at a managerial level. This creates both opportunities and challenges for the industry in the future.

37 The migration from EU member states has partially addressed the challenge of obtaining skilled staff in the industry however this has raised concerns over the long-term future of the current skills base and





the need for succession planning. It has also created a problem in delivering relevant training. Any future changes to policy on migrant workers in the UK or economic pressures may directly impact on the Welsh red meat industry as recent UK policies on migration and the economic climate have resulted in increasing numbers of migrants returning home. There is therefore a challenge to both the red meat production and processing sectors, as they rely on these workers, who are now increasingly seeking alternate employment in the UK (which may be less based on manual labour) or returning home.

38 There is a need for the industry to support the Equality and Human Rights Commission Inquiry into employment and recruitment practices in the meat processing sector and for the emerging issues of the inquiry to be considered in future support for the sector.

New personnel to the Welsh red meat industry need to be encouraged and existing personnel supported to ensure the entire Welsh red meat supply-chain has access to a pool of skilled labour.

(iv) Market Conditions

World Context

39 Increasing globalisation has a fundamental impact on the production and supply of Welsh red meat through increased competition, migrant labour, imports and worldwide consumer demands. The issues of disease control and having a processing sector that operates on a UK or wider basis are also consequences of globalisation that need to be addressed. The Welsh market is very much linked to the overall Great Britain (GB) market since abattoirs and auction markets in Wales handle non-Welsh stock and vice versa. This also needs to be considered in terms of Welsh branding.

40 With fluctuating world supply and demand trends for red meat there is a need to analyse current trends to better understand the future challenges and opportunities and to disseminate this information to the industry. Producers also need to be aware of other related economic trends such as oil and feed prices.

41 Beef production is falling across the EU where CAP reforms have led to reduced EU cattle numbers resulting in under-supply. Blue Tongue Virus (BTV) has also affected production across much of the

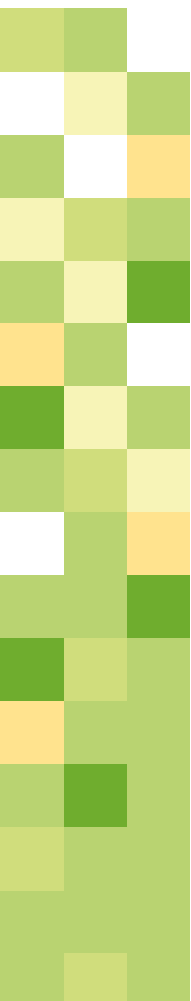
EU. This presents an opportunity for the Welsh industry to meet unfulfilled EU demands. However, emerging markets within Europe pose a challenge for the Welsh industry as some countries are increasing their supply of small lambs onto the European market which could displace Welsh Lamb. There is therefore a need for the industry to produce larger lambs of consistent quality. Other new competitors in the global market, such as Poland, Latvia, etc. also pose a threat to the Welsh red meat industry in future trade and there is therefore a need to produce lamb, beef and pork of consistent quality to ensure a competitive advantage against these countries. In terms of the European market (since the UK is outside of the Euro zone) currency movements can have an economic impact on Welsh agriculture, as well as a political impact, and so need to be closely monitored to ensure the industry responds effectively to these movements.

42 The Welsh Assembly Government has commissioned a paper from the Farm Animal Welfare Council (FAWC) that compares the animal welfare requirements applicable to the sheep industry in GB with those in other EU Member States and in the third countries that produce and export lamb to GB. The advice produced by FAWC may provide useful information for both Welsh Assembly Government and industry to develop policy welfare and marketing standards.

The Welsh red meat industry needs to be in a position to trade effectively in a worldwide market place. There is a need to improve supply-chain linkages within the entire Welsh red meat supply-chain, where appropriate through improved operational efficiencies.

Market Opportunities

43 The immediate market for Welsh red meat is much wider than Wales itself and whilst the home Welsh market is important, since the Welsh population consumes relatively small volumes of red meat, the English market is where most of the sales opportunities lie. There are also increasing opportunities in the export market as a result of globalisation and EU expansion. The challenge is to also cope with the import competition from countries such as New Zealand, Brazil and Denmark and to understand the threats and opportunities posed by the new Eastern European dimension of the EU (including Romania and Bulgaria). There is also increasing competition from several major emerging markets, such as China, as their red meat production systems have the potential to catch up with global demands. This challenge is further exacerbated by competitors increasing their ability to provide



product throughout the year. As countries (e.g. China) develop their own production systems, imports to these countries may decline and also have a knock-on effect on global trade as Welsh product in shared markets is displaced. However, an opportunity does exist in these emerging markets as consumer disposable income is increasing and as a result demand for red meat products is also increasing. European accession countries, India and China in particular, therefore have potential for massive market growth as demand will initially outstrip local supplies and provide market opportunities for imported red meats. It is also important to consider the role imports can play in maintaining year-round supply of red meat and which provide business for Welsh processors/packing plants when supplies in the UK decline at certain times of the year.

44 Whilst multiple retailers are likely to continue to be the main purchaser of red meat produced in Wales the remaining domestic market (independent retailers, food service, etc.) and export markets provide essential outlets for meat products and assist abattoirs in managing carcass balance. Support is also needed in determining how to further add value to the fifth quarter, hides and skins, and to offal products. Opportunities also exist in further developing the veal export trade however consideration must be given to the public perception of this trade. Furthermore, scope exists within a Welsh context for adding value to the supply-chain through the development of new and better means of waste disposal within Wales (e.g. rendering or new methods of disposing waste facilities).

45 An opportunity also exists for the Welsh red meat industry to capitalise on market opportunities for live exports or exports of livestock genetics. This provides a valuable alternative outlet for the industry. The industry should also look at livestock performance and production systems around the World to identify opportunities.

The Welsh red meat industry needs to be in a position to trade effectively in both the domestic and worldwide market place by adding value to Welsh red meat products (including the fifth quarter, hides and skins, and offal products in order to tackle the carcass imbalance issue) and to consider market opportunities for prime red meat, veal, mutton, etc. The industry also needs to be in a position to add value to the supply-chain through the development of waste disposal facilities within Wales.

The industry needs to benefit from possible market opportunities for live exports and for the export of livestock genetics and promote specific breeds and the industry as a whole. The industry should also take advantage of experiences around the world, in regard to livestock performance and production systems.

Promotion

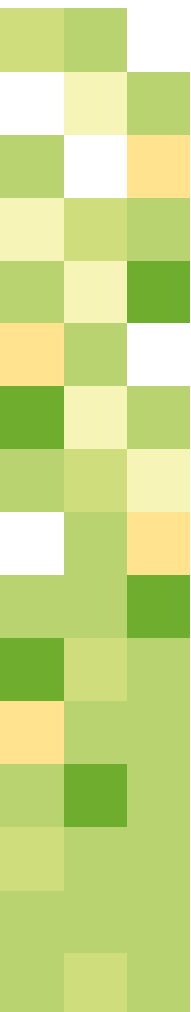
46 Welsh Lamb and Welsh Beef are in a strong position within domestic and global markets as both products are recognised at a European level to have unique regional characteristics. They have both been awarded PGI status which is an important marketing tool. An opportunity exists for protecting Welsh Pork in the same way. It is hoped that differentiation will also improve margins for producers as by providing opportunities for quality products (such as PGI) demand is increased.

