

IND0025 - NFU

The NFU represents 55,000 members across England and Wales. In addition, we have 20,000 NFU Countryside members with an interest in farming and rural life.

NFU response to House of Lords International Agreements Committee Inquiry:
UK-India trade negotiations

Summary

1. UK agricultural producers could benefit from increased access to the Indian market and we hope, if negotiated, an FTA will provide further opportunities for British farmers to sell more great British food overseas. There is potential to expand exports of high-quality UK produce, especially in our lamb and dairy sector, alongside organic foods and other niche products. In the UK we can demonstrate safe, traceable, and audited food supply chains, meaning 'Brand Britain' should have great potential to win market share if access is provided.
2. India is also a major agricultural exporter of commodities such as dairy, horticulture products and sugar, and already enjoys preferential access to the UK market via the Generalised Scheme of Preference (GSP) for certain key commodities.
3. UK businesses currently encounter considerable trade barriers, both tariffs and non-tariff barriers, when exporting to India meaning the Indian market is not well serviced by UK agri-food exports. These barriers reduce UK business' ability to trade into the market efficiently. There is opportunity to grow trade and with such a huge number of consumers, we are hopeful any FTA can dismantle some of the current restrictions in place on UK exports. Efforts should be made to not only liberalise tariffs applied to the Indian market but also reduce the non-tariff barriers to trade for UK business, to ensure that UK business can make use of the opportunities afforded by this FTA.
4. India has few domestic provisions on animal welfare or the environment in place which is concerning for UK farmers. The NFU believes that to enable and support a thriving British agricultural sector, it is crucial that the UK's future trade policy respects our high domestic production standards. To do otherwise would contradict the government's own stated commitment and would risk compromising our high animal welfare and environmental standards and would undermine British farmers.
5. The NFU has set the ambition for UK agriculture to reach net zero by 2040 and believes the government should be using policy levers, including trade policy, to incentivise higher standards of production and climate-friendly farming models.

6. The NFU supports the phased reduction of average tariff levels for agricultural products, notwithstanding the issue of production standards mentioned above, but we believe that this should not prevent the protection of sensitive goods on a global market when negotiating trade deals. We are confident, if UK farmers are allowed to compete on fair terms, that we can lead the way when it comes to sustainable, high welfare and climatefriendly farming. Ensuring UK Geographical indicators (GIs) receive protection in the India should also be a priority for the government.

Introduction

7. The NFU welcomes the opportunity to submit evidence to the International Agreements Committee for its inquiry into UK-India trade negotiations. The UK currently exports no beef, and very little sheep, pig, and poultry meat and meat product to India, i.e. £15,419 worth of annual average exports (2017-2019), or 1% of total agricultural export value. India has a growing middle class, which is predicted to be at 80% of the population by 2030, many of which have increased exposure to international products and a western lifestyle, along with a growing tourism industry. The UK has an opportunity for our high-quality meats and especially pork (for the population whom religious diets allow), dairy and organic products and to service demand for growing numbers of visitors to India.
8. Trade negotiations between the UK and India must be navigated carefully as trading with India is often criticised for being difficult. This is not only because of the level of bureaucracy involved, but also due to unfair practices such as alleged corruption and a lack of transparency. India has often created rules and regulations that do not comply with the World Trade Organisation (WTO), therefore over the years they have been subject to many WTO disputes. In this respect, to make the most of the opportunity presented by India, the government must be prepared to invest in market promotion and development and encourage transparency regarding SPS and market access. This includes a requirement for advisors on the ground in India who are to be able to talk to the various bodies, ports, retailers, and inspectors to ensure any UK exports can reach the Indian consumers as quickly and economically as possible.

Consultation and Stakeholder Engagement

9. The committee asked for views on the government's approach to consultation and stakeholder engagement. The NFU believes that stakeholders should be actively consulted and kept abreast of developments prior to the commencement of, and throughout, any negotiations. The government has established a number of forums for stakeholder engagement, including Trade Advisory Groups. The NFU welcomes these important bodies but is yet to be convinced that they achieve the degree of engagement and co-operation between government

and stakeholders that is required, and that is often the norm in other countries. The recent Australia/UK Agreement in Principle provides a case-in-point, where the details of the significant tariff concessions conceded by the UK government had not been properly shared, tested or interrogated for their impact by affected domestic stakeholders before they were announced as part of a largely "done deal". Indeed, the details of these concessions were first encountered by UK organisations such as the NFU when they were published by the Australian government.

