

# **Bringing home the harvest:** Supporting the Welsh food processing industry

January 2026



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# **Bringing home the harvest:** Supporting the Welsh food processing industry

January 2026



# About the Committee

The Committee was established on 23 June 2021. Its remit can be found at:  
[www.senedd.wales/SeneddEconomy](http://www.senedd.wales/SeneddEconomy)

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Current Committee membership:



**Committee Chair:  
Andrew RT Davies MS**  
Welsh Conservatives



**Hannah Blythyn MS**  
Welsh Labour



**Alun Davies MS**  
Welsh Labour



**Luke Fletcher MS**  
Plaid Cymru



**Samuel Kurtz MS**  
Welsh Conservatives



**Jenny Rathbone MS**  
Welsh Labour

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Hefin David MS was a Member of the Committee during this inquiry. He sadly passed away on 12 August 2025.



**Hefin David MS**  
Welsh Labour

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The following Member attended as a substitute during this inquiry.



**Rhun ap Iorwerth MS**  
Plaid Cymru

# Contents

<b>Chair's foreword .....</b>	<b>5</b>
<b>Recommendations .....</b>	<b>7</b>
<b>1. Background .....</b>	<b>9</b>
The Welsh food and drink industry .....	10
<b>2. The Welsh Government Strategy .....</b>	<b>12</b>
Vision for the Food and Drink Industry .....	12
Community Food Strategy .....	16
Our view .....	18
<b>3. Red Meat .....</b>	<b>20</b>
Our view .....	25
<b>4. Horticulture .....</b>	<b>27</b>
Our view .....	29
<b>5. Seafood .....</b>	<b>31</b>
Our view .....	31
<b>6. Business support .....</b>	<b>33</b>
Our view .....	38
<b>7. Public procurement of food .....</b>	<b>41</b>
Social Partnership and Public Procurement (Wales) Act 2023 .....	45
Our view .....	46
<b>Annex 1: List of oral evidence sessions. ....</b>	<b>47</b>
<b>Annex 2: List of written evidence .....</b>	<b>48</b>

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## Chair's foreword

The Food Hall is always one of the busiest parts of the Royal Welsh Show for a reason. In Wales, we make excellent food. From Halen Môn to Gower Salt Marsh Lamb, or from Denbigh Plum to Caerphilly Cheese, the Welsh food sector is something we can be truly proud of. It is big business too. Nearly one in five Welsh jobs are in the food and drink supply chain, and the sector generates around £7bn of Gross Value Added a year.

However, with the right Government support, the industry could achieve even more. Processing is often where the most value is added to food produce, and a strong food processing sector supports robust local supply chains, allowing people to enjoy the great food produced in their local area.

This report sets out a vision for a resilient, sustainable, and thriving Welsh food processing industry. To achieve this aim, we make six recommendations which we believe will help create and secure jobs, increase the GVA from our food sector, and build strong local supply chains.

The next Welsh Government must take a coordinated approach to the food system. To do this, they must create an overarching and holistic strategy for the whole food system, align Government food policy, support the food processing sector, and prioritise sustainability and food security. While strategic planning is essential, it must also address sector-specific challenges, such as livestock decline and opportunities in horticulture, ensuring that policy is responsive to the realities faced by producers and processors alike.

We heard how the decline in Welsh livestock numbers could threaten the viability of our abattoirs. It is important the Welsh Government examines how we can avoid destocking Welsh farms but then importing lower quality, lower welfare and higher carbon meat.

However, we also heard about the significant opportunities for growth in our horticulture sector, which could also support resilience and sustainability. As Welsh farming is livestock-dominated, the systems and infrastructure is largely focused at supporting that part of the industry so the next Welsh Government will need to specifically support horticulture for example through skills development to realise those opportunities.



Business support will also be an essential part of promoting our food industry. To this end, we have made recommendations to back winners, address market failures and to foster the growth of micro and medium-sized enterprises.

I would like to thank everyone who took time to give evidence to this inquiry.

A handwritten signature in black ink that reads "Andrew RT Davies". The signature is written in a cursive, slightly informal style.

**Andrew RT Davies MS**

Chair



## Recommendations

**Recommendation 1.** The next Welsh Government must coordinate its approach to the food system by ensuring policies are joined-up and complementary. This must include ensuring the food processing sector is supported to both help businesses grow and ensure Welsh providers can service the Welsh market. To do this, they must create an overarching and holistic strategy for the whole food system designed to support the aims of the Vision and align Government food policy, promote the food processing sector, and prioritise sustainability and food security..... Page 19

**Recommendation 2.** The next Welsh Government should look at how it can support Welsh abattoir and food producers to ensure relatively low carbon Welsh meat can be served on Welsh plates, to avoid destocking Welsh farms but importing lower quality, lower welfare and higher carbon meat. They should give serious consideration to the stocking density of Welsh livestock farms and consider introducing a headage scheme similar to the Scottish Suckler Beef Support Scheme..... Page 26

**Recommendation 3.** The Welsh Government should adopt Food Policy Alliance Cymru's ambitious target of 75% of vegetables consumed in Wales to be produced here sustainably. To achieve this, the Welsh Government must invest in horticultural business, support the development of horticultural skills and make a specific effort to improve horticultural food processing infrastructure. .... Page 29

**Recommendation 4.** The Welsh Government should set out any work it has undertaken to support the Welsh seafood processing industry and to encourage the consumption of Welsh seafood domestically..... Page 32

**Recommendation 5.** The Welsh Government must ensure it has a strategic plan to ensure there is a “team Wales” approach between producers, processors, retailers and hospitality and that food processing is firmly supported and allowed to play its vital role in the foundational economy. A key part of this work should be exploring how they can fill the ‘missing middle’ gap in Welsh food production and encourage our excellent micro businesses to grow. As part of this they should:

- Examine what lessons can be learnt from the Irish approach set out in Food Harvest 2020 and to picking winners;

- Develop programmes to help food processing businesses upskill their employees and to allow people to learn innovative or underused food processing skills to fill gaps in the Welsh food processing market
- Review the food processing infrastructure offer across Wales, identify gaps and set out a plan to fill them in order to strengthen local supply chains and retain GVA; and
- Consider how it can address the market failure caused by relatively lower property prices making it harder for many Welsh businesses to access loans against capital investment in the food processing sector.  
..... Page 40

**Recommendation 6.** The Welsh Government should expand successful schemes supporting public procurement and integrating public sector purchasers into local supply chains, in order to realise the objectives of the Social Partnership and Public Procurement (Wales) Act.....Page 46

## 1. Background

The Welsh Government's latest economic appraisal for the Welsh food and drink sector (2024) shows that the food and drink supply chain employed 223,500 people in 2023 (17 percent of Wales's total workforce). In 2022 the sector created Gross Value Added (GVA) of £7.0bn.<sup>1</sup>

1. In spring 2025, the Committee agreed to carry out an inquiry into food processing.
2. The terms of reference were to consider:
  - the Welsh Government's performance in delivering against the objectives in its Vision for the Food and Drink Industry;
  - whether the objectives in the Vision for the Food and Drink Industry remain fit for purpose or whether they should be revised;
  - the effect decreasing numbers of livestock have on the ability of the processing sector to add value to Welsh produce;
  - what the Welsh Government can do to further support the processing sector to increase added-value for food products in Wales, particularly for the red meat, dairy and horticulture sectors; and
  - the barriers to increasing the public procurement of food processed in Wales.
3. The Committee held a public consultation from 13 May to 24 June 2025, and received 13 responses. Oral evidence sessions were held between June and September 2025, with witnesses including from food processing businesses, academics and local authorities. The Committee hosted a roundtable discussion

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<sup>1</sup> Businesswales.gov.wales: [Economic Appraisal: Welsh Food and Drink Sector](#); GVA figures have not been published for 2023 as the Office for National Statistics had identified problems in the system it uses to collect and process the survey they are drawn from.

with stakeholders at the Royal Welsh Show on 21 July 2025. A final evidence session with the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs (“the Deputy First Minister”) was held on 24 September 2025.<sup>2</sup> Further information on the evidence received is available in the Annexes.

**4.** The Committee is disappointed by the lack of engagement from retailers during this inquiry. Retail is the gateway to the consumer and their input would have been invaluable. Unfortunately, although they were invited, neither the Welsh Retail Consortium nor any of the major supermarkets were available to give evidence as part of this inquiry; the Committee is cognisant this creates a deficiency in the report.

