



Research Briefing  
**The food and drink industry in  
Wales**

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**National Assembly for Wales**  
Research Service

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# 1. Overview

The food and drink industry is a key part of the Welsh economy, employing more than **240,000 people**, generating **£16.8 billion of turnover in 2013, and £264 million of exports in 2015**.

The Welsh Government aims to improve the performance of the sector, with a target of increasing turnover in the **food and farming priority sector** to £7 billion by 2020.

The **Food and Drink Wales umbrella identity** is used to promote the quality and uniqueness of Welsh products domestically and internationally, and the **Food and Drink Wales Industry Board** helps to deliver Welsh Government strategy.

Food and drink also has strong links with other policy areas, affecting health, equality and sustainability.

## 2. Action Plan for the Food and Drink Industry

In 2014 the Welsh Government published a strategic plan for the food and drink industry: **Towards Sustainable Growth: An Action Plan for the Food and Drink Industry 2014 - 2020**. This superseded the **Food For Wales, Food From Wales 2010 - 2020 strategy**, which was deemed no longer fit for purpose, in 2013.

The action plan contains 48 actions, grouped under five chapters:

- Food and Drink Wales Industry Board;
- Food and Drink Wales identity;
- Education, training, skills and innovation;
- Business growth and market development; and
- Food security and food safety.

Three of the actions are over-arching or cross-cutting:

- establishing the **Food and Drink Wales Industry Board**;
- developing the **Food and Drink Wales umbrella trade identity**; and
- developing a skilled and capable workforce, following identification of skills gaps, particularly in food processing and manufacturing.

The central objective of the action plan is a target to increase turnover in the food and farming priority sector of the food chain by 30% from the 2013 baseline, to £7 billion annually by 2020. It also aims to increase Gross Value Added of the food and farming sector by 10%, to £1.4 billion annually by 2020. Thirty eight of the actions are directly linked to achieving these growth targets, but sustainable growth and social and environmental responsibility are also emphasised.

The Cabinet Secretary for Environment and Rural Affairs, Lesley Griffiths AM, last **updated the Assembly on delivery of the action plan in November 2016**. She said that the industry's sales value had grown to £6.1 billion and that 'progress is firmly on track to deliver the 30 per cent growth to £7 billion by 2020, as we are already over halfway to achieving the target'.

## Food and Drink Wales Industry Board

Establishing the **Food and Drink Wales Industry Board** to help deliver the action plan is the first action set out in the plan. This was due to be completed in 2014, but membership was not finalised until January 2016 with the election of a chair, **Andy Richardson (PDF 63KB)**. The board includes industry representatives from across the whole food chain. The board agreed its own **terms of reference**, which directly acknowledge and support the seven well-being goals of the **Well-being of Future Generations (Wales) Act 2015**. The board meets at least four times a year and is required to report annually to the Cabinet Secretary responsible for food about its progress in delivering the action plan, via an 'Annual Food Sector Update Report'.

## Food and Drink Wales Identity

Action 2 is to develop the **Food and Drink Wales** identity, which was established by the Welsh Government to promote Welsh food and drink, and action 3 is to establish a new approach to food industry awards, to increase sales and promote food culture.

Welsh Government support for the 'Wales the True Taste' brand and awards ceased in 2013 after research concluded that there was insufficient understanding of the brand from trade and consumers. The new Food and Drink Wales identity does not directly replace the awards, but instead provides an identity under which existing company brands can be promoted.

During her November 2016 statement the Cabinet Secretary stated that Wales would for the first time be holding an international trade event and conference – Blas Cymru – for the food and drink industry 'when we will invite the world to Wales'. The event took place in March 2017 and another **Blas Cymru event** is due to take place in March 2019.

## Education, Training, Skills and Innovation

Actions 4 to 11 are designed to address skills gaps in the food and drink industry workforce, improve business efficiency and performance, and increase sales and profits in the sector. They aim to improve access to training, promote careers in the industry and promote the Welsh language.

A skills needs study, published by **The Welsh Food and Drink Skills Project** in December 2014, made 10 recommendations to address skills gaps and wider issues in the sector, which Action 7 aims to implement. The study found that 40% of food businesses had technical skills gaps in their workforce, and identified training needs for 15,000 people per year throughout 2015 – 2022. It also found that 50,000 new workers need to be recruited into the industry by 2022 to match the action plan's growth targets, and that the greatest training needs lie at the lower or unskilled end of the labour force spectrum.

Some of the skills shortage is due to a lack of interest in careers in the industry, as relevant university and college courses have unfilled places, while demand for graduates with relevant qualifications is high. Action 6 therefore aims to improve the promotion of careers in the industry.

The action plan also highlighted that training can be expensive for many small and medium enterprises, and businesses can find it difficult to source appropriate training for their staff. Actions 4, 8 and 10 aim to address this by mapping training providers across Wales, and providing novel approaches to training that are attractive for smaller businesses.