47 Future expansion of the food service sector will be important to the Welsh red meat industry as increasingly demand for these products is expected to come from caterers, restaurants, hotels, wholesalers, local authorities and the public sector (hospitals and schools). This creates opportunities for the industry in the future. However there is significant confusion amongst consumers about the number of labels and marks on food packaging and there is a role for raising awareness of PGI Welsh Lamb and Welsh Beef to simplify this.

48 Farm assurance schemes (e.g. Farm Assured Welsh Livestock - FAWL) provide additional consumer assurances with regard to Welsh red meat, as these schemes inspect Welsh livestock farms to ensure that stock that enter the food-chain are reared with due consideration for husbandry and higher welfare standards. This provides an important opportunity for promotion. However legislative requirements have increased to include due diligence standards on farm as a result of cross-compliance and so there is a need to ensure that producers are not paying for this compliance through farm assurance checks.

49 There is also a need to address consumer concerns and lack of trust in science that may affect their view of the Welsh red meat industry and of meat eating (e.g. attitudes to genetic modification, disease control, etc.). Consumer demands need to be addressed and the industry needs to ensure that the product is fit for purpose. The sector must be in a position to combat any negative attitudes relating to meat consumption.

The Welsh red meat industry needs to advertise, promote and protect Welsh red meat and enhance the Welsh red meat brands to emphasise quality and raise awareness of the products (in particular with consumers and the food service). The quality scheme for Welsh red meat products requires ongoing development and support. The profile of



Welsh Lamb needs to be maintained and enhanced where possible, the profile of Welsh Beef needs to be raised in domestic and export markets and a profile for Welsh Pork needs to be developed.

Promotional activities for the Welsh red meat industry should ensure a balance in the trade of meat products to encourage Welsh red meat production and support sub-brands whilst ensuring the strength of the Welsh brand is not diminished or undermined. Consumer understanding and concerns associated with red meat production also need to be addressed.

The Welsh red meat industry needs to minimise regulatory requirements for the industry wherever possible.

Labelling

50 Public perceptions regarding food safety continue to pose a challenge to the Welsh red meat industry as animal disease outbreaks and zoonotic disease either directly or indirectly impact upon demand for products and affect farm-gate profits leading to calls for official controls (such as nutrition ‘traffic lights’ on food products). Increasing demand for labelling (to inform on origin, nutrition, environmentally friendly, animal welfare friendly, etc.) and food education impact upon the Welsh red meat industry and provide both challenges and opportunities. Credible labelling to ensure that consumers are aware of the origins of their food will be paramount (in particular in retailers and in food service outlets).

The Welsh red meat industry needs to be in the best position to adhere to legislative requirements regarding food safety, food legislation and food labelling; and to advise, assist and influence policy makers and regulatory development. There is a need to minimise consumer confusion regarding red meat labelling and ensure consumers are aware of the origin of their red meat products.

Where necessary the industry needs to counter public concerns by highlighting the high standards that are required of Welsh red meat producers and processors under EU, UK and Welsh requirements.

Supply-chain

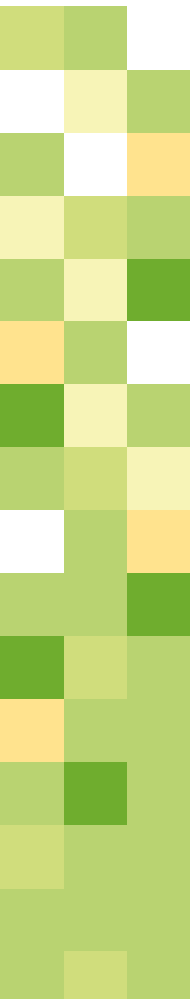
5 | The Welsh red meat supply-chain is long and complex and there is therefore a need for supply-chain integration where possible, to improve retailer, processor, auctioneer and producer relations. As identified by the February 2009 Chatham House report - *Food Futures*:

Rethinking UK Strategy - there is a need for supply-chain arrangements to be restructured. Opportunities also exist to integrate haulage (of both livestock and red meat products) between the different elements of the supply-chain. The large abattoirs/processors operating in Wales are under pressure from their retailer partners to better secure supply-chains for the future. With limited further processing facilities in Wales compared to the number of slaughtering plants, the Welsh red meat industry faces future challenges in engaging in all aspects of the supply-chain.

52 Differences in market power at various points in the supply-chain (e.g. large supermarkets compared to producers) and issues of sustainability also lead to wide variations in margins, fragmentation and make it difficult to collaborate and introduce supply-chain improvements. There is a need to ensure Welsh producers are provided with information to allow them to work better within supply-chains that deliver sustainable profitability and to ensure Welsh abattoirs/processors work with producers in a more transparent and non-adversarial manner.

53 If the increasing international demands for feed and crops for biomass and biofuel continue (the UK Government is committed to EU plans to substitute 3 percent of transport fuels to biofuels by 2008/2009, rising to 10 percent by 2020), this will continue to affect the livestock sector and will require better linkages with the grain/feed sectors.

54 In addition to supporting multiple retailer markets in maintaining their links with Welsh red meat producers there is a need to take account of and support local-based, small-scale, niche, premium, organic and signature product development, branding and direct sales activities and to allow for the translation of good ideas to a wider scale, within the context of their overall contribution to the industry. To ensure the best future for producers and to retain competitive markets it is necessary to keep as many markets for Welsh Lamb open as possible, but all in balance (e.g. large supermarkets, export, local retailers, ethnic market, live export food service, etc.) and to service these through both deadweight and liveweight supply-chains. Multiple retailers control of the UK household sales of meat both in Wales and at UK level remains a challenge for the industry in the future and the industry's ability to cope with the expected continued decline in independent retailers will also require changes in supply-chain practices in the future. Opportunities exist for supplying Welsh red meat into local authorities, colleges, the army, hospitals, etc. as there is increasingly a demand for sustainable local procurement.



This demand could be supported through co-operative business structures (such as food co-operatives) which could help to strengthen opportunities for the individuals involved.

55 The organic sector, which integrates environmental conservation practices into farming practices and which is supported by EU Organic Farming Regulations, has the potential to address some of the challenges and opportunities identified as likely to impact on the Welsh red meat industry in the coming years. The Strategic Action Plan for the Welsh Organic Industry will consider this issue further. In doing so it may also serve as an example for other producers by demonstrating how to minimise inputs (and input costs) without adversely affecting production and help to support the positive public image of Welsh production in general. The rapid growth of the Welsh organic sector seen in 2008 presents a particular challenge for promotion and market development that will need to be addressed to avoid over-supply in the future.

The development of a more coordinated approach between Government, industry bodies, retailers, processors, auctioneers, hauliers and producers needs to be encouraged in the Welsh red meat industry, that takes into account existing commercial relationships and the consideration of, and linkages with, all production methods and systems (e.g. organic production, direct sales, food co-operatives etc.). Enhanced supply-chain transparency and linkages throughout the supply-chain will ensure long-term sustainability for the industry in the future. In order to address some of the specific needs of the supply-chain reference should be made to alternate strategies and policies (as outlined earlier in Chapter 3).

The industry also needs to be in a position to respond to supply-chain demands.

To improve business efficiency the Welsh red meat industry needs to better understand ways to control/reduce cost of production, by focussing production on factors that improve productivity. Individual red meat businesses need encouragement to ensure business decisions are based on information analysis (e.g. of input costs by using computer technology, etc.).

(v) Innovation and Technical Best Practice

New Technology and Research and Development (R&D)

56 The use of Information Technology (IT), including Electronic Identification (EID), remains an issue for the red meat industry in Wales. Effective use of IT for business management purposes can result in more efficient and profitable businesses and can also provide support for meeting legislative requirements.