10. The NFU also believes that early and ongoing engagement on trade negotiations between government and Parliament is crucial in concluding trade agreements with widespread support and a high degree of legitimacy. One of the lessons of the debates over the recent EU referendum is that the UK public have felt excluded from those making political decisions on issues that affect their day-to-day lives - hence the resonance of the message that Brexit means "taking back control". The exclusion of Parliamentarians from greater oversight of the process of negotiating trade deals, that can have a big impact on people's lives, risks further exacerbating these concerns if future trade deals impact negatively on some sections of society.
11. The NFU believes that Parliament should be consulted at the beginning stages of the treaty process, to respond and voice their concerns when the objectives for negotiations are set. Consultation with Parliamentary Committees and national Parliaments is used both regarding the United States Congress and the European Parliament, which increases scrutiny and transparency in deals struck by their executives. For example, the government has tended to publish scoping assessments - or impact assessments - at the commencement of FTA negotiations. However, as they are released alongside the mandate and in tandem with talks being launched, there is no opportunity for parliament or stakeholders to scrutinise the details. Parliamentary scrutiny needs to form the basis of a mandate being created, ahead of talks commencing.
12. In summary, the NFU believes there are a number of measures that should be introduced to improve the scrutiny of trade deals and accountability to Parliament:
 - a. Parliament should have a "yes/no" vote following debate once a finalised Treaty has been agreed by the UK government to decide whether that treaty as drafted should be ratified or not. Furthermore, Parliament should agree to the negotiating mandate before negotiations commence and should be kept updated and consulted throughout the negotiations.
 - b. The devolved administrations should also be consulted throughout the negotiating process, including with respect to draft texts of agreements.
 - c. Stakeholder engagement should involve a higher degree of information sharing, under Non-Disclosure Agreements only where necessary, to ensure proper two-way communication throughout negotiations prior to trade deals being signed.

- d. Comprehensive economic impact assessment should be published prior to negotiations starting.
13. The UK Government should maintain an ongoing review programme of all FTAs as they are implemented and through the lifetime of the agreements. This should include a regular assessment of agri-food imports and exports under individual FTAs, looking at the associated effect on domestic prices and levels of UK self-sufficiency and changes in market penetration for UK exports. It should take into account the cumulative impact of each additional FTA as they are agreed and implemented. This will give reassurance to farmers that there is a solid evidence-base to develop domestic and trade policies dynamically as our new FTAs come online to help industry adapt and adjust as necessary.
14. In addition, the NFU would stress the importance of maintaining good lines of communication between the UK and the devolved governments with respect to UK negotiations, not least because many of the obligations that a concluded trade deal will give rise to will need to be delivered, implemented and overseen at a devolved level. This is particularly true in relation to agricultural and environmental matters. The UK economy is not homogenous. For example, the Welsh economy differs from the wider UK economy in that trade with the EU accounts for 61% of its exports, compared to 43% of the UK's exports in 2019. Ensuring that devolved interests inform the UK negotiating position should help identify, avert, and minimise negative impacts that could stem from proposed trade deals as regards their impact on regions of the UK.
15. Whilst the UK Government is responsible for international relations and treaty making, the devolved administrations (DAs) and legislatures are likely to have at least some responsibility for the application, administration, scrutiny, and oversight of the obligations that trade agreements give rise to. It is our view that the Welsh Government and the Senedd ought to have an appropriate degree of involvement by being sighted of relevant documents ahead of such agreements being entered into, as well as the development and approval of implementing legislation which underpins concluded trade agreements. This should include involvement in developing the UK's negotiating mandate and in scrutinising trade negotiations. The NFU does not represent farmers in Scotland or Northern Ireland, but by extension we believe that this approach should be reflected across all constituent parts of the UK.

Environment and Climate protections

16. The NFU has set the ambition for UK agriculture to reach net zero by 2040 and believes the government should be using policy levers, including trade policy, to incentivise higher standards of production and climate-friendly farming models. In this context, we remain concerned about the import of products which would be illegal to produce here, and which would undermine the domestic steps we take to protecting and enhancing the environment. We therefore support the inclusion of a strong environment

chapter in the UK-India FTA but note that in many of these areas the UK goes much further than India. As such, we remain concerned about the import of products which undermine our approach to protecting and enhancing the environment.

17. India has minimum guidelines for agriculture and general business to operate in an environmentally sustainable way. At COP26, Prime Minister Narendra Modi pledged that India will move to become carbon-neutral by 2070. Along with the UK and 25 other countries, India signed the Sustainable Agriculture Policy Action Agenda at COP26. Although India has been criticised for pushing its net zero goal to 2070, it is a developing country with roughly 120 million smallholder farmers who contribute over 40% of the country's grain production, and over half of its fruits, vegetables, oilseeds and other crops¹. Therefore, India's ambitions to become net zero are commendable if not likely to be realised in the short term. Currently, India's agricultural industry accounts for 14% of total greenhouse gas (GHG) emissions, trailing the power sector (44%), manufacturing industries, and construction sectors combined (18%). In comparison, the UK's agricultural industry is working hard to reduce GHG and currently only contributes 10% of total UK emissions². British beef and lamb is among the most efficient and sustainable in the world due to our extensive, grass-based system, and the government's Committee on Climate Change has said that GHG emissions from UK beef are about half the global average. Further research shows that the carbon footprint of a litre of British milk is around 1.25kg CO₂e compared to a global average of 2.9kg CO₂e per litre.
18. The NFU agree that if we are assured a level playing field to compete on we can lead the way when it comes to sustainable, high welfare and climatefriendly farming. Encouraging India's closer alignment to the UK's environmental standards and ambitions could help tackle the climate crisis and achieve more sustainable agricultural industries.
19. The NFU believes that to enable and support a thriving British agriculture sector it is crucial that a trade deal with India respects domestic environmental, food safety, labour and animal welfare standards. To do otherwise would contradict the government's own stated commitment and would risk compromising our high animal welfare and environmental standards and would undermine British farmers.
20. The NFU suggests the government upholds the UK's high standards by building on our existing international agreements and maintaining the right to regulate in the public interest if required. During talks, government should look to encourage commitment from Indian officials to work towards improved food safety, animal welfare and environmental standards.