## **The Welsh food and drink industry**

**5.** The Welsh Government describes the food and drink industry as “a cornerstone of the Welsh economy”.<sup>3</sup> Its economic appraisal shows that:

- The number of people employed by the food and drink supply chain (40,000 people in 2023) saw a 7% percent increase from 37,500 in 2022;
- In 2024 the sector experienced an increase from 2023, with turnover increasing by £945m (10%) from £9.3bn to £10.2bn;;
- Exports increased in 2024 compared to 2023, rising from £813m to £839m, an increase of 3% (£26m));
- 73% of the business units in the sector were classified as Micro in 2024, 2% less than 2023. This is similar to the other UK nations, (England at 75%, Northern Ireland at 70%, and Scotland at 67%);
- The median salary for the sector in Wales was £26,418 in 2024, a decrease of £125 (0.5%) from 2023; and.
- As mentioned above, updated GVA figures are not available however, the sector saw a 13 percent increase to £7bn in 2022 from £6.2bn in 2021.<sup>4</sup>

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<sup>2</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025

<sup>3</sup> Welsh Government evidence paper, September 2025

<sup>4</sup> Businesswales.gov.wales: Economic Appraisal: Welsh Food and Drink Sector

**6.** The Welsh food and drink supply chain includes manufacturing and related packaging, agriculture and fishing, retail and wholesale, and non-residential catering.

## 2. The Welsh Government Strategy

### Vision for the Food and Drink Industry

**7.** The Welsh Government's Vision for the Food and Drink Industry ("the Vision") was published in November 2021.<sup>5</sup> It aims to:

- ensure an environmentally and socially responsible supply-chain with an international reputation for excellence; and
- grow the industry at a higher rate proportionally to the rest of the UK.

**8.** The Vision includes six high-level objectives, which it describes as 'key success measures':

- **Growth.** Every year the turnover value of Wales' food foundation sector will proportionately grow more than the rest of the UK, and to at least £8.5bn by 2025.
- **Productivity.** The three-year average of Gross Value Added (GVA) per hour worked of Wales' food foundation sector will increase proportionately more than the rest of the UK.
- **Fair Work.** Every year, the proportion of Wales' food foundation sector employees receiving at least the Real Living Wage will increase, to achieve 80 percent by 2025.
- **Accreditation.** Every year, there will be an increase in the proportion of food and drink manufacturing and processing businesses holding accreditation (e.g. environmental management, staff development, production and other relevant standards).
- **Awards.** Every year, there will be an increase in the proportion of businesses in the food and drink manufacturing and processing sector, achieving awards appropriate to their business. By 2025 at least six more Welsh products will join the UK Geographical Indication (GI) Scheme.
- **Hygiene.** 98 percent of food and drink manufacturing and processing businesses will have a food hygiene rating of 5 by 2025.

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<sup>5</sup> [Food and Drink Wales: A Vision for the Food & Drink industry from 2021](#), November 2021

**9.** The Vision states progress will be measured and published on the Food and Drink Wales website.<sup>6</sup>

**10.** The Vision focuses on the food industry, including food manufacturing and processing, but there have been recent calls for a more overarching strategy for the food system as a whole including from Peter Fox MS in his Food (Wales) Bill (“the Bill”),<sup>7</sup> this Committee’s Stage 1 report on the Bill,<sup>8</sup> and the Future Generations Commissioner in his strategy for Wales 2023-2030.<sup>9</sup>

**11.** The Welsh Government has resisted these calls, saying it already has a strategic approach including the targets and progress indicators mentioned above, and if gaps are identified new policies are created.

**12.** While the Food (Wales) Bill ultimately fell and did not become law, the discussion around it resulted in the Welsh Government publishing Food Matters: Wales in July 2024, which summarises Welsh Government food policies across its portfolios.<sup>10</sup>

**13.** The Committee heard mixed views about the success and relevance of the Vision. Puffin Produce and Food and Drink Federation Cymru (“FDF Cymru”) agreed that the Vision is “fit for purpose”. FDF Cymru told the Committee:

*“It’s been a success story: the Welsh food and drink industry has grown; gross value added has grown. It’s a good set of results, given the headwinds we had with Brexit and COVID during the period of this study.”<sup>11</sup>*

**14.** Several witnesses suggested that the Vision could do more in terms of sustainability. The Food, Farming and Countryside Commission (“FFCC”), and Food Policy Alliance Cymru (“FPAC”), highlighted achievements in growth and economic targets but “shortcomings” in social and environmental objectives, and evaluative processes. FCF Cymru added:

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<sup>6</sup> Business.gov.wales: [Food & Drink Wales. Measuring our progress](#)

<sup>7</sup> Welsh Parliament, [Food \(Wales\) Bill](#)

<sup>8</sup> [Economy, Trade and Rural Affairs Committee. Food \(Wales\) Bill: Stage 1 Report](#), May 2023

<sup>9</sup> Future Generations Commissioner for Wales, Cymru Can

<sup>10</sup> Welsh Government, [Food Matters: Wales](#), July 2024

<sup>11</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, Record of Proceedings (RoP), paragraph 13



*“The current Vision objectives require fundamental revision to align with Wales’ net zero commitments and the climate emergency.”<sup>12</sup>*

- 15.** Soil Association Cymru described the Vision as “laudable”, but said:

*“... the relationship and potential tension between the underpinning goals for growth and productivity (‘our food sector will grow faster than in the rest of the UK’) and for sustainability (‘we will reach for the highest levels of environmental sustainability’) is not sufficiently explored or resolved in the vision.”<sup>13</sup>*

- 16.** The Farmers’ Union of Wales (“FUW”) suggested that two actions should be added:

*“to improve the processing capacity in Wales to retain circularity and brand potential, and to increase the proportion of Welsh produce used by Welsh processors, retailers and manufacturers.”<sup>14</sup>*

- 17.** FFCC told the Committee that there is divergence between Welsh Government policy pre-farm gate and post-farm gate. The former is predicated on growth whereas the perception of the new Sustainable Farming Scheme (“SFS”) is that primary food production is not the principal objective. They warned there is a danger of “seeing some divergence, if we continue on this path, of a sustainable farming scheme that goes in one direction in terms of raw materials supply, into the processing sector, and a food and drink sector post farm gate that is continuing to follow that single metric of growth”<sup>15</sup>.

- 18.** The Association of Independent Meat Suppliers (“AIMS”), Hybu Cig Cymru (“HCC”) and the British Meat Processors’ Association (“BMPA”) all raised concerns about whether the Vision was delivering, and had particular concerns about the fall in livestock numbers. HCC noted that while the “raw numbers” suggested the

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<sup>12</sup> Written evidence: [Food, Farming and Countryside Commission \(FFCC\) and Food Policy Alliance Cymru \(FPAC\)](#)

<sup>13</sup> Written evidence, [Soil Association Cymru](#)

<sup>14</sup> Written evidence, [Farmers’ Union of Wales \(FUW\)](#)

<sup>15</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 8

Vision had been a success, “there’s a question about what is the right measurement that we should be using to measure that success”.<sup>16</sup>

**19.** Wales YFC suggested that while the objectives of the Vision “remain broadly relevant”, they should be updated to reflect the need to retain young people, to use the benefits of innovation and digital skills, and back local supply chains to support the younger generation in developing viable and thriving business.<sup>17</sup>

**20.** Foundational Economy Research Limited (“FERL”) suggested the Welsh Government “did not have the policy levers to deliver the desired outcomes, and in food processing none of the growth, productivity and higher wage objectives have been achieved”.

*“The Vision 2021 broad definition of the food and drink industry further complicates matters because organisation and operating conditions are very different in the various sub-sectors of the industry.”<sup>18</sup>*

**21.** Dr Robert Bowen of Cardiff Business School described the aims for the sector as “appropriate”. But he highlighted a “lack of food strategy for Wales”, which he said:

*“... would give the industry a clearer direction and can bring various stakeholders on board to address many of the challenges in the sector and ensure that there is a strategy for growing the sector, supporting the development of skills and resources required to achieve this growth, promote internationalisation, and also to ensure that the food and drink sector works alongside other relevant sectors in Wales, such as Tourism and Hospitality, as there is a need to ensure that Welsh food products can play an important part in the tourism and hospitality offering of Wales.”<sup>19</sup>*

**22.** The FFCC agreed that a “holistic cross-Cabinet food strategy” would be needed for “a whole food system change”.<sup>20</sup> Social Farms and Gardens, and Our

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<sup>16</sup> Economy, Trade and Rural Affairs Committee, 2 July 2025, Record of Proceedings (RoP), paragraph 15

<sup>17</sup> Written evidence, [Wales YFC](#)

<sup>18</sup> Written evidence, [Foundational Economy Research Limited](#)

<sup>19</sup> Written evidence, [Dr Robert Bowen, Cardiff Business School](#)

<sup>20</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 114

Food 1200 called for “food to be better integrated across Government departments ideally through a National Food Plan that protects future generations”:

*“Repositioning the vision to acknowledge the now published Community Food Strategy and Future Generation Officer’s Cymru Can vision would seem appropriate.”<sup>21</sup>*

**23.** The Deputy First Minister said “the vision has translated into real success: practical, tangible, actionable, demonstrable success”<sup>22</sup>, but questioned the need for an overarching food strategy:

*“... what would a document called a strategy add to the sum of those whole parts, when actually, whether it’s in terms of our exports, whether it’s in terms of the healthy action and healthy eating plan in terms of nutritional standards, whether it’s the community food strategy, whether it’s the ‘Food Matters’ document that brings a lot of this together, the strategy is already there, the actions are being delivered.”<sup>23</sup>*

## Community Food Strategy

**24.** The Welsh Government’s Community Food Strategy was published on 29 April 2025.<sup>24</sup> Publication of the strategy is a Programme for Government commitment. Its vision is:

*“Working in partnership to promote and strengthen the local and community food system in Wales; increasing the availability and consumption of locally sourced, healthier and sustainable food; and inspiring improvements in well-being within our communities.”*

**25.** The strategy has six objectives:

1. To ensure joined up strategic thinking and leadership. Including establishing a ministerial advisory group to deliver the strategy’s

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<sup>21</sup> Written evidence, [Social Farms and Gardens, and Our Food 1200](#)

<sup>22</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 85

<sup>23</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 86

<sup>24</sup> Food & Drink Wales, [Wales Community Food Strategy](#)

ambitions, and supporting public bodies and Public Services Boards to embed food as a priority.

