

The British Poultry Council – Written evidence FUU0013

BACKGROUND

1. The British Poultry Council is the voice of the British poultry meat sector and the trade association for producers of poultry meat from chickens, turkeys, ducks and geese.
2. A billion birds are reared for meat every year, providing half the meat the country eats. The UK is one of the largest exporters of high value genetic breeding stock. Our sector relies heavily on our people, their expertise, and skills.
3. UK is the fourth-largest producer of poultry meat in Europe and the world's most sought-after suppliers of high value breeding stock. The poultry meat industry is heavily reliant on just-in-time trade with the EU.
4. Britons prefer breast meat to dark cuts like wings, legs, and thighs, thereby creating carcass balance through trade. Maintaining a market for 75% of the bird that is left over after removing the breast meat is important to the sector's viability. Almost three quarters of our imports (£2bn/year) and exports (£500m/year) are with the EU
TAKING BACK CONTROL HAS PENALISED BRITISH PRODUCERS
5. It is over a month since Britain departed the EU single market and customs union. British poultry meat producers are working incredibly hard to adapt to the new trade arrangements unveiled on Christmas Eve and implemented on 1 January.
6. Overnight we went from being able to freely move product to being considered a third country, and a risk to the EU's food safety, animal health, and plant health regimes. This briefing paper talks about the absence of digitalisation and lack of clear and consistent instructions on certification of products of animal origin and its knock-on impact on food security and business viability.

IMPACT OF THE 'NEW NORMAL' ON POULTRY MEAT TRADE

7. The combination of mitigating the challenges caused by the coronavirus pandemic, facing huge increase in administration and paperwork relating to Brexit bureaucracy and learning to live with avian influenza has put a significant amount of pressure on the British poultry meat industry.

8. The British poultry meat sector has been dealing with significant challenges thrown up by the new UK-EU trading regime that we had a handful of days to implement. Every day presents a new challenge and we have had our share of rejected loads for the wrong colour stamp on documentation or out of order page numbering. These challenges are far bigger than 'teething problems' and have resulted in severe delays at the border and forced businesses.
9. Poultry meat businesses have been cautious in sending product to the EU, due to concerns over the administrative barriers, fear that the systems would not work, or simply unable to find hauliers to make the journey. Overall trade in the first week of January was only one-fifth of normal volumes, and at the date of this document volumes are around a half of normal. (A normal week would see around 200 lorries of fresh poultry meat depart the UK)
10. It is essential that perishable products of animal origin such as British poultry meat and breeding stock cross borders without delays to maintain value, shelf life and viability. As a highly integrated sector that relies on an efficient just-in-time supply chain, it is crucial that the trading arrangements we operate to do not penalise our businesses.
11. British Poultry Council members have found themselves at the sharp end of the new trading arrangements as our fresh produce cannot be stockpiled and requires the most onerous EU paperwork reserved for imports of animal and plant origin. The administrative errors, physical checks, and the lack of clear and consistent instructions are incredibly frustrating and costly, but they are problems that can and will be solved.
12. Ways are being found to incorporate the new requirements, but they all represent added cost to the businesses. We estimate that the additional cost of applying the bureaucracy alone (additional resources, time, people, etc) is around £10 million across the industry, and that assumes a system that is working perfectly.
13. While the UK gave the EU a six month "phased-in approach" to trading post-EU exit (which means food flowing into the UK is not subject to border checks until 1st July), British poultry meat exporters have had less than a week to prepare for EU exit and deal with business-critical challenges as and when they arise.

THE COST CONUNDRUM

14. All of this is happening at a time when we are dealing with a pandemic, and as an industry facing the challenge of avian influenza, and both have their own costs.

15. Every delay, every piece of additional paperwork, every additional check, every new requirement, every rejected load impacts the flow of food, adds to the cost of production and challenges business viability and sustainability. It must be noted that certain rejected loads have to be returned to their point of origin and will likely be destroyed or rendered; good food being wasted for errors on documentation.
16. Cost of production is affected from both directions. The addition of new requirements needs more people, more time, and more resources, and disruption of the flow of food leads to increased cost in the supply and demand dynamic.
17. The flow of food, and ingredients, is essential for a just-in-time supply chain. Stockpiling of perishable goods is not realistic in the way that automotive businesses may keep higher stocks of car parts. Delays and interruption to the flow of food may mean that while overall there is sufficient supply it is not where it needs to be. This may lead to a reduction in the variety of products on offer - those with fewer ingredients or ingredients that can be substituted - and the cost of production rising where supply cannot reach where the demand is.
18. These new processes do add cost and extend the journey time to our EU based customers, but the more optimised and reliable they become the lower this impact. These additional costs will have to be recovered in some way across the whole supply chain.
19. Any delays during the export process could result in businesses losing 50-100% of the value of the product depending on the length of delay and the amount which might have to be redirected to rendering or elsewhere. The cost per lorry load of fresh meat would see a swing of up to £15,000 per load rejected (this includes the value of the load plus the cost of disposal/rendering).
20. Any delays during the transport of breeding stock will result in a lower yield due to damage to the embryo. Hatching eggs lose their viability after 5 days and will need to be destroyed. Each lorry load of hatching eggs is valued at around £200,000. If the hatching eggs must be destroyed it leaves the importer with a shortage of eggs to hatch for breeding and commercial purposes.
21. The loss of value, additional administrative costs, and the waste of food must be recouped in some way through the supply chain. In 2018 we modelled that with a free trade deal between the UK and EU and minimum trade friction we would see the cost of chicken breast rise by 5%. We are an efficient and productive supply chain so it

would not be unreasonable to speculate that other food sectors would see an equivalent or greater increase.

WHAT WE NEED FROM GOVERNMENT

22. The sheer amount of documentation and wrong colour stamps has led to rejection of loads entering the EU impacting the flow of food. While these are not permanent barriers, they are indicative of a system not designed for just in time perishable goods. Three quarters of our trade in meat is with the EU. What we really need from our trading relationship is to maintain value in the import and export trade.
23. Certain new markets have great potential for exports of meat and breeding stock, for which UK is a global hub and world leader. We need Government's support in getting other countries to recognise the values we put into food products and pay that cost, in turn support British producers, and allow British population to eat quality wholesome British food. This is not about protectionism; it is about a trade policy that promotes fair competition across a broad range, and one that supports our domestic production.
24. While we stand committed to delivering safe, nutritious, and affordable food to British standards and carrying on investing in our future, we need the Government to do the same to ensure UK's food security. We are calling on the Government to:
 - a. Work with EU partners to agree clear and consistent instructions on the interpretation of the export health certificates to eliminate administrative errors
 - b. Invest in resources for future trade such as provision of e-certification
 - c. Commit people and resources to trade missions in target markets, e.g. China
 - d. Have a strategy for the delivery of COVID-19 vaccinations to the food sector to support uninterrupted production
25. As an industry we must be sure that Government is putting the necessary resources and processes in place to deal with what will be a massive task as export volumes increase and when we begin doing the same check on imports come July.
26. We must have sufficient Official Veterinarians available to do the work, which is questionable considering that 95% of the Food Standards Agency's vets are non-UK citizens and veterinary public health is a low priority in UK vet schools. Also, export health

certification should be brought into the service contract between the FSA and the food business operators.

27. Even the processing of EHCs needs to be reliable and consistent. We must have an electronic certification system and get away from printed certification.