

## Written evidence submitted by Seafood Scotland (SME0015)

### 1) Which seafood and meat exports have been particularly affected by border delays and disruptions since 1 January, and why?

All seafood

There are several reasons. Exporting Products of Animal Origin (POAO) entails complex export paperwork requirements. There are inherent issues in completing these timeously.

Seafood businesses have prepared extensively over a period of 2-3 years to ensure they were ready for all scenarios. In many instances, they have good reason to believe their paperwork and processes have been correct and compliant from the start of 2021. Where this has not been the case, we have worked with traders and other stakeholders to ensure that it becomes correct and compliant as quickly as possible. Meanwhile, the work to make processes more efficient at the EHC hubs is ongoing.

However, the EHC process is only part of the process of delivering seafood to customers in the EU. There have been several problems in other parts of the process. There have been IT systems failures, problems with communications between some hauliers, certifiers and exporters, problems with communications with Border Control Posts (BCPs), inconsistency at BCPs and a lack of knowledge and understanding of post-Transition Period requirements from EU-based traders. Additional problems have been experienced by exporters of organically produced seafood due to additional bureaucracy and additional, related communication problems between BCPs, certifiers and exporters. This list is not exhaustive.

### 2) What impact have delays and non-tariff barriers on seafood and meat exports to the EU had on UK businesses?

There have been several negative impacts.

Firstly, there has been some reputational damage to the sector arising from delays and generally reduced reliability in delivery times, though we hope this is only temporary. This, allied to strong competition from rival nations, has led to customers going elsewhere for seafood in some instances.

More commonplace is a general reduction in earnings per consignment as premium prices are closely linked to freshness and thus early delivery (Day 1 for Day 2). By and large, delivery has been patchy and unpredictable until very recently and is still not

consistently on a Day 1 for Day 2 delivery basis which ultimately leads to downward pressure on the price's customers will pay.

In some instances, product has had to be destroyed, though thankfully this has been quite rare. Some consignments have also been successfully re-sold when customers have cancelled orders which have arrived late, but these have been at lower prices than the original price secured. Many companies have held back sending too many orders into the EU and some companies haven't sent anything yet due to all the concerns.

More generally, many additional hours have been spent by staff members and those in the supply chain trying to mitigate various problems. This is an added but considerable cost to exporters. The combination of COVID-19 and wariness over Brexit changes has led to the temporary closure of businesses which may become permanent for some.

We cannot yet fully quantify the additional, post-Transition related costs to the sector incurred since the start of the year, but we expect it to be very significant.

### (a) What are the medium to long-term implications of the non-tariff barriers for UK exporters and supply chains?

Assuming, optimistically, that a "new normal" is established that is similar to pre-Brexit (Day 1 for Day 2) delivery times and pre-COVID-19 levels of demand, then we would hope that sales and revenue levels would return and ultimately exceed those of recent years (also assuming continued growth of the sector).

However, this will inevitably be achieved with unfortunate increased cost and complexity brought about by non-tariff barriers, which ultimately impacts profit margins.

For some smaller operators, this may make their business unviable. There will be disproportionate impacts on the processing sector. High volume, low margin business models within the sector will struggle to operate viably, especially as the pandemic continues to reduce food service volume.

### 3) What steps should the UK Government take to mitigate these issues? What should its short and long-term priorities for action be?

The UK Government should do everything within its power to minimise bureaucracy and non-tariff barriers with the aim of securing an acceptable “new normal” of Day 1 for Day 2 delivery and a streamlined system to deal with additional bureaucracy for UK-EU trade arising from EU exit.

To a considerable extent, this will probably require agreement with the EU to reduce and streamline paperwork notwithstanding the parameters of the TCA. To that end, they may wish to consider seriously proposals to secure a veterinary/SPS agreement with the EU along the lines of the EU-New Zealand agreement.

Moreover, the UK Government should make good on its intentions to deliver the “world’s most effective border by 2025”. To the extent this affects goods trade, this should aim to secure a single window trade system and make it very simple and straightforward to engage with customs and other export/import systems.

