

PGI – Scotch Beef (Specially Selected Scotch Beef)**General Information**

Specially Selected Scotch Beef has PGI accreditation and is produced and processed within the geographical area defined as Scotland.

Beef production in Scotland

Scotland is renowned worldwide for the quality of its beef. The image of a mountainous and remote Scotland, linked to centuries of beef producing skills, gives the product a wholesome and natural image of quality.

Records of beef being exported to continental Europe go back as far as the 15th century and in many respects the system of beef production in Scotland remains broadly similar at the start of the 21st century. Harsh weather conditions combined with a low carrying capacity of farms in upland areas, have resulted in beef cattle production systems being split between upland breeding farms and more fertile finishing farms located in lower areas which enjoy more favourable climatic conditions. Breeders in the upland areas produce calves that are sufficiently hardy for upland conditions but where the land and climate cannot carry them over the winter period. As upland calves flourish on lower ground farms, the present system of breeding and finishing on separate farms has become traditional over the centuries. In many cases long standing trading relationships exist between breeders and finishers whereby low ground finishers will select calves from particular upland farms that are suited to their own low ground farm conditions and practices. Today traditional 'droving' or driving of stock on foot to finishing farms has been replaced by road transport, however the established system of public livestock auction of store or young cattle for finishing still exists. This serves as a means of viewing the quality of the stock prior to purchase and acts as an important social gathering for beef and sheep breeders and finishers. A feature of traditional Scotch Beef is that it is not breed specific.

Quality Meat Scotland

Quality Meat Scotland (QMS) is the industry association that currently holds the PGI for Scotch Beef (incorporating Specially Selected Scotch Beef - *SSSB*). QMS was formed in 2001 and incorporated the existing cross sector organisation 'Scotch Quality Beef and Lamb Association' (SQBLA) which had been established in the 1970s. QMS is a partnership between three key organisations in the Scottish meat and livestock industry: the Meat and Livestock Commission (the world renowned body responsible for the collection of a statutory levy which is used for research, development and the marketing of British Meat; the National Farmers Union of Scotland (representing 10,500 Scottish farmers - almost 100% of the production base in Scottish Agriculture, and the Scottish Association of Meat Wholesalers (representing the majority of the abattoirs in Scotland through which Scotch meat must pass to earn the designation 'Specially Selected Scotch').

It was SQBLA that recognised the potential benefits for Scotch beef of acquiring PGI status. The application for PGI designation for Scotch Beef (and Scotch Lamb) was initiated in 1996 and the designation achieved in 1998. The basis for the application had two dimensions: firstly, the product was based on traditional production systems and husbandry skills. This was then complemented by an elaboration process that involved full integration of the meat processing supply chain by a system of quality assurance schemes/ codes of practice that covered product processing from the farm to the consumer. SQBLA had an additional objective for achieving PGI

designation, *i.e.* to help reopen valuable export markets in Europe following the BSE crisis of 1996. OLP designations enjoy a greater profile in continental Europe than in the UK.

The brand 'Specially Selected Scotch Beef' was an add-on to the Scotch Beef designation, as it incorporated and surpassed all of the relevant features of Scotch Beef accredited under EC Regulation 2081/92 for products of Protected Geographical Indication (PGI). *SSSB* added a further layer of assurance to ensure product quality, safety and traceability in the supply chain. (Valli and Loader, 2000). Approximately 48% of the total beef produced by QMS producer members takes the *SSSB* brand. The remaining volume is sold at the lower specification of Scotch Beef or is down graded to commodity beef level if it does not meet the quality requirements set by the assurance schemes. 85% of beef producers in Scotland are QMS members and their output represents 90% of Scottish beef production.

SSSB and Specially Selected Scotch Lamb are two of only five meat based PGI/ PDO designations awarded in the UK, all of which are located in Scotland. The PGI: *SSSB*, is not typical of the accepted image of a PGI product, *i.e.* one produced or enhanced by a small artisanal firm. *SSSB* is in fact, a product produced, coordinated and promoted at industrial levels, addressing commercial issues of the Scottish and UK marketplaces for quality beef. QMS acts to facilitate the coordination of the delivery of the brand attributes and promotion of the brand. It is independent of the commercialization process. Its specific roles are:

- ✍ The promotion of Scottish red meat products, including the development of the 'Specially Selected Scotch' branding of beef, lamb and pork.
- ✍ The development and maintenance of the Specially Selected Scotch quality assurance standards (from the farm gate to the butcher) within the Scottish red meat supply chain
- ✍ Acting as a catalyst and facilitator in the identification and dissemination of best practice throughout the Scottish red meat supply chain (QMS, 2002)

In spite of the PGI designation, it is *SSSB*, 'the brand', that is promoted within the UK. Low consumer awareness of the significance of OLPs and widespread confusion over an increased level of information on food labelling, has resulted in the promotion of the PGI designation being given a low priority for the present. In addition, with the high volume of *SSSB* sold, the cachet of the designation might be diluted. However value-added products sold in specialist food markets do exploit the *SSSB* logo and carry the PGI accreditation symbol.

Definition, characteristic and legal protection

Traditionally the Scottish breeder/finisher system was defined geographically at the southern limit by the farms in the Scottish Borders/Northumberland area (England) to the southeast and Dumfries and Galloway (Scotland) and Cumbria (England) to the southwest. In the original PGI application, a '90 day' residency rule for finished stock prior to slaughter was specified before the finished product could be sold and labelled as Scotch Beef. The '90 day rule' has been debated heavily in the aftermath of the BSE and Foot and Mouth crises and has led for a call for a redefinition of the specification of Scotch Beef. In June 2002 a change to the specified requirements for Scotch Beef was applied for so that Scotch Beef will in the future refer to cattle 'born, raised and slaughtered' entirely in Scotland. It is anticipated the process to change the definition of Scotch Beef will take 12-18 months.

Independent inspectors monitor farms participating in the QMS Farm Assurance Scheme. Parallel schemes to check and control other parts of the production process - feed companies, auction markets and haulage companies, are also in operation. Meat plant members (abattoirs/processors) of the Guild of Scotch Quality Meat Suppliers, complete the quality assurance chain. *SSSB* products are processed to strict conformation, hygiene and maturation standards in fully EU

approved plants. Scottish Food Quality Certification Ltd (SFQC) is the independent organisation responsible for policing and administering the *SSSB* quality assurance programme. SFQC was the first food and farming certification body in Europe to be awarded EN45011 status, adopted by the EU as the yardstick for food certification schemes. SFQC's achievement ensures that the production and processing of *SSSB*, are accredited to unrivalled UK standards. The relevant legislation and codes of practice regulation the standards met by *SSSB* are given in Annex 1.

Link with production and marketing system

In its capacity as industry and supply chain coordinator, QMS maintains links with the following organisations and professional bodies such as: The Scottish Association of Meat Wholesalers, The Guild of Scottish Meat Plants, The Guild of Scotch Quality Butchers, The Scotch Beef Club¹ and the multiple retailers.

The marketing strategies pursued by QMS reflect the two main objectives of the organisation:

- ✍ To improve the competitive position of the Scottish meat and livestock industry at home and abroad, thereby bringing tangible benefits to the sectors involved, from primary production to point of sale.
- ✍ To provide co-ordination and leadership for the whole of the industry thereby allowing the organisation's vision and strategies to be developed. (QMS, 2002)

Marketing strategies pursued by QMS are underpinned by five key objectives:

1. QMS should be 'Consumer Facing'.
2. The Specially Selected Scotch Quality Assurance Scheme is the foundation of all marketing activity.
3. All marketing activity for beef is led by the *SSSB* brand.
4. Commercial added value is sought in all activities.
5. QMS should do a few things extremely well by focusing their resources to gain maximum impact. (QMS, 2002)

The move to capture added-value using *SSSB* is one endorsed by SEERAD² which in report carried out in 2000 on a forward strategy for Scottish agriculture, identified the need for new product development and the development of new markets for existing products (SEERAD, 2001).

Commercial interaction with the multiple retailers (supermarkets) and the independent butcher retailers is the left to the large meat plants, or independent wholesalers supplying *SSSB* to carry out trade negotiations and interpret retailer demands. The requirement for 'due diligence' and product traceability by the multiple retailers has resulted in responsibility for delivering these being passed on to the supply chain. Increasingly, the meat plants that coordinate the slaughter process, demand that all producers are members of a quality assurance scheme and carry relevant certification. In effect, membership of such schemes is a pre-requisite for market entry for actors in the supply chain.

