



## **WELSH RED MEAT (PROCESSORS AND MARKETERS) SCHEME**

This document explains the objectives and rules of the WELSH RED MEAT (PROCESSORS AND MARKETERS) SCHEME and what it can do for you.

The activities covered by this scheme apply to businesses that are processing and marketing red meat (lamb, beef and pork). Consultancy services and some other activities are only available to small and medium-sized businesses. The scheme applies in relation to Wales. Parts of the scheme are subject to EU 'state aid' rules.

Hybu Cig Cymru - Meat Promotion Wales (HCC) has created this scheme to foster a more competitive Welsh red meat industry, focusing on providing you with tools to support you in the developing marketplace.

- This will provide a more efficient and more assured chain of production, enabling a good supply to the consumer.
- It will help you to become more competitive and improve your business efficiency, so you respond better to consumer needs through a more effective supply chain.
- It will have a positive influence on rural communities and the environment in which farming plays a pivotal role.

### **Key Areas**

Four key areas comprise general publication of information, which are not funded by state aid. These are described in Annex 1.

#### **A. Providing information on quality systems**

Quality products carry a premium in the market place. On behalf of the industry, HCC runs quality schemes to help you to benefit from producing quality products. HCC will disseminate information on its Welsh Lamb PGI, Welsh Beef PGI and Quality Pork quality schemes.

#### **B. Providing information on production and products**

HCC will publish factual information on Welsh red meat and red meat products, including (i) technical information with regard to production, and (ii) the use and nutritional benefits of these products.

#### **C. Dissemination (vulgarisation) of scientific knowledge**

HCC will use websites and e-mail to communicate information (including on the work carried out by HCC), industry statistics, guidance notes and publications. HCC may use other services including electronic services to provide information, for example, TV, SMS text messaging for news alerts and details of upcoming events, and teletext pages.

#### **D. Producing catalogues of suppliers**

HCC will produce and distribute catalogues of suppliers of Welsh red meat and red meat products, including on its website. This will enable potential customers to contact you.

Three key areas comprise services for processors and marketers<sup>1</sup> that are funded by state aid and therefore subject to restrictions under special EU rules. They are described in Annex 2.

1. Providing consultancy services

HCC can provide you with consultancy services to support your activities.

2. Assisting with the costs of organising events and attending meetings

HCC will organise and you can be helped to attend meetings and events where you could benefit from expert speakers and exchanging knowledge with colleagues. You can also be helped to attend trade exhibitions and fairs. HCC will arrange competitions to encourage you to demonstrate your knowledge and skills, and learn new skills.

3. Providing training

Training will enable you to develop new skills and improve those you already have, so you can operate more efficiently.

### **Eligibility for Support**

Parts 1 and 2 of the scheme are restricted to small and medium-sized businesses. The training module (part 3) is open to all businesses. These activities will complement other HCC programmes. HCC will provide funding in line with the EU General Block Exemption Regulation 800/2008<sup>2</sup>.

- Its success will be established by your increased production efficiency.

Activities under key areas A-D will be generally available (see Annex 1).

Welsh processors and marketers can participate in key areas 1-3 (see Annex 2).

### **Annexes**

#### INFORMATION AND RULES

- General Information is in Annex 1.
- Activities subject to the state aid rules are in Annex 2.
- Farmers who apply for technical support and/or training for processing and/or marketing red meat and red meat products must comply with the relevant rules in Annexes 1 and 2.

#### APPLICATION FORM

- An Application Form is provided in Annex 3.

### **HCC INVITES YOU TO APPLY TO PARTICIPATE IN THE SCHEME.**

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<sup>1</sup> Another scheme (state aid reference 2008/XA83) provides similar services to Welsh farmers.

<sup>2</sup> Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation) [OJ L 214, 3.9.8.2008, p. 3].

## **Analysis for State Aid Purposes only**

For state aid purposes, this scheme is divided into two Parts, based on the application of different parts of the General Block Exemption Regulation (GBER). These are:

- Part I Technical Support to Processors and Marketers (GBER Section 5)
- Part II Training for Processors and Marketers (GBER Section 8)

The overall scheme also contains measures which do not constitute state aid.