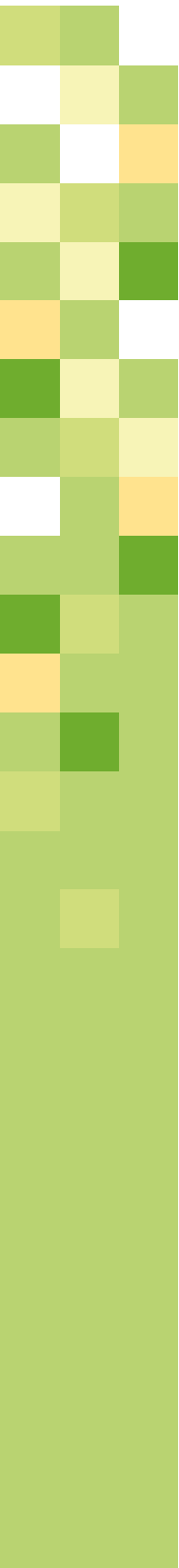
57 Research and Development (R&D) should be utilised to generate and disseminate new technological advancements to the industry and should be focused on livestock improvements (both genetic improvements and system development) and improving stock management, overall business management and environmental management. Every effort should be made to work with others in the UK in order to avoid duplication and ensure value for money. Transfer of technologies and knowledge from R&D is needed in the future to ensure that the industry fully benefit from the activities undertaken.

58 The industry also needs to consider a better means to link the producer to the consumer and to remove suspicion from the supply-chain. Both the live and deadweight marketing systems need an enhanced system of transparency. A challenge exists for the industry in coping with this and also in dealing with the implications for the improvement of whole-chain traceability in the H3 requirements of the 2004 EU Food Hygiene Directive.³

The Welsh red meat industry needs to adopt new technology in order to improve business efficiency. R&D should be targeted at the major issues relating to business performance and competitiveness of the industry and where possible, be undertaken in partnership with others. Through knowledge transfer the industry should be supported in adopting the outcomes of R&D activities.

The industry also needs to be in a position to improve supply-chain linkages where appropriate.

³ Regulation (EC) 852/2004 on the hygiene of foodstuffs, Regulation (EC) 853/2004 laying down specific hygiene rules for food of animal origin, and Regulation (EC) 854/2004 laying down specific rules for the organisation of official controls on products of animal origin intended for human consumption.



Knowledge Transfer

59 The industry is increasingly required to feed back information through the supply-chain and improvements in this supply-chain communication will provide opportunities for the industry in the future. However, the 2004 EU Food Hygiene Directive introduced in 2006, which forms part of the whole chain farm-to-fork approach to food safety, will impose additional burdens on the industry (from 2008 in the case of pigs and from 2010 for sheep and cattle).

60 There is an ongoing need to improve efficiency of production to reduce costs and improve performance (by reducing inputs and maximising outputs for the same costs). The industry needs to consider opportunities for the future and harness existing strengths. There is also a need to help Welsh producers produce more consistent quality livestock and a more consistent eating quality in a more cost effective way without comprising animal welfare or the ability to deliver environmental goods. Opportunities exist in improving eating quality of red meat by utilising standard best practice (i.e. blue prints) and reviewing the issues. Post-farm best practice regarding meat handling, hanging times, etc. will assist in improving eating quality.

61 With increasing pressures from retailers to increase efficiencies and reduce costs, there is a need to ensure that the production and processing sectors are as efficient as possible. There is therefore a need for producers to better understand their cost of production and for support to be provided for processors to automate and enhance traceability. Producers must also better understand the markets that they are supplying into and so there is a need for information to enable producers to understand what to produce and when. This will encourage the production of consistent and quality products. There is also a need to educate producers regarding the differentiation between specifications for abattoirs/retailers and markets/butchers.

The Welsh red meat industry needs to continue to utilise technology to improve business efficiency and control/reduce costs. Knowledge transfer should be targeted at the major issues relating to business performance and competitiveness of the industry and where possible undertaken in partnership with others.

The industry also needs to be in a position to improve supply-chain linkages to enhance communication where appropriate.

Disease Control

62 Trade of red meat products at a UK level is influenced by a number of factors, many of which are outside of the control of those in the Welsh red meat supply-chain, especially disease outbreaks and food scares. Contingency planning (to include animal health and market impact) could assist in preparing the industry for dealing with such outbreaks in a way that would minimise impact. Reviewing bio-security standards, developing health plans and managing animal movements also contribute to improving the profitability of the Welsh red meat sector. There is also an ongoing need to undertake surveillance and/or eradication (where appropriate) of diseases/pests likely to impact on the Welsh red meat industry (e.g. bovine Tuberculosis [TB]), and also as climate change in particular has brought about an increased range of potential threats to the industry (e.g. BTV).

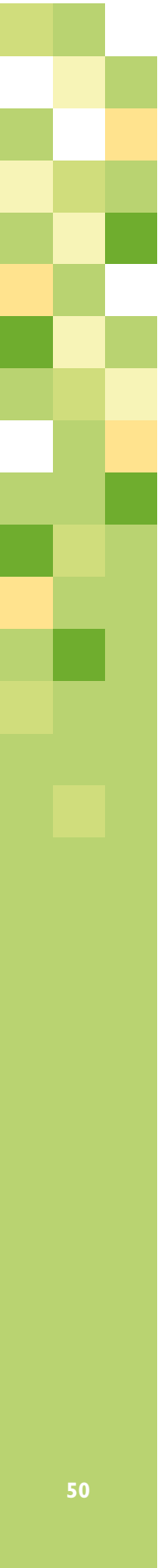
The Welsh red meat industry needs to be in a position to deal with disease outbreaks. Contingency planning is required to indicate the ways to best handle and analyse the impact of such issues. There is also a role for R&D and accompanying knowledge transfer to ensure the industry is in a position to respond to food borne infections.

The industry also needs to improve supply-chain linkages where appropriate, through improved operational efficiencies.

(vi) Overview

63 Mainstream Welsh red meat production has a record of poor profitability and as a result of the recent financial crisis and disease outbreaks (and their affect on consumer confidence and farm-gate prices) the industry is facing a difficult period. The long-term sustainability of the sector raises a challenge for the industry as it is likely that the full impact of the change from direct subsidies will not be seen for a number of years. This is further exacerbated by rising costs in terms of compliance costs, rising cost of energy and raw materials, as well as feed and forage, pesticides/herbicides, fertiliser, etc. The overarching goal for the red meat industry is to improve farmgate prices to sustainable levels whilst minimising production/processing costs.

64 The industry has always been, and will continue to be, affected by short-term and long-term cyclical forces (e.g. climate, disease, legislation, etc.). Much of the state intervention mechanisms that



were introduced to combat these have been withdrawn under successive CAP reforms and have not been replaced with global measures.

65 This chapter has presented the challenges and opportunities facing the Welsh red meat industry and identifies what needs to be done to tackle these challenges and take advantage of the opportunities. At the core profitability remains the biggest challenge for the Welsh red meat industry and there is also a need to improve the overall confidence in the industry and encourage future investment.

66 This Action Plan aims to develop a **profitable, efficient, sustainable and innovative Welsh red meat industry, which responds competitively to ever changing market trends and benefits the people of Wales.** The following strategic aims summarise these needs and Chapter 4 sets out the activities required to achieve these goals.

Strategic Aims

- To improve the industry's level of understanding of market trends and to influence consumer behaviour.
- To foster innovation and improve supply-chain linkages.
- To improve the business performance of processors in response to changing market conditions, environmental requirements, climate change and consumer demands.
- To improve the business performance of primary producers in response to changing market conditions, environmental requirements, climate change and consumer demands.

