



The impact
of Brexit
on **protected**
food names

SCENE SETTING

In this issue of Horizon we consider the impact that Brexit may have on the industry in terms of products of Geographical Indication (GI). The protection of geographical names designating agricultural products has existed for over 100 years and, currently, three schemes are available through the EU. The UK has a number of GI food products, particularly relating to meat and cheese. With the UK leaving the EU, this may have an impact on the ability to designate foodstuffs under the existing EU GI schemes.

AHDB will therefore examine:

- Current EU schemes of Geographical Indication and products covered
- The impact of these EU schemes and their importance to UK agriculture
- Potential options moving forwards.

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CURRENT EU GEOGRAPHICAL INDICATION PROTECTION

Agricultural producers in the EU are able to use Geographical Indications (GIs) to try to differentiate their products in domestic and international markets and help improve their competitiveness and profitability. At the same time, non-EU producers have registered products to act as a marketing tool, aiding their promotion within the EU. However, protection does not always translate into an economic success, since it requires farmers to follow a certain specification and this may involve additional costs.

The protection of geographical names designating agricultural products has existed since the end of the 19th century, both in the national legislation of countries and in multilateral agreements. GIs and traditional specialty designations are important instruments of the EU product quality policy first launched in 1992. This aims to maintain the diversity of agricultural production in the EU. The legislation was largely inspired by existing national quality systems and, in particular, by the French AOC (Appellation d'origine contrôlée) which is largely shaped by concept of 'terroir'. A terroir product would be characterised by a specific geographical origin, developed over a long period of interaction with the local traditions, local environment and savoir faire. Such factors are considered in applications for EU protected food names.

The most recent regulation on quality schemes for agricultural products and foodstuff (Regulation (EU) No 1151/2012) entered into force on 3 January 2013. DOOR is the database for agricultural and foodstuff product names registered as Protected Designation of Origin (PDO), Protected Geographical Indication (PGI) or Traditional Speciality Guaranteed (TSG), as well as names for which a request of registration has been filed with the European Commission.



The three EU protection schemes

Under the EU quality system, a named food or drink originating either from the EU or from outside the EU, once registered at European level, will be given legal protection against imitation throughout the EU. Any individual food producer or group of food producers can apply for EU protected food names. It can take up to four years for the name to be legally protected. However, protection goes on indefinitely once it's been granted by the EU. To use a protected name, the production methods must be inspected at least once every three years by the nominated inspection body.

The three protected schemes are as follows:

Protected Designation of Origin (PDO)	Protected Geographical Indication (PGI)	Traditional Speciality Guaranteed (TSG)
<p>To get a product protected under PDO, it must:</p> <ol style="list-style-type: none"> 1. Be produced, processed <i>AND</i> prepared in one defined area 2. Have distinct characteristics from this area. 	<p>PGI means a name which identifies a product:</p> <ol style="list-style-type: none"> 1. Originating in a specific place, region or country 2. Which is produced, processed OR prepared in this area (only one production stage is needed) 3. Whose given quality, reputation or other characteristic is essentially attributable to its geographical origin. 	<p>TSG refers to a specific product or foodstuff that:</p> <ol style="list-style-type: none"> 1. Results from a mode of production, processing or composition corresponding to traditional practice for that product or foodstuff 2. Is produced from raw materials or ingredients that are those traditionally used.
<p>There must be an objective and close link between the product's features and its geographical origin. The link is the key notion – only having specific skills or specific natural conditions in a given area are not enough. A similar product produced with the same skills in another area cannot be exactly the same.</p>	<p>Products have a specific characteristic or reputation associating them with a given area and at least one stage in the production process must be carried out in that area, while the raw materials used in production may come from another region.</p>	<p>Often, the most demanding part of a TSG application will be to show evidence that it is actually traditional, ie the particular process/recipe has been used in the exact same way for at least the past 25 years.</p> <p>Even if they often come from a particular country or region, TSGs may be produced in other countries according to the same specification.</p>
<p>Famous UK PDOs: Yorkshire Forced Rhubarb, Single Gloucester, Stilton Blue cheese</p>	<p>Famous UK PGIs: Cornish pasty, Melton Mowbray pork pie, Scotch Beef and Welsh Lamb</p>	<p>Famous UK TSGs: Traditionally Farmed Gloucestershire Old Spots Pork, Traditional Farmfresh Turkey</p>

PDO Case Study

Stilton Cheese PDO *specification*

Produced by dairy herds from the three counties of Leicestershire, Derbyshire and Nottinghamshire

- White Stilton, Blue Stilton and Mature Blue and/or Vintage Blue Stilton cheeses are made throughout the year in cheese-making dairies within the county boundaries of Leicestershire, Derbyshire and Nottinghamshire
- The processes by which Stilton cheeses are made have been established and evolved over the last 250 years. The knowledge has been handed down through generations of families and there is an unique pool of local knowledge and expertise.