2. To enable local food system coordination and action. To encourage local and community food initiatives to address viability, create new supply chain opportunities and improve local food system resilience. This includes allocating £2m for Local Food Partnerships in 2025-26.
3. To strengthen food resilience in our communities. To help address food-related issues facing communities, such as tackling food poverty, diet related ill-health and reducing food waste.
4. To create cohesive food communities. To benefit social inclusion, mental and physical well-being through community food initiatives.
5. To enable stronger, diverse local supply networks. To ensure that more food bought in Wales is produced in Wales through building capacity for Welsh food and drink businesses increase market opportunities across retail, food service and hospitality, and public sector procurement. The strategy aims to increase Welsh public sector spend on Welsh food by at least 50 percent by 2030.
6. To enable community growing and horticulture. To increase the production of locally sourced food in Wales, through supporting community growing and small-scale horticulture in Wales.

**26.** Puffin Produce noted the benefits of the Strategy but added they would like to see “an economic model of how much it is going to cost and how it becomes self-sustaining over time economically”.<sup>25</sup>

**27.** The WLGA and Public Health Wales agreed that the Community Food Strategy “would benefit by understanding the different tiers of governance and locality ... and understanding what can and cannot be done at either level”.<sup>26</sup>

**28.** During this Committee’s scrutiny of the Welsh Governments draft budget for 2026-27 Deputy First Minister told the Committee:

*“I and my Cabinet Secretary colleague Jane Hutt have co-funded local food partnerships. Now, some of the potential within that is*

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<sup>25</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 36

<sup>26</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 184

*actually to drive, with the more mature local food partnerships, things such as harvesting, collection, cleaning, whatever, of local food stuff, so we can drive local food supply chains. But we're not doing it entirely ourselves. This is money we put in this space for people on the ground, in an expert way, to co-ordinate activity, to bring partnerships together and bring more quantum in. That's a really efficient way of using public funding."*<sup>27</sup>

**29.** In that session one of the Deputy First Minister's officials told Members "the main budget for delivering the community food strategy is the Local Food Partnership scheme, for which we've allocated £1.315 million of revenue and £400,000 of capital"<sup>28</sup>. The Deputy First Minister went on to explain "What we're not doing is a blueprint of saying, 'Here's this money specifically for washing and sorting vegetables.' We're saying, 'This needs to be driven locally'. This needs to be driven by their identification of what they can do and their needs within the area. But it's not one source of funding. There are multiple ways that this can come together. What the local food partnerships do is help to bring that together"<sup>29</sup>.

## Our view

In spring 2023 this Committee scrutinised the Food (Wales) Bill. The Bill set out an imaginative and wide-ranging framework that would reform the Welsh food system. Whilst we could not come to a position on if legislation was necessary to implement this aspiration, we did support the policy intent of the Bill. The Bill fell at Stage 1 and did not become law.

In our report on the Bill we called for a large number of its objectives to be carried forward by alternative means even if the Bill fell. Recommendation two of the report called for the Welsh Government to ensure policies relating to the food system are joined-up and complementary. We also called for the introduction of a food strategy.

The vast majority of the stakeholders we heard from during our Bill scrutiny were in favour of the Welsh Government developing and implementing an overarching holistic food strategy for the food system in Wales. Even some

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<sup>27</sup> Economy, Trade and Rural Affairs Committee, 26 November 2025, RoP, paragraph 24

<sup>28</sup> Economy, Trade and Rural Affairs Committee, 26 November 2025, RoP, paragraph 162

<sup>29</sup> Economy, Trade and Rural Affairs Committee, 26 November 2025, RoP, paragraph 185

stakeholders, who did not agree that a Bill was needed, supported the need for an overarching strategy.

It is clear from the evidence we have taken in this inquiry that there is a strong feeling amongst stakeholders that food policy still needs to be better joined up. To this end we repeat our call for the Welsh Government to develop an overarching holistic food strategy.

As part of that work the Welsh Government must ensure their food policy joins up with wider Government policies including on sustainability. We support calls from stakeholders that the Vision needs to align to net zero. However, as discussed at length in the red meat section of this report, that alignment must ensure any actions associated with the policy are making a genuinely positive change to our environment and climate, not just greenwashing and offshoring emissions.

**Recommendation 1.** The next Welsh Government must coordinate its approach to the food system by ensuring policies are joined-up and complementary. This must include ensuring the food processing sector is supported to both help businesses grow and ensure Welsh providers can service the Welsh market. To do this, they must create an overarching and holistic strategy for the whole food system designed to support the aims of the Vision and align Government food policy, promote the food processing sector, and prioritise sustainability and food security.

### 3. Red Meat

**30.** Red meat and dairy are significant sectors of primary production in Wales. However, a recurring theme of the Committee's inquiry was declining livestock numbers in Wales, which echoed concerns raised in the Committee's previous inquiry into Hybu Cig Cymru / Meat Promotion Wales, namely that the reduction in livestock numbers could threaten the viability of abattoirs in Wales.<sup>30</sup>

**31.** In May, the independent UK Climate Change Committee ("UKCCC") published its advice on setting the level of Wales' Fourth Carbon Budget (for 2031-2035). This stated that to achieve the recommended level, the Welsh Government will need to support farmers and rural communities to diversify their incomes away from livestock and towards woodland creation and peatland restoration. It went on to say:

*"Our analysis maintains the self-sufficiency ratio of UK food consumption met by UK production. Achieving this balance requires reductions in livestock numbers, both to reduce methane emissions and to free up land for woodland creation and peatland restoration."*<sup>31</sup>

**32.** The UKCCC's advice suggests a 'Balanced Pathway' – a model of how emissions in each sector might change to meet statutory reduction targets. Its Balanced Pathway sees "Cattle and sheep numbers fall by 19% by 2033 compared to 2022 ... due to changes in agricultural policy that enable livestock farmers to diversify income streams; a shift in UK-wide consumption towards lower-carbon foods, with average meat, red meat, and dairy consumption falling by 16%, 21%, and 17% respectively by 2033 compared to 2019".<sup>32</sup>

**33.** The advice goes on to say "This reduction in meat consumption requires going beyond the existing UK long-term trend, which shows a gradual fall in consumption". However, it notes that consumption has fallen more steeply in recent years but it can not be sure if this is a trend or to do with the increased cost of living.<sup>33</sup>

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<sup>30</sup> Economy, Trade and Rural Affairs Committee, [Meat Promotion Wales](#)

<sup>31</sup> Theccc.org.uk Climate Change Committee, [Wales' Fourth Carbon Budget](#)

<sup>32</sup> Theccc.org.uk Climate Change Committee, [Wales' Fourth Carbon Budget](#)

<sup>33</sup> Theccc.org.uk Climate Change Committee, [Wales' Fourth Carbon Budget](#)



**34.** It should be noted that while the UKCCC provides advice, decisions on the exact pathway and policies to meet any targets are for the Welsh Government and the Senedd. On 2 December the Senedd approved regulations which set the level of Wales' fourth Carbon Budget at 73% lower than the baseline - in line with the UKCCC's advice.<sup>34</sup>

**35.** On 30 September 2025 the Welsh Government published the evidence base and business case for the SFS.<sup>35</sup> The figures showed an estimated livestock reduction of 5.6 per cent on the basis of compliance with SFS Universal Action requirements.<sup>36</sup>

**36.** FUW noted:

*"... reductions in the critical mass of livestock has brought into question the sustainability and efficiency of red meat processing plants and the industry's ability to maintain consumer demand for Welsh products."*<sup>37</sup>

**37.** Kepak suggested that the effect of decreasing numbers of livestock have on the ability of the processing sector to add value to Welsh produce is "of immediate and grave concern". They went on to break this down and highlight the following issues:

- "The efficiency and viability of our operations and the jobs that we provide rely on a critical mass of livestock to provide our raw material."
- "Not only do decreasing livestock numbers place pressure on the availability of the raw material but competition for that raw material across Wales increasing price volatility and makes processing and the end product to the consumer more expensive."
- "This not only makes it difficult to add value to PGI / UK GI Welsh Lamb and Beef – it also threatens food security"<sup>38</sup>.