Chapter 4

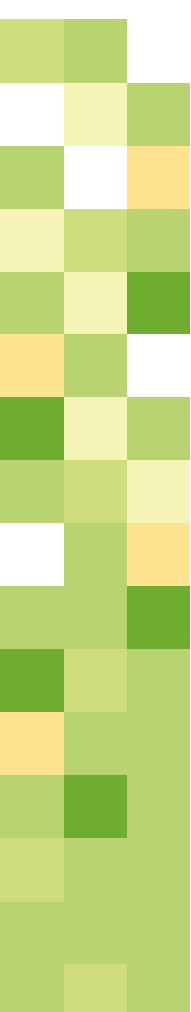
Strategic Objectives, Actions and Outcomes

It is the intention that this Action Plan will provide strategic direction for the Welsh red meat industry by identifying strategic objectives, actions and outcomes which will seek to address the challenges and take advantage of the opportunities identified in Chapter 3. Welsh Assembly Government policies, Meat Promotion Wales (HCC) activities and industry activities will seek to deliver the strategic objectives, actions and outcomes identified in this Chapter.

2

The key actions are as follows:

- Promote Welsh red meat products amongst the supply-chain;
- Undertake research activity on behalf of the Welsh red meat industry;
- Develop an environmental roadmap for Welsh red meat production;
- Provide training to the Welsh red meat industry;
- Encourage new entrants into the Welsh red meat industry;

- 
- Seek to enhance Welsh red meat supply-chain transparency and integration;
 - Support Welsh red meat product development (new products, alternative uses of products, new markets, etc.);
 - Collate, analyse and disseminate information and advice to the Welsh red meat industry;
 - Advise, assist and influence regulatory development; and
 - Undertake contingency planning to assist the Welsh red meat industry during times of difficulty (including animal health and market impact).

3 As HCC is identified to be a key responsible body in the delivery of much of this Action Plan a Corporate Plan will be prepared by HCC in parallel to this Action Plan, which will be publicly available and will seek to expand on the detail of the strategic objectives, actions and outcomes. It is envisaged that a HCC Corporate Plan for 2009 - 2012 will be available by April 2009.

4 Throughout this chapter responsible bodies are referred to as the Welsh Assembly Government with specific departments or divisions identified,⁴ HCC and the Welsh red meat industry (industry). A full list of partners can be found in **Annex 2**.

⁴ Within the Welsh Assembly Government Department for Rural Affairs, delivery will be undertaken by the following divisions:

- CPD - Countryside Policy;
- FFMD - Food, Fisheries and Market Development;
- OCVO - Office of the Chief Veterinary Officer;
- FDD - Farm Development; and
- TSD - Technical Services.

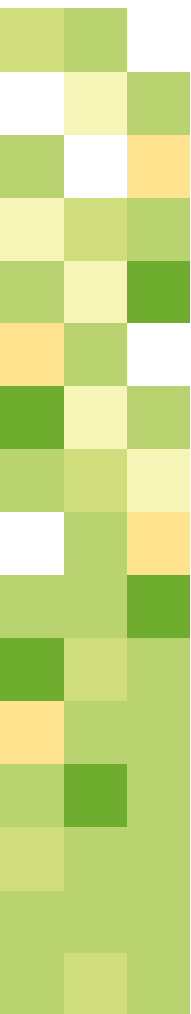


Strategic Aim 1:

To improve the industry's level of understanding of market trends and to influence consumer behaviour

Objective	Action
1. To ensure the Welsh red meat industry has access to up to date and relevant information and advice to ensure informed decision making <i>(including information and advice in regard to policy, legislation, the environment, climate change, water usage, waste disposal, energy use, production, global prices, global markets, consumer demands, society changes, live export opportunities, food safety and labelling, disease and supply-chain demands and linkages)</i>	(i) Keep up to date with global/EU/UK/Welsh policy and strategic developments (ii) Undertake relevant, cost effective research activity ensuring there is no duplication (iii) Collate, analyse and disseminate relevant information and advice responsibly to the industry using relevant media and existing networks
2. To inform consumers of the benefits of Welsh red meat in the diet, counter threats to consumption, highlight the essential role that livestock production plays in maintaining Wales' landscape and biodiversity, and highlight Welsh red meat production standards	(i) Keep up to date with global/EU/UK/Welsh developments in diet and nutrition (ii) Undertake relevant, cost effective research activity ensuring there is no duplication (iii) Disseminate relevant information responsibly to the industry using relevant media and existing networks (iv) Deliver a range of educational and health programmes on the importance of Welsh red meat in the diet and to raise consumer understanding of how meat is produced (e.g. school road shows, farm visits, cooking demonstrations, etc.) (v) Improve nutritional standards of food and drink provided in schools in Wales

Lead Responsible Body	Milestones	Outcome
Welsh Assembly Government, (Department for Rural Affairs), Food Standards Agency Wales, HCC and industry HCC	Monthly Quarterly	A Welsh red meat industry with access to a range of information and advice, to enable them to plan for and cope with global changes and be able to trade effectively in a worldwide market place
Welsh Assembly Government (Department for Rural Affairs), Food Standards Agency Wales, HCC and industry	Monthly (as required) and on an ongoing basis	
Welsh Assembly Government (Department for Health and Social Services), Food Standards Agency Wales, HCC and industry Food Standards Agency Wales and HCC	Monthly Quarterly	Increased awareness of Welsh red meat products amongst consumers Consumers with access to information and advice of the nutritional value of Welsh red meat and the role of livestock production in maintaining the environment Increased value derived from Welsh red meat products
Welsh Assembly Government (Departments for Health and Social Services and Rural Affairs), Food Standards Agency Wales, HCC and industry HCC and Farming & Countryside Education	Monthly (as required) and on an ongoing basis Annual	
Welsh Assembly Government (Department for Children, Education, Lifelong Learning and Skills)	Ongoing (with annual reporting)	



Objective	Action
3. To advertise, promote and protect Welsh red meat, enhance the Welsh red meat brands and promote the Welsh red meat industry overall <i>(in a variety of languages and forms of media)</i>	(i) Create an awareness of the Welsh red meat brands (e.g. PGI [Protected Geographical Indication], True Taste, Organic, etc.) and enhance their value amongst consumers (through retailers, food service, etc.) (ii) Support the retail and food service sectors in Country of Origin labelling and in promoting the consumption of branded Welsh red meat (at home and in export) (iii) Open up new markets for Welsh red meat (at home and in export), where appropriate, for prime red meat, veal, mutton, etc. (iv) Encourage procurement of Welsh red meat by Local Authorities, colleges, the army, hospitals, event and show organisers, other public sectors, etc. (v) Develop PGI status for Welsh Pork (vi) Protect and enforce the PGI Welsh Lamb and Welsh Beef designations, to ensure compliance (vii) Promote the value of the Welsh red meat industry and products, livestock breeds, livestock genetics and live exports (viii) Seek to enhance the linkages between Welsh tourism and red meat production (ix) Support the delivery of the Animal Health and Welfare Strategy: Wales Action Plan

