

Executive Summary



European Union Protected Food Names and their relative and intrinsic value

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1 Executive Summary

The European Protected Food Name (EUPFN) Scheme was introduced in Europe in 1993 to protect food and drink products on a geographical or recipe basis. The scheme is covered by Regulation EU No 1151/2012.

Within the scheme there are three designations as listed below:-



Protected Designation of Origin (PDO) - All aspects of production including sourcing of the materials, must take place in the geographical area. The product is produced, processed and prepared in a specific area.



Protected Geographical Indication (PGI) – Some elements of production and/or sourcing of the raw materials can take place outside the geographical area. The product can be produced or processed or prepared in a specific area.



Traditional Speciality Guaranteed (TSG) – The product is made to a traditional recipe or production method but is not linked to a specific area.

Further details on the quality schemes are available on the following website:

http://ec.europa.eu/agriculture/quality/schemes/index_en.htm

Wines and Spirits are covered by separate regulations namely Regulation (EC) no 1234/207 and Regulation (EC) no 110/2008, respectively.

PFN's encompass a diverse range of products. There are currently 1260 registered PFN's across 27 different product classes with approximately 200 products in the application and/or publishing process.

Wales currently has 4 registered PFN's, which are:

- PGI Welsh Lamb
- PGI Welsh Beef
- Pembrokeshire Early potatoes/Pembrokeshire Earlies PGI
- Anglesey Sea Salt/Halen Môn PDO

There are another 18 Welsh products at various stages in the PFN application "pipeline" including 7 products which are currently at the EU submission stage. Furthermore, there is potential for several more Welsh products to meet the PFN criteria, and the possibility that Welsh Whisky may apply for GI status.

Aims

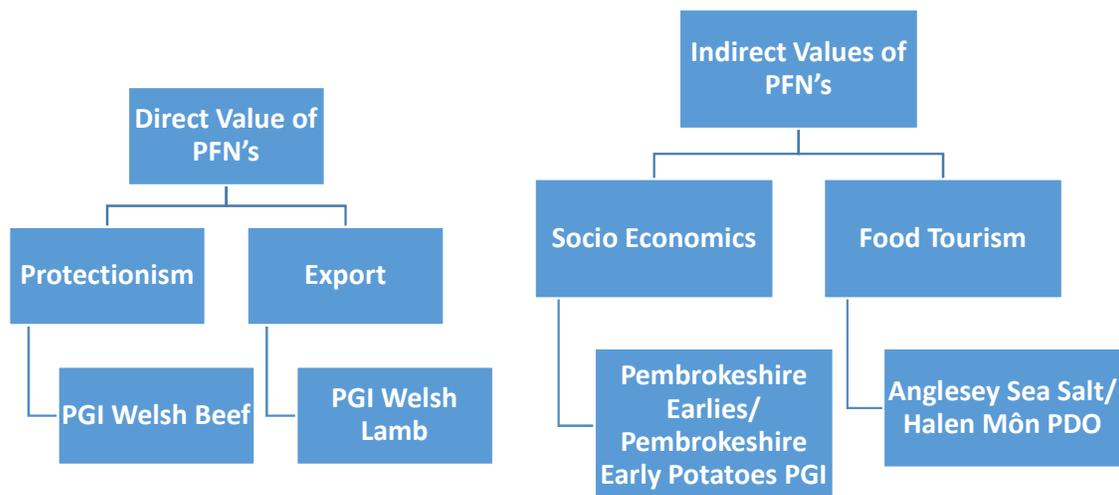
The Welsh Government commissioned this report to investigate the value of PFN status to businesses and the rural economy, with particular reference to Wales. The specific aims of the study were to show:

- The benefit of EUPFN to producers perceived or actual in terms of margins, jobs created, supermarket entry etc.
- Whether EUPFN status encourages collaboration within the supply chain
- The benefit to the local tourism industry
- Is there increased brand awareness of 'Welsh' provenance as a result of EUPFN products
- Contribution that EUPFN can/ will make to WG Food and Drink Action Plan.

Welsh Government requested supporting evidence to understand the value of Protected Food Name (PFN) status, with particular reference to Wales. Research in the past has predominantly focussed on the **direct value** of PFN status to individual businesses, however the Welsh Government were particularly keen to extend this research, looking at possible **indirect values** of PFN's to the rural economy of Wales.