¹ [Impact of COVID-19 on farmers in India \(wbcsd.org\)](https://www.wbcsd.org)

² [The facts about British red eat and milk \(nfuonline.com\)](https://www.nfuonline.com)

Offensive interests in India:

21. India has a growing middle class, which is predicted to be at 80% of the population by 2030, many of which have increased exposure to international products and a western lifestyle. The UK has an opportunity for our high-quality meats and especially pork (for the population whom religious diets allow), dairy and organic products. This is emerging as there is a change in buying habits and a preference to purchase for quality over price. Emerging consumer trends favour healthier, natural, and organic food options. India is increasingly popular as a tourist destination for world-wide visitors and has a growing young population who are "globally-fluent"; this has resulted in a plethora of foreign restaurants and brand franchises. As the population of India is expected to be the largest in the world by 2026, UK products have an advantage for consumers as they are perceived as safe

and high quality. As such, Indian food importers are competing to access global supply chains to source high-quality food products and ingredients. The UK is well placed to service this demand and will have an advantage if we have an agreement in place with India before others.³

22. The UK currently exports no beef, little sheep, pig, and poultry meat and meat product, which cumulates to £15,419 worth of annual average exports (2017-2019) into India, or 1% of total agricultural export value. This is due to many reasons, such as high tariffs, non-tariff barriers, and a lack of cold meat infrastructure in India which makes transporting meat and other perishable products around the country difficult. However, public financial assistance schemes have been working to improve the agricultural infrastructure and supply chain, with £18 million of funding available in 2019-2020 for example.⁴

23. **Tariffs:** The UK and India do not have an FTA and so trade takes place on WTO terms. However, the UK has been importing certain Indian products under reduced tariffs, firstly under the EU regulation No 978/2012 of generalised tariff preferences⁵, then from 2021 under the UK Generalised Scheme of Preferences⁶. This is because India is classed by the World Bank as being a General Framework tariff (GF) beneficiary country, which is for low and low-middle income countries, which results in partial or full removal of duties on two-thirds of tariff lines, to an eight-digit commodity code.

24. Currently tariffs for UK exports to India for agricultural products are very high, among the highest in the world. For example, for offal, wheat, rice

³ [DownloadReportByFileName \(usda.gov\)](#)

⁴ [Encl \(apeda.gov.in\)](#)

⁵ https://ec.europa.eu/trade/policy/countries-and-regions/development/generalised-scheme-of-preferences/index_en.htm

⁶ <https://www.gov.uk/government/publications/trading-with-developing-nations#GSP> ⁷
[Indian Trade Portal](#)

and sugar, duties of 105% are applicable. 60% duties are applied to imports of cut flowers and maize, whilst for meat, dairy, eggs, fruit and vegetables and milled cereals, duties of 35% are applied⁷. Additionally, on top of the tariff India applies a Goods & Services Tax (GST), which reduces UK business' ability to trade into the market efficiently. We recognise that the GST, introduced in 2017, is an improvement on previous systems and has helped reduce unfairness and improved transparency in trade.⁷

25. India often makes changes to its import tariffs, as it changes the level of protection provided to domestic producers to keep food price inflation in check, and to attempt to guarantee certain commodity prices for local farmers and manufacturers. India can do this as there is a great difference between its bound and applied tariff rates. This causes insecurity and uncertainty for imports and exporters. For example, from November 2017 through March 2018, India raised import duties from zero percent to 60% on chickpeas, 50% on peas, 40% on large chickpeas, and 30% on lentils.⁸

26. Therefore, gaining preferential market access, either through duty free quotas, or via the reduction or removal of applied tariffs, would be an advantage for UK exporters. UK agricultural producers could benefit from increased access to the Indian market, and we hope an FTA would provide further opportunities for British farmers to sell more great British food overseas. There is potential to expand exports of high-quality UK produce, especially in our lamb and dairy sector, alongside organic foods and other niche products. However, currently UK organic food cannot be exported to India, as UK companies' organic status is not recognised in India's market. The lamb and dairy market are also currently limited by the strict SPS standards, which are discussed later in this response. Import of beef is prohibited in respect of religious grounds.

27. **Non-Tariff Barriers:** We are concerned that UK businesses encounter considerable trade barriers, both of tariffs and non-tariff barriers when exporting to India. For example, India applies 236 Sanitary and Phytosanitary measures on UK exports, compared to the 4 that the UK applies to Indian imports. India applies 193 technical barriers to trade, compared to 54 applied by the UK.⁹ These reduce UK businesses from trading in the market efficiently. The NFU believes that UK trade negotiators should aim to not only liberalise the Indian market, but also reduce the nontariff barriers to trade, to ensure that UK business can make use of any opportunities afforded by this FTA.

