Written evidence submitted by Provision Trade Federation (PTF), relating to the operation of The Windsor Framework

[OWF0017]

Introduction

1. This response is submitted on behalf of the Provision Trade Federation (PTF).

2. PTF is a food trade association representing processors and traders in a range of staple dairy, pork and fishery products. We also provide the secretariat for the Specialist Cheesemakers Association.

3. Collectively these sectors account for roughly **20% of UK household expenditure on food** (around £24 billion a year) and **support some 130,000 jobs**.

4. Our membership consists of businesses of all sizes and types, sourcing raw materials and other inputs from UK, EU and international supply chains to supply domestic and export markets with both finished products and food ingredients. It includes EU and multinational companies as well as those operating solely in the UK.

Overview

5. In this submission, we principally highlight the challenges and impacts of the Windsor Framework in relation to the agri-food sector, notably in implementing Not-for-EU labelling requirements for businesses sending goods to Northern Ireland. These include the operational and financial burden on businesses, ongoing adjustments and uncertainty regarding future regulatory developments, deficiencies in stakeholder engagement and concerns regarding the triangular trade ban and Northern Ireland's dual market access.

6. But we would also like to take this opportunity to stress that most of these difficulties could be resolved by the adoption of a new UK-EU SPS or veterinary agreement aimed at the frictionless movement of products between and the UK and the EU as a whole, thereby obviating any need for separate controls or monitoring in respect of movements between GB and NI – in both directions. We believe this needs to be an urgent priority for Government in line with its Manifesto commitments, whether or not as part of a wider reset in UK-EU relations.

Implementation of Not-for-EU labelling and parcel movement requirements

7. As PTF highlighted in its response to Defra's February 2024 Marking of Retail Goods Consultation the implementation of Not-for-EU labelling requirement has necessitated rigorous process and significant financial investments for our members. This impact is not limited to production and supply but extends to the trade and

consumer levels, especially for companies producing products with multiple SKUs for both the GB and EU markets. For example, one member needed to amend labels for 85 SKUs.

8. The requirement has forced businesses to introduce separate production lines for products labelled ‘Not for EU’ and this was far more than a simple production line adjustment — it demanded an additional operational system, requiring extra personnel, demand and supply planning, warehousing adjustments, IT system modifications, revised technical specifications, and other logistical adaptations. Effectively, it has meant treating an existing product with a modified label as an entirely new SKU, with all the associated complexities.

9. Some members also had to conduct thorough internal discussions and alignments to determine which SKUs fell within scope, considering factors such as logistics routes and the countries where the products are sold. Additionally, they needed to decide whether to incorporate 'Not for EU' into the existing artwork or apply an additional label, while also accounting for factory capabilities and selecting the appropriate coding system. Beyond these steps, successful implementation required clear communication plans and coordination with both suppliers (for packaging materials) and customers (for finished products). Unlike typical product launches, where SKUs are introduced gradually, businesses were faced with the unprecedented challenge of launching all SKUs simultaneously.

10. Unsurprisingly, these changes have resulted in substantial additional costs. Estimates from PTF member businesses range from £250,000 to as much as £15–£20 million. While some of these expenses — such as new labelling or packaging machinery — are one-off costs, others will persist annually for processes that were previously unnecessary. In addition, some members will have had to rationalise their product ranges and cease selling some of their SKUs to NI, where volumes would have been too small to justify the need for separate labelling.

11. Moreover, the Government’s Transitional Labelling Financial Assistance Scheme only covered labelling changes until 28 February 2024, providing no support for the additional costs associated with Phase 2 and 3 implementations. This exclusion is particularly concerning for our members from the dairy sector, who continue to bear the financial burden of these requirements. Therefore, we have called for an extension of the financial assistance scheme to 1 October 2024 and an increase in funding to also cover Phase 2 commodities.

12. In terms of preparation, many of our members required at least six months to implement packaging and labelling changes, with some starting as early as October 2023 (a year of preparation). More concerning, the adjustments did not end once the changes were made; ongoing challenges have continued to arise. These range from issues at the factory level, such as production delays and technical difficulties, to complications at the customer level, including confusion around product labelling and logistical disruptions. There are also major issues regarding the segregation of

stocks, with a high risk of incorrect stocks (wrong labels) being sent to the unintended markets. These persistent hiccups have required additional efforts and resources, resulting in both operational setbacks and financial losses.

13. Inadequate guidance surrounding the labelling requirements further complicated compliance. There were some grey areas regarding which phase certain products fell under. Additionally, there was a lack of clear instructions on labelling requirements for mixed loads. Delays in receiving responses to critical queries further compounded these challenges, indicating a lack of urgency in providing essential clarifications. Given the extensive planning that compliance entails, these uncertainties increased the risk of trade disruptions and lost sales opportunities.