At the product level, support for specialty foods in the UK is provided by the agency *Food From Britain Ltd.*, which operates nationally *via* regional development agencies. *Food from Scotland*

¹ Scotch Beef Club: Association of over 200 top UK hotels and restaurants serving *SSSB*.

² The Scottish Executive, Environment and Rural Affairs Department

Ltd. promotes Scottish specialty foods and food products that are more generally those produced by small-scale firms. Therefore while SSSB ‘the brand’, is promoted by QMS, it is added-value food products (e.g. specialist butchering, preserving etc) using SSSB that are differentiated and promoted under the *Food from Scotland Ltd.* initiative. Partly funded by Scottish Enterprise, *Food from Scotland Ltd.* acts as a link between major food multiple retailers, wholesale and food service accounts, and the independent Scottish food manufacturers to enable them to access opportunities which they could not achieve on their own. Building and creating partnerships between manufacturers, volume retailers and food service customers is a key strategy at *Food from Scotland Ltd.* The partnership process opens up opportunities to achieve significant benefits such as:

- ✍ Sourcing & developing new products

- ✍ Delivering a firms’ Category Management strategies both regionally and nationally

In effect, activities of *Food from Scotland Ltd.* overlap with wider rural development objectives.

Link with the Consumer

In 1999, DEFRA³ sponsored consumer research into perceptions and attitudes towards OLP products and labelling. Using statistical techniques that indicate the strength of any relationship between consumer attributes and their purchasing practices, the results show that in the UK:

- ✍ older consumers are more likely to purchase protected regional products than younger consumers;

- ✍ income has a significant positive effect on the likelihood of purchasing a regional product;

- ✍ regional inhabitants are more likely to purchase ‘their own’ regional products than people from outside the region;

- ✍ the greater importance consumers attached to place of origin and to the presence of quality labels, the larger the chance of purchasing a PDO/PGI product.

SSSB see its greatest opportunities in the general quality market and not in the specialist food niche markets. One of the most important developments QMS has led since its creation is to focus its marketing budgets behind its brands. By insisting that its marketing budgets follow the brand mark ‘SSSB’, QMS has been able to focus its communication on beef in 2001 to the general consumer by the simple message ‘Specially Selected Scotch Beef - ‘Raised the way you want it’. This communicates the benefits of a rigorous quality assurance scheme married to the unspoilt Scottish environment and leaves the way open for further elaboration of SSSB by specialist food producers for markets where the OLP label can be exploited.

In its promotional capacity, QMS is uniquely placed to gather and analyse information on the consumer and disseminate information at UK level on the beef industry in Scotland. It does this by frequent consumer survey and consultation, presence at agricultural and food trade shows and fairs. All aspects of the marketing communication mix have been used to communicate with the end customer, the consumer. This is achieved *via* television, posters, merchandising, press, radio, website (<http://www.qmscotland.co.uk/>), and direct mail. Consumer surveys are commissioned and are carried out by leading market research companies.

In addressing the central role of the consumer, QMS has taken action to reassure its consumers at critical times e.g. the setting up of a consumer information telephone call-centre as a response to

³ DEFRA – UK government Department of Environment, Food and Rural Affairs

the UK Foot and Mouth Disease epidemic in 2001 allowed immediate clarification of the position of Scotch beef and lamb amid a range of confusing and conflicting messages.

Finally QMS has an established liaison with SEERAD⁴ and other Government and industry departments thereby allowing changes in policy for example, to be responded to quickly.

Link with rural development

With 85% of its land classified as Less Favoured Area (LFA), Scottish is, by needs, orientated towards ruminant livestock production, such as suckler cows and to extensively reared sheep. Seventy percent of Scotch beef production comes from grass fed suckler herds with 30% coming from the dairy herd. These figures are reversed for the UK herd outside Scotland with only 30% of beef coming from suckler production. Beef production is a key agricultural employer in Scotland involving primary production and downstream processing activities. It is particularly important in the northeast of the country.