The text, to be read with Annex 1 and Annex 3 (Application Form), provides administrative and introductory information that applies to all Parts of the scheme. The Parts providing State aid are described in Annex 2.

### **Non-aid measures**

- The UK authorities believe that Activities A-D (Annex 1) do not constitute State aid as they do not confer selective advantage.

### **State aid**

- Part I - Technical Support to Processors and Marketers
- This aid (Activities 1 and 2) is provided under GBER Section 5.  
Information on this is provided in this introductory section, Annex 1 and Annex 2.  
Annex 3 contains the Application Form to express interest in participation.
- Part II - Training for Processors and Marketers
- This aid (Activity 3) is provided under GBER Section 8.  
Information on this is provided in this introductory text, Annex 1 and Annex 2.  
Annex 3 contains the Application Form to express interest in participation.

## **SCHEME INFORMATION and SCHEME RULES**

### **This Annex is applicable to ALL PARTICIPANTS**

#### **Management**

HCC will administer this scheme, communicating with eligible businesses to enable all those wishing to participate to have an opportunity to do so.

- All operators processing or marketing Welsh red meat or Welsh red meat products ('Processors/Marketers') will be able to express an interest and participate in the scheme, subject to legal and resource restrictions. This includes auctioneers.

Resources are limited, and will be allocated on a 'first-come, first served' basis, subject to satisfying the rules of the scheme and applying the following objective criteria to ensure that the greatest benefit is obtained for the Welsh red meat industry.

Details of the scheme and its activities will be published widely, including on the HCC website (<http://www.hccmpw.org.uk>).

- The scheme will be promoted to Processors/Marketers inviting them to express an interest in participating in the scheme, including at farming events and within other HCC activities.
- Forms to express an interest in participating in the scheme will be accepted from 1 January 2009 until 31 January 2014. HCC will respond with further information on the relevant activities and assist prospective participants to develop ideas and participate in activities.
- The scheme will operate from 1 March 2009.
  - No applications will be approved after 31 March 2014.
  - No payments will be made for activities performed wholly after the closing date of the scheme. All activities must be completed by 30 June 2014.
  - All invoices for activities must be received within three months of their completion and in any case not later than 30 September 2014.
  - Normal HCC invoicing terms and conditions will apply. See: [http://www.hccmpw.org.uk/about\\_hcc/Corporate\\_Information/Terms\\_and\\_Conditions.aspx](http://www.hccmpw.org.uk/about_hcc/Corporate_Information/Terms_and_Conditions.aspx)).
  - Two schemes (2008/XS18 and 2008/XT19) preceded this scheme. Any aid applied for and granted under those schemes from 1 March 2009 will be transferred to and provided under this scheme.

Any significant breach of any condition of the scheme will entitle HCC to expel the participant from the scheme and recover any sums already paid.

This scheme does not cover activities to promote or advertise products to consumers and buyers (a separate scheme covers such activities).

## **EU and other rules**

Community law restricts the amount of State aid that can be given to agricultural businesses. State aid includes levies received by HCC and direct grants from the Welsh Assembly Government.

**RULES APPLY** to participants processing and marketing red meat and red meat products.

- This scheme applies to operators in any part of the EU who are processing and marketing red meat from animals produced by Welsh producers and/or products prepared from such meat. In this Annex, they are described as 'Processors/Marketers'. This includes farmers who also apply for technical support for processing and/or marketing red meat and red meat products. THEY MUST COMPLY WITH THE RULES IN THIS ANNEX AND ANNEX 2.
- Processors/Marketers must comply with the relevant rules in Annexes 1 and 2.

## **BUSINESS SIZE RESTRICTION – MEANING OF SME**

Only individuals and small and medium-sized (SME) businesses are eligible for support under Activities 1 and 2 of this scheme. Training is available to all Processors/Marketers.

SMEs are businesses that:

- have fewer than 250 employees;
- have either an annual turnover not exceeding €50 million or an annual balance sheet not exceeding €43 million; and
- are independent, i.e.
  - are not owned at a rate of more than 25% by another company or companies, and
  - are not controlled by another body.