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<sup>34</sup> The Climate Change (Carbon Budget) (Wales) Regulations 2025

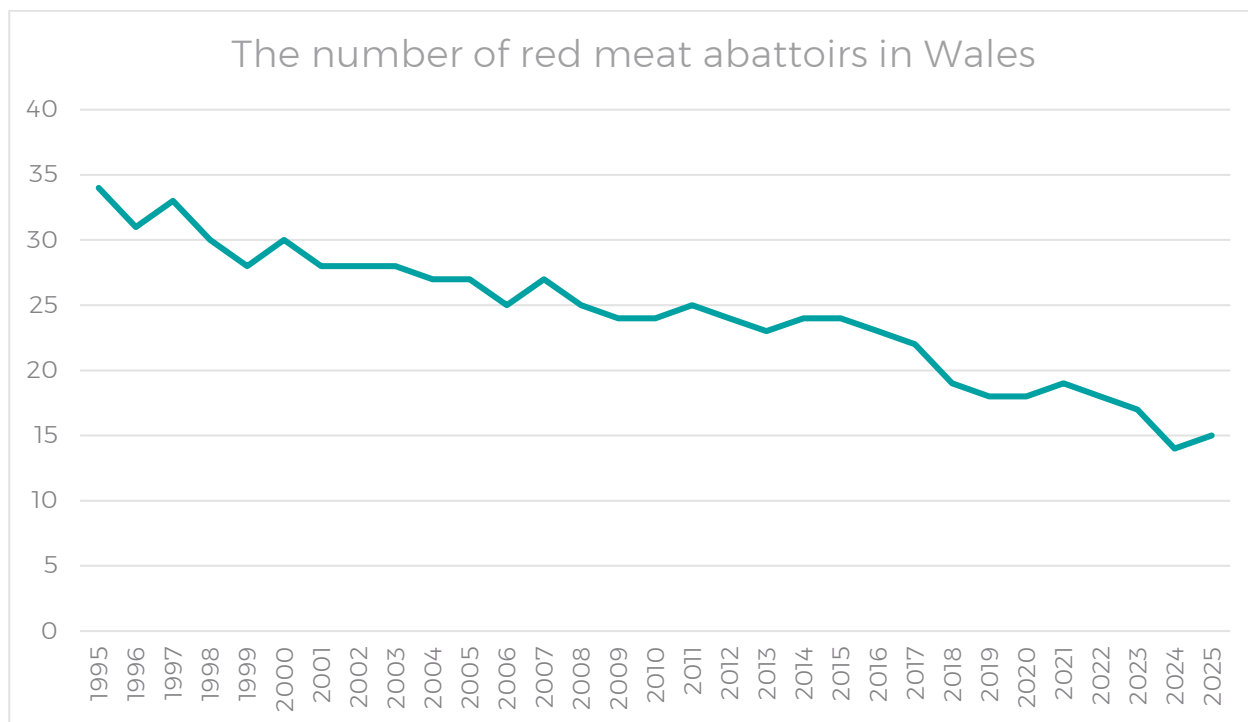
<sup>35</sup> [www.gov.wales: Sustainable Farming Scheme: business case](https://www.gov.wales/sustainable-farming-scheme-business-case)

<sup>36</sup> Welsh Government, [Estimating potential economic effects of revised Universal Action elements of the proposed Sustainable Farming Scheme](#), July 2025

<sup>37</sup> Written evidence, [Farmers' Union of Wales \(FUW\)](#)

<sup>38</sup> Written evidence, [Kepak](#)

**38.** The table below shows the change in Welsh abattoir numbers since 1995-2025:<sup>39</sup>



**39.** HCC echoed some of Kepak’s concerns, advising that Wales is at risk of being “near or below” the “critical mass” of livestock to ensure “the industry has an economically viable scale”.<sup>40</sup> they warned:

*“when it comes to red meat ... the challenge is that, fundamentally, the number of livestock available has actually dropped significantly and is likely to carry on dropping, and that poses a big question mark about how do we carry on in the future with an industry that remains competitive.”<sup>41</sup>*

**40.** Headage schemes are used by some governments to encourage the farming of specific livestock. The Scottish Government supports Scotland’s beef industry though a headage scheme - the Scottish Suckler Beef Support Scheme. According to the Scottish Government’s rural payments services, the scheme “helps maintain beef suckler herds at a level that sustains the commercial beef industry in Scotland” and “the support provided will help the environmental and

<sup>39</sup> Figures supplied by Hybu Cig Cymru

<sup>40</sup> Written evidence, Hybu Cig Cymru

<sup>41</sup> Economy, Trade and Rural Affairs Committee, 2 July 2025, RoP, paragraph 16

social benefits that arise from extensive beef suckler herds in Scotland.” The scheme has an annual budget of £40 million.<sup>42</sup>

**41.** HCC raised concerns about the premise behind the UKCCC’s advice warning that reducing stock numbers could just offshore emissions. They told Members that as red meat consumption is relatively static we should increase stock numbers because:

*“we’re very fortunate in Wales that we can actually produce livestock in a very environmentally friendly manner. Our numbers would indicate some of the top in the world, because of our weather, because of our grass, ... what we should be doing, in my view, is actually say, ‘We’ll take that as a starting point and develop the industry forward by making sure that we’re actually increasing the productivity of those farms.’ Because the moment you increase the productivity of those farms, as defined by the number of kilos per hectare, effectively you are being more friendly to the planet, and you are going to be more friendly to the planet than perhaps other places that we’ll be importing meat from are or will be. And I think that would be a much more responsible position to take.”<sup>43</sup>*

**42.** The BMPA told the Committee:

*“The reductions and the forecast reductions in livestock numbers in Wales will drastically reduce our domestic food security and make us more reliant on imported meat produced less sustainably in other parts of the world.”<sup>44</sup>*

**43.** The BMPA added that a further challenge for the industry was recruitment. They said:

*“We’re now struggling to put schemes in place that actually train people and find enough staff to work in those sorts of plants. And quite frankly, if it wasn’t for the decline in livestock numbers, and therefore they’ve been under a lot less pressure, there would be a lot*

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<sup>42</sup> Scottish Government, Rural Payments and Services, [Scottish Suckler Beef Support Scheme](#)

<sup>43</sup> Economy, Trade and Rural Affairs Committee, 2 July 2025, RoP, paragraphs 111-102

<sup>44</sup> Written evidence, [British Meat Processors Association](#)

*more problems in terms of actually being able to get animals off farm and get them processed.”<sup>45</sup>*

**44.** The Deputy First Minister’s paper noted that the Welsh Government is “committed to supporting sustainable livestock production through the SFS, which aims to balance environmental outcomes with food production”. It added that the Welsh Government is working with HCC “to develop a refreshed Vision for the red meat sector, underpinned by robust data and evidence”.<sup>46</sup>

**45.** Giving evidence to the Committee, the Deputy First Minister acknowledged the challenges for the sector:

*“... our support as Welsh Government is to work with farmers through the Sustainable Farming Scheme and other support we do through Farming Connect—mentoring, peer-to-peer support and so on—to get to that sustainability of farming that does actually have not just the numbers of livestock, but good livestock that gives value to farmers as well, but also to work with the wider supply chain.”<sup>47</sup>*

**46.** Speaking to the Committee at a later general scrutiny session, the Deputy First Minister argued that the figures in the SFS business case were “good economic modelling”, but “these are scenarios, not predictions”. He said:

*“It is modelling, not actual, not real-life decisions that real farmers will make on their farms”<sup>48</sup>*

**47.** In a letter following his evidence to the Committee for this Inquiry the Deputy First Minister stated:

*“The Welsh Government recognises that a stable and sufficient supply of livestock is essential to the viability of the red meat and dairy processing sectors in Wales. The June 2024 Agricultural and Horticultural Survey for Wales revealed notable changes for livestock numbers, with a decline in cattle, sheep, and pigs, but an increase in*

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<sup>45</sup> Economy, Trade and Rural Affairs Committee, 2 July 2025, RoP, paragraph 20

<sup>46</sup> [Welsh Government evidence paper](#), September 2025

<sup>47</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 118

<sup>48</sup> Economy, Trade and Rural Affairs Committee, 1 October 2025, RoP, paragraph 118

*poultry. These trends are significant in the context of climate change goals and projections for future livestock populations.”<sup>49</sup>*

**48.** He cited the UKCCC recommendation of a 19% reduction in ruminant livestock numbers and stated this was part of an “economy wide ‘Balanced Pathway,’” which the UKCCC forecast to be cost-effective to balance the need to decarbonise across all sectors of our economy, at different rates. The UKCCC observes that the decline in livestock numbers is for the most part driven by market forces”.