⁷ <https://www.privacyshield.gov/article?id=India-Import-Tariffs>

⁸ [India - Import Tariffs | Privacy Shield](#)

⁹ [An information note for the consultation relating to a Free Trade Agreement between the United Kingdom and India \(publishing.service.gov.uk\)](#)

28. For example, the UK is a major exporter of dairy products to India and exports around 735 tonnes on average per year (2017-2019). India is a major importer of dairy products and imported \$35 million of dairy products in 2019 from around the world. This is because Indian production is not sufficient to serve its domestic demand. However, India's import protocols are very strict and are numerous, as shown by the 11 policies and forms (below) that must be complied with and completed. This is all alongside high tariffs of 30% to 65% applied to the commodities. The UK could grow its exports of dairy products to India, especially exports of cheese, but UK negotiators must secure a reduction in this bureaucracy which currently acts as a disincentive to traders.

Policies and forms for all agricultural imports into India:

1. All products' **quality** should meet Indian States' standards, as applicable to their domestically sold goods. A Bureau of India Standards (BIS) is needed by the manufactures/exporter to export products to India.¹⁰
2. Aayat Niryat Forms (ANF) 1 form [here](#) must be filled out for all exporters and importers, and occupy any other forms submitted if required.
3. Every imported food & beverage consignment should carry a **label** based on the requirements as specified in [Food Safety and Standards \(Packaging and Labelling\) Regulations, 2011](#).
4. **Packaged products:** Under the Legal Metrology (Packaged Commodities) rules, 2017¹¹; applies to packaged products packaging. This rule does not apply to farm produce sold in bags above 50kg, for industrial/institutional consumers, packages containing over 25kg or 25 litres of commodities.
5. **Shelf life:** products must have a valid shelf life of not less than 60% of its original shelf life. Shelf life of the product is to be calculated, based on the declaration given on the label of the product, regarding its date of manufacture and the due date for expiry.

29. **Lack of regulatory and standards alignment between state, national, and international level:** India has often created rules and regulations, that do not comply with the World Trade Organisation (WTO), therefore over the years has been subject to many WTO disputes. Some of these have been resolved, such as the poultry avian influence dispute¹² which saw India recognise the principle of regionalisation; but in many cases the dispute is ongoing, such as the state Indian subsidies on domestic sugar production¹³. India's import restrictions, which apply to many agricultural products, from birds, eggs, offal meat, potatoes, to plants seeds, have been questioned internationally and the EU has

¹⁰ [General Notes.pdf \(indiantradeportal.in\)](#)

¹¹ https://consumeraffairs.nic.in/sites/default/files/uploads/legal-metrology-acts-rules/8%28xii%29_0.pdf

¹² [DGFT revises import policy for Poultry and Poultry Products into India \(knnindia.co.in\)](#)

¹³ [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/642841/EPRS_STU\(2020\)642841_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/642841/EPRS_STU(2020)642841_EN.pdf)

brought several disputes to the WTO focused on India's export and import policy between 1998-2002,¹⁴¹⁵ and 2002-2007¹⁷.

30. Trading with India is often criticised as being difficult not only because of the level of bureaucracy involved, but also due to unfair practices such as corruption and a lack of transparency. We support others in the agri-food supply chain who call for UK negotiators to push for a dispute mechanism which can be operated centrally in the FTA. The treatment of imported goods can vary not only between state but also between ports. This creates uncertainty and increases the risk that products may incur a costly rejection, all of which makes the lucrative Indian market less attractive for exporters. If a dispute mechanism cannot be operated centrally by the Indian government, then the UK should seek to ensure provisions are negotiated which ensure treatment of UK goods is fair and transparent at the Indian border.

31. **Increase ease of doing business:** There are 7 Indian government bodies and authorities for agriculture and trade, which make it difficult to gather the appropriate trading resources. This include basic tariff rates, and goods and services tax for Most-favoured-nation (MFN) are not all on one document. Import policies and their updates are on different documents, there are 41 inspections authorised for Certification of Post entry quarantine facilities and inspection of growing plants, serving different regions or the entire country; and 3 inspection authorities in different locations inspecting for tissue culture raised plants. This makes it particularly difficult for small and medium sized businesses who may not have dedicated export personnel. In order to realise any opportunities afforded through an FTA with India, the UK Government must be prepared to invest in supporting and helping UK businesses navigate the Indian market.

32. **Religion:** It is projected 30-35% of the Indian population remains vegetarian in accordance with Hinduism, which 80.5%. of the population follow (see Pie Chart 1)¹⁶. Under the Hindu religion some animals are worshipped. Food that is *Shuddh* (pure) by tradition is permitted, and foods containing meat, fish, eggs, alcohol or intoxicants are not allowed for strict observants; therefore many Hindus follow a vegetarian diet, which may or may not involve dairy products.