## **ELIGIBILITY**

You must be an SME in order to participate in Activities 1 and 2.

All Processors/Marketers are eligible to receive training (Activity 3).

- Larger businesses may wish to contact HCC to enquire about other funding mechanisms that may be available.

## **VALUE OF HCC FUNDING**

This scheme has a total value over its 5 years of £6.0 million (£1.2 million/year). It will benefit processors and marketers of agricultural products and all other interested parties.

Over the 5 years HCC intends to operate this scheme for activities relating to operators processing and marketing Welsh red meat and its products. Of this, approximately £3.25 million (54%) will be used for activities that do not constitute State aid, including approximately £0.5 million (8%) of administrative costs. The remaining £2.75 million (46%) for activities 1-3 over the 5 years will constitute the state aid to processors and marketers being provided under the GBER provisions.

## **Activities covered by the scheme:**

There are seven groups of activities that can be funded under this scheme:

Activities not funded by state aid:

- A. Operating and providing information on quality systems
- B. Providing information on production and products
- C. Disseminating (vulgarising) scientific knowledge
- D. Producing catalogues of suppliers

Activities funded by state aid:

1. Providing consultancy services
2. Assisting with the costs of organising events and attending meetings
3. Providing training

Further details on each activity are provided below (activities A-D) and in Annex 2.

These activities will improve the efficiency, sustainability and skills of the beneficiaries. They will transfer knowledge, best practice and guidance in relation to the Welsh Lamb, Welsh Beef and Welsh pigmeat sectors.

They will enable HCC to:

- prepare and distribute materials offering information, advice and guidance or providing an update on issues. This may be done on paper or electronically, as appropriate. For example, HCC will use websites, e-mail and other services to provide information to stakeholders, including details of work carried out by HCC, information, industry statistics, guidance notes and publications. This will include information on:
  - market information and statistics;
  - quality schemes;
  - cattle, sheep, pigs, their husbandry and their products, including nutritional information on the products and their uses.
  - producers in Wales and Welsh products.
- provide training and develop benchmarking and best practice schemes.
  - Benchmarking will establish your strengths and weaknesses relative to other operators.
  - Best practice will improve the processes in your business and the efficiency of supply chains.

Other activities may be able to be funded outside this scheme. You may wish to contact HCC to enquire about other funding mechanisms that may be available.

## **GENERAL MEASURES**

The UK authorities believe that these measures (A-D) do not constitute state aid as they do not confer selective advantage.

### **A. INFORMATION ON QUALITY SYSTEMS**

HCC will provide factual information on its Welsh Lamb PGI, Welsh Beef PGI and Quality Pork quality schemes. Such communication will be general (i.e. not tailored to individual businesses) and made available to all interested parties, including those in other Member States. It will not name individual companies, brands or origin, except in relation to the origin of Welsh Lamb and Welsh Beef, corresponding exactly to a Protected Geographical Indication (PGI) registered under Regulation (EC) 510/2006. Where appropriate, local language translations of those PGI names will be used.

These quality schemes are open to products from other countries that comply with its or an equivalent quality specification. The registered PGI specifications for Welsh Lamb and Welsh Beef require the animals concerned to have been born and reared in Wales, but they may be slaughtered in an approved slaughterhouse in any Member State.

- The UK authorities believe that this measure does not constitute state aid as it does not confer selective advantage.

### **B. INFORMATION ON PRODUCTION AND PRODUCTS**

HCC will publish factual information on Welsh red meat and red meat products, including technical information with regard to production, and the nutritional benefits and how best to use these products. It will not name individual companies or brands. It will not refer to the origin of the meat, except in relation to Welsh Lamb and Welsh Beef, which each correspond exactly to a Protected Geographical Indication. Where appropriate, local language translations of those PGI names will be used.

- The UK authorities believe that this measure does not constitute state aid as it does not confer selective advantage.