We have also asked for the UK Government to negotiate a “grace period” to phase in new paperwork requirements— akin to those secured for GB-NI goods movements - in the recent past. We would continue to urge the UK Government to consider this.

Additionally, the UK Government should help promote UK seafood in UK and non-UK markets (including the EU) and secure improved access to non-EU markets as part of its independent trade policy.

Finally, the UK Government should look to support the sector with financial support interventions in the short to medium term to avert business failure due to COVID-19 and Brexit impacts. This would be a more efficient and effective way of supporting the sector than retrospective compensation schemes.

#### 4) How effective and timely will the Government’s proposed £23 million support package for seafood exporters be?

Support and compensation to offset sectoral losses is a step in the right direction and all help is welcome. However, too many businesses are disqualified from accessing this support package.

More emphasis should be given to ongoing support to getting export processes to a satisfactory state and to stabilise the business environment for UK seafood exporters, who are having to adjust simultaneously to EU exit and the pandemic.

#### 5) How useful and responsive were the guidance and support provided by the Government to business, before and since 1 January?

We fully recognise and appreciate the hard work, dedication, and expertise of Government officials. Both Scottish and UK Government officials across several departments have been very willing and very able to answer queries and pursue actions to solve problems that our members have faced. Likewise, we recognise the hard work and willingness of government ministers to intervene where necessary.

However, while seafood traders have spent a long time preparing for every Brexit outcome, the guidance provided has obvious limitations. Moreover, for SMEs in particular, there has been limited “bandwidth” for preparation as they have simultaneously had to address major problems associated with the pandemic over the last year.

The sector has not been able to test-run systems and processes as much as it would like for several reasons and therefore the post-Brexit trading environment is now being “tested” in real time by businesses, with all the associated problems and costs that entails. This is where an additional grace period, as outlined above, would prove very welcome.

## 6) What can the UK learn from other countries who export food to the EU?

Arguably there is no precedent for the situation the UK finds itself in with regard to trading with the EU. Arguably no other major, advanced economy that borders the EU and engages in such high volumes and value of trade with it, is positioned completely outside and unaligned with the Single Market and Customs Union; and it is certainly unique in moving from being inside to outside the Single Market and Customs Union. This brings unique challenges that few countries can provide a guide to overcoming.

However, there are countries, such as New Zealand, that have achieved reduced bureaucracy in exporting to the EU by reaching agreement with the EU on veterinary/SPS equivalence. This is something for the UK to consider, especially as such an agreement was mentioned in the UK’s negotiating objectives prior to agreeing the TCA.

Furthermore, there are examples of derogations on certain bureaucratic processes for some products from some other Third Countries. For seafood products, Canada is often mentioned as a country that has secured various derogations for exporting to the EU despite only having a standard free trade agreement with the EU. There are others too. Norway, New Zealand, USA, Faroe Islands, [Iceland](#) and South Africa all have derogations of some form on multi vessel schedules for catch certificates, which are a particular burden for wild caught fisheries. Evidence of these can be found [here](#).

7) How ready is the UK to introduce checks on food imports from the EU during 2021, and are there lessons to be learnt from the issues that UK exporters have faced?

This is a difficult question to answer at this stage.

Border flows between GB and NI and in particular is an issue for seafood companies who have retail contracts in NI, this is not as large scale as the short straits issue but may become a bigger issue as freight volumes increase.

For inputs into our production process, we are actively looking at what will be required of our sector and how best to manage the import of these inputs. This will require continued engagement with both Scottish and UK Government.

We are not well-sighted on the level of preparedness of UK border agencies for carrying out checks on imports. That is ultimately a question for the UK Government to answer.

Lessons can be learned from the experience of UK exporters, however, in terms of making instructions to EU exporters clear and ensuring a consistency of approach at UK Border Control Posts (BCPs). It will also be critically important to ensure regular UK-EU/member state dialogue, with input from and feedback to cross-border traders themselves as much as possible, and with very clear lines of communication.

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