- **Meat eaten:** Preferred meat choices include lamb and goat, with instances of pork and wild boar, as well as eggs and dairy products.
- **Certification:** There is a SAHMS Shuddh certification for Hindu products. However, there is no Shuddh certificate scheme, this has been argued that because Shuddh is a tradition, rather than a religious law, it allows individual to choose their level of adherence.¹⁷

¹⁴ [Microsoft Word - ds149-1.doc \(europa.eu\)](#)

¹⁵ [WT/DS149 Import restrictions. - Trade - European Commission \(europa.eu\)](#) ¹⁷

[Microsoft Word - ds279-1.doc \(europa.eu\)](#)

¹⁶ [Census of India: Religion \(censusindia.gov.in\)](#)

¹⁷ <https://www.foodnavigator-asia.com/Article/2014/08/06/Should-Hindus-have-their-own-religious->

- **Religious slaughter:** The animals are slaughtered by the religious process of *jhatka*, this involves using a sword or axe to decapitate the animal, providing a rapid death, when performed correctly.¹⁸

33. The Islamic faith is the second most prevalent religion practised in India with 13.4% of the population recorded as Muslims²¹. Muslims do not eat pork, but other meats are permitted provided they are Halal.

- Requirements: The requirements for Halal are outlined in various religious texts and decrees, but are interpreted at an individual and community level, with respected Imams or Scholars pronouncing on the matter at relevant times.
- Certification: Halal certification bodies, often working internationally, are third party organisations attesting to Halal standards of products and their production, including slaughter methods, ingredient origin or processing techniques (e.g. alcohol extraction of flavourings).
 - The certification organisations respect and incorporate the views of trusted scholars into their assurance standards and seek to align these with particular markets in Muslim majority nations.
 - Depending on the position of the certification body and their scholars/intended markets, the assurance body may or may not accept reversible stunning methods to be used in the slaughter process. This position is founded in the hitherto lack of capacity to assure that the stunning method doesn't kill the animal, a fundamental requirement for Halal, rather than a preference for animals to be slaughtered whilst conscious.

34. **UK opportunities:** The UK is now in a position to demonstrate assurance of Halal acceptability of stunning methods in the UK through a new DEFRA supported protocol, endorsed through participating Halal certification bodies. Muslim majority countries are already familiar with similar systems applied in New Zealand processing and it is they who tend to lead the way on international standards and those of other countries in the region. In India, the Halal certification is not compulsory, but in order not to offend a minority of paying customers in India, many restaurant

chains, government establishments and even airlines serve only Halal meat¹⁹. The UK has an opportunity to service the huge population of 138 million people, if we can ensure UK certification meets Indian Muslim consumer needs.

Pie Chart 1: India's population religious followings, in percentage (%)

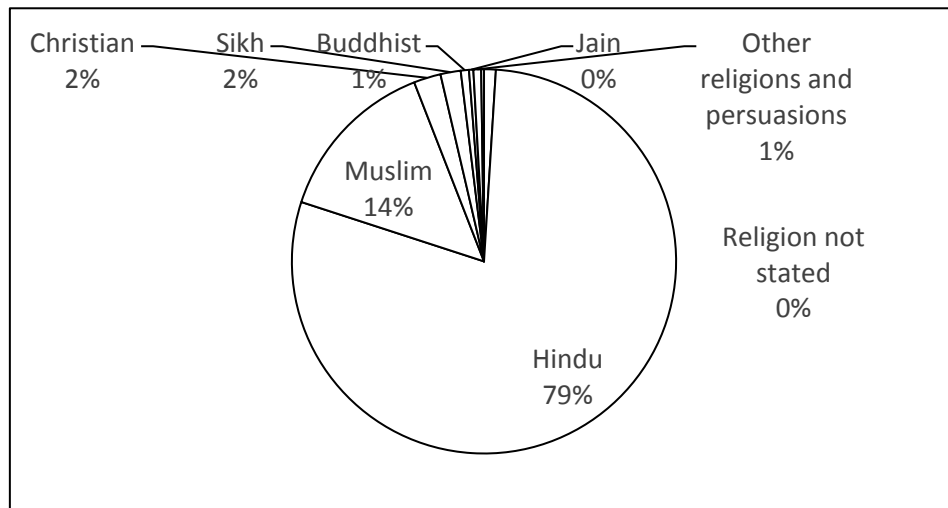
[nutritionalstandard](#)

¹⁸ <https://www.halaltimes.com/lines-kosher-halal-hindus-want-religious-food-certification/> ²¹

[Census of India: Religion \(censusindia.gov.in\)](#)

¹⁹ <https://www.newindianexpress.com/opinions/2020/jun/13/hindus-halal-and-political-correctness-2155982.html>

²³ [Census of India: Religion \(censusindia.gov.in\)](#)



35. **Beef:** Beef (reared domestically) is enjoyed equally by the Muslim and Christian populations of 138 million and 24 million respectively (shown in pie chart 1)²³; which combined, is over double than the population of the UK. The Hindus, Jains and Buddhist faiths view cows as sacred animals and hence, do not eat beef. Muslims in the Islamic faith can eat beef, provided the meat is Halal. However, India prohibits the importation of beef in any form, including any products containing beef.²⁰ The UK has an Export Health Certificate (EHC) to export beef semen to India²¹, but not beef meat or beef products. For the UK beef industry to capitalise on the opportunity presented by the Indian market, this prohibition on beef imports would need to be removed, alongside other non-tariff barriers.