## Business growth and market development

Twenty four wide-ranging actions (12 – 36) in the action plan relate to business growth and market development. These address: baseline industry data; access to business support; mentoring;

supporting innovation; supply chain integration; growing exports; supporting EU protected food name products; attracting foreign direct investment; access to facilities and premises for businesses; improving access to public sector procurement processes; development of a food tourism action plan; and supporting food events.

Some sub-sectors of the food and drink industry (such as red meat, dairy and seafood) are supported by dedicated bodies, funded through levy payments on sales, which have published standalone strategies (**red meat, dairy, seafood**).

Actions 17 and 18 aim to ensure that financial support for food and drink businesses from a range of sources, particularly the Rural Development Programme (RDP) other EU and Welsh Government funding, is appropriate and accessible. In her **November 2016 statement**, the Cabinet Secretary announced that £15.8 million of business investment funds have been pledged to the industry in total through the RDP 2014-2020, other schemes, and work to encourage private investment in the sector. She also highlighted successes resulting from the Welsh Government's direct financial support of food festivals.

The Cabinet Secretary also said that the Welsh Government had led Welsh food and drink businesses on a number of international trade visits to North America, Europe, the Middle East and Asia, and reported a 13 % increase in food and drink exports in the first half of 2016. In a **previous statement in June 2017** she reported that export and trade events programmes supported by Welsh Government had generated £7 million of new sales.

Finally, the Cabinet Secretary also highlighted Welsh successes at the **Great Taste Awards** in her November 2016 statement - **Welsh producers won 125 Great Taste Awards in 2016**. The awards were judged at Llandrillo College, near Colwyn Bay, in 2017 and at the time of writing **some 176 awards had been won by Welsh producers**. The remaining 2017 winners are due to be announced in September 2017.

## Food safety and food security

Actions 37 – 48 cover healthy eating, food safety, food poverty, and environmental and social responsibility in the food and drink industry, including food waste.

Action 40 aims to promote healthy eating and drinking in schools through the *Healthy Eating in Schools (Wales) Measure 2009* and the *Healthy Eating in Schools (Nutritional Standards and Requirements) (Wales) Regulations 2013*.

**Food Innovation Wales**, which provides research and development support for food businesses, also has a role in developing healthier foods. Drawing a link between healthy eating and food poverty, the Cabinet Secretary also highlighted the **Food Poverty Alliance**, which works to tackle school holiday hunger for children in Wales.

Food safety and hygiene standards are enforced by the Food Safety Authority (FSA), and the *Food Hygiene Rating (Wales) Act 2013* and associated Regulations, which requires food businesses in Wales to display their food hygiene rating (0-5) in a prominent place such as the front door or window.

Reducing the ecological footprint and carbon emissions of businesses in the food and drink industry is expected to help increase sales and provide savings to businesses. Sustainability roadmaps have already been published for the **red meat (2011)** and **dairy (2010)** sub-sectors, which are due to be

updated under action 47 of the action plan, along with the possible development of roadmaps for other sub-sectors.

### 3. Food Tourism Action Plan

The publication of the **Food Tourism Action Plan (2015 - 2020)** was an output under action 35 of the 2014 action plan. It states an ambition to ensure that food tourism is integrated into all **Visit Wales** activities by 2020. In 2013, 89 million tourist day visits were made by UK residents to Wales, spending £3,061 million, of which 40 per cent (£1,219 million) was spent on eating out.

The central objective of the tourism action plan is to 'raise Wales's profile as a high quality Food Tourism destination'. It aims to do this by improving visitor awareness and access to Welsh food and drink, through encouraging hospitality businesses to source Welsh products, and improving skills in sourcing and preparing locally sourced food and drink.

Four themes of priority tasks are identified in the tourism action plan, each containing several actions to be completed by Welsh Government, industry, local authorities, private and public sector agencies, Further Education colleges and **WRAP Cymru**:

- 01.** Events and activities;
- 02.** Improving information about Welsh food and food producers;
- 03.** Developing expertise; and
- 04.** PR and marketing.

### 4. Support for food and drink businesses

A range of Welsh Government support for food and drink businesses is outlined in the action plan, and further schemes have subsequently been introduced.

The RDP has two relevant funding streams: the **Food Business Investment Scheme**, which supports primary producers to do first and/or second stage processing activities in Wales, and the **Co-operation and Supply Chain Development Scheme** which supports co-operative activities in the food, forestry and agriculture sectors that lead to development of new products, practices, processes and technologies. The future of EU funded RDP schemes beyond 2020 is not currently known.

**Development of export business** by Welsh producers is supported through the International Trade Development Programme (ITDP). This includes an international and UK food and drink events programme, and three main support mechanisms:

- 01.** International Trade Development (ITD), fully funded by Welsh Government;
- 02.** International Trade Opportunities (ITO), 75% funded by Welsh Government; and
- 03.** Overseas Business Development Visit Grant Scheme (OBDV), 50% funded by Welsh Government.