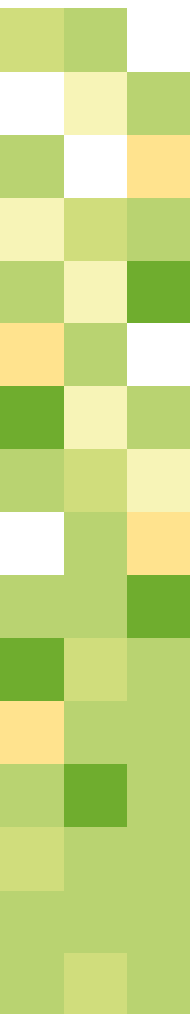
Lead Responsible Body	Milestones	Outcome
Welsh Assembly Government (FFMD) with support from International Business Wales, HCC and industry	Ongoing (with annual reporting)	Increased awareness of Welsh red meat products and brands Increased value derived from Welsh red meat products and brands
Welsh Assembly Government (FFMD), HCC and Local Authorities	Quarterly	Both Welsh red meat products and sub-brands supported whilst ensuring the strength of the Welsh brand is not diminished or undermined
International Business Wales and HCC	Annual	
Welsh Assembly Government (FFMD), HCC and Local Authorities	Ongoing (with annual reporting)	
HCC	Ongoing (specification drafted by September 2009)	
HCC and Local Authorities	Annual	
HCC and industry	Ongoing (with annual reporting)	
Welsh Assembly Government (FFMD)	Food Tourism Strategic Action Plan released in 2009	
Welsh Assembly Government (OCVO), HCC and industry	Ongoing (with annual reporting)	

Strategic Aim 2:

To foster innovation and improve supply-chain linkages

Objective	Action
I.To encourage the development of added value Welsh red meat products	(i) Keep up to date with global/EU/UK/ Welsh developments in new products and techniques (ii) Undertake relevant, cost effective research activity ensuring there is no duplication (iii) Disseminate relevant information responsibly to the industry using relevant media and existing networks (iv) Support and develop new Welsh branded products (v) Undertake an evaluation of market opportunities for red meat in the 'ethnic' market (vi) Encourage the development of innovative ways of utilising the fifth quarter; hides and skins, and offal products to encourage utilisation of the entire carcass (vii) Encourage further processing and packing facilities within Wales

Lead Responsible Body	Milestones	Outcome
Welsh Assembly Government (FFMD), HCC and industry	Monthly	Collaborative ventures supported and new added value Welsh red meat products developed, resulting in the development of new markets, reduced waste and improved supply-chain efficiencies
HCC	Quarterly	
Welsh Assembly Government (FFMD), HCC and industry	Monthly (as required) and on an ongoing basis	
HCC with support from Food Network Wales	Ongoing (with annual reporting)	
Food Standards Agency Wales and HCC	By July 2009	
HCC and industry	Ongoing (with annual reporting)	
Welsh Assembly Government (FFMD)	Ongoing (with annual reporting)	



Objective	Action
2.To improve linkages within the entire Welsh red meat supply-chain and develop a co-ordinated approach (for economic and environmental purposes)	(i) Disseminate relevant information responsibly to the industry using relevant media and existing networks (ii) Pilot a project to enhance supply-chain transparency (iii) Provide training to enable the supply-chain to meet market requirements (iv) Support supply-chain projects which seek to conserve economic and environmental resources (v) Seek to have a Retailer Ombudsman appointed to regulate supermarkets (vi) Support development of multiple retailer and co-operative networks to strengthen branding, market share and market intelligence and to provide training opportunities (vii) Investigate the market opportunities for dairy-bred bull calves
3.To encourage the uptake of technology within the Welsh red meat industry	(i) Keep up to date with global/EU/UK/ Welsh developments in techniques and new technologies (ii) Disseminate relevant information and advice responsibly to the industry using relevant media and existing networks and undertake training (iii) Deliver a network of demonstration farms, development farms and discussion groups (iv) Encourage the industry to utilise experiences from around the world, in regard to red meat production (v) Support the uptake of automated carcass grading systems (such as Video Image Analysis [VIA]) in Welsh abattoirs

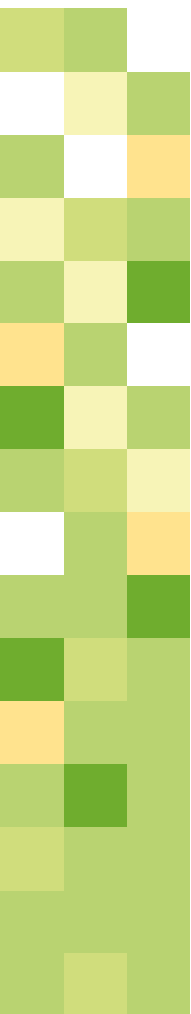
Lead Responsible Body	Milestones	Outcome
Welsh Assembly Government (FFMD), HCC and industry	Monthly (as required) and on an ongoing basis	Welsh red meat industry partners encouraged to cooperate and collaborate, to improve competitiveness and business performance, conserve resources where appropriate, and enhance supply-chain linkages and transparency
HCC	Project plan to be developed by September 2009	
HCC	Annual	
Welsh Assembly Government (FFMD)	Ongoing (with annual reporting)	
Welsh Assembly Government (FFMD)	Ongoing (with annual reporting)	
Welsh Assembly Government (FFMD)	Ongoing (with annual reporting)	
HCC and industry	Possibilities investigated by December 2009	The Welsh red meat industry encouraged to improve competitiveness and business performance through the adoption of technologies
Welsh Assembly Government (Department for Rural Affairs), HCC and industry	Monthly	
Welsh Assembly Government (FDD), HCC and industry	Monthly (as required) and on an ongoing basis	
Welsh Assembly Government (FDD) and HCC	Annual	
HCC	Ongoing (with annual reporting)	
Welsh Assembly Government (FFMD) and HCC	Delivery of project to commence before December 2009	

Strategic Aim 3:

To improve the business performance of processors in response to changing market conditions, environmental requirements, climate change and consumer demands

Objective	Action
I. To support the improvement of business efficiency of Welsh red meat abattoirs and processing plants	(i) Keep up to date with global/EU/UK/Welsh policy and strategic developments (ii) Influence global/EU/UK/Welsh policies and strategies to ensure commercial performance is not adversely affected (iii) Undertake relevant, cost effective research activity which meets the needs of the Welsh red meat sector whilst ensuring there is no duplication (iv) Disseminate relevant information and advice responsibly to the industry using relevant media and existing networks (v) Undertake training to meet the needs of the industry (vi) Support a range of business improvement activities focused on reducing waste, adding value, reducing energy and water usage, etc. (vii) Encourage best practice regarding meat handling, hanging times, etc. (viii) Undertake contingency planning to assist the industry during times of difficulty (to include animal health and market impact)

Lead Responsible Body	Milestones	Outcome
Welsh Assembly Government (FDD), HCC and industry	Monthly	The Welsh red meat abattoir and processing sector with access to a range of information and advice, to support business development, efficiency and competitiveness, and to be in a position to respond to changing global conditions
HCC and industry	Ongoing (with annual reporting)	
Welsh Assembly Government (TSD), DEFRA and HCC	Quarterly	Contingency plan in place to enable the Welsh red meat abattoir and processing sector to respond to difficulty/crisis
Welsh Assembly Government (FDD), Meat Hygiene Service, HCC and industry	Monthly (as required) and on an ongoing basis	
HCC	Annual	
HCC	Annual	
Meat Hygiene Service and HCC	Ongoing (with annual reporting)	
Welsh Assembly Government (OCVO) and HCC	Ongoing	



