

## BRITISH GOODS

## Don't Look for the E.U. Label

BY FRANZISKA SCHEVEN

Should Britain leave the European Union, makers of uniquely British products such as whiskey and Welsh lamb could lose E.U. copyright protection. Some fear a loss of sales, while others say they will survive -- and thrive -- if Britain goes it alone.



Stilton cheeses and other authentic British products are protected against copycats in part by an E.U. program that designates unique goods. Source: Bloomberg / Luke Macgregor

There is a lot at stake for Alison Lea-Wilson of Halen Môn when British voters go to the polls next Thursday. If Britain leaves the European Union, her business, a sea salt manufacturer in Brynsiencyn, a town on the northern coast of Wales, may lose its coveted status as a "Protected Designation of Origin" under European Union law.

Halen Môn uses the E.U. designation to sell packets of its salt mined from seawater on the island of Anglesey off the coast of northwest Wales.



### BRITISH PRODUCTS BEARING THE E.U. LABEL

Some British products bearing the E.U. protected status as unique to a geographic origin or a traditional or special production method: Orkney Beef, Orkney lamb, Scottish Lamb, Welsh Lamb, Shetland lamb, Stornoway Black Pudding, Traditional Cumberland Sausage, Melton Mowbray Pork Pie, Beacon Fell Traditional Lancashire Cheese, Bonchester Cheese, Buxton Blue, Single Gloucester, Tevoitdale Cheese,

“It is the legal E.U. recognition of the unique qualities of our sea salt,” Ms. Lea-Wilson told Handelsblatt Global Edition in an interview. Her 17-year-old firm exports 34 percent of its sales abroad, of which half - roughly 1.2 million pounds (€1.X million) each year.

The salt sold by Halen Môn is unique because it is derived from the briny, pure waters around Anglesey, water so pure that it is a breeding ground for tiny seahorses, which cannot survive the slightest pollution.

Since winning the E.U. designation in 2014, Halen Môn has exploited the benefits of the special product label to sell its salt through up-market emporiums such as Marks and Spencers, Waitrose and Harvey Nichols to gain a foothold against much bigger rivals such as Kali + Salz in Germany. Ms. Lea-Wilson’s firm is not the only one in Britain that would lose their E.U. status if Britain leaves the European Union.

There are others such as Orkney beef, Welsh lamb, Stilton cheese, Cornish clotted cream, Kentish ale and Kentish strong ale, and of course, Shetland wool and Scotch whiskey. Like Halen Môn, the British producers use the E.U. label and E.U. copyright law to protect their wares in a global market against illegal copycats.

What makes Ms. Lea-Wilson fairly unique in Britain is that she is one of the few who is seriously concerned about losing the E.U. status.

Other British firms whose products display the E.U. label claim they would not be seriously affected if Britain decides to leave the 28-nation bloc. Take celery grown in Fenland, a district 100 miles (160 kilometers) northeast of London, which has used the E.U. label since 2013.

“What would happen to the PGI status of Fenland? The simple answer I believe is nothing,” Anthony Gardiner, the marketing director at Fenland Celery, told Handelsblatt Global Edition.

Fenland successfully sold its celery in Britain before and after it received the E.U. protection three years ago, he said, which has generate about 150,000 pounds in sales per year.

In the European Union, three labels protect the reputation and geographical claims of regional food and drink producers – the protected designation of origin, the protected geographical indication and the traditional specialities guarantee.

Yorkshire Wensleydale, Cornish Clotted Cheese, Armagh Bramley Apples, Fenley Celery, Yorkshire Forced Rhubarb, Arbroath Smokies, Cornish Sardines, Isle of Man Queenies, Whitstable Oysters, Anglesey Salt, Kentish Ale, Kentish Strong Ale, Rutland Bitter, Cornish Pasty, Scotch Whisky, Plymouth Gin, Shetland Wool.

Source: European Commission

Source: Bloomberg

## WHY IT MATTERS

If Britain leaves the European Union, more than 100 makers of uniquely British products could lose E.U. copyright protection – which could adversely affect their sales abroad.

## FACTS

More than 100 British companies have had their products – such as Welsh lamb, Plymouth Gin or Anglesey salt, certified as “unique” by the European Union, a designation that affords an extra level of copyright protection.

products products, as the French did with champagne and cognac, and the Italians have done with Grana Padano and Parmigiano Reggiano cheeses.