(PDO criteria 1 on origin)

The climatic conditions existing in the counties of Leicestershire, Derbyshire and Nottinghamshire play a great part in the production of Stilton cheese. The counties of Leicestershire, Derbyshire and Nottinghamshire are situated in the East Midlands, in the central part of England, and experience a temperate climate. The temperature rarely reaches extremes and the humidity is lower than in the rest of England. These moderate conditions are essential for producing Stilton cheese.

The East Midlands offer, particular geographical conditions which give Stilton cheese its distinctive taste. Thanks to the high level of the water table, the counties of Leicestershire, Derbyshire and Nottinghamshire provide a very rich soil most appropriate for dairy farming.

Consequently, because the cows feed on grass growing on a rich soil, they produce rich, high-quality milk, necessary for making Stilton cheese. Evidence suggests that Stilton cheeses have been made in the defined area for more than 250 years and indeed the area is famed for its Stilton cheese. Any cheese made under a similar process but in a different geographical area could not bear the name Stilton.

(PDO criteria 2 on characteristics)

PGI Case Study

West Country Beef and Lamb PGI *specification*

- Stock born, raised, finished and slaughtered in Cornwall, Devon, Somerset, Gloucestershire, Dorset or Wiltshire.

(PGI criteria 1 and 2 on origin)

- Beef and lamb must be at least 70 per cent forage fed. The scheme requires an extensive system with a very minimum of six months grazing. The West Country grass-based production system is key to the PGI with health benefits from grass-fed beef and lamb, including increased omega 3 and more vitamin E, as well as closely connecting cattle and sheep with the landscape.

(PGI criteria 3 on quality and characteristics)



TSG Case Study

Traditionally Farmed Gloucestershire Old Spots Pork TSG *specification*

- Pork must come from pedigree Gloucestershire Old Spots. While pork is used in the registration, it applies to all products derived from the pigs including bacon, sausages, gammons and hams, etc
- In order to meet the specification 'Traditionally Farmed', producers and processors must adhere to set requirements relating to feed, environment, rearing, husbandry, transport and slaughter. For example, pigs must be reared from birth to slaughter in an environment that enables them to grow at a natural rate. Animals need to be slaughtered in small-scale abattoirs to minimise stress, with carcasses hung on the bone for three to four days from slaughter.
- The specific character of Traditionally Farmed Gloucestershire Old Spots Pork results from the traditional unimproved breed and traditional farming production method, which in turn gives the pork its distinctive properties.
- (TSG criteria 1 on traditional practice)