36. **Pigmeat:** In the Judaism faith and Islamic faith, eating pork is forbidden. Some Hindus eat pork. 2% of the Indian population are Christian who do eat pork, which at 24 million people, is still a large consumer base. This, coupled with the growing number of tourists, and premium quality restaurants, means there is opportunity to export more British pork to India. India is developing its agriculture sector and is transitioning its pig sector from backyard production to commercial farms, which provides an opportunity for British businesses to export genetics. The UK currently has limited trade with India in this sector, but the UK has an excellent reputation for pig genetics thanks to its high health status and productive pig herd, meaning we are well placed to service this demand. We understand that the UK and Canada are the only two countries currently approved to export

pig semen and live pigs to India. The UK will struggle to compete on price alone with Canada, given their producer's cost of production in the pig sector is much lower than ours. The UK should invest in market promotion and development to enable market share to be won for UK exports.

²⁰ [General_Notes.pdf \(indiantradeportal.in\)](#)

²¹ <https://www.gov.uk/export-health-certificates/export-bovine-semen-to-india-certificate-732>

37. Lamb: Lamb is a popular meat option in India as Hindus' preferred meat includes lamb under Suddh, and Muslims can eat Halal lamb. Lamb is popularly eaten at the religious festivals of Bakrid and Eid, and the culmination of Ramzan²². 720,000 metric tonnes of sheep meat were consumed in India in 2020, which on average is 0.5kg per capita; compared to the UK at 3.8kg per capita.²³²⁴ The UK has a EHC to export lamb and sheep meat to India, but not for breeding.²⁵ However, to improve operability, we understand the EHC needs updating to bring it more in line with the OIE's approach to dealing with scrapie. UK export access to India for lamb was opened in December 2018, and it was seen as a promising opportunity, as there is potential for growth due to the large population and increasing middle class.²⁶ The current UK sheepmeat trade is low, with only two exports in 2017 and 2019, with an average annual value of £383 (in the period 2017-2019).

38. Poultry meat: The UK poultry sector is proud to produce to high standards. We produce a quality product which, thanks to our farm to fork approach to food safety (e.g., salmonella vaccines, campylobacter monitoring), meets the sanitary requirements. The vast majority of commercial poultry in India is produced using conventional cage systems, which were banned in the UK in 2012. Poultry meat is accepted by both Hindus and Muslims, as long as it is under their religious preparations. The UK currently has access for breeding stock and in 2017 during a WTO dispute, India recognised the principle of regionalisation. This means they recognise disease-free areas and areas of low pest or disease prevalence as being "regionalised" from outbreaks of High Pathogenic Avian Influenza (HPAI) and Low Pathogenic Avian Influenza (LPAI), which has ensured trade can continue when the UK loses AI country freedom.²⁷ The UK has export health certificates (EHC) to export day old chicks and chicken hatching eggs to India.²⁸ However the EHC for poultry meat is currently on hold²⁹, and EHC for breeding poultry is not available currently, which has result in low trade volumes of poultry meat, with an average annual value of £1,922 (2017 – 2019).

39. Dairy: The UK is a major exporter of dairy products to India with £1.5 million of annual exports, which is the equivalent to 735 tonnes (average annual exports 2017-2019). India imported a total of \$35 million in 2019 from around the world, including from France, Germany, Italy and Denmark. Despite India being one of the largest dairy producers in the

²² <https://www.statista.com/statistics/826719/india-sheep-meat-consumption/>

²³ <https://www.statista.com/statistics/826719/india-sheep-meat-consumption/>

²⁴ <https://data.oecd.org/agroutput/meat-consumption.htm>

²⁵ <https://www.gov.uk/export-health-certificates/export-lamb-and-sheep-meat-to-india-certificate-7866>

²⁶ <https://www.newfoodmagazine.com/news/76646/india-british-sheep/>

²⁷ [DGFT revises import policy for Poultry and Poultry Products into India \(knnindia.co.in\)](https://www.knnindia.co.in/dgft-revises-import-policy-for-poultry-and-poultry-products-into-india)