**49.** The Deputy First Minister told Members:

*“The latest published June Survey statistics for 2024 confirm that livestock numbers in Wales are already lower than the UKCCC estimation for 2025. The reduction in livestock numbers is a UK-wide trend, and my officials will continue to monitor the next iteration of the Agricultural and Horticultural Survey for Wales and liaise with the other governments across the UK through the UK Market Monitoring Group.*

*The Sustainable Farming Scheme is designed to incentivise responsible production, which in turn supports the supply chain to meet sustainability standards. This is inclusive of livestock production and will look to add value to red meat production and its Protected Geographical Indication (PGI) status.”<sup>50</sup>*

## **Our view**

We are pleased the Deputy First Minister recognises that a stable and sufficient supply of livestock is essential to the viability of the red meat and dairy processing sectors in Wales. However, we are concerned by the evidence presented that further destocking of Welsh farms could put Wales below the critical mass required to sustain the industry.

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<sup>49</sup> Letter from the Deputy First Minister to the Chair dated 18 Number 2025

<sup>50</sup> Letter from the Deputy First Minister to the Chair dated 18 Number 2025

Welsh abattoirs are already in decline. We have previously made the point that this is bad for the industry and for the animals as they will need to be taken on a longer journey to slaughter.

The evidence we received highlights that, if meat consumption remains static any destocking will mean we need to import meat consumed in Wales from places with lower welfare standards and higher carbon footprints. We believe there is little point in Wales destocking farms in an attempt to achieve net zero but importing high-carbon meat at the same time.

We are interested in headage schemes operated by other Governments and in particularly the Scottish Suckler Beef Support Scheme. These could be used to arrest the decline of Welsh stock numbers and support the farming industry and the processors who requires a critical mass to remain viable.

This report makes a number of recommendations aimed at supporting a vibrant Welsh food processing market which in turn can support strong, resilient local supply chains and encourage domestic consumption of domestic produce. The Welsh Government should look at how it can support Welsh abattoir and food producers to ensure relatively low carbon Welsh meat can be served on Welsh plates, and avoid the situation where we destock Welsh farms but import lower quality, lower welfare and higher carbon meat.

**Recommendation 2.** The next Welsh Government should look at how it can support Welsh abattoir and food producers to ensure relatively low carbon Welsh meat can be served on Welsh plates, to avoid destocking Welsh farms but importing lower quality, lower welfare and higher carbon meat. They should give serious consideration to the stocking density of Welsh livestock farms and consider introducing a headage scheme similar to the Scottish Suckler Beef Support Scheme.

## 4. Horticulture

**50.** FFCC told the Committee “there are clear challenges around resilience in the horticulture sector”.<sup>51</sup> In their written evidence with Food Policy Alliance Cymru, they said:

*“Horticulture presents the greatest opportunity for processing sector growth, addressing both climate objectives and food security. Current barriers include planning system complexity, limited processing infrastructure, and market access challenges. Wales has potential to increase domestic vegetable production dramatically, with Food Policy Alliance Cymru targeting 75% of recommended vegetable consumption produced sustainably in Wales by 2030.”<sup>52</sup>*

**51.** Dr Siobhan Maderson, Local Policy and Innovation Partnership for Rural Wales (“LPIP”), Aberystwyth University, noted that: “pro-active government support for scaling up horticultural production and processing will be necessary for the sector to meet its potential”.<sup>53</sup> Dr Maderson also pointed out that targeted training and support for producers would enable them to benefit from changes in procurement policies, given that “the skill sets needed for horticultural production are markedly different from those required to navigate government websites and procurement systems”<sup>54</sup>.

**52.** Social Farms and Gardens highlighted that there is a “value-added product” element to processing, and a “fit for consumer” element. For small horticulture enterprises, this latter area can prove a barrier – particularly for accessing large markets such as public sector”. They explained:

*“We need investment in localised primary processing and storage equipment such as washing, dicing and, cold storage and packing equipment. This doesn’t have to be expensive, but it does have to be joined up and the financial burden cannot be placed on individual growers/farmers. There is a clear case for the benefit of relatively low*

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<sup>51</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 103

<sup>52</sup> Written evidence, [Food, Farming and Countryside Commission, and Food Policy Alliance Cymru](#)

<sup>53</sup> Written evidence, [Dr Siobhan Maderson, Local Policy and Innovation Partnership for Rural Wales \(LPIP\), Aberystwyth University](#)

<sup>54</sup> Written evidence, Dr Siobhan Maderson, Local Policy and Innovation Partnership for Rural Wales (LPIP), Aberystwyth University



*levels of investment in shared equipment and infrastructure for delivering diversified primary production, processing, aggregation and distribution to strengthen short supply chains.”<sup>55</sup>*

**53.** They gave the example of purchasing a barrel washer which then enabled schools to purchase carrots from local growers.<sup>56</sup> They said “More local processing would allow more sustainable seasonal eating that naturally brings more variety to the public plate”.

**54.** Puffin Produce talked about the larger scale infrastructure investments required and suggested that more greenhouses are needed to ensure year-round production. They told Members:

*“We have got good light sources, good light quality in Wales. If you can site something like that next to a power station that is producing waste heat or these types of things, I think that Welsh Government could have a role in that, in that planning infrastructure. Why can't you put a 20 hectare greenhouse next to a power plant somewhere that would produce enough tomatoes and cucumbers and peppers for Wales all year around?”<sup>57</sup>*

**55.** The Deputy First Minister's written evidence reaffirmed the Welsh Government's intention to grow the horticulture sector as a viable land use and processing opportunity, and noted that further support is being considered to address systemic challenges.<sup>58</sup> He told the Committee that part of the work going forward to help grow the sector is “improved planning guidance, so that we can facilitate more development of horticulture-related processing and production on sites”.<sup>59</sup>

**56.** The Deputy First Minister pointed to specific actions focusing on the sector, including:

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<sup>55</sup> Written Evidence, ~~Social Farms & Gardens~~

<sup>56</sup> Written Evidence, ~~Social Farms & Gardens~~

<sup>57</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 98

<sup>58</sup> ~~Welsh Government evidence paper~~, September 2025

<sup>59</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 194

- 335 fully funded, one-on-one support sessions with horticultural businesses, on things such as crop planning, pest management, soil health and diversification;
- 841 course places for horticultural professionals in Wales, specialist workshops, training days, study visits, and webinars;
- 20 growers networks now created.<sup>60</sup>

## Our view

As Welsh farming is livestock-dominated, the systems and infrastructure is largely focused at supporting that part of the industry. This creates challenges for the horticulture sector. However, as it is a relatively small industry this means it has a lot of space to grow which now needs to be accelerated.

We support Food Policy Alliance Cymru's calls for 75% of vegetables consumed in Wales to be produced here sustainably. We believe making this a Government commitment would be a strong step to support both food security and environmental sustainability.

Achieving this target will require a concerted effort. For example, stakeholders highlighted that horticulture requires specific skills. This means training needs to be offered to help people enter the market or to help people move or expand from livestock into horticulture.

There are again challenges and opportunities around developing infrastructure to support the horticulture industry. That infrastructure is more than just polytunnels; it includes washing, cutting and storage facilities. We were interested in innovations like using heat that is currently wasted to enable plants to be grown in our green houses all year round. Improving food processing infrastructure more broadly is covered in the Business Support section of this report, but we believe the Welsh Government should make a specific effort to improve our horticulture infrastructure.

**Recommendation 3.** The Welsh Government should adopt Food Policy Alliance Cymru's ambitious target of 75% of vegetables consumed in Wales to be produced here sustainably. To achieve this, the Welsh Government must invest in

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<sup>60</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraphs 195-197

horticultural business, support the development of horticultural skills and make a specific effort to improve horticultural food processing infrastructure.

## 5. Seafood

**57.** Witnesses outlined the challenge that the seafood caught off the coast of Wales is largely not eaten in Wales. UK Hospitality told Members:

*“Have you had a whelk this year to eat, for instance? And I could also ask you how many prawns you’ve eaten in the last month. And that is exactly the problem with the Welsh seafood industry, that we produce a lot of a type of seafood that local people don’t want, particularly, to buy and eat, and the things that they do want to buy and eat we don’t produce, because the waters around Wales are colder, in the main. Sea bass is available for those that want it, but, then, if anybody wants to buy other fish, that becomes imported as well.”<sup>61</sup>*

**58.** They went on to say that the hospitality industry “is customer-led all of the time” so customer-led demand needs to change if local seafood produce is to be sold in Wales. Dr Robert Bowen suggested:

*“The supply and demand element, when it comes to the seafood industry in Wales... Maybe it comes from changing the culture early on and maybe introducing foods within schools, I think. There’s some evidence to suggest that when you introduce foods to younger children then it stays with them for longer, whereas if you don’t get exposed to foods at a certain age then maybe it becomes a bit of a barrier to what you might want to eat then. So, changing that culture starts early, and providing access to schools to foods like these may be a way in which we can encourage people to develop their culture for food in a different way.”<sup>62</sup>*

### Our view

Wales produces high quality seafood that is prized in other parts of the world. We did not take enough evidence on seafood, so this is an area that should be examined by a future Senedd committee. However, we are mindful that as a population we consume so little of the seafood we are blessed with. We expect

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<sup>61</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 33

<sup>62</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 112

this will take some long-term social change; however the Welsh Government must play a key role in making this happen. We would like the Welsh Government to play a key role in changing Wales's eating habits as part of a wider need to tackle obesity. Increasing the amount of Welsh seafood on school menus is one way to achieve this.