### **C. DISSEMINATION (VULGARISATION) OF SCIENTIFIC KNOWLEDGE**

HCC will use websites and e-mail to communicate information to you, other levy payers and throughout the EU. This will ensure that information quickly reaches as great an audience as possible so interested parties are better able to understand the workings of the industry, which will assist in strategic business planning. The websites will contain details of the work carried out by HCC, information, industry statistics, guidance notes and publications. HCC may use other services including electronic services to provide information, for example, TV, SMS text messaging for news alerts and details of upcoming events, and teletext pages.

- The information will include market reports and analysis for particular sectors (including in-season price information), supply and demand updates, livestock production, consumption of products, consumer attitudes to the products and consumer trends as well as information on imports and exports and prices by species. This information will consist of both UK and EU data, and will include analysis and interpretation of UK, EU and international policy developments. HCC is also likely to provide market forecasts of production and consumption, as well as imports and exports by sector and species. These market forecasts will support the development of HCC activities and priorities.

Similarly, HCC will publish regular newsletters or bulletins as well as full scientific reports or report summaries that communicate the results of research and development projects into business and production techniques, improved environmental performance and improved

animal or plant health. HCC will also produce topic-specific livestock producer advice sheets and decision guides. Certain materials will be provided electronically (eg on CDs, on DVDs or on the Internet).

HCC will collect and disseminate market information and statistics. It will make the information available on the web and through newsletters, periodic press releases and reports on various aspects of the sectors' statistics. Other ways of disseminating the information and statistics will be through statistical compendia, special articles on consumer demand trends in specific product areas, and regular reviews of the UK, EU and international market situation and outlook for the various sectors.

- Market information and statistics will also be disseminated during seminars, meetings, and promotional events, and HCC is likely to organise presentations and talks based on the statistical information.

This information will not be tailored to individual businesses and will be available to all interested businesses, including those in other Member States. No selection of beneficiaries will take place under this activity.

- The UK authorities believe that this measure does not constitute state aid as it does not confer selective advantage.

#### **D. CATALOGUES OF SUPPLIERS**

HCC will produce and distribute catalogues of producers in Wales and of suppliers of Welsh red meat and products made from such meat, including on its website.

- These catalogues may be subdivided by region or in terms of the products produced. This will enable potential customers to contact you.

The information and presentation will be neutral. All producers concerned will have an equal opportunity to be represented in the publication.

- The UK authorities believe that this measure does not constitute state aid as it does not confer selective advantage.

#### **FURTHER INFORMATION ON THE SCHEME**

You are invited to read and make use of information published about this scheme on the HCC website:

[http://www.hccmpw.org.uk/medialibrary/pdf/EN\\_processors\\_and\\_marketers\\_scheme.pdf](http://www.hccmpw.org.uk/medialibrary/pdf/EN_processors_and_marketers_scheme.pdf)

For further information, please contact HCC at:

Hybu Cig Cymru - Meat Promotion Wales (HCC)  
Ty Rheidol  
Parc Merlin  
Glanyrafon Industrial Estate  
Llanbadarn Fawr  
Aberystwyth  
Wales  
SY23 3FF

Telephone: +44 (0)1970 625050  
Fax: +44 (0)1970 615148  
Email: [info@hccmpw.org.uk](mailto:info@hccmpw.org.uk)

Eligible businesses are invited to complete the Application Form in Annex 3 to indicate their interest in participating in the scheme. The completed and signed form should be returned to the address on that form.

- We will assess your eligibility. We will need your address including the postcode and confirmation that you are an SME. If you are eligible, we will register your interest and tell you how we can help you.
- Funding is limited, and objective selection criteria may be applied to maximize the benefit of the scheme. The criteria are:
  - There must be an identifiable need for projects.
  - Projects must have quantifiable and verifiable success criteria.
  - Projects must provide value for money.
  - Projects must be aimed at increasing returns to farmers.

### **DATA PROTECTION ACT**

HCC will maintain a record of the identity of recipients of aid under this scheme, amounts of aid granted and date(s) when aid was granted. The data may be provided to any organization(s) granting aid in the agriculture sector and will be passed to organizations responsible for upholding the provisions of Regulation 800/2008 on request.

### **OBLIGATIONS ON HCC**

HCC must keep records containing all information necessary to demonstrate that the regulatory conditions underlying this scheme are fulfilled. They must be kept for 10 years. An annual summary of payments must be provided to Defra (via WAG) for transmission to the EU authorities.

