



WELSH RED MEAT (PRODUCERS) SCHEME

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

The activities covered by this scheme apply to the production of red meat (lamb, beef and pork) by small and medium-sized farming businesses. The scheme applies in relation to Wales. Parts of the scheme are subject to EC '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

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

Four key areas comprise services for Welsh farmers 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.

4. Encouraging production of quality products

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.

Eligibility for Technical Support

The scheme is restricted to farmers (producers) in small and medium-sized businesses. The activities will complement other HCC programmes. The scheme will provide funding in line with Block Exemption Regulation 1857/2006¹.

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

Activities will be available in key areas A-D (see Annex 1) and key areas 1-4 (see Annex 2).

- Farmers who are processing and/or marketing red meat and red meat products may also wish to participate in the similar Welsh Red Meat (Processors and Marketers) Scheme.²

Annexes

INFORMATION AND RULES

- General Information and the Rules applicable to activities funded without using state aid are in Annex 1.
- Rules for activities funded by state aid are in Annex 2.

APPLICATION FORM

- An Application Form is provided in Annex 3.

HCC INVITES YOU TO APPLY TO PARTICIPATE IN THE SCHEME.

¹ Commission Regulation (EC) No 1857/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products and amending Regulation (EC) No 70/2001 [OJ L 358, 16.12.2006, p. 3].

² See http://www.hccmpw.org.uk/medialibrary/pdf/EN_processors_and_marketers_scheme.pdf.

Analysis for State Aid Purposes only

This scheme includes Technical Support for Producers that is funded by state aid.

- The 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 Part providing State aid is 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

- Aid to Producers is provided under Regulation (EC) 1857/2006.

Information relating to this Part of the scheme is provided in the introductory text, Annex 1 and Annex 2.

Annex 3 contains the Application Form to express interest in participation.

SCHEME INFORMATION and SCHEME RULES**Management**

HCC will administer this scheme, communicating with eligible livestock farmers (producers) to enable all those wishing to participate to have an opportunity to do so.

- All Welsh SME producers will be able to express an interest and participate in the scheme, subject to legal and resource restrictions.

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 Welsh farmers 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 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 has operated since 1 April 2008.
 - 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).
 - This document was revised and updated in February 2009 to take account of the need to separate the similar scheme in relation to processors and marketers of Welsh red meat as a result of EU regulatory changes. This producers scheme was not altered.

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 provide technical support for processors and marketers of Welsh red meat and its products. Neither does it cover activities to promote or advertise products to consumers and buyers. Separate schemes cover 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.

- This scheme applies to farmers (producers) producing cattle, sheep and pigs in Wales.
- They must comply with the rules in this Annex and Annex 2.

BUSINESS SIZE RESTRICTION – MEANING OF SME

Only individuals and small and medium-sized (SME) businesses are eligible for support under this scheme.

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, see above.

- 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 £11.25 million (£2.25 million/year). It will benefit farmers (producers) and other interested parties.

Over the 5 years HCC intends to operate this scheme for activities relating to farmers in Wales. Of this, approximately £2.5 million (22%) will be used for activities that do not constitute State aid, including approximately £0.85 million (8%) of administrative costs. The remaining £8.75 million over the 6 years for activities 1-4 will constitute the state aid to producers being provided under the block exemption provisions.

Activities covered by the scheme:

There are eight 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
4. Encouraging production of quality products

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 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 the 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_producers_scheme.pdf

For further information, please contact HCC at:

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Parc Merlin
Glanyrafon Industrial Estate
Llanbadarn Fawr
Aberystwyth
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Telephone: +44 (0)1970 625050

Fax: +44 (0)1970 615148

Email: info@hccmpw.org.uk

Eligible farmers 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 1857/2006 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 Farmers (Producers)

This Annex is applicable to all farmers participating in Activities 1-4

EU AND OTHER RULES

- **THE RULES IN THIS ANNEX APPLY TO ALL PARTICIPATING BUSINESSES**
- They comply with the requirements of Block Exemption Regulation 1857/2006.

RESTRICTIONS

1. This scheme is geographically restricted to Wales.
2. It applies to SME farmers producing cattle, sheep and pigs in Wales.
 - Farmers must comply with the rules in this Annex and Annex 1.
3. HCC will pay up to 100% of the eligible costs for any activity providing technical support to farmers within this scheme.

ELIGIBILITY FOR THE ACTIVITIES DESCRIBED IN ANNEX 2

You must be a farmer producing cattle, pigs or sheep in Wales, and

You must be an SME, see Annex 1.