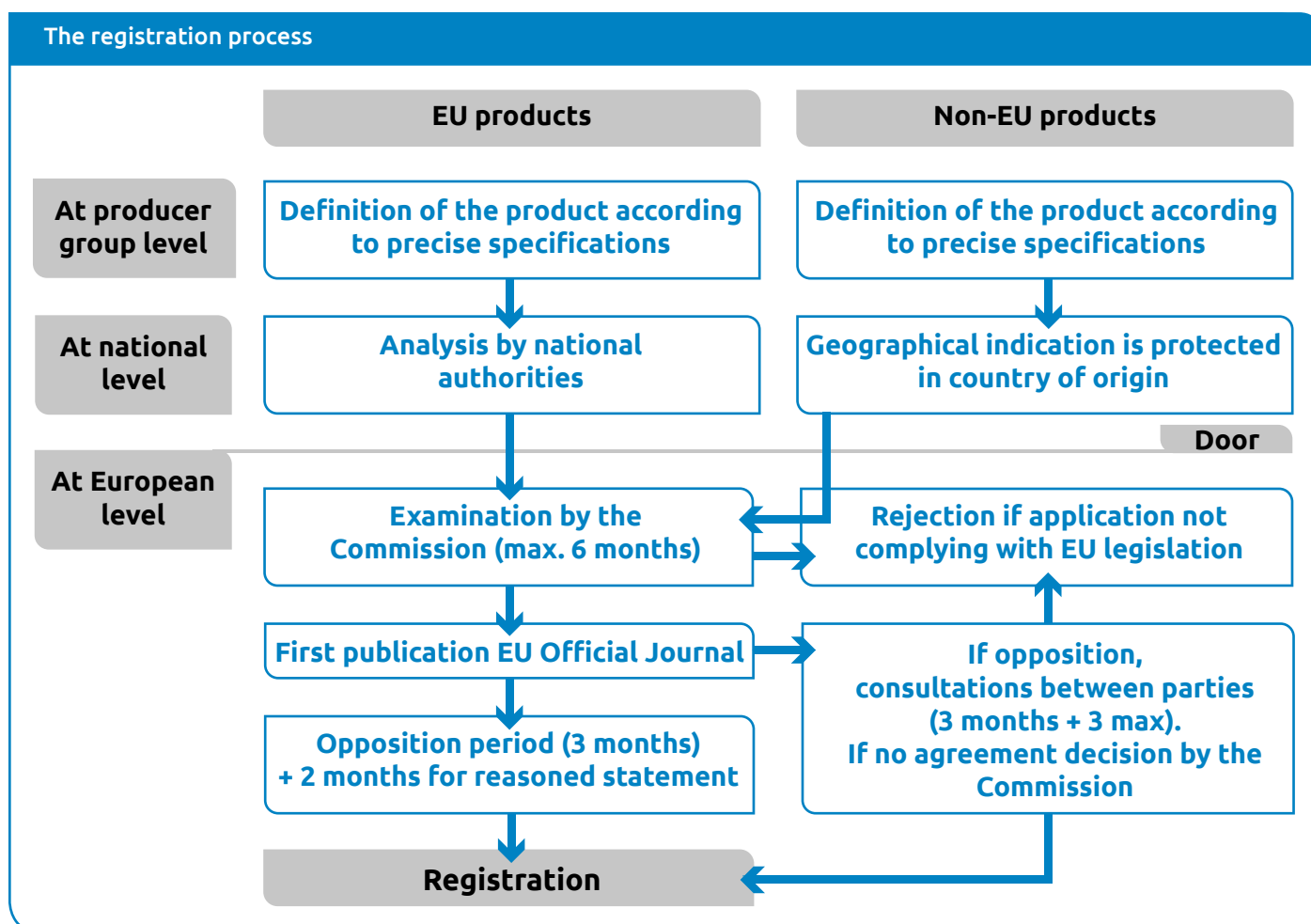


In January 2016, a series of labels were introduced for the three schemes which should be shown on the packaging in the same field of vision as the product name.



The registration process

A producer in the EU would send an application to its national authority, whereas, since 31 March 2006, a producer outside the EU would send the application directly to the European Commission. However, non-EU products must already be protected in their country of origin.



Source: EU Commission/ DG Agri



In total, 1,377 protected food names appear in the DOOR.

EU

The most represented sectors are fruits, vegetables and cereals (374), cheese (229), meat products (168), fresh meat (158), and oil (131). The leading member states are Italy, France, Spain and Germany.

UK

Compared to other European countries, the UK has a relatively low number of registered food names: To date, there are 61 UK registered products. Twenty-four are PDOs (including five fresh meat and ten cheeses), 34 PGIs (including six fresh meat, four meat products and six cheeses) and three TSGs. A list of current UK GIs can be found in the appendix of this report.

Seventeen applications are still in the pipeline, including traditionally reared pedigree Welsh Pork (TSG), amendments to West Country Beef/Lamb (modification to carcass specification to include -0 grade) and Welsh Lamb PGI.

Non-EU

The number of international registrations is very low, fewer than 30 in all: China (ten), Mauritius (four), Thailand (four), Turkey (two) and one each for Columbia, Dominican Republic, Norway and Vietnam. Further registrations from Chile and Colombia are set to gain EU recognition in 2017. In addition, Japan is seeking geographical indication protection for eight names, including 'Kobe' beef and offal products, in negotiations for a Free Trade Agreement (FTA) with the EU.

PROTECTED FOOD NAMES AND BREXIT

The Department for Environment, Food and Rural Affairs (Defra) recognises the benefits of protecting traditional and geographical food products and has confirmed this protection will remain while the UK is a member of the EU. Defra has a team in place to consider how best to protect these products post-Brexit.

Protection of EU registered GIs is also offered outside the EU by bilateral agreements. Such agreements may be independent treaties or form part of a wider trade agreement. For example, EU PGIs are protected through agreements with countries such as South Korea, Ukraine, Moldova and Georgia.

Looking ahead, the EU is negotiating GIs protection under two different frameworks: specific stand-alone agreements on GIs (eg with China) and broader trade agreements (FTAs) such as the EU-Vietnam Trade Agreement, which is not expected to be implemented until 2018.