Objective	Action
2. To support the Welsh red meat abattoir and processing sector in complying with and adapting to legislation and requirements (whilst ensuring longer-term economic and environmental sustainability) and seek to mitigate the sectors impact on the environment <i>(including consideration of climate change, biodiversity, water management, flooding control, pollution control, waste disposal, and energy saving and conservation techniques)</i>	(i) Keep up to date with global/EU/UK/ Welsh legislation and environmental requirements (ii) Undertake relevant, cost effective research activity ensuring there is no duplication (iii) Disseminate relevant information and advice responsibly to the industry using relevant media and existing networks, and undertake training (iv) Develop an environmental impact 'roadmap' for Welsh red meat production (v) Facilitate a co-ordinated approach to water management, pollution control and waste disposal, between industry and relevant private and public sector bodies (vi) Encourage utilisation of local slaughtering/processing facilities, where appropriate, in order to minimise the environmental impact of movements of livestock to slaughter (vii) Pursue environmental accreditations at plant level (viii) Seek to utilise alternative energy sources, where possible (e.g. to replace Hydrochlorofluorocarbons [HCFC] refrigerants in abattoirs before 2010)

Lead Responsible Body	Milestones	Outcome
Welsh Assembly Government (Department for Rural Affairs), Environment Agency Wales, HCC and industry	Monthly	The Welsh red meat abattoir and processing sector with access to a range of information and advice, to allow business development, environmental credentials to be capitalised, contributions to the national climate and biodiversity debate to be maximised, and food to be produced in a sustainable manner
HCC	Quarterly	
Welsh Assembly Government (FFMD), Food Standards Agency Wales, Environment Agency Wales, HCC and industry	Monthly (as required) and on an ongoing basis	
Welsh Assembly Government (FFMD), HCC and industry	Development under way by December 2009	
Welsh Assembly Government (Departments for Environment, Sustainability and Housing & Rural Affairs), Environment Agency Wales and HCC	Ongoing	
Welsh Assembly Government (FFMD), HCC and industry	Ongoing	
Industry	Ongoing (with annual reporting)	
Industry	Ongoing (HCFC alternatives utilised by 2010)	

Objective	Action
3. To encourage new personnel into the Welsh red meat abattoir, processing and butchery sector and support existing personnel	(i) Undertake training to enhance the skills base (including business management, sales and marketing, etc.) and support work-based learning (e.g. butchery) in business operators (ii) Demonstrate best practice responsibly to the industry using relevant media (iii) Support further education opportunities in key red meat areas (i.e. meat science) (iv) Promote the processing industry as a career opportunity and support new entrant's initiatives/events, etc. (v) Ensure all employees of the red meat processing sector are treated in accordance with the Department for Health's Single Equality Scheme (2007-2010)
4. To advise, assist and influence policy makers and regulatory development with regard to the Welsh red meat abattoir and processing sector	(i) Keep up to date with global/EU/UK/ Welsh policy (ii) Undertake relevant, cost effective research activity ensuring there is no duplication (iii) Interact with the Welsh Assembly Government Task Force and the Red Tape Review (iv) Ensure interaction with policy makers to ensure Welsh interests are protected

Lead Responsible Body	Milestones	Outcome
HCC, IMPROVE and industry	Annual	Provision of support to enhance skill levels in the Welsh red meat slaughter and processing sector; to assist in creating a more sustainable workforce
Food Standards Agency Wales, Meat Hygiene Service, HCC and industry	Annual	
HCC and industry	Annual	
Welsh Assembly Government, (CPD), HCC and industry	Ongoing (with annual reporting)	
Department for Health	Ongoing (with annual reporting)	
Welsh Assembly Government (Department for Rural Affairs), Food Standards Agency Wales, HCC and industry	Monthly	New policy requirements/regulations influenced to minimise regulatory burden, where possible
HCC	Quarterly	
Industry	Ongoing	
Welsh Assembly Government (Department for Rural Affairs), Food Standards Agency Wales, HCC and industry	Ongoing	

Strategic Aim 4:

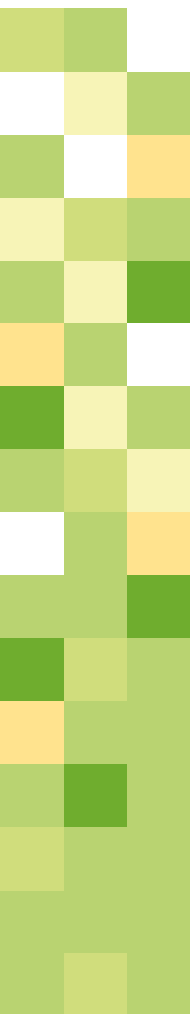
To improve the business performance of primary producers in response to changing market conditions, environmental requirements, climate change and consumer demands

Objective	Action
I. To support the improvement of business efficiency of Welsh red meat producers	(i) Keep up to date with global/EU/UK/Welsh policy and strategic developments (ii) Influence global/EU/UK/Welsh policies and strategies to ensure commercial performance is not adversely affected (iii) Undertake relevant, cost effective research activity which meets the needs of the Welsh red meat sector whilst ensuring there is no duplication (iv) Disseminate relevant information and advice responsibly to the industry using relevant media and existing networks (v) Deliver a network of demonstration farms, development farms and discussion groups (vi) Undertake training to meet the needs of the industry (vii) Support a range of business improvement activities (including benchmarking) to encourage informed decision making and genetic improvement (viii) Encourage 'best practice' in stock management, health planning, breeding, grassland management, environmental management, nutrition, housing, etc. and communicate the importance of better understanding ways to control/reduce cost of production and developing consistent quality products that meet market needs

Lead Responsible Body	Milestones	Outcome
Welsh Assembly Government (FDD), HCC and industry	Monthly	The Welsh red meat production sector with access to a range of information and advice, to support business development, efficiency and competitiveness, and to be in a position to respond to changing global conditions
HCC and industry	Ongoing	
Welsh Assembly Government (TSD), DEFRA and HCC	Quarterly	Contingency plan in place to enable the Welsh red meat production sector to respond to difficulty/crisis
Welsh Assembly Government (FDD), HCC and industry	Monthly (as required) and on an ongoing basis	
HCC	Annual	
HCC	Annual	
HCC	Annual	
HCC and industry	Ongoing (with annual reporting)	

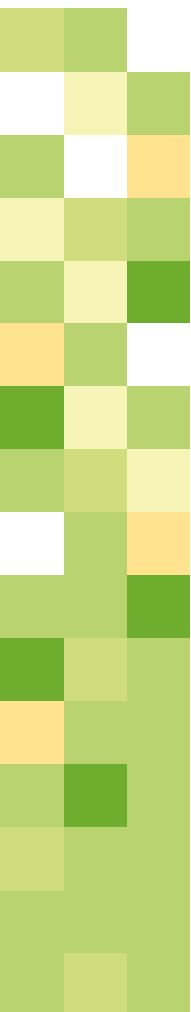
Objective	Action
	(ix) Undertake contingency planning to assist the industry during times of difficulty (to include animal health and market impact) (x) Undertake surveillance and/or eradication (where appropriate) of disease/pests likely to impact on the Welsh red meat industry and prevent the entrance of exotic disease (where possible)
2. To support the Welsh red meat production sector in complying with and adapting to legislation and requirements (whilst ensuring longer-term economic and environmental sustainability) and seek to mitigate the sectors impact on the environment <i>(including consideration of climate change, biodiversity, water management, flooding control, pollution control, waste disposal, and energy saving and conservation techniques)</i>	(i) Keep up to date with global/EU/UK/ Welsh legislation and environmental requirements (ii) Undertake relevant, cost effective research activity ensuring there is no duplication (iii) Disseminate relevant information and advice responsibly to the industry using relevant media and existing networks and undertake training (iv) Deliver a network of demonstration farms, development farms and discussion groups (v) Deliver an environmental impact 'roadmap' for Welsh red meat production (vi) Provision of advice on agri-environment schemes (vii) Encourage uptake of existing environmental audits available (viii) Encourage shared practice amongst producers on how individual businesses sustain production whilst delivering positive environmental management