- In the case of a Producer Group, all the members benefiting from the scheme must be SMEs. Please inform HCC if your Producer Group includes a non-SME Producer.

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

ACTIVITIES COVERED BY THE SCHEME:

There are eight groups of activities that can be funded under this 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
4. Encouraging production of quality products

SME farmers may participate in any of these activities. 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. Activities 1-4 are described below, as they apply to farmers.

1. CONSULTANCY SERVICES

You can be provided with consultancy services to support your activities. 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, because HCC is not allowed to pay money for these services directly to producers.
- Consultancy services provided to/via a producer group cannot be restricted to its members. They must be made available on request and subject to resource limitations to Welsh producers who are not members of the group as well as to its members. Non-members may be charged for the group's administrative costs (actual costs) of providing the services. No other charges may be made to non-members in relation to the services.

Funding for this activity will be provided in accordance with Article 15(1), 15(2)(c), 15(3) and 15(4) of Regulation 1857/2006. HCC will pay up to 100% of the eligible costs, through subsidised services; HCC will not make direct payments of money to producers.

The eligible costs will be:

- Costs of the consultancy services.

2. ORGANISING EVENTS AND ATTENDING MEETINGS

HCC will organise and you can be assisted 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.

2A. FAIRS AND SECTORAL EVENTS

HCC will use fairs, exhibitions and sectoral events 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.

Funding for this activity will be provided in accordance with Article 15(1), 15(2)(d), 15(3) and 15(4) of Regulation 1857/2006. HCC will pay up to 100% of the eligible costs, through subsidised services; HCC will not make direct payments of money to producers.

The eligible costs will be:

- Travel and subsistence costs;
- Speakers' fees;

- Costs of publications;
- Rental of premises, including costs of demonstration facilities and equipment.

2B. SHARING KNOWLEDGE IN MEETINGS

HCC will arrange conferences, seminars and other meetings to present you with new information, advice and guidance on subject areas. This will include the communication of technical information involving new business techniques, production, marketing, exporting and/or environmental animal health technologies, and may include demonstrations.³ Industry fora will also be arranged where researchers, stakeholders and supply chain technical staff will present, review and discuss new subject matters, and develop priorities and activities. For example, some events will impart business techniques (such as risk management) and provide information on different technologies such as production methods, plant and animal welfare and environmental technologies. HCC may use meetings held by the supply chain for these purposes, by providing speakers or otherwise complementing the programme. It may co-host these events with a business or organisation within the supply chain, including processors, purchasers, packers, retailers, veterinary surgeons, merchants, farming unions and research institutions⁴.

- Events may be targeted at specific sectors and appropriate geographical constraints may be applied, but all businesses within that sector and area will usually be eligible to participate. Places at events will be awarded on a 'first come, first served' basis. Where demand exceeds supply, HCC may repeat the event.
- HCC will use other fora, such as clubs and discussion groups⁵ as a way of transferring knowledge. Participants may be present physically or electronically (e.g. through conference calls). HCC will provide consultants to support such activities to aid strategic planning, communicate new business techniques, enhance market and supply chain understanding, aid production technology and efficiency, and improve environmental, livestock or animal welfare performance.

Funding for this activity will be provided in accordance with Article 15(1), 15(2)(a), 15(3) and 15(4) of Regulation 1857/2006.

HCC will pay up to 100% of the eligible costs, through subsidised services; HCC will not make direct payments of money to producers. The eligible costs will be:

- Participation fees (actual costs of organising the meetings, including hire costs for the venue and equipment, speakers' fees, and travel and subsistence costs of the meeting organisers and speakers);
- Travel and subsistence costs of participants;

³ This scheme does not include the vulgarisation of new techniques as described in point 107 of the Community Guidelines for State aid in the agriculture and forestry sector.

⁴ The co-hosts may receive state aid; in such cases, the activities they undertake will benefit levy payers and the aid will be paid in line with Commission Regulation 1998/2006 on de minimis aid. For example, HCC may provide the subject matter and speakers while the co-host will provide the venue, the infrastructure, and the catering. In general, levy funding will be limited to the activities carried out by HCC or its procured service provider although there may be a small contribution to the hire of the venue or cost of the catering. HCC may fund more of the co-host's costs where it can be shown that they are providing a service that would cost more for HCC to provide itself.