Five '**cluster projects**' have been set up under Food and Drink Wales, designed to support business growth by bringing together businesses, educational and research institutions and policy makers. In addition, finance for small and medium enterprises can be available via **Finance Wales**.

Finally, **Food Innovation Wales** brings together experts from three food centres across Wales to support the industry with advice, technical support, ideas, and guidance on legislative and regulatory complexities. It is supported by the Welsh Government.

## 5. EU protected food name schemes

The **EU protected food name scheme** gives legal protection against imitation of registered regional and traditional foods or drinks throughout the EU. Three categories are available: Protected Geographical Indication (PGI), Protected Designation of Origin (PDO), and Traditional Speciality Guaranteed (TSG) status. There are currently **three Welsh products awaiting consideration** (Cambrian Mountains lamb (PGI), traditional Welsh Caerphilly (cheese) (PGI) and Vale of Clwyd Denbigh plum (PGI)) and **fourteen have already been registered**:

Welsh lamb PGI	Welsh laverbread PDO
Welsh beef PGI	Welsh regional wine PGI
Traditionally reared pedigree Welsh pork TSG	Welsh wine PDO
Pembrokeshire early potatoes PGI	West Wales coracle caught salmon PGI
Anglesey Sea Salt/Halen Môn PDO	West Wales coracle caught sewin PGI
Carmarthen ham PGI	Traditional Welsh cider PGI
Conwy mussels PDO	Traditional Welsh perry PGI

The Welsh Government commissioned a **report to assess the value of PFN status to Wales (PDF 745KB)**. This found that exports of Welsh lamb benefitted from PFN status: Meat Promotion Wales/Hybu Cig Cymru estimated that 25% of growth in lamb exports from 2003 – 2012 was directly attributable to the PGI status of Welsh Lamb. The PGI status of Welsh beef also helped mitigate the effects of reduced beef sales following the horsemeat scandal in 2013.

The future of protected food name status for Welsh products may depend on the outcome of trade negotiations between the UK and the EU. **Products from outside the EU** can be granted protected name status: Cambodia, China, Dominican Republic, Thailand, Turkey and Vietnam all have PGI or PDO registered products. The **Farm Scientist Network (PDF 6.16 MB)** suggests that the EU is likely to insist that protected food names are protected in the UK market as part of any trade deal.

## 6. Food Policy as Public Policy - a review of the Welsh Government's food Strategy and action plan

At the request of the previous Welsh Government, the Public Policy Institute for Wales (PPIW) reviewed the strategy and 2014 action plan. Professors Terry Marsden and Kevin Morgan of Cardiff University produced the report: **Food Policy as Public Policy (2016)**.

The review found that the 2010 strategy was never implemented, and no action was taken until the publication of the new action plan in 2014. The review is critical of the action plan's focus on post-farm food supply chain development, and its separation from wider changes to food and consumption, or policy and actions on primary production. The review stressed the importance of links between food policy and other policy areas.

The report identifies a number of emerging trends relevant to food policy, which gained greater significance between 2010 and 2014 and which, it says, justify the integration of food policy with

other policy areas. These trends include: increasing food poverty; reducing numbers of independent farm businesses; growing pressure for reductions in carbon emissions and biodiversity losses from the food sector; introduction of new legislation relevant to the agri-food sector, including the *Well-being of Future Generations (Wales) Act 2015* and the *Environment (Wales) Act 2016*; and rising health issues linked to unhealthy diets.

Fifteen recommendations were made to address these concerns, including:

- Improving the sustainability of public sector food procurement such as through adoption of the **Food for Life Catering Mark and Schools Programme**, and via training of specialist procurement officers;
- Supporting farmers to produce sustainable, higher quality products, and promoting Welsh products on the basis of sustainability, particularly in the red meat sector;
- Supporting sustainable and healthy consumption and food production practices;
- Supporting the development of short food supply chains;
- Improving food supply chain infrastructure in Wales;
- Expanding horticulture (garden plants, fruits and vegetables);
- Integrating rural development and agri-food strategies;
- Supporting community food initiatives;
- Setting up of Partnership Boards for food sectors; and
- Improving data collection and monitoring of food resilience and security indicators.

At the time of writing, the Welsh Government has not responded publically to the review's recommendations.

## 7. Key sources

- The **food and drink pages** on the Welsh Government's website
- Welsh Government, **Towards Sustainable Growth: An Action Plan for the Food and Drink Industry 2014 - 2020**
- Welsh Government, **Food for Wales, Food from Wales 2010 - 2020**
- Welsh Government, **Food Tourism Action Plan 2015 - 2020**
- Public Policy Institute for Wales, **Food Policy as Public Policy (2016)**
- Hybu Cig Cymru, **Strategic Action Plan for the Red Meat Industry (2015)**
- Welsh Government, **Strategic Action Plan for the Welsh Dairy Industry (2007)**
- Seafish, **Wales Seafood Strategy (2016)**
- **Food and Drink Wales** website
- **Great Taste Awards** website
- **EU Protected Food Name Scheme** website