14. We also have issues regarding the treatment of non-retail products, specifically bulk items intended for manufacturing in Northern Ireland, which currently have no option but to use the red lane.

15. We acknowledge Defra’s efforts to engage stakeholders in a collaborative approach to easing trade frictions and helping businesses navigate these requirements. However, we hope these engagements reflect a genuine commitment to addressing industry concerns rather than merely fulfilling a procedural requirement.

16. The NI-GB Food Supply Chain Forum, previously held weekly by Defra and now reduced to a monthly meeting starting in February, has increasingly become a one-way communication channel, often lacking concrete updates. While officially scheduled for 30 minutes, discussions frequently conclude in just 15 minutes due to limited updates or no time allocated for stakeholder questions, which are often left unanswered or redirected to a Defra email. This undermines the forum's purpose of fostering open discussions and addressing shared concerns.

17. In mid-November last year, Defra approached PTF for feedback on its proposed update to the NIRMS guidance regarding General Certificate and Packing List requirements, with plans to publish the document by the end of November. However, we were given only five days to review the draft and submit our input. As of writing, more than two months past the planned publication date, we have yet to see the final document published.

18. We have expressed concerns about the changes to the packing list information requirements, questioning their necessity. In our view, the expansion of these requirements represents a step backwards and contradicts the Government's previous assertion that the Windsor Framework deal would create a seamless UK Internal Market, placing Belfast on equal footing with Birmingham. We also raised questions about the practical implementation of these changes, specifically calling for a system that prevents lorries from being denied boarding until any omissions or errors are corrected. Furthermore, we emphasise the need for a transitional period to allow businesses adequate time to adapt and receive proper notification.

19. PTF is also concerned that proposals to further complicate the requirements are being considered. During our engagement with Defra in October, it was suggested that product barcodes or other unique identifiers could be used to verify product identity. Our members raised concerns that implementing barcodes would require significant additional investment and could create confusion in supermarkets, particularly due to potential conflicts with existing barcodes already in use at retail locations.

Customs procedures and movement of goods and agri-foods GB to NI, including the UK Internal Market Scheme and NI Retail Goods Movement Scheme

20. PTF questions the ban on triangular trade for goods moving to Northern Ireland, particularly in the EU-GB-NI route. As we have highlighted in previous government submissions, the UK — including Northern Ireland — has a highly integrated supply chain with the EU, and these restrictions disrupt production processes, forcing some companies to restructure their operations at significant cost.

21. Under the Windsor Framework, Northern Ireland benefits from dual market access; however, restricting triangular trade undermines this advantage by limiting the movement of goods between these markets. Rather than imposing an outright ban, a clear and efficient regulatory mechanism could ensure compliance without adding unnecessary bureaucracy.

Areas where legislative divergence between Great Britain and Northern Ireland is likely to occur and the mechanisms in place to monitor or manage this

22. Procedures to deal with actual or potential legislative divergence – including the operation of the Stormont Brake – are primarily designed to deal with changes in areas such as product standards. But recent developments suggest that there may in future also be differences in external tariff arrangements which could impact on the movement of products in either direction between GB and NI, including new requirements in relation to rules of origin. Even without such complications, PTF would question whether the necessary mechanisms are in place, or if they are functioning effectively, to monitor, manage, or prepare for such divergence. Industry representatives have repeatedly sought updates from officials regarding the status of the European Deforestation Regulations (EUDR) in Northern Ireland. Under the Northern Ireland Protocol, the UK Government is required to appoint a Competent Authority to collect the necessary data under the Regulation and to conduct checks on due diligence for any goods sold into Northern Ireland, and by extension, the EU Single Market, including goods from Great Britain. At present, it remains unclear whether such an authority has been appointed.

23. There is also some uncertainty surrounding areas such as the changes to the *Listeria monocytogenes* criteria for ready-to-eat foods, which could have significant implications for the sectors affected. It remains unclear how these changes will be

implemented, especially given that EU food law continues to apply in Northern Ireland under the Northern Ireland Protocol. Furthermore, the fact that UK officials are no longer involved in EU decision-making processes regarding new EU laws and regulations adds an additional layer of complexity.

<u>The potential of Northern Ireland’s dual market access</u>

24. Northern Ireland's dual market access provides it with a distinct economic advantage by allowing its businesses to operate freely in both the UK and EU markets, without the trade barriers that businesses in GB face. While this gives NI businesses a competitive edge, it leads to perceptions of an uneven playing field and disruption, particularly in agriculture and food production, within the wider UK internal market.

26. Again, these are issues which would be resolved by the urgent finalisation of a well-structured SPS Agreement with the EU, which has the potential to reduce the need for separate compliance systems and provide greater clarity on how to manage divergence and its impact.

February 2025