⁵ You are invited to ask HCC to set up a new club (or group) or HCC may set one up and invite members. The club may be targeted at specific sectors or interests within a sector, such as breed, and may be divided on the basis of geographical area, but all businesses (including individual farmers) within that grouping will be eligible to participate. Clubs may have a minimum membership level to ensure that resources are targeted at a wide audience. Membership of clubs will be awarded on a 'first come, first served' basis for eligible applicants. If demand exceeds supply, HCC will consider setting up a second club.

- Costs of publications.

2C. COMPETITIONS

HCC will run competitions to encourage uptake of best practice. This will reward improved efficiency and work undertaken to promote products and may additionally result in education benefits.

Winners will be chosen according to objectively-defined rules, which will be individual to each competition. Prizes may be symbolic (eg in the form of plaques, trophies and certificates) or technical.

Funding for this activity will be provided in accordance with Article 15(1), 15(2)(d), 15(3) and 15(4) of Regulation 1857/2006.

HCC will pay up to 100% of the eligible costs, through subsidised services; HCC will not make direct payments of money to producers. The eligible costs will be:

- Participation fees (actual costs of organising the competition, including competition design, entry processing, judging, and the holding of award ceremonies);
- Symbolic prizes with a value of no more than €250 per prize and winner.

3. TRAINING FOR FARMERS

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

3A. TRAINING EVENTS

HCC will organise training events for farmers and farm workers. It may co-host such events with a business or organisation within the supply chain, including processors, purchasers, packers, retailers, veterinary surgeons, merchants, farming unions and research institutions⁶.

- Events may be targeted at specific sectors and appropriate geographical constraints may be applied, but all businesses within that sector and area will usually be eligible to participate. Places at events will be awarded on a 'first come, first served' basis. Where demand exceeds supply, HCC may repeat the event.
- Some activities will be provided as part of a programme of events with participants committing to participating in a number of events that will then be restricted to those committed participants.

HCC will provide travel scholarships for farmers and farm workers, to enable them to visit other EU member states and third countries, to learn about techniques used elsewhere and assist in transferring those techniques into Welsh production. Travel scholars will write reports on their experiences which will be disseminated by HCC and will participate in workshops and seminars arranged by HCC for the benefit of the sector. Scholarships will be

⁶ The co-hosts may receive state aid; in such cases, the aid will be paid in line with Regulation 1998/2006 on de minimis aid. In general:

- (a) HCC will provide the subject matter and speakers while the co-host will provide the venue, the infrastructure, and the catering, and
- (b) levy funding will be limited to the activities carried out by HCC or its procured service provider although there may be a small contribution to the hire of the venue or cost of the catering. HCC may fund more of the co-host's costs where it can be shown that they are providing a service that would cost more for HCC to provide itself.

offered on a competitive basis; the competition will be open to all eligible persons in Wales. Funding for this activity will be provided in accordance with Article 15(1), 15(2)(a), 15(3) and 15(4) of Regulation 1857/2006.

The eligible costs will be the training of farmers and farm workers. HCC will pay up to 100% of the eligible costs, through subsidised services; HCC will not make direct payments of money to producers. In particular, the eligible costs will cover:

- Costs of organising the training programme;
- Travel and subsistence costs of participants.

3B. BENCHMARKING, and

3C. BEST PRACTICE

Benchmarking and best practice schemes will allow your business to improve its financial and technical performance and make comparisons with other businesses.

- Benchmarking comprises obtaining a set of data relating to each of a number of operators, analysing their data and establishing your relative position against other operators in order to identify strengths and weaknesses.
- Best practice comprises schemes containing activities aimed at improving the efficiency of supply chains, and at improving processes in your business.
- HCC will build on this by identifying and disseminating information on sources of international best practice.
- By these means, you will learn best practice techniques from each other, and others, and raise standards within the sector as a whole.

Benchmarking and best practice programmes may be targeted at specific sectors, but all businesses within that sector will be eligible to participate. Any selection within a programme will be on a 'first come, first served' basis, subject to any restriction necessary to ensure the benchmarking is representative of the range of participants or the sectors.

- HCC will purchase or otherwise access an existing benchmarking tool, adapt existing tools or create new ones as required. This requires the collection and analysis of international data to use in comparisons and the design of the tool. The eligible costs for this will be consultancy services as in section 1 above.
- Your data will be input onto the system. You will receive a comparison with the core data. A diagnostic report may also be provided. This may operate via the Internet or via a CD Rom or may be offered through face-to-face consultancy (the eligible costs for this will be consultancy services as in section 1 above.).
- HCC may provide group workshops to help you to understand how to use the system and/or interpret the results and implement an action plan.