²⁸ https://www.gov.uk/export-health-certificates?destination_country%5B%5D=india

²⁹ <https://www.gov.uk/export-health-certificates/export-poultry-meat-to-india-certificate-7514>

world, accounting for 22% of global milk production, it is not self-sufficient and still consumes the majority of what it produces. This in part is due to a huge population but also due to the lack of formalisation in its market structure, inadequate veterinary provisions and climate constraints. Between 2008-17, India alone accounted for 57.7% of the global demand growth for fresh dairy products and it is expected to reach 60.4% in the decade of 2017-2027. Per capita consumption of dairy products by Indian consumers is also projected to grow at 36% by the year 2027 while total consumption is expected to grow at 51%, which is the highest growth rate in the world³⁴. India does not currently export any dairy or dairy products into the UK, instead directing its small export volumes to markets closer to home such as Sri-Lanka and UAE. However, India import protocols are very strict, as outlined above and tariffs are high, between 30% and 65%, for UK exports³⁰. Given the rise of the middle class, increased tourists and a desire for a Western diet, we foresee opportunity for all British dairy products but especially, speciality cheeses. Historically, the lack of cold chain infrastructure that exists within India has limited trade, but as mentioned earlier, steps are being taken to try and address this, although it will take time. UK negotiators should prioritise the removal of tariffs and the non-tariff barriers during FTA discussions to ensure this opportunity can be realised.

40. **Horticulture:** India has a small production of apples, which are grown in the north of India from October to December. Therefore, there is an opportunity for the UK to supply the Indian market for 9 months of the year. The UK has an opportunity to be the major supplier of top fruits to India in the Northern Hemisphere. India only has a few suppliers, of which the US is the major supplier, but the UK could have the opportunity to displace this with British grown apples, overtaking the US who face high MFN tariffs. India has few suppliers and gaining access to this significant market and establishing a good relationship, before the major producers such as Chile and Europe, could be significantly beneficial in the long term. Therefore, if the UK had reduced tariffs from the 30% MFN tariffs for fresh fruit with India under a FTA, the UK could compete with the US in supplying India with top fruit such as apples and pears.

41. In India, most plant and plant materials have a restricted import status, under the Plant Quarantine (Regulation of Import into India) Order, 2003 (last updated 2021). Products often need a phytosanitary certificate (PC); treatments, such as devitalization of seed by heat treatment at 1200C for 15 minutes, or Fumigation with Methyl bromide @ 32 g/m³ at @ 210C and above under normal atmospheric pressure (NAP); as well as subsequent laboratory testing, depending on the product. India has also required the UK, individually (among some other countries), to complete additional declarations for some agricultural products. The commodities included in this are seeds for sowing, consumption, or processing and tissue cultured plants for many plants, trees, cereals, fruits, and

³⁰ [DownloadReportByFileName \(usda.gov\)](#)

vegetables. This imposed additional financial costs and demands extra time that must be spent

34

[https://www.nddb.coop/sites/default/files/pdfs/baseline/16_Roadmap & strategies to promote dairy products.pdf](https://www.nddb.coop/sites/default/files/pdfs/baseline/16_Roadmap_%20&%20strategies_to_promote_dairy_products.pdf)

ensuring product complies with the requirements. Indian legislation, under the Plant Quarantine Order, 2003³¹, lists the costs of in-country inspections, and fumigation and sets out the associated timescales³².

42. Under the India bilateral agreement: the Enhanced Trade Partnership made earlier in May 2021, we saw greater access for UK apples, pears and quinces into India for the first time, through a reduction on SPS non-tariff barriers³³. This barrier was noted to the UK government in July 2019, as India requires fruit to be treated with Methyl bromide fumigation, a pest control mechanism, before export. By working with the Indian Plant Protection Division, the UK gained recognition for alternative UK cold treatment methods for pest control³⁹. The NFU welcomes this but notes that some fruits are only one fruit out of hundreds of fruits, vegetables, plants, and cereals products, all of which still have to undergo the same treatment and more. Therefore, the UK should focus on securing similar treatments for other products where alternative controls can be deemed to be equivalent to Indian import controls.

43. For fresh fruit, which is perishable - it can take up to 7 days for the product to get the three required permits and certificates. For cut flowers it takes up to 4 and a half days. The longest time frame for plant quarantine activities is up to 47 days (6 weeks, 5 days), for seeds for sowing.

44. **Cereals:** In 2016-2017, food grains accounted for 78 per cent of the agricultural produce India imported, which can be attributed primarily to drought in the country. Cereal imports into a country are often used an indicator of food availability per person. The Economic Survey annual report has shown that from 1961 to 2018, the net availability of food grains has increased in India only marginally from around 468.7 grams to 487 grams per person per day³⁴. As UK farmers continue to seek to diversify their rotations, our exportable surplus of barley and malt grows. Malt is an important export for the UK arable industry and although we have access to several other valuable markets such as Japan or the US, it is sensible to continue to seek to diversify marketing options. As the middle class grows and tourism becomes more widespread, it is likely demand for beer and other products containing malt will grow. Given the UK could be one of the first major malt producers to agree an FTA with

³¹ [Plant Quarantine \(Regulation of Import into India\) Order, 2003 \(bareactslive.com\)](#)

³² [Plant Quarantine \(Regulation of Import into India\) Order, 2003 \(bareactslive.com\)](#)

³³ [Prime Minister announces £1 billion of new UK-India trade - GOV.UK \(www.gov.uk\)](#) ³⁹ [Search results - Check International Trade Barriers - GOV.UK \(check-international-tradebarriers.service.gov.uk\)](#)

³⁴ <https://www.downtoearth.org.in/news/food/india-claims-to-be-self-sufficient-in-food-production-but-facts-sayotherwise-62091>

India, it would be desirable to ensure the tariff and non-tariff barriers are removed so that, as this market develops, the UK arable industry is in the right place to take advantage of the opportunity.