With a Brexit possibly in the near future, some British producers have turned to the U.K. Department for Environment, Food and Rural Affairs, called Defra, to negotiate a new agreement for their products with E.U. competitors.

“They (Defra) have assured us there is a complete willingness on the part of Europe (the E.U.) to keep these (special designations) going and make them work even if we do leave,” said Tom Oliver, the chairman of Three Counties Cider and Perry Association, an industry group representing cider producers in Herefordshire, a county in England’s West Midlands district on the border with Wales.

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Some companies that use the E.U. label fear the loss of the copyright protection; others claim they will be able to sell equally as effectively with support from the British trade organization.

## NO. 454

Tuesday  
June 21, 2016



Milroys Whiskey, a liquor and beer store in central London this week. Source: Bloomberg / Simon Dawson

His businesses make 100,000 liters of cider each year, of which 10 percent is exported to the rest of the European Union. Mr. Oliver expects the export quotient to increase in the coming years.

Whether Britain can easily negotiate such agreements with the European

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Union after leaving is hotly debated. The U.K. regulator, Defra, declined a request by Handelsblatt Global Edition to comment on the issue, saying it couldn't make any statements before the referendum is held.

Other British producers whose products use the E.U. label downplayed the impending loss of the protection. Some even said they didn't care at all. A person who answered the phone at Plymouth Gin, a liquor distiller in southwest England whose products bear the E.U. designation, said he wasn't aware the spirits even carried the E.U. label. The company, he said, had not considered the economic consequences of a Brexit.

Whether that reflects the relative unimportance of the E.U. designation - or the wariness of British businesses perhaps preparing for a commercial future outside of the E.U. - is unclear. Perhaps a bit of both.

Donald Smith, a spokesman at Stornoway Black Pudding in Scotland, said that he doesn't expect anything to change.

"If we don't have the PGI anymore, we will be protected through the British government," he said, referring to the E.U. designation.

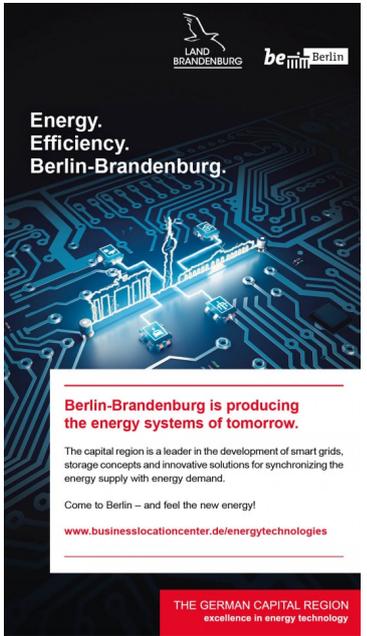
Across the European Union, the value of products protected by the E.U. designation in 2010 amounted to €54.3 billion, of which over half were wines. This is 6 percent of the output of the E.U. food and drink industry.

In Britain, 75 makers of food and drinks use the label under European Union law, for everything from fresh meats, to cheeses to spirits. The number is relatively low compared to other European countries such as France, which has 264 products protected by the E.U. label, or Italy, with 306 products, according to the European Commission.

With the chance of Britain leaving the E.U., Simon Junker, a spokesman at the Berlin-based German Institute for Economic Research told Handelsblatt Global Edition it should be in the interest of the European Union and Britain to maintain trade agreements after a breakup.

"But at first, Britain's GDP is likely to go down as investors will withdraw capital and the pound will lose value," he said. "Then there will be a long period, of probably two years, during which there is no clear direction and both parties will have to negotiate to find new ways of dealing with each other in that new situation."

Mr. Junker was reluctant to forecast what a Brexit would mean to producers and trade from Britain.



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But for British businesses, the future could be more complicated when trying to sell their goods in the E.U., said Ms. Lea-Wilson, who runs the Welsh salt company.

“It’s more difficult trading with a non-E.U. nation, if not impossible,” she said. “India has huge tariffs to protect it against salt imports. Vietnam and Brazil do not allow salt imports at all. China requires a licensed importer and Switzerland will only buy through their government.”

Even if trade is still possible with the E.U., many British businesses expect it to become more difficult.

“I can remember back to the days of borders and carnets and how awkward and time consuming it was,” said Mr. Oliver, the cider maker from Herefordshire. “I think for those people who have not experienced trade in the era before the economic union, they are in for a big shock.”

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