The eligible costs will be training of farmers and farm workers and consultancy services as in section 1 above. HCC will pay up to 100% of the eligible costs, through subsidised services; HCC will not make direct payments of money to producers.

In relation to training, the eligible costs will be:

- Costs of organising the training programme;
- Travel and subsistence costs of participants.

3D. DISSEMINATION (VULGARISATION) OF SCIENTIFIC KNOWLEDGE

As well as the general dissemination of scientific knowledge described under Activity C in Annex 1, the websites concerned may also contain restricted pages accessed through secure login. These pages may supply more specialised or tailored data, but will not name individual companies, brands or origin. Access will be made available to all businesses concerned in the relevant sector on request and may be restricted to a geographical area where appropriate. HCC will pay up to 100% of the eligible costs, through subsidised services; it will not make direct payments of money to producers. Funding for this activity will be provided in accordance with Article 15(1), 15(2)(e)(i), 15(3) and 15(4) of Regulation 1857/2006 and the eligible costs will be:

- Costs of the vulgarisation of scientific knowledge.

4. ENCOURAGING PRODUCTION OF QUALITY PRODUCTS

Quality products carry a premium in the market place.

HCC will undertake work to encourage the production of quality red meat products with the intention of adding value to agricultural production, helping the sector as a whole adjust to consumer demand, and placing emphasis on quality.

The types of activities that will be undertaken to encourage the production of quality agricultural products will include market research activities, quality assurance schemes, product conception and design, and the preparation of applications for recognition of geographical indications and designations of origin or certificates of specific character.

There will be no direct payments of money to producers.

4A. MARKET RESEARCH, CONCEPTION AND DESIGN

HCC will undertake or commission pre-competitive market research specifically aimed at identifying quality agricultural products, and how the quality of existing products can be improved.

The work will include:

- undertaking market research on consumers to gauge their perceptions of Welsh red meat and its products and highlight areas where consumers seek improved product quality.

The market research will consist of qualitative discussion groups, quantitative questionnaires, telephone research and in-home interviews, using representative samples of consumers.

- encouraging potential new quality product concepts and designs in liaison with consumers.

HCC will use the results of the market research to encourage the development of innovative quality agricultural products.

- It will ensure that the results of any research are available to all stakeholders in the relevant sectors, by publishing on the Internet or distributing as hard copy where necessary or appropriate. This will enable you to interpret the results and focus on innovation and product development that reflect the requirements of consumers more closely.
- The information obtained will be used to innovate and develop products that meet or exceed the qualities demanded by consumers. All levy payers will benefit from this area of work with the opportunity to develop their products and access to market information generated from the research.

- All levy payers will have access to the results of the market research activities.
- In addition, you will be encouraged to develop and share ideas for quality products with other stakeholders.

HCC will use the results of such activities to establish or encourage the development of a quality scheme based on such product conception and design. Such schemes would meet consumers' needs and would be in line with Article 22 of Regulation 1974/2006. Products complying with such schemes will therefore:

- have specific characteristics or a quality that goes beyond the commercial commodity standards;
- involve binding product specifications, compliance with which will be verified by an independent inspection body;
- be open to all farmers;
- be transparent and ensure complete traceability of the products; and
- respond to current and foreseeable market opportunities.

Funding for this activity will be provided in accordance with Article 14(1), 14(2)(a), 14(2)(b), 14(3), 14(4), 14(5) and 14(6) of Regulation 1857/2006. HCC will pay up to 100% of the eligible costs, through subsidised services; it will not make direct payments of money to producers.

The eligible costs will be:

- Costs of commissioning pre-competitive research and market research activities;
- Conception and design of quality agricultural products.
- Consultancy services for the introduction of quality assurance schemes
- Consultancy services as in section 1 above.

4B. QUALITY SCHEMES

HCC will administer two existing quality schemes: the Welsh Lamb PGI and Welsh Beef PGI schemes. These schemes are recognised under Regulation 510/2006, satisfying Article 22(1)(c) of Regulation 1974/2006.

HCC will encourage participation in a quality scheme in the pigmeat sector that satisfies the requirements for a nationally recognised quality scheme as set out in Article 22(2) of Regulation 1974/2006.