Lead Responsible Body	Milestones	Outcome
Welsh Assembly Government (OCVO) and HCC	Ongoing (with annual reporting)	
Welsh Assembly Government (OCVO)	Ongoing (with a 6-monthly report)	
Welsh Assembly Government (Department for Rural Affairs), Environment Agency Wales, HCC and industry	Monthly	The Welsh red meat production sector with access to a range of information and advice, to allow business development, environmental credentials to be capitalised, contributions to the national climate and biodiversity debate to be maximised, food to be produced in a sustainable manner and to be in a position to adapt to climate change
HCC	Quarterly	
Welsh Assembly Government (FDD), Environment Agency Wales, HCC and industry	Monthly (as required) and on an ongoing basis	
HCC	Annual	
Welsh Assembly Government (FFMD) and HCC	Development underway by December 2009	
Welsh Assembly Government (Department for Rural Affairs) and Environment Agency Wales	Ongoing	
Environment Agency Wales	Ongoing	
Environment Agency Wales, HCC and industry	Ongoing (with annual reporting)	



Objective	Action
	(ix) Seek to add value to the Welsh supply-chain by encouraging efficient disposal of waste materials (e.g. fallen stock, etc.) (x) Seek to utilise alternative energy sources, where possible (e.g. hydrocarbons) (xi) Assist producers in adapting to and mitigating climate change, by adapting production systems (e.g. encouraging ventilation in sheds, increasing access to shade in the fields, etc.), conserving soil carbon, reducing nitrous oxide and methane emissions, reducing flood risks and conserving biodiversity (xii) Seek to reduce methane and nitrous oxide emissions from grass fed livestock
3.To encourage new personnel into the Welsh red meat production sector and support existing personnel	(i) Undertake training to enhance the skills base (including live-to-dead training, animal selection/ handling/presentation, business management, etc.) (ii) Demonstrate best practice responsibly to the industry using relevant media (iii) Support further education opportunities in agriculture (iv) Promote the processing industry as a career opportunity and support young farmer and new entrants initiatives/events etc.

Lead Responsible Body	Milestones	Outcome
HCC and industry	Ongoing (with annual reporting)	
Industry	Ongoing	
HCC and industry	Annual	
Industry	Ongoing	
Welsh Assembly Government (FFMD), HCC and industry	Annual	Provision of support to enhance skill levels in the Welsh red meat production sector; to assist in creating a more sustainable workforce
Welsh Assembly Government (FFMD), HCC and industry	Monthly (as required) and on an ongoing basis	
HCC and industry	Ongoing	
Welsh Assembly Government (CPD), HCC and industry	Ongoing (with annual reporting)	



Objective	Action
4.To advise, assist and influence policy makers and regulatory development in regard to the Welsh red meat production sector	(i) Keep up to date with global/EU/UK/ Welsh policy (ii) Undertake relevant, cost effective research activity ensuring there is no duplication (iii) Interact with the Welsh Assembly Government Task Force and the Red Tape Review (iv) Investigate the links between cross compliance and farm assurance to ensure there is no duplication or additional burden (v) Ensure interaction with policy makers to ensure that Welsh interests are protected

Lead Responsible Body	Milestones	Outcome
Welsh Assembly Government (Department for Rural Affairs), Food Standards Agency Wales, HCC and industry	Monthly	New policy requirements/regulations influenced to minimise regulatory burden, where possible
HCC	Quarterly	
Industry	Ongoing	
Welsh Assembly Government (FDD) and HCC	December 2009	
Welsh Assembly Government (Department for Rural Affairs), Food Standards Agency Wales, HCC and industry	Ongoing	

Chapter 5

Implementation, Monitoring and Evaluation

Chapter 4 set out the actions to be taken forward under this Action Plan in order to implement the strategic aims and attempt to achieve the vision of a **profitable, efficient, sustainable and innovative Welsh red meat industry, which responds competitively to ever changing market trends and benefits the people of Wales.**

It is evident that to achieve such a vision, close partnership working between the Welsh Assembly Government, Meat Promotion Wales (HCC) and the Welsh red meat industry will be essential to progress the objectives and implement the actions. Full engagement of all stakeholders across the supply-chain will be necessary. It is envisaged that delivery of this Action Plan will be funded primarily by Welsh Red Meat Levy and Rural Development Plan funding.⁵

The Welsh Assembly Government in partnership with HCC is committed to supporting the development of the Welsh red meat sector and will therefore be putting in place arrangements with HCC for implementation, monitoring and evaluation of this Action Plan.

⁵ **Welsh Red Meat Levy** is jointly paid by producer and slaughterer/exporter; raised on all cattle, sheep and pigs slaughtered in Wales or exported live. HCC is the body responsible for spending the levy on various functions to support activities for the Welsh red meat industry.

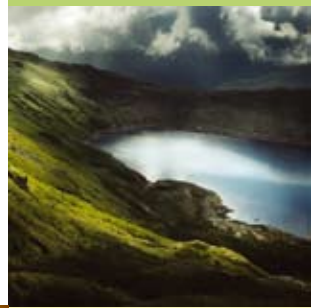
Under the **Rural Develop Plan 2007-2013** the following mechanisms are utilised by the Welsh Assembly Government to deliver activities in the agricultural sector:

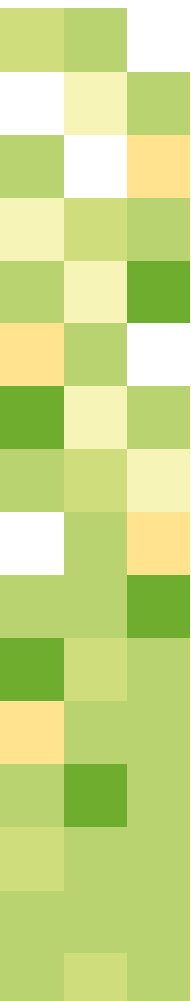
- **Farming Connect** - provides one-one support, knowledge, expertise, training and advisory services, tailored to the needs of farmers;
- **Farm Advisory Service** - helps eligible farm businesses meet cross-compliance and environmental regulations;
- **Processing and Marketing Grant Scheme** - supports farm and forestry businesses, food and drink producers and processors to add value to their products and become innovative and competitive in global markets; and
- **Supply Chain Efficiencies Scheme** - supports collaborative supply-chain focussed initiatives and co-operation projects that will develop new products, processes and technologies in the agriculture, food and forestry sectors.

4 A Monitoring Group (consisting of the Welsh Assembly Government, HCC Board members and representatives of the Welsh red meat industry) will agree a framework for reporting and measuring progress, including the measurement of the following with regard to the Welsh red meat industry:

- Access to information and advice;
- Impact on value and awareness of products (both in the domestic and export markets);
- Collaborative ventures supported;
- Development of new added value products;
- Improved competitiveness and business performance;
- Awareness of new technologies;
- Availability of skilled labour; and
- Influence on policy/regulation development.

5 An annual report detailing how the actions are being taken forward will be published by this Monitoring Group in collaboration by the Welsh Assembly Government and HCC. The reports will be issued following the collation of relevant data to coincide with year-end of each financial year.