The successor to this Committee should consider examining how the amount of Welsh Seafood processed, sold and consumed in Wales can be increased, including increasing the amount of Welsh seafood offered on school menus.

**Recommendation 4.** The Welsh Government should set out any work it has undertaken to support the Welsh seafood processing industry and to encourage the consumption of Welsh seafood domestically.

## 6. Business support

**59.** The Welsh Government provides business support for food and drink businesses in a number of ways, including:

- grants and technical / innovation support - Food Innovation Wales and Project Helix;
- commercial support - Cywain and export support programmes;
- training - Food and Drink Skills Wales;
- market insight and focus, business networking and clustering; and
- business development and trade events - the Trade Development Programme and Blas Cymru.

**60.** Dr Robert Bowen pointed to recent research comparing the resilience of small and medium-sized enterprises (SMEs) in New Zealand and Wales during the pandemic. He noted that “businesses in Wales were provided with greater support”, leading researchers to conclude that “the resilience of SMEs in New Zealand was more a result of management decisions within the business and the reconstitution of the business’ resources, while in Wales, businesses were more dependent on support”. He added:

*“The lessons from the resilience research underline that support structures need to be in place to ensure that Welsh SMEs operate in the right environment to enable them to survive and look to thrive beyond this.”<sup>63</sup>*

**61.** FDF Cymru was complimentary about the Welsh Government’s business support strategies, in particular the trade shows. Dr Robert Bowen noted that businesses he had spoken to were positive about this work of Welsh Government. He suggested that support could be “expanded to other businesses where opportunities for export could be developed”. However he said businesses were “happy in maintaining the kind of level of activity that they have” and a “cultural shift” was needed to encourage businesses to grow.<sup>64</sup>

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<sup>63</sup> Written evidence, Dr Robert Bowen, Cardiff Business School

<sup>64</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 54

**62.** Puffin Produce said that while the business support landscape might look disjointed, “people know how to navigate it and know what’s available and even the guys who are starting off soon get to navigate it”.<sup>65</sup> However, they added that responses to opportunities could be “too slow” to seize opportunities:

*“it’s that kind of tailoring support, and being very quick and nimble to be able to put the support in place to support that idea, is what I think we lack.”<sup>66</sup>*

**63.** They added that “long-term partnership with the major retailers is really important for Welsh agriculture”, and that while the Welsh Government do a good job of linking with retailers, “here’s a lot more we could do with really helping set up these groups for dairy and for red meat, and to get long-term price stability that allows investment on farm”.<sup>67</sup>

**64.** Kepak suggested that the Welsh Government could do better at supporting the red meat processing sector to increase added-value for food products in Wales by making funding to support business efficiency “simpler and easier to apply for”:

*“As a company, we have invested heavily in the infrastructure at the Merthyr site and in developing accredited and nationally-recognised training schemes for our workforce. However, the timescales allowed for accessing support from Welsh Government have meant that we have been unable to benefit from timely funding and support from government Sources.”<sup>68</sup>*

**65.** Puffin Produce highlighted how it is harder for businesses to get commercial loans to cover capital investment in Wales due to lower property valuations. They gave Members the example of developing the same factory in west Wales or Wiltshire:

*“when you build a food factory in Pembrokeshire, you spend, say, £3 million on the building, and the bank come along the day it’s finished and value it at £1 million. So, they will give you, then, 70 per cent, 80*

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<sup>65</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 43

<sup>66</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 49

<sup>67</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraphs 62-64

<sup>68</sup> Written evidence, **Kepak**

*per cent debt on the £1 million; they will give you £700,000 of debt on a £3 million building, because of the property values in Pembrokeshire. If you were building that in Swindon, you'd build it for £3 million, the bank would value it at £3 million, and they'd lend you 70 per cent of £3 million.”<sup>69</sup>*

**66.** They explained this makes it “hard, if you haven’t got the cash around you” so “If the grant support is not available”, businesses may not be able to take on any opportunities presented to them.<sup>70</sup> They went on to say “Some of the other countries, they do identify their leading businesses, and they make sure they really support those leading businesses, instead of having to wait and apply for grants with everybody else”.

**67.** Puffin also highlighted the benefit of identifying and supporting businesses with growth potential:

*“every time Puffin steps forward like this, it’s creating 100 jobs at a time, and it’s securing the futures of 25 farmers” ... “So, it’s that kind of tailoring support, and being very quick and nimble to be able to put the support in place to support that idea, is what I think we lack.”<sup>71</sup>*

**68.** Puffin pointed to the success of a ‘picking winners’ approach in Ireland saying that backing big dairy co-operatives and big meat businesses in the 1990s and early 2000s has turned them into global players:

*“Bord Bia [the Irish Food Bord] ... supported a number of big businesses and made them champions and really driven those big agri-food businesses. Then, when you get to scale, you’ve got the flow of raw material and you’ve got the cash and you’ve got the technical know-how to get in to a more diverse range of products. Quite often then, they can be export products and these types of things.”<sup>72</sup>*

**69.** Part of the Irish success story Puffin pointed to was driven by Food Harvest 2020, the Irish Government’s development plan for the Irish agricultural and food

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<sup>69</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 48

<sup>70</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 48

<sup>71</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 49

<sup>72</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 19



processing industries. The plan set targets to almost double exports in a decade and overhaul the whole food industry and make it ‘smart’. The plans states:

*“To prosper and develop in the coming decade, the Irish agri-food and fisheries industry must itself become ‘smart’. This involves developing new working relationships in the food chain, piloting new product streams, targeting its resources at new markets, enhancing levels of productivity and competitiveness, and developing leadership positions across a range of sectors.”<sup>73</sup>*

**70.** Witnesses suggested that Wales has a number of small businesses but not many medium-sized businesses; a “missing middle”.<sup>74</sup> FERL noted that while their 2021 report had observed that “Welsh Government had excellent business advice for Welsh food processors and marketing support for Welsh food”, ONS data commissioned by FERL showed that policies “had not grown the number of capable, mid-sized mittelstand [SME]-type firms processing food and drink over the decade 2010-20”.<sup>75</sup>

**71.** Dr Robert Bowen said infrastructure is key to scaling up successful projects:

*“If we want to be more sustainable, and we want to focus on things like localised supply chains, we don’t always have the infrastructure in place that will allow us to do that. ... limited abattoirs, [...], or food processing plants within Wales—we often see that food needs to leave Wales in its produced format to then come back to Wales after being processed.*

*...*

*There’s a lot of really good work happening ... local schemes that encourage local procurement, and we’re seeing small producers providing foods to local schools, hospitals, et cetera. But those are very small scale, and the big challenge would be how do we replicate that across larger parts of Wales in the way in which we want to develop these localised supply chains.”<sup>76</sup>*

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<sup>73</sup> Irish Government: **Food Harvest 2020**.

<sup>74</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 54

<sup>75</sup> Written evidence, **Foundational Economy Research Limited**.

<sup>76</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraphs 12-13

**72.** Dr Robert Bowen and FFCC agreed that a lack of skilled employees can often be a barrier to business growth. FFCC noted: “You need personnel and you need individuals in these businesses with the expertise and the right expertise to exploit some of the opportunities”<sup>77</sup>.

