



# National Beef Association

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**Subject: Consultation on food supply chain quality schemes and branding**

Dear Guy

The National Beef Association welcomes the opportunity to respond to the above consultation.

The NBA feels that the British beef sector already contributes financially to the red tractor logo by paying for farm assurance inspections so that beef products can be branded with the red tractor logo.

The Association therefore does not support the use of its beef levy also being used to support a national logo, underpinned by assurance standards, across all six farming sector companies.

Any levy accrued from the beef sector must be used in a way to add value to the supply chain and the NBA can not see how the use of the beef levy (which is shrinking on an annual basis) to fund the red tractor logo would provide any additional benefits.

The NBA has and will continue to support the use of its English levy for the promotion and development of the Quality Standard Mark Scheme. The key reason for this support is because the QSM is perceived to add value by differentiating English beef, not British beef, on standards relating to eating quality. It is a unique selling point that can be used to advantage when competing with beef from other countries.

Independent studies have clearly indicated the British consumer strongly believes individual multiple retailers will provide them with safe and nutritious food that is raised to high welfare and management standards and is not influenced to the same extent by the red tractor – or other logos. High welfare and management standards are accepted as a given condition of sale; therefore the NBA would argue that the use of the red tractor logo does not add value to English beef effectively. We don't deny the red tractor logo is recognised by consumers, but what their understanding is of the logo is a subject for debate.

Our answers to your questions are:-

**1. Should AHDB invest levy payers' money to promote the quality and standards of its sectors' products?**

The decisions on the use of levy funds for the promotion or marketing of sector specific products must be made by the appointed board representatives for each sector company. Board representatives are responsible for using the levy to add value to its sector in the most cost effective and beneficial manner.

The NBA however does not support the siphoning off of a percentage of the beef levy to be used in the promotion, policing or administration of the red tractor logo (RTL) for reasons stated above.

We believe the funding revenue for the running costs, maintenance and promotion of the RTL should come from payments or registrations made by individual businesses or sectors that wish to be a member of the assured RTL scheme. We further suggest that if food companies choose to use the RTL they should pay for this privilege, as is the case with other well established brands.

The Association believes the Eblex Board and staff are best placed to make the right decisions, on behalf of the industry, regarding the marketing of English beef and beef products. The QSM already has EU approval as a quality standard scheme and therefore all available levies should be used to support the QSM.

In contrast, the RTL scheme does not have EU approval as a quality standard mark and is not approved under EU state aid regulations. If the scheme was EU approved, strict regulations would prevent the marketing of country of origin branding and the NBA does not perceive assurance standards as 'quality' indicators. Even if assurance standards were classed as quality measurements, their use on packaging could only be used as a secondary measure. Therefore the NBA does not consider the use of levy for a generic marketing activity based on the RTL, which could be applied to beef from other countries, provides benefits in increased sales or recognition of English beef.

The NBA considers the role of AFS to be the RTL administration body, policing and driving the uptake of the RTL assurance scheme and funding for this must be generated from the scheme itself. The RTL is currently owned by the NFU who have indicated they are prepared to fund the continuation of the scheme. If levies were to be gathered for the marketing of the RTL, AHDB would have to purchase the logo from the NFU, and the NBA does not support the use of its levy funds to achieve this.

The RTL at present can be placed on beef products from other EU and UK countries, for example Welsh and Scottish beef products, and the NBA is not convinced levy investment from these countries would be contributed to AHDB for its marketing activities; therefore English farmers would be paying for an activity that benefits beef products from other countries and the NBA feels this is not acceptable.

**2. Does there need to be a rationalisation of existing quality marks?**

There is clear evidence of consumer confusion regarding all the different marks used on product packaging. The NBA suggests a study could be made on all the different marks to establish which marks are recognised, valued and understood by consumers. This could result in a decision concerning rationalisation of marks that offer a clear and unique selling point for each sector.

Since the QSM was developed in 2004, the uptake and use of the logo has progressed significantly and this adoption by over 10,000 outlets truly indicates its value to consumers, the food chain and its suppliers.

**3. Should AHDB invest levy funds to promote uptake within the industry, police the proper use of a mark and build consumer awareness about the quality and standards of all sectors products?**

The NBA hopes it has answered this question in the above.

**4. If levy payer money was to be invested, should AHDB:-**

**a. create a new scheme**

No – The NBA supports levy being used to develop the QSM.

**b. adopt the RTL scheme as it is now**

No – The NBA does not support the use of the beef levy to develop or promote an assurance scheme.

**c. integrate existing standards in the beef and sheep sector into the RTL scheme?**

No – This would effectively dilute the quality aspects of the QSM.

**5. In your sector, which products or market segments do you believe would most benefit from the promotion of quality characteristics? Would you support levy payers' money being invested in this promotion?**

We consider promotion should be maintained for the beef supply chain and English beef and beef products. The NBA supports the continued use of levy funds to be invested in the promotion of its product and services under the QSM.

**6. If in your view, no products in your sector would benefit from promoting such a scheme would you accept other AHDB sectors working together at a sector level on such a scheme through AHDB?**

Yes, if this is the decision of each other sector company Board.

**7. Do you support levy funded investment even though this will mean that EU guidelines for promotion would need to be observed by all parties participating in the scheme throughout the supply chain even where private funds were invested?**

The NBA supports levy investment in the QSM which has EU and State Aid approval. It does not support the use of English beef levy investment in the RTL scheme which does not have such EU approval.