Methodology

This report used a combination of desktop research and registered Welsh PFN Case studies to identify and highlight the direct and indirect value of PFN's as shown in the diagram below. The identified specific benefits of PFN status were then discussed in the report. The additional value of PFN's as a marketing tool was a cross cutting theme across all four Welsh PFN Case studies.



The report predominantly looks at the value of PFN's, however reference is made to other Geographical Indications (GI) (spirits and wines) where appropriate and additional examples of PFN's from both the UK and the EU have been provided to demonstrate a balanced argument.

(It was not possible to gain data in terms of specific product margins due to the commercial sensitivity of such data.)

The headline benefits of achieving the status are detailed below. Further supporting evidence which is commercially sensitive is provided in the body of the report.

1. Legal Protectionism against misuse, imitation and fraud

- PGI Welsh Beef was the first PFN court case to successfully test the legal protection of a PFN within the UK.
- As a PFN, PGI Welsh Beef can prove its provenance, authenticity and full traceability. This helped mitigate the effects of reduced beef sales following the Europe-wide horsemeat scandal in 2013 and helped to restore consumer confidence.

2. Exports

- Since PGI status was obtained for Welsh Lamb in 2003, exports of sheep meat from Wales have grown strongly showing an export market increase of 13,000 tonnes and £76.3m (HMRC data) from 2003 to 2013.
- HCC estimated that 25% of the cumulative growth in exports from 2003 to 2012, can be attributed directly to the PGI brand and HCC marketing activities, equivalent to 11,000 tonnes of sheep meat from Wales which equates to £42.5million of additional export sales from 2004-2011.
- Furthermore, industry consultees stated that PGI brand and HCC marketing activities were a “major contribution to export sales” both when accessing new export markets and retaining existing export markets.
- As a result of PFN status, HCC have been successful in obtaining funds for EU promotional measures to promote and market PFN status totalling €8.1million over two funding periods (of which 50% is from match funding by HCC.)

3. Socio-economics

- PGI status for Pembrokeshire Early potatoes, is fundamental to the growth of Puffin Produce Ltd. The growth of this business has provided significant economic and social benefits to the local rural economy. Direct and indirect employment has increased resulting in greater economic activity and spending in the local rural economy.
- As the business has grown, economies of scale have been achieved enabling the accessing of specialist advice such as agronomy and marketing/PR.
- Working as a PFN producer group, Puffin Produce Ltd has enabled collaboration and co-operation among producers in Pembrokeshire, resulting in upskilling, better communication and information sharing throughout the supply chain.
- Achieving PGI status for Pembrokeshire Earlies has enabled the producer group to be associated with a “premium” product. The market success of Pembrokeshire Earlies PGI has, “contributed to the viability of farms in the county” - Huw Thomas Managing Director of Puffin Produce Ltd.
- The London School of Economics 2008 study stated that PFN producers in more remote, less favoured areas often see greater benefits from PFN’s. 78% of the total agricultural area in Wales is categorised as Less Favoured Area (LFA).

4. Food Tourism

- PFN status has been an influencing factor in the food tourism investment made by Anglesey Sea Salt Ltd.

- Anglesey Sea Salt Ltd moved to new premises and opened a new visitor attraction in February 2015. The new premises created 5 additional full time equivalent (FTE) jobs. Furthermore visitor numbers are estimated to increase by 300% in the next 5 years and revenue from on-site shop sales is forecast to double. Additional revenue will be generated from tours of the premises.

5. Welsh Government Food and Drink Action Plan

The particular contributions that Welsh PFN's can make to the Welsh Government's Welsh Food and Drink Action Plan objectives are given in the table below. Their potential contribution will increase as the number of Welsh PFN products increases.