- This scheme will initially be the Quality Standard Mark scheme currently run by the British Pig Executive of the Meat and Livestock Commission as this applies in relation to Wales (this is a nationally recognised food quality scheme as per Article 22 of Regulation 1974/2006), or an equivalent quality scheme.
- Through the procedures outlined in 4A above, HCC will develop its own quality scheme for pork that will comply with the definition of nationally recognised food quality scheme set out in Article 22 of Regulation 1974/2006.
- The schemes will work by the businesses throughout the supply chains agreeing to produce and supply in accordance with the quality specification. This will be audited in accordance with EN 45011 by independent verifiers contracted through transparent procurement. The businesses may then use the relevant Quality Mark under licence.

The schemes will add value to markets for quality pork.

HCC has responsibility under Regulation 510/2006 to ensure the proper implementation of the PGI quality schemes, including control of the specifications applicable to products within the schemes. HCC ensures that compliance is verified throughout the meat supply chain to retailers and caterers, independently and in accordance with an internationally recognised standard. Compliance in retail and catering outlets is verified and enforced under the national official control system. HCC is responsible for dealing with cases of non-compliance, which may lead to the business concerned being ejected from the scheme in cases of serious or persistent non-compliance.

All farmers will be eligible to participate in the quality schemes, which will be open to businesses in all member states. Participants and other businesses authorised by HCC will be able to use the Quality logos in the marketing of their products (the costs of which are to be met by the business concerned). The logos may contain an origin indication which is subsidiary to the principal quality message. Use of such Quality logos in scheme activities will be the Welsh or British variant, although any national or regional variant may be used on compliant products as appropriate. There will also be an EU variant to cover products crossing frontiers within the EU in their production stages. The Community PGI logo will be used in relation to Welsh Lamb and Welsh Beef.

You will be able to use the following logos on products that comply with the quality schemes:

- Welsh Lamb, Welsh Beef (and PGI) logos:



- Quality Pork/Bacon/Ham Marks (alternative logos):



Funding for this activity will be provided in accordance with Article 14(1), 14(2)(c), 14(2)(d), 14(2)(f), 14(3), 14(4), 14(5) and 14(6) of Regulation 1857/2006. HCC will pay up to 100% of the eligible costs, through subsidised services; it will not make direct payments of money to producers except under Article 14(2)(f).

The eligible costs will be:

- Costs of initial certification of the HCC Quality Pork scheme
- Costs of training personnel to apply the schemes. The costs of controls carried out by farmers will not be supported.
- In line with Article 32(1)(c) of Regulation 1698/2005, HCC will provide an annual incentive to scheme participants to cover administration costs. The maximum incentive payment will be €3,000 per holding, and the duration for making this payment will be limited to a period of five years.

4C. EXPLOITING REGIONAL QUALITY

HCC will research its sectors in order to indicate how you can benefit from Community

recognition of the geographical indication, designation of origin or specific character of foods. Where possible, it will prepare applications for such recognition in accordance with the relevant Community regulations.

Funding for this activity will be provided in accordance with Article 14(1), 14(2)(a), 14(3), 14(4), 14(5) and 14(6) of Regulation 1857/2006. HCC will pay up to 100% of the eligible costs, through subsidised services; it will not make direct payments of money to producers.

The eligible costs will be:

- Costs of researching the benefits of product recognition (see 4A above).
- Costs of developing the specifications for the quality schemes.
- Costs of preparing applications for recognition of geographical indications, designations of origin and traditional speciality guaranteed.

Developed schemes will be open to all Welsh farmers and will benefit operators producing the quality products in any Member State.

FURTHER INFORMATION ON THE SCHEME

HCC has allocated £1.75 million of aid per year to the Welsh Red Meat Technical Support (Producers) Scheme described in this Annex, which is part of the overall Welsh Red Meat Technical Support scheme.

See also Annex 1.

For state aid purposes, additional information about the scheme as it applies to producers is provided on the HCC website:

http://www.hccmpw.org.uk/medialibrary/pdf/EN_producers_scheme.pdf

**WELSH RED MEAT TECHNICAL SUPPORT (PRODUCERS) 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: Farmer 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 an SME and I am interested in participating in the following part(s) of the scheme:
(tick as appropriate)

Key area

- D. Being in catalogues of suppliers
- 1. Receiving consultancy services
- 2. Increasing my skills
 - 2A. Attending trade fairs and sectoral events
 - 2B. Participating in knowledge transfer meetings
 - 2C. Entering competitions
- 3. Training
 - 3A. Being trained
 - 3B. Being benchmarked
 - 3C. Achieving best practice
 - 3D. Receiving specialised scientific knowledge
- 4. Producing quality products

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