SSSB is inextricably linked to maintenance of rural incomes and jobs through the production and transformation of beef. A range of support mechanisms exists for beef cattle production in Scotland that indirectly support rural development *via* livestock farming and associated processing industries. These are administered by the Scottish Executive, Environment Rural Affairs Department (SEERAD) and include the Suckler Cow Premium Scheme, the Beef Special Premium Scheme, the Sheep Annual Premium Scheme (etc) as well as those schemes under the auspices of the Scottish Rural Development Plan (SRDP) such as the Rural Stewardship Scheme, the Less Favoured Areas Scheme, the Organic Production Scheme and the Farm Woodland Scheme. Other support has come through rural development programmes and in the past included Leader I and II, Objective 1 and 5b programmes, designed to extend rural employment and secure rural incomes. In Scotland local enterprise companies and the local and statutory authorities administer these programmes.

The Scottish Executive's new strategy for rural development will guide the Executive's input into UK and EU level discussions on the CAP. The CAP is however, increasingly permitting Member States flexibility to tailor their support regimes to local priorities. Two of the key tools in that respect are the new Rural Development Regulation (EC) No 1257/1999 and the Horizontal Regulation (EC) No 1259/1999, introduced as part of the Agenda 2000 changes (SEERAD, 2001). The Highlands and Islands region of Scotland is an area of low population and one identified as requiring targeted support. Although policy will continue to shift support away from agricultural production to rural development targets, nevertheless livestock producers in less favoured areas will remain the main route for effecting these changes.

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⁴ Scottish Executive, Environment and Rural Affairs Department

Towards an Analytical Method in WP5

In WP5, the development of a common framework for the analysis of the characteristics of the production and marketing of OLPs, is crucial if the level of advantage these designations bring are to be gauged and measured. The effects of the impact of various macro and micro dynamics on people, approaches and practices involved in OLP production must be rigorously evaluated against similar non-OLP products, if the case for their encouragement is to be promoted. Benefits need to be discernable and measurable against baseline figures and aspirations that enable comparative trends to be identified and quantified.

Questions need to be answered by OLP managers are:

- ✍ Has accreditation delivered on the specific goals and objectives of firms or have achievements fallen short of expectations of the accreditation?
- ✍ How has OLP designation helped overcome past macro economic pressures?
- ✍ To what extent are OLPs better positioned to face future macro changes as a result of OLP designation?

Traditional SWOT analysis techniques could offer a methodological starting point. Using a comparison of baseline and current analysis of strengths, weakness, opportunities and threats, the level of fitness of OLP firms to deal with macro economic stresses and shocks in the past and present could be exposed. In this way a quantitative analysis of the benefits (and non-benefits) accruing to OLP firms (and products) over non-OLP firms could be established for a given period and for a comparable set of benchmarking standards.

ANNEX 1

Animal Welfare

Legislation - Summary of the law relating to Farm Animal Welfare (DEFRA 1992) Welfare of Livestock Regulations 1994
The Welfare of Livestock (Amendment) Regulations 1998
Codes of Practice - Codes of Recommendations for the Welfare of Livestock - Sheep (DEFRA)
Codes of Recommendations for the Welfare of Livestock - Cattle (DEFRA)

Veterinary Medicines

Legislation - Veterinary Surgeons Act 1966 (as amended 1988 and 1991)
Codes of Practice - Codes of Practice for the Safe use of Veterinary Medicines on Farms (NOAH) and VMD

Pollution

Legislation - Refer to the guide given in the Codes of Practice (see below)
Codes of Practice - Prevention of Environmental Pollution from Agricultural Activity - Code of Good Practice (SEERAD)

Transport

Legislation - Council Directive 91/628/EEC on the Protection of Animals During Transport
Welfare of Animals Transport Order 1997
Bovine Animals (Records, Identification and Movement) Order 1995
Cattle Identification Regulations 1998
Sheep and Goats Identification (Scotland) Regulations 2000
Codes of Practice - Codes of Welfare of Livestock in Transit and Markets (DEFRA)

Auction Markets

Legislation - Markets, Sales and Lairs Order 1925 (amended 1996)
The Welfare of Livestock at Markets Order 1990
Codes of Practice - Codes of Welfare of Livestock in Transit and Markets (DEFRA)

Feeds

Legislation - Feedingstuffs Regulations 1996 and Feedingstuffs Regulations 2000
Feedingstuffs (Sampling and Analysis) Regulations 1994
Medicines (Medicated Animal Feedingstuffs) Regulations 1996
Codes of Practice - Safe handling and storage of animal feeds
Handling, storage and transport of raw materials intended for incorporation into, or direct use as, animal Feedingstuffs