**73.** UK Hospitality Cymru highlighted the size of the hospitality industry and its supply chain:

*“there are many different outlets of different sizes, different shapes, different business models, so you won’t find a product that will satisfy all of that, because they’re all different types of things. But there will be opportunities, particularly with things like the lack of indication of that, where it’s a higher premium product. If you can get the supply right, then there’s obviously great opportunity.”<sup>78</sup>*

**74.** They said Welsh Lamb was “emblematic”<sup>79</sup> and could be used to promote Wales in the way Whisky is to Scotland. They wanted more to be done to push the boundaries to promote Wales:

*“... around this fantastic food and drink offer, and pulling people in to enjoy not only the wonderful circumstances that they can enjoy food and drink in, which is the degree of tranquillity and fantastic vistas, but you also have this great experience wherever you hit a table.”<sup>80</sup>*

**75.** The Deputy First Minister highlighted how the Social Partnership and Public Procurement (Wales) Act 2023 offers flexibility to include social value, which he believes will enable SMEs to grow. He said the Welsh Government’s export efforts, focused on SMEs, have been successful in supporting smaller businesses.<sup>81</sup>

**76.** A Welsh Government official suggested there are five areas which make Wales different:

*“... the cluster network; the HELIX programme, which is one vision for the food scientists throughout Wales; the market insight programme*

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<sup>77</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 75

<sup>78</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 51

<sup>79</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 55

<sup>80</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 56

<sup>81</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraphs 125-127

*to give that level of data to the companies to get them from A to B, because they can't afford to buy that data themselves at a small, micro level; the export journey from, 'I've got an idea, I now want to export'—well, there's a journey to take; and Blas Cymru, the one-nation food approach, which is happening in a few weeks' time. ... We are refining these programmes every step of the way. If something doesn't work, we keep moving on; we don't just stick with it. And we do research and evaluation on every programme that we have."*<sup>82</sup>

**77.** The Deputy First Minister agreed that tailored support is “exactly what is required” to support business growth. He said the Welsh Government can offer bespoke one-to-one support”:

*“... the cluster network is really important in this, because having that peer-to-peer involvement with our support is very, very important, and Cywain, the scale-up, the investor-ready initiative, the HELIX programme, but also that market insight programme as well. All of that is based on the idea, then, that we do give support to the sector, but we also do tailor-made, bespoke support. We work with, we work in partnership with individual businesses to actually give that tailored support.”*<sup>83</sup>

**78.** In terms of skills, the Deputy First Minister pointed to Food and Drink Skills Wales, including the launch of a new jobs noticeboard which now includes over 1,600 vacancies, and its support for Welsh food and drink companies in accessing training and skills development.<sup>84</sup> On infrastructure, the Deputy First Minister argued that the Welsh Government was “very focused on local supply chains”.<sup>85</sup>

## **Our view**

Whilst Wales has a huge range of great small food producers we are concerned about the ‘missing middle’ and also how the Welsh Government can support small businesses to grow. We were interested in the success of Ireland’s Food Harvest 2020 in ‘picking winners’. The next Welsh Government must examine how it can work to support a co-ordinated food sector including producers and

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<sup>82</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 135

<sup>83</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 142

<sup>84</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 154

<sup>85</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 147

processors and how it can be more responsive to support businesses who are in a position to grow, and get more business into that position in the first place.

We believe support for food processing infrastructure in Wales is vital and the Welsh Government must work to develop the essential framework of industry and fill gaps where they exist. Food is currently having to leave Wales to be processed then return to be sold, which means the additional GVA created by the processing is lost to the Welsh economy. That makes the supply chain less resilient and creates additional food miles. Improvement of infrastructure could be linked to the 'picking winners' support.

The evidence from Puffin Produce about the relative challenge of developing food processing plants in Wales due to relatively lower land value requires the Welsh Government to look at how it can address this market failure as it puts Wales at a significant competitive disadvantage.

Hospitality has a huge supply chain. Quality Welsh food sold in good hospitality establishments is a great way to promote Wales and to introduce Welsh citizens to Welsh food they may not have tried before. The "team Wales" approach suggested by UK Hospitality Cymru could be fostered between producers, processors and the hospitality sector.

We were disappointed the large retailers failed to take up our invitations to give evidence to this inquiry. We are sure there is room to improve links between the food processing sector and retail in the same way there is for Hospitality. The Welsh Government should ensure team Wales is at the centre of its plans for the food industry.

Alongside an investment in infrastructure we need to ensure Wales has the skills to process food produced here. Welsh Government must ensure food processing skills are developed as part of its wider work to support upskilling Welsh workers.

**Recommendation 5.** The Welsh Government must ensure it has a strategic plan to ensure there is a "team Wales" approach between producers, processors, retailers and hospitality and that food processing is firmly supported and allowed to play its vital role in the foundational economy. A key part of this work should be exploring how they can fill the 'missing middle' gap in Welsh food production and encourage our excellent micro businesses to grow. As part of this they should:

- Examine what lessons can be learnt from the Irish approach set out in Food Harvest 2020 and to picking winners;
- Develop programmes to help food processing businesses upskill their employees and to allow people to learn innovative or underused food processing skills to fill gaps in the Welsh food processing market
- Review the food processing infrastructure offer across Wales, identify gaps and set out a plan to fill them in order to strengthen local supply chains and retain GVA; and
- Consider how it can address the market failure caused by relatively lower property prices making it harder for many Welsh businesses to access loans against capital investment in the food processing sector.

## 7. Public procurement of food

**79.** Food Matters: Wales states:

*“Public sector procurement can play an enormously important role in re-localising food supply chains. Developing local supply chain opportunities to meet public sector and other demand can add value to Welsh products and retain value within Wales.”<sup>86</sup>*

**80.** Puffin Produce highlighted the role public sector procurement can play in supporting business growth, saying it was a great way to get business growing:

*“if you can start off doing 20, 30 acres of leeks into the west Wales schools, you then perhaps could get a small supermarket contract after that. If you’ve got an ambitious young grower who can then start to build up their cash, giving them a leg-up to start with public procurement, using public procurement has got to be one of the routes that we need to look at.”<sup>87</sup>*

**81.** Food is within the scope of the socially responsible procurement duty under the Social Partnership and Public Procurement (Wales) Act 2023<sup>88</sup> and the Wales Procurement Policy Statement principles.<sup>89</sup> The Act came into force in February 2025.

**82.** The Community Food Strategy states:

*“Currently, contracting authorities have the flexibility to design procurements that target specific needs and benefits, together with a requirement, under the Procurement Act 2023, to have regard to the fact that small and medium-sized enterprises may face particular barriers to participation, and consider whether such barriers can be removed or reduced. When brought into force, the socially responsible procurement duty will require public bodies to improve social,*

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<sup>86</sup> Welsh Government, [Food Matters: Wales](#), July 2024

<sup>87</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 124

<sup>88</sup> Welsh Government, [Social Partnership and Public Procurement \(Wales\) Act 2023](#)

<sup>89</sup> Welsh Government, [Wales procurement policy statement](#)

*economic, environmental and cultural well-being, by carrying out procurement in a socially responsible way.”<sup>90</sup>*

**83.** As noted previously, the Strategy introduces the aim of increasing Welsh public sector spend on Welsh food by at least 50 percent by 2030.

**84.** Food and Drink Federation Cymru noted that:

*“... the public procurement in Wales amounts to around £96 million per year from a sectoral turnaround of £9.3 billion. So, relatively, its value is quite small to the size of our industry.”<sup>91</sup>*

**85.** The FUW acknowledged that public procurement “represents a relatively small percentage of the industry’s turnover”, but suggested “all Government departments and public bodies have a duty to lead by example by supporting Wales’ farming and food industry”<sup>92</sup>:

*“The local procurement of food through establishments such as schools provides an opportunity for authorities to shorten supply chains, support the high environmental and animal welfare standards Welsh farmers must adhere to, and bolster circular economies while avoiding the implications of cheaper food imports on public health and the environment.”<sup>93</sup>*

**86.** Drs Amanda J Lloyd and Alina Warren Walker of Aberystwyth University said barriers to increasing public procurement include: “Lack of awareness of innovative Welsh-processed ingredients among procurement officers; perceived risk and cost of adopting new products in public sector catering; and insufficient processing scale to meet consistent supply demands”<sup>94</sup>.

**87.** Puffin Produce said public procurement could be increased with better understanding and use of public procurement legislation, and:

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<sup>90</sup> Food & Drink Wales, [Wales Community Food Strategy](#)

<sup>91</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 76

<sup>92</sup> Written evidence, [Farmers’ Union of Wales](#)

<sup>93</sup> Written evidence, [Farmers’ Union of Wales](#)

<sup>94</sup> Written evidence, [Drs Amanda J Lloyd and Alina Warren Walker, Aberystwyth University](#)



*“... there need to be the skills in the schools, in the kitchens, and the procurement needs to be more live, really. I think the procurement regulations are so stiff now, everybody’s frightened of judicial reviews and there’s nobody with a lot of common sense any more that can just go, ‘Yes, we’ll take that product for six months and we’ll make it work at that amount of money, and then we’ll go on to this product.’ You know, there has to be the freedom within the system to do that.”<sup>95</sup>*

**88.** Puffin Produce also said procurement needs to be “more live”:

*“Procurement ... has become a very bureaucratic process now that kind of almost has the opposite effect, in my mind, of moving us away. We need to be able to give people power to be able to go out there and sort this out and procure products at a sensible price in a live way.”<sup>96</sup>*

**89.** Puffin Produce also said “The Welsh Government surely could be able to lead that and put those guidelines down to NHS Wales or the councils [...], who then are actually procuring the food on the ground”<sup>97</sup>.