What is likely to happen once the UK leaves the EU?		
	Existing protected food names	Future food names to be protected
Protection in the EU	<p>These would remain protected in the EU provided there is a reciprocal agreement between the UK and the EU on existing GIs.</p> <p>This would need to be covered by the exit agreement and any subsequent trade agreement with the EU.</p>	<p>Could still benefit from EU protection provided they are already protected under a UK protected food name status, which would need to be put in place.</p> <p>There would be a need to apply for EU protection once protected at national level.</p>
Protection in the UK	<p>The protection currently derives from EU law regulation.</p> <p>The UK government would need to plan for a transition period for relevant EU regulations to remain valid until a UK protected food name scheme is in place</p>	<p>Not likely to have many applications until a UK protected food name status is in place.</p>



ASSESSING THE IMPACT

Consumer recognition

The level of recognition of the umbrella PDO and PGI schemes is low in the EU, even in Member States which had a large number, according to a study by London Economics in 2008. They found that just eight per cent of shoppers recognised any of the PDO/PGI logos (shown on page 8). There is also confusion about the meaning of the scheme, with only 51 per cent of those who recognise the logos correctly indicating that the products are produced in a specific area.

However, while awareness of the schemes themselves is low, awareness of specific products which are protected can be much higher. For instance, within the UK, an AHDB-funded study conducted by YouGov in 2015 found that 11 per cent of consumers were aware of Welsh Beef and Lamb and 28 per cent were aware of Scotch Beef. Also, Hybu Cig Cymru – Meat Promotion Wales – undertook a PGI promotional programme for Welsh PGI Beef and Lamb between 2010 and 2013 and found awareness reached 27 per cent in Germany, 33 per cent in France and 57 per cent in Italy.

Market size

GIs for the EU agricultural sector (excluding wine and spirits) represent sales of €16 billion or 1.5 per cent of total EU food and drink sales, according to an AND-International/European Commission study in 2012.

Within the UK, GI marks are most common for cheese and meat products (see Appendix). AHDB estimates about eight per cent of total fresh beef and 14 per cent of fresh lamb sales volumes are GI protected products. The AND-International/ European Commission study highlights that the UK was the leading Member State for meat GI, accounting for 57 per cent of EU GI fresh meat sales.

While the EU market accounts for more than 60 per cent of GI sales, many products are exported. According to a European Commission study on the value of EU GI's, the United States was by far the leading market at €3.4 billion of EU GI products. Switzerland, Singapore and Canada were the next largest markets.

Premium

The real value of the PDO and PGI schemes is derived from convincing consumers to pay a premium price for specific products. A number of studies have been conducted to seek to put a value on this. Most recently, a European Commission-funded study by AND-International in 2012 calculated an average value premium rate for GI agricultural products and foodstuffs in the EU at 1.55. This means that GI products were sold for 1.55 times as much as non-GI products for the same volume. The value premium for agricultural products and foodstuffs in the UK is lower than the EU average at 1.07.

In a London Economics study of 2008, the responses show that traders and retailers view the scheme as contributing mostly to their reputation and stability of relationships and less to profit margins.

Retail benefits

Case studies have shown that smaller or specialised retailers have benefited from PDI/PDO with regards to the gain in reputation associated with selling high-quality products:

- Producers of PDOs/PGIs in remote areas see greater benefits of the scheme in the profitability and reputation of their business
- Producers of PDOs/PGIs produced on a smaller scale see a greater impact on stability of their business
- Producers of PDOs/PGIs produced on a larger scale see a greater impact of the scheme in terms of reputation to their business.



Increased costs

The value premiums reflect the market positioning of GI products but do not take into account the economic impacts of compliance with GI specifications, including additional costs and foregone earnings. The London Economics study found that, while PDO/PGI schemes yielded higher prices for the majority of products, these were typically more costly to produce, reflecting higher production, certification and producer group costs. Nevertheless, in 66 per cent of examples studied, the profit margin for PGO/PDI products was higher than for comparator products.

Impact conclusions

While awareness of GI schemes is low, it is clear that registered products can achieve price premiums. However, the registration of a name under the PDO/PGI scheme itself does not itself guarantee success either in the form of increased returns or market shares. Market shares and/or returns will only grow if there is interest from consumers and development of markets by producers either individually and/or collectively.

It is important to recognise that EU funding is used to promote food outside and inside the EU. In 2016, programmes worth €111 million were supported to find new markets and promote consumption outside and inside the EU. This activity covers the promotion of GI products, for which the UK has benefitted. It is unclear whether the UK Government(s) would continue to provide this type of support post-Brexit.



CONCLUSION

At present, the UK has 61 registered GI products and 17 applications in progress. The majority of these registrations relate to the meat and cheese sectors. Defra recognises the benefits of protecting traditional and geographical food products and has confirmed that this protection will remain while the UK is a member of the EU. Defra has a team in place which is considering how best to protect these products once we have left the EU.