Annex I

Meat Promotion Wales (HCC) Board Members

John Brereton

John Collins

Huw Evans

Rhodri Evans

Alan Gardner

Professor William Haresign

William Jenkins

Dr Nic Lampkin

Graham Probert

Glyn Roberts

Rees Roberts (Chair)

Wyn Williams

John Yeomans

Appointments to the HCC Board are made by Welsh Ministers in accordance with the provisions of the Government of Wales Act 2006. The current formation of the HCC Board was announced by the Minister for Rural Affairs Elin Jones AM, on 17 March 2008 following an appointment exercise run in accordance with the Commissioner for Public Appointments Code of Practice for Ministerial Appointments to Public Bodies.

The HCC Board comprises both industry and independent representatives and represents the whole Welsh red meat supply-chain.

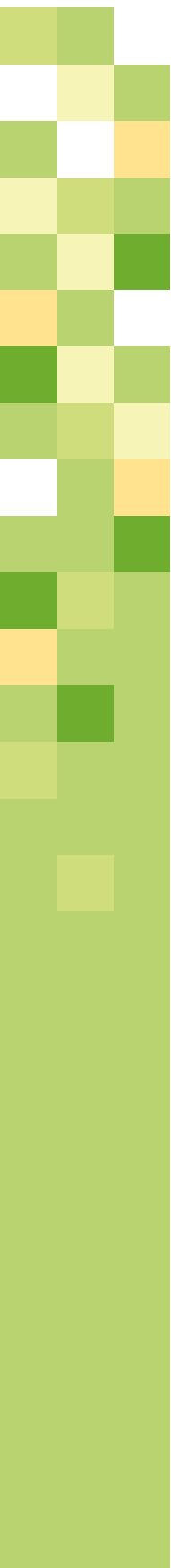
Annex 2

Government and Red Meat Industry Partners

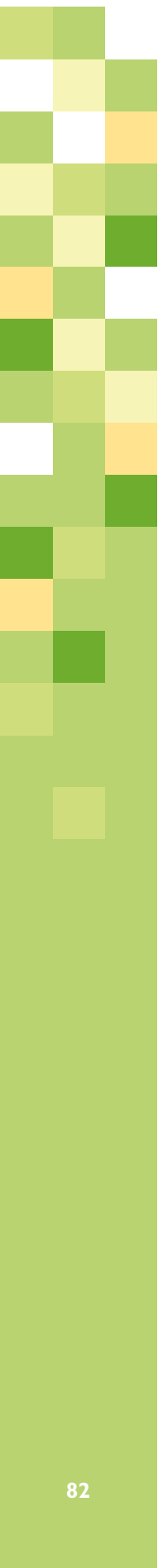
In addition to the partners directly involved in the supply-chain,⁶ the following is a list of partners with a role in delivery of this Action Plan, many of whom will have a dual role in delivery (i.e. representing both Government and industry).

- ADAS
- AEA Energy and Environment
- Agri-Food Partnership
- Agricultural Colleges
- Agricultural Consultants
- Agriculture and Horticulture Development Board (AHDB)
- All Wales Ethnic Minority Association (AWEMA)
- ASDA
- Association of Independent Meat Suppliers (AIMS)
- Bangor University
- Banks
- Breed Societies (sheep, beef and pigs)
- Breed Evaluation Services
- British Livestock Genetics
- British Meat Processors Association (BMPA)
- BPEX Ltd.
- British Retail Consortium (BRC)
- British Wool Marketing Board
- Certification Bodies
- Commission for Racial Equality Wales
- Country Land and Business Association (CLA)
- Countryside Council for Wales (CCW)
- Creative Rural Communities
- DairyCo. (formally Milk Development Council)

⁶ Producers, contractors, feed merchants, hauliers, auctioneers, abattoirs, processors, independent retailers, wholesalers, retailers, food service, exporters and consumers.

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- Department for Environment, Food and Rural Affairs (DEFRA)
 - Department of Human Health
 - Disability Wales
 - Dunbia Llanybydder
 - EBLEX Ltd.
 - Environment Agency Wales
 - Envirowise
 - Equal Opportunities Commission Wales
 - Equality and Human Rights Commission
 - Farm Animal Welfare Council (FAWC)
 - Farm Assured Welsh Livestock (FAWL)
 - Farm Business Survey in Wales
 - Farmers' Union of Wales (FUW)
 - Farming Connect
 - Farming & Countryside Education (FACE)
 - Federation of Small Businesses in Wales
 - Food Centre Wales, Horeb
 - Food Industry Centre, UWIC
 - Food Standards Agency Wales (FSA Wales)
 - Forestry Commission
 - FWAG Cymru
 - Guild of Welsh Lamb and Beef Suppliers
 - Health and Safety Executive
 - IMPROVE
 - Innovis Ltd.
 - Institute of Biological, Environmental and Rural Sciences (IBERS)
 - International Business Wales (IBW)
 - Lesbian, Gay and Bisexual (LGB) Forum Cymru
 - Linking Environment and Farming (LEAF)
 - Livestock and Meat Commission Northern Ireland (LMC NI)
 - Livestock Marketing Ltd.
 - LANTRA
 - Marks and Spencer
 - Meat Promotion Wales (HCC)
 - Merched y Wawr

- MLC Commercial Services Ltd.
- National Beef Association (NBA)
- National Sheep Association (NSA)
- National Farmers Union Wales (NFU Wales)
- National Health Service (NHS)
- National Federation of Meat and Food Traders
- Organic Centre Wales (OCW)
- Quality Meat Scotland (QMS)
- Race Equality Council
- Race Equality First
- Randall Parker Foods, Llanidloes
- Research Organisations
- Road Haulage Association (RHA)
- Royal National Institute for the Blind (RNIB) Cymru
- Royal National Institute for the Deaf (RNID) Cymru
- Royal Society for the Protection for Animals Cymru
- Royal Society for the Protection of Birds
- Rural Support Wales
- Sainsburys
- Scottish Agricultural College (SAC)
- Scottish Executive Environment and Rural Affairs Department (SEERAD)
- St. Merryn Meat Ltd.
- Strategic Food and Drink Advisory Group
- Sustain
- Tesco
- Trading Standards
- The Church in Wales
- The Co-operative
- The Food Commission (UK) Ltd.
- The Food Technology Centre, Llangefni
- The National Trust
- The Woodland Trust
- Universities
- Veterinaries

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- Waitrose
 - Wales Centre for Health
 - Wales Consumer Council
 - Wales Council for Voluntary Action
 - Wales Environmental Link
 - Wales Women's National Coalition
 - Wales Young Farmers' Clubs (Wales YFC)
 - Wales & Border Counties Pig Breeders' Association
 - Welsh Assembly Government Department for Children, Education, Lifelong Learning and Skills
 - Welsh Assembly Government Department for Economy and Transport
 - Welsh Assembly Government Department for Environment, Sustainability and Housing
 - Welsh Assembly Government Department for Health and Social Services
 - Welsh Assembly Government Department for Heritage
 - Welsh Assembly Government Department for Public Health and Health Professions
 - Welsh Assembly Government Department for Rural Affairs
 - Welsh Country Foods Ltd.
 - Welsh Lamb and Beef Producers Ltd. (WLBP)
 - Welsh Levy Board
 - Welsh Livestock Auctioneers Association (Welsh LAA)
 - Welsh Council for Voluntary Action (WCVA)
 - Welsh Federation of Women's Institutes
 - Welsh Local Government Association (WLGA)
 - Women in Agriculture
 - Women's Food and Farming Union
 - World Wildlife Fund Cymru