## **Scheme Rules Applicable to Processors/Marketers**

### **This Annex is applicable to ALL PARTICIPATING BUSINESSES PROCESSING AND MARKETING WELSH RED MEAT AND RED MEAT PRODUCTS**

#### **EU AND OTHER RULES**

##### **THE RULES IN THIS ANNEX APPLY TO ALL PARTICIPATING BUSINESSES**

- They apply to farmers who are processing or marketing red meat and red meat products and applying for support for their processing and marketing activities.
- They comply with the requirements of the General Block Exemption Regulation (GBER).

#### **RESTRICTIONS**

1. This scheme is geographically restricted to businesses having a commercial relationship with the production of red meat in Wales.
2. This scheme applies to businesses processing or marketing red meat from animals produced in Wales and/or products made from such meat. In this Annex, they are described as 'Processors/Marketers'.
  - Processors/Marketers must comply with the rules in this Annex and Annex 1.
  - The rules in this Annex apply to farmers who are processing or marketing red meat and red meat products and applying for support for their processing and marketing activities.
3. HCC will pay up to 50% of the eligible costs for any activity providing services other than training to Processors/Marketers within this scheme.
  - HCC is not permitted to pay more than 50% for such activities.
  - Only SME businesses are eligible for these services.
4. HCC will pay up to the maximum permitted percentages of the eligible costs for providing training to Processors/Marketers within this scheme.
  - The maximum proportion of the eligible costs that HCC is permitted to pay varies – see Table in paragraph 3A below.

#### **ELIGIBILITY FOR THE ACTIVITIES DESCRIBED IN ANNEX 3**

You must be:

- an operator anywhere in the European Union that is processing or marketing Welsh Lamb, Welsh Beef or pork from pigs produced in Wales.

For activities 1 and 2, you must be an SME, see Annex 1.

Other businesses may wish to contact HCC to enquire about other funding mechanisms that may be available.

#### **ACTIVITIES COVERED BY THE SCHEME:**

Activities not funded by state aid:

- A. Providing information on quality systems
- B. Providing information on production and products
- C. Disseminating (vulgarising) scientific knowledge
- D. Producing catalogues of suppliers

Activities funded by state aid:

1. Providing consultancy services
2. Assisting with the costs of organising events and attending meetings
3. Providing training

Activities A-D will be operated by HCC for the general benefit of all participants and other interested parties, and are described in Annex 1.

Processors/Marketers may participate in activities 1-3, as described below.

- Activities may be able to be funded outside this scheme. You may wish to contact HCC to enquire about other funding mechanisms that may be available.

#### **1. CONSULTANCY SERVICES**

You can be provided with consultancy services to support your activities if you are an SME. They will not include services for any continuous or periodic activities or relate to your usual operating expenditure (e.g. routine tax consultancy services, regular legal services, advertising).

- The consultancy services will be provided to you by third parties by agreement with HCC. HCC will pay the service providers directly.

Funding for this activity will be provided in accordance with Article 26 of GBER (Regulation 800/2008). HCC will pay up to 50% of the eligible costs, through subsidised services.

The eligible costs will be:

- Costs of the consultancy services.

#### **2. ATTENDING FAIRS AND SECTORAL EVENTS**

HCC will organise and you can be helped to attend sectoral events and fairs if you are an SME.

#### **2A. FAIRS AND SECTORAL EVENTS**

HCC will use fairs and exhibitions to transfer knowledge. HCC may arrange for expert speakers to transfer knowledge to stakeholders at the fair or the event, for example, by giving a talk or presentation, running a workshop or carrying out a field demonstration.

HCC representatives will attend the event and provide guidance and information to businesses, providing publications and displays.

For SME businesses processing and marketing Welsh red meat and red meat products, funding for this activity will be provided in accordance with Article 27 of GBER. HCC will pay up to 50% of the eligible costs, through subsidised services.

The eligible costs will be:

- The additional costs incurred for renting, setting up and running the stand, but only for the first time the business participates in any particular fair or exhibition.