GI's have been shown to deliver added value for some products such as Welsh Lamb but the registration of a GI on its own does not guarantee success and it needs to be combined with other factors such as market development and regional cooperation. Welsh Lamb has demonstrated how these factors can work together to increase sales.

Other benefits from GI status include traceability, proof of provenance and authenticity and studies suggest that consumers associate them with good quality.

When the UK leaves the EU, registered protected food names should be able to benefit from EU protection against imitation, provided there is a reciprocal agreement between the UK and the EU. There are currently 23 EU GI product registrations from non-EU countries. If the UK wishes to register protected food names post-Brexit with the EU, it would first need to set up its own national approval scheme. Only when products have been approved by a non-EU country's own national scheme can they be considered for approval under the EU protected food scheme. These products would also be protected by countries which have a Free Trade Agreement or bilateral agreement with the EU.

Once the UK stops being an EU member, it will no longer be possible for UK protected food names to be promoted in the EU or abroad, with the financial support of the EU. However, UK agricultural producers might still see some potential in using EU protected food names as a valuable marketing tool to differentiate their products on EU and international markets to improve their competitiveness and profitability.

APPENDIX

UK registered products

Carmarthen Ham	PGI
Conwy Mussels	PDO
Traditional Bramley Apple Pie Filling	TSG
Traditional Ayrshire Dunlop	PGI
Anglesey Sea Salt/Halen Môn	PDO
West Country Lamb	PGI
West Country Beef	PGI
Yorkshire Wensleydale	PGI
Pembrokeshire Earlies/Pembrokeshire Early Potatoes	PGI
Orkney Scottish Island Cheddar	PGI
Fal Oyster	PDO
Fenland Celery	PGI
East Kent Goldings	PDO
Lakeland Herdwick	PDO
Stornoway Black Pudding	PGI
Scottish Wild Salmon	PGI
Newmarket Sausage	PGI
Isle of Man Queenies	PDO
Armagh Bramley Apples	PGI
New Season Comber Potatoes/Comber Earlies	PGI
Native Shetland Wool	PDO
Lough Neagh Eel	PGI
Cornish Pasty	PGI
Traditional Cumberland Sausage	PGI
Traditionally Farmed Gloucestershire Old Spots Pork	TSG
Yorkshire Forced Rhubarb	PDO
Cornish Sardines	PGI
Traditional Grimsby Smoked Fish	PGI
Melton Mowbray Pork Pie	PGI
Scottish Farmed Salmon	PGI
Isle of Man Manx Loaghtan Lamb	PDO
Staffordshire Cheese	PDO
Scotch Lamb	PGI
Scotch Beef	PGI
Arbroath Smokies	PGI
Welsh Lamb	PGI
Welsh Beef	PGI
Traditional Farmfresh Turkey	TSG
Exmoor Blue Cheese	PGI
Dorset Blue Cheese	PGI
Cornish Clotted Cream	PDO
Teviotdale Cheese	PGI
Whitstable oysters	PGI
Shetland Lamb	PDO
Jersey Royal potatoes	PDO
Orkney Beef	PDO
Orkney Lamb	PDO
White Stilton cheese/Blue Stilton cheese	PDO
West Country farmhouse Cheddar cheese	PDO
Beacon Fell traditional Lancashire cheese	PDO
Single Gloucester	PDO
Swaledale cheese	PDO
Swaledale ewes' cheese	PDO

Bonchester cheese
Buxton blue
Dovedale cheese
Gloucestershire cider/perry
Worcestershire cider/perry
Herefordshire cider/perry
Kentish ale and Kentish strong ale
Rutland Bitter

PDO
PDO
PDO
PGI
PGI
PGI
PGI
PGI

UK products - applied for registration

Brighter Gold Rapeseed Oil
Lough Neagh Pollan
West Country Beef (amendment)
West Country Lamb (amendment)
Welsh Lamb (amendment)
Traditional Welsh Caerphilly/Traditional Welsh Caerffili
Cornish Sardines (amendment)
London Cure Smoked Scottish Salmon
Traditional Welsh Perry
Traditional Welsh Cider
Welsh Laverbread
West Wales Coracle Caught Sewin
Traditional Farmfresh Turkey
Watercress

PGI
PDO
PGI
PGI
PGI
PGI
PGI
PGI
PDO
PDO
PDO
PGI
TSG
TSG

UK products - published

West Wales Coracle Caught Salmon
Traditionally Reared Pedigree Welsh Pork
Vale of Evesham Asparagus

PGI
TSG
PGI



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