**90.** The WLGA set out the ways in which they support local food businesses and producers, including by running fair and non-discriminatory processes, by understanding local delivery networks, and by working in collaboration with Welsh Government, through Business Wales, to match local businesses to tender opportunities.<sup>98</sup> However they noted that challenges exist to the procurement of Welsh produce:

*“Some of the barriers along that supply chain are our ability afterwards, for example, abattoirs, which might come up later, dairies, vegetable storage and processing, which aren’t necessarily there to allow Welsh produce to remain in Wales and to be used in Wales.”<sup>99</sup>*

**91.** Several witnesses highlighted the success of the Welsh Veg in Schools scheme as a good example of successful procurement. The Soil Association

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<sup>95</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 78

<sup>96</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 78

<sup>97</sup> Economy, Trade and Rural Affairs Committee, 19 June 2025, RoP, paragraph 82

<sup>98</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraphs 136-138

<sup>99</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 148



welcomed the Welsh Government's "endorsement of and support towards" the scheme, and Dr Siobhan Maderson told the Committee:

*"The work of Welsh Veg in Schools (WViS) is exemplar in this field. Concrete support from the Welsh Government can support its expansion to meet its goal of 25% of all food in Wales's primary schools to be locally, organically produced by 2030."*<sup>100</sup>

**92.** Dr Robert Bowen noted: "The small scale nature of the sector in Wales means that local food miles can be promoted, with local foods being used to supply local customers". He pointed to successful initiatives in Wales, including the work of Food Sense Wales, but added that "a major issue is seeing how these initiatives could be scaled up onto a regional or national level"<sup>101</sup>.

**93.** The Deputy First Minister's paper acknowledged the challenge of scaling successful pilots regionally and nationally:

*"Welsh Government has taken a strategic approach to addressing barriers to public procurement of Welsh-processed food, focusing on infrastructure, innovation, accreditation, and procurement reform.*

*Our work has focused on shortening supply chains and reducing reliance on imports by increasing the amount of Welsh food served in schools and hospitals. Projects funded through the Foundational Economy programme have helped build stronger relationships between growers, processors, wholesalers, and public sector buyers."*<sup>102</sup>

**94.** In a letter following the session the Deputy First Minister highlighted the Community Food Strategy's role in promoting local food production. He said the Strategy commits to "increase the opportunities for the procurement of locally sourced food". He explained the Strategy is:

*"supported by a cross-portfolio funding package of over £2 million for Local Food Partnerships for the financial year 2025-2026. These Local Food Partnerships have now been established in every Local*

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<sup>100</sup> Written evidence, [Dr Siobhan Maderson, Local Policy and Innovation Partnership for Rural Wales \(LPIP\), Aberystwyth University](#)

<sup>101</sup> Written evidence, [Dr Robert Bowen, Cardiff Business School](#)

<sup>102</sup> [Welsh Government evidence paper](#), September 2025

*Authority in Wales and will provide strategic co-ordination of local food projects 'on the ground'. They will create new supply opportunities by connecting local food stakeholders including producers, businesses, wholesalers, and public sector services.”<sup>103</sup>*

## Social Partnership and Public Procurement (Wales) Act 2023

**95.** Public Health Wales (PHW) suggested that the Social Partnership and Public Procurement (Wales) Act 2023 (“the Act”) will be beneficial because “it addresses some of the challenges that the old system has given us, which is basically where the only thing that mattered was price”.<sup>104</sup>

**96.** HCC noted that the Act “places a greater emphasis on social value than in the past as opposed to the most economically advantageous tender which should provide additional opportunities for red meat from Wales into public procurement”<sup>105</sup>.

**97.** PHW and the WLGA agreed that support and clear guidance would be needed to help organisations comply with the requirements of the Act. The WLGA told the Committee:

*“we need to be clear that the Social Partnership and Public Procurement Act is a duty and it’s enacted in law. It will be insufficient to issue guidance that is less than that, by which I mean we need to know exactly what our legal obligations are, very clearly, without ambiguity. Guidance on policy and good practice can accompany it and it will be welcomed, but I think, more importantly, that guidance is something that we can work through together in that collaborative social partnership way, but the legal guidance, where it is ultimately most important, is that it needs to be about a law and what is written in a law, so that we, and other public sector bodies, know what is complying and what isn’t and we can be clear about that.”<sup>106</sup>*

**98.** The Deputy First Minister’s paper highlights the Act, and the Procurement Act 2023, which aim to “support local supply chains to increase the amount of

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<sup>103</sup> Letter from the Deputy First Minister to the Chair dated 18 November 2025

<sup>104</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 165

<sup>105</sup> Written evidence, Hybu Cig Cymru

<sup>106</sup> Economy, Trade and Rural Affairs Committee, 9 July 2025, RoP, paragraph 166

Welsh food and drink purchased”<sup>107</sup>. He told the Committee that the Act “has given much more flexibility now within the procurement system to consider social value in addition to that more narrow, constrained thinking that we used to have”.<sup>108</sup>

**99.** In a follow up letter the Deputy First Minister told Members the Welsh Government is working on Statutory Guidance which will underpin the Act and support public bodies to discharge their new responsibilities. He said it will provide “practical guidance on achieving wellbeing outcomes through the procurement process” and Welsh Government will work with “public bodies, social partners, procurement professionals and others to support its effective implementation and delivery”<sup>109</sup>.

## Our view

Whilst we appreciate public procurement is a very small market compared to the wider retail and hospitality markets, it is clear from the evidence that public contracts can be a reliable source of income for growing businesses. It is also important we encourage the public sector to procure locally as this supports the foundational economy and all the benefits that come with it.

It is evident that there are pockets of good practice across Wales, in particular the Welsh Veg in Schools initiative, which was highlighted by several witnesses as an excellent example of the work that can be done and the benefits that can be brought by using a local supply chain. These pockets need to be expanded. The Social Partnership and Public Procurement (Wales) Act appears to provide a good opportunity to support further development of this good practice and to encourage the public sector to use local food.

**Recommendation 6.** The Welsh Government should expand successful schemes supporting public procurement and integrating public sector purchasers into local supply chains, in order to realise the objectives of the Social Partnership and Public Procurement (Wales) Act.

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<sup>107</sup> Welsh Government evidence paper, September 2025

<sup>108</sup> Economy, Trade and Rural Affairs Committee, 24 September 2025, RoP, paragraph 126

<sup>109</sup> Letter from the Deputy First Minister to the Chair dated 18 Number 2025

## Annex 1: List of oral evidence sessions.

The following witnesses provided oral evidence to the committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed on the [Committee's website](#).

Date	Name and Organisation
19 June 2025	<p><b>Huw Thomas, Chief Executive Officer,</b> Puffin Produce and Pembrokeshire Creamery</p> <p><b>David Harries, Head,</b> Food and Drink Federation Cymru</p>
2 July 2025	<p><b>John Thorley, Chairman,</b> Association of Independent Meat Suppliers</p> <p><b>Nick Allen, Chief Executive Officer,</b> British Meat Processors Association</p> <p><b>José Peralta, Chief Executive Officer,</b> Hybu Cig Cymru</p>
9 July 2025	<p><b>Dr Robert Bowen, Senior Lecturer in International Entrepreneurship,</b> Cardiff Business School, Cardiff University</p> <p><b>Jon Parker, Wales Director,</b> Food, Farming and Countryside Commission</p> <p><b>Julie Bishop, Director of Health Improvement,</b> Public Health Wales</p> <p><b>Councillor Mary Ann Brocklesby, Leader of Monmouthshire County Council and Rural Affairs Spokesperson,</b> Welsh Local Government Association (WLGA)</p>
24 September 2025	<p><b>David Chapman, Executive Director,</b> UKHospitality Cymru</p> <p><b>Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs,</b> Welsh Government</p> <p><b>Gian Marco Currado, Director – Rural Affairs,</b> Welsh Government</p> <p><b>Keith Smyton, Deputy Director – Food Division,</b> Welsh Government</p>

## Annex 2: List of written evidence

The following people and organisations provided written evidence to the Committee. All [consultation responses](#) and additional written information can be viewed on the [Committee's website](#).

Reference	Organisation
<b>FP 01</b>	Aberystwyth University
<b>FP 02</b>	British Meat Processors Association
<b>FP 03</b>	Hybu Cig Cymru
<b>FP 04</b>	Foundational Economy Research Limited (FERL)
<b>FP 05</b>	Local Policy and Innovation Partnership for Rural Wales, Aberystwyth University
<b>FP 06</b>	ZERO2FIVE Food Industry Centre, Cardiff Metropolitan University
<b>FP 07</b>	Social Farms and Gardens, and Our Food 1200
<b>FP 08</b>	Kepak
<b>FP 09</b>	Soil Association Cymru
<b>FP 10</b>	Food, Farming and Countryside Commission, and Food Policy Alliance Cymru
<b>FP 11</b>	Cardiff Business School
<b>FP 12</b>	Farmers' Union of Wales (FUW)
<b>FP 13</b>	Wales YFC