Defensive interests:

45. **Eggs:** India uses conventional cage systems, which were banned in the UK in 2012. The UK uses enriched cage systems that are the minimum standard

under law in both the UK and the EU. Whilst these systems offer better animal welfare outcomes, they come at a cost which has and continues to be borne by producers. We are concerned that UK egg producers could be undercut by Indian dried or liquid egg; these products effectively put a floor in the market and any volatility will impact the overall price paid to farmers. These products are primarily used in the manufacturing and food service industry in products such as cakes and biscuits, the origin of the eggs used to make products are rarely labelled at the point of consumption making cheaper imported product an attractive option to businesses.

46. Domestic egg consumption in India is one of the lowest in the world, at just 78 eggs/capita/annum, compared to 230 eggs in the EU.³⁵ As a result, India is emerging as one of the leading global exporters of eggs, both in shell and egg products. As the UK is a net importer of yolk, the UK would be an attractive target for Indian egg producers, especially if the UKGT tariffs the UK currently applies were removed or reduced. The NFU believes eggs should be treated as sensitive in trade negotiations with India and any market access provided should be pursuant on Indian product meeting our domestic standards.

47. The UK currently does not export eggs to India as the UK does not have an EHC for eggs or egg products for exports into India.³⁶

48. **Horticulture:** India is the second largest global producer of fruits and vegetables, due to its varied climate allowing an array of varieties to grow. This allows India to produce more horticultural than arable products. India's main production is exotic fruits of bananas, papayas, followed by mangoes. For vegetables, India's major exports are onions, mixed vegetables, potatoes, tomatoes, and green chilli. The UK is a major destination, particularly for those horticulture products as we do not produce such exotic fruit⁴³. Although there would not be direct competition with imports of exotic fruits, there is a risk that increased access could still leave to competition with UK products in the domestic market, undercutting UK produce.

³⁵ [Egg Industry in India | Egg Processing Machines Supplier \(egg-machine.com\)](#)

³⁶ https://www.gov.uk/export-health-certificates?destination_country%5B%5D=india ⁴³ [Fresh Fruits and Vegetables \(apeda.gov.in\)](#)

49. **Sugar:** As the UK takes advantage of its newly independent trade policy to seek trade deals with countries around the world, NFU Sugar is representing UK beet growers' interests and ensuring the voice of the homegrown beet industry is heard. We want trade outcomes that support UK beet growers to grow their businesses and to provide food for Britain and beyond.

50. India is currently the second largest sugar exporter in the world but has been providing its industry with a package of subsidies and supports which prop up the industry, which would otherwise be uncompetitive against many sugar producers. Brazil, Australia and Guatemala took India to the WTO in 2019 to challenge this programme, and on 14 December 2021 a WTO panel found on Tuesday 14 December that the Indian sugar regime breaches WTO

rules on agricultural support, export subsidies and notification of subsidies to the WTO.

51. The regime had been challenged on the basis that these subsidies amount to a distortion of the world sugar market and supported production to the extent that India has become the world's second largest sugar exporter. It is vital that, as a responsible trading nation that aspires to uphold global trade rules, the UK does not offer Indian sugar any concessions on access to the UK market after its regime was found to be in breach of WTO rules. Doing so is an opportunity to show support for the case made by Australia, Brazil and Guatemala. It also allows the UK Government to demonstrate it recognises the responsibilities we would expect our trading partners to meet in order to benefit from a free trade deal with the UK.

52. The UK imports cane sugar from small, developing countries such as Belize, Fiji, Guyana, Jamaica, Malawi, Mauritius, Paraguay and Swaziland, with a large number of these cane sugar producing countries supported by Fairtrade farming. An FTA with India with allowances for sugar has the potential to erode developing countries preferences.

Annex 1

Table 1 – UK trade with India by agricultural commodities value (£) and net mass (tonnes) (averaged 2017-2019) (HMRC, 2021)

Agricultural commodities	UK exports to India per year (averaged 2017-2019)		UK imports from India per year (averaged 2017-2019)	
	Average of Value (£)	Average of Net Mass (tonnes)	Average of Value (£).	Average of Net Mass (tonnes)
Beef meat	4,650	0	0	0
Pigmeat	8,464	3	0	0
Sheepmeat	383	0	18,214	3
Poultry meat	1,922	8	0	0
Dairy products	1,454,401	735	0	0
Plants	367,436	6	3,714,766	973
Vegetables	114,783	122	41,942,366	37,860
Fruits and nuts	64,160	10	55,794,781	29,030
Cereals	20,460	17	107,813,561	149,514
Products of the milling industry	1,249,231	3,082	8,365,357	12,289
Sugar	723,137	359	14,820,880	100,754
Total	4,009,028	4,343	232,469,925	330,423

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