### 3. TRAINING FOR PROCESSORS/MARKETERS

Training will enable you to develop new skills and improve those you already have, so you can operate more efficiently. Training is available for all Processors/Marketers.

#### 3A. GENERAL AND SPECIFIC TRAINING

The scheme covers training which favours you by reducing costs you should normally have to bear when you want your employees to acquire new skills. It applies whether the training is provided by you yourself or by public or private training centres.

The following training is excluded from this scheme:

- initial training (including apprenticeships and day release schemes);
- training of unemployed people, including traineeships in enterprises.

Different rules apply to 'general training' and 'specific training'.

- *General training* is training involving tuition which is not applicable only or principally to the employee's present or future position in your business, but which provides qualifications which are largely transferable to other businesses or fields of work and thereby substantially improve the employability of the employee.
  - Training is 'general' if, for example, it is jointly organised by different independent enterprises, or if employees of different enterprises may avail themselves of the training. It is also 'general' if it is recognised, certified or validated by public authorities or officially recognised bodies.
- *Specific training* is training involving tuition directly and principally applicable to the employee's present or future position in your business and providing qualifications which are not or only to a limited extent transferable to other businesses or fields of work.

The training will include general training and specific training.

- General training will be carried out in accordance with syllabuses relating to qualifications recognized at national level. These include National Vocational Qualifications, qualifications awarded by professional bodies (eg Institute of Meat, Chartered Institute of Environmental Health, Royal Society of Health, Royal Institute of Public Health and Hygiene), and national Diplomas and Degrees.

Funding for this activity will be provided in accordance with Articles 38 and 39 of GBER.

HCC will pay up to the following percentages of the eligible costs in accordance with the following Table, subject to a maximum percentage of 80% of the eligible costs:

	<i>Specific training</i>	<i>General training</i>
<i>Standard rate (for large firms outside assisted areas)</i>		
• Small businesses	45%	80%
• Medium-sized businesses	35%	70%
• Large businesses	25%	60%
<i>Increases to standard rate</i>		
• Beneficiaries: disadvantaged workers	+10%	+10%

The eligible costs will be provided through subsidised services and will cover:

- trainers' personnel costs;
- trainers' and trainees' travel expenses;
- other current expenses (materials, supplies, etc.);
- depreciation of tools and equipment, to the extent that they are used exclusively for the training scheme in question;
- cost of guidance and counselling services with regard to the training project;
- trainees' personnel costs up to the amount of the total of the above eligible costs.

Aid granted to any single company exceeding €1,000,000 is excluded from this scheme.

#### **FURTHER INFORMATION ON THE SCHEME**

HCC has allocated £550,000 of aid per year to the activities described in this Annex, of which £120,000 is allocated for training under activity 3.

See also Annex 1.

**WELSH RED MEAT (PROCESSORS AND MARKETERS) SCHEME  
APPLICATION FORM**

Please complete this form, and send it to:

HYBU CIG CYMRU - MEAT PROMOTION WALES (HCC), at  
TY RHEIDOL, PARC MERLIN, GLANYRAFON INDUSTRIAL ESTATE, LLANBADARN FAWR,  
ABERYSTWYTH, WALES SY23 3FF

**THE COMPLETED FORM MUST BE RECEIVED NO LATER THAN 1 JANUARY 2014**

Name of Applicant: .....

Type of Business:  Processor  Other (tick as appropriate)  
Specify .....

Name of Business: .....

Sole Trader  Partnership  Company (tick as appropriate)

Business Address: .....

Post Town: .....

Country..... Post Code: .....

Telephone: .....

Mobile phone: .....

Fax: .....

E-Mail: .....

I am interested in participating in the following part(s) of the scheme: (tick as appropriate)

- D. Being in catalogues of suppliers .....
1. Receiving consultancy services .....
2. Attending trade fairs and sectoral events .....
3. Training .....

Size of business

I am a SME  My business is larger than an SME  (tick as appropriate)

I have read the scheme conditions.

I am eligible to participate in the scheme.

I understand that HCC will maintain records of the aid granted to me under the scheme and must provide this information if required to do so by British or EU authorities.

Signed ..... Date ..... 20 .....