Table 1 How Welsh PFN's can contribute to the Welsh Governments Welsh Food and Drink Action Plan

Target	Welsh Government Welsh Food and Drink Action Plan Objective	How Welsh PFN products may contribute to objectives
Welsh Food and Drink identity	To strengthen the Welsh identity of Welsh Food and Drink	The existing 4 Welsh PFN products are iconic with high profiles. There are opportunities to use PFN's to strengthen Welsh identity and enhance the positive values of Welsh provenance.
Food Tourism	Welsh Government strategy for Tourism 2013-2020 identifies quality local food as part of the product offering	PFN's are ideally suited to food tourism as they are quality products with Welsh provenance which generate and enhance local gastro-tourism. Tourists interested in national and regional food heritage and traditional practices can be targeted e.g. Anglesey Sea Salt/Halen Môn PDO.
Food Safety	To produce high quality safe and sustainable food in order to maintain consumer trust	PFN's have legal protection against imitation and fraud and their audit procedure enables full traceability. PGI Welsh Beef was the first PFN court case to successfully test the legal protection of a PFN within the UK.
Employment	To deliver jobs and growth in the food and drink sector	PFN's can make a major contribution to business growth as well as increasing and retaining employment in rural areas as shown by Pembrokeshire Earlies PGI.

Conclusions from the study

The four Welsh PFN products have obtained significant value from attaining PFN status. All four case studies in this report show that their individual businesses have directly benefitted from using PFN status as a marketing tool for domestic markets and in particular helped when accessing new and retaining export markets e.g. PGI Welsh Lamb and PGI Welsh Beef. Furthermore this study has shown that PFN status, being fundamental to the growth of a business such as Puffin Produce Ltd and Pembrokeshire Earlies PGI, can benefit the Welsh rural economy both economically through job creation and socially

through greater producer collaboration, co-operation, upskilling and specialisation. The report identifies that PFN's could make a major contribution to Welsh food tourism as shown by Anglesey Sea Salt/Halen Môn's new visitor attraction and many of the Welsh products which are in the latter stages of the PFN application process including Carmarthen Ham, Welsh Laverbread, Conwy Mussels, West Wales Coracle Caught Salmon, West Wales Coracle Caught Sewin, and Traditional Welsh Caerphilly Cheese are quality Welsh products which epitomise Welsh food culture heritage and tradition. These are attributes that would naturally lend themselves to Food Tourism.

Finally, the report highlights how Welsh PFN's can due to their intrinsic representation of quality, traceability and provenance contribute to several of the Welsh Governments objectives in their Welsh Food and Drink Action Plan.

Recommendations

The recommendations below have been derived following the Welsh PFN case study interviews (undertaken by ADAS), supported by extensive desktop research.

- The potential direct and indirect values of PFN status to individual businesses and the Welsh economy has been clearly demonstrated in this report. Therefore it is recommended to continue to identify additional Welsh products that meet PFN criteria and to support Welsh producers through the PFN application process.
- Provide dedicated time and resource to producers in the initial period following achievement of PFN status to provide PFN producers and all other interested stakeholders throughout their supply chain, the understanding and implications of PFN status. This provision has been requested by PFN producers.
- As Attaining PFN status does not automatically result in marketing success, it is recommended that all future Welsh PFN producers accompany PFN registration with their own comprehensive promotional and marketing campaign to realise the marketing potential that PFN's can provide.
- If a Welsh PFN Producers Association was formed as a sub group to the UK PFN Association, this would aid collaboration between current and future Welsh PFN producers and would assist new PFN producers to participate in a long term Welsh PFN marketing campaign including looking at the potential to access EU promotional measure funding.
- A comprehensive, long-term Welsh PFN marketing campaign is recommended to create greater consumer/customer awareness and understanding of the Welsh PFN's and the EUPFN Quality scheme. By increasing consumer awareness it is anticipated that products will become more in demand and this should have a positive effect on margins and volumes.
- To understand consumer perceptions surrounding EUPFN, it is recommended that a further study is undertaken to identify the qualities that influence consumers Wish to Purchase (WTP) decisions both in the UK and abroad.
- The opportunities to improve the awareness of PFN's and their logos in order to plug the gaps in consumer demands for quality, provenance, authenticity, traceability should be investigated.
- Involve the companies that hold Welsh PFN status in the delivery of the "Joint Food Tourism Action Plan" being developed by industry and government.
- Formulate an action plan to capitalise on the opportunity available to use Welsh PFN's as a platform to strengthen the Welsh Food and Drink identity.