

Written evidence submitted by the National Sheep Association (SME0029)

The National Sheep Association (NSA) will be responding in relation to meat exports to the EU. NSA does not wish to comment on seafood exports.

NSA is the UK's leading membership organisation dedicated to representing the views and interests of sheep farmers and supporting the sheep sector. NSA's vision is one of the people involved in keeping sheep being enthusiastic, knowledgeable, and aspiring to best practice – and those not keeping sheep being increasingly aware of the contribution sheep make to society and of the core aspects of the sector. Through our membership and affiliation schemes, we are able to communicate with a large majority of the sheep industry. In addition, NSA works in partnership with many other organisations to ensure a high level of support and service to the industry and a co-ordinated and strategic approach. NSA is also active in a huge range of policy areas affecting the sheep sector and sits on a range of working groups/stakeholder groups that feed directly into Government.

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

All meat exports (sheep, beef, pig, poultry etc.) have been affected by border delays and disruptions since the 1st of January.

Firstly, while the UK can continue to freely export sheepmeat to the EU, we are experiencing greater bureaucracy and excessive paperwork that is increasing costs to the producer and the retailer's shelves, as well as causing delays at border control points (BCPs). We do expect that over time, some of the initial disruption will be due to teething problems and user error, and as businesses and officials get used to the new systems some of these challenges should dissipate.

Lamb exports in particular have been significantly affected as due to increased veterinary and customers checks, and these checks taking longer to clear the border with Calais. This has resulted in product getting to market on average 24h later (in transfer time from both plants to Paris) and therefore have one day less shelf-life. This makes the product less attractive to buy. There are further complications with longer transits as we go further afield and through multiple border crossings. Please note, this is an average figure, and it can vary immensely and is almost entirely dependent on the mode of the inspection team at Calais.

One of the major reasons for the delays is **Export Health Certificates** (EHCs). EHCs are causing big hold-ups at the processing end (during sign-off) as well as at BCPs. Depending on where the EHC is signed off can create further complications. For example, at slaughterhouses, a vet is permanently onsite throughout all hours of operation and thus export certification can be facilitated accordingly without significant impact on the veterinary role in slaughterhouses as it is entirely complementary. However, export certification off-site further down the food chain such as in further processing facilities and depots (typically suppliers of POAO to supermarkets) is a new and complicated process.

During processing, completion of EHCs are laborious, and consistency for completion varies depending on the certifying officers experience and knowledge of EHCs. There is still some concern over the OV capacity needed to sign off EHCs potentially removing them from the 'general' veterinary work when we are approaching a critical time in the year; lambing and calving. Within FSA there has been inconsistency over whether FSA vets should or should not be doing health certificates. There is still controversy over requirements around stamping and signing edits on EHCs – no consistency for what is accepted vs rejected at BCPs. The laborious production of these certificates, the clumsy process by which these are transferred with the product being certified and the huge man-power resource required to generate these certificates is simply unsustainable.

In addition, there are also issues around time taken for cancelling and replacing certificates (whilst perishable products are sat waiting at ports). The current system of export certification is heavily bureaucratic, expensive and unnecessarily labour-intensive and reliant on a stretched and limited professional resource. Long term we need to consider how we will improve this process to be more sustainable and user friendly. The paperwork is impacting smaller importers more as it's the same volume of paperwork whether it's one pallet or one load so we have seen smaller customers cancel orders directly and start buying from larger importers (for UK products) but also worryingly more from competitors (Spanish, Irish, Romanian).

The overall increase in costs of trading (elaborated in Q2) are significant.

Another issue causing problems for meat exports is **Labour shortages**. Much of our existing vet capacity comes from EU labour sources which have been impacted by new entry requirements for non-UK workers. Vets are in high demand, short supply, and their services are expensive.

Finally, **inconsistency at BCP** in inspections is creating further delays. Many products arriving at BCP are being tackled by overcritical border staff, resulting in perishable products to be held up for no reason. Some exporters are using specific BCPs as success rate through these routes is high, creating a potential bottle neck at some BCPs. Where over critical inspections are occurring, this is leading to products being devalued upon reaching their destination or in some cases going to rendering.

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

Some 35-40% of UK sheepmeat production is exported and 95% of this exported volume is sold into the EU. The agreement reached means we can continue to sell into the EU without any volume restrictions or tariffs being applied. However, the 'non-tariff barriers' mean that trade is far from frictionless. The system of border controls, health and phytosanitary controls, and export health certificates is proving not to be fit for purpose for a fast-moving supply chain with perishable goods.

New controls are reported to have increased costs to the processors / exporters of around £1.25 per lamb carcass being exported to the EU of additional trading costs per year from

export veterinary costs, export customs agent costs, administration costs, Eurotunnel charges, import veterinary charges and import customs agents charges. If 4 million carcasses are exported from the UK then that's an additional £5m of costs being added to the trading relationship of the sheep sector. This does not take into account shelf-life/quality factors and/or lost sales as a result of the paperwork and crossing the border 1 day later. The list of additional costs is endless. One example is from a big UK exporter who has had to put on 1FTE employee in each plant to deal with just custom's declarations issues. This is not a 9-5 job, enquires have to be dealt with as they arise 24 hours a day, to keep things moving. The mental anguish and pressure on all staff are also having an effect. These costs are currently being covered by the exporter or processor, however, it's only a matter of time before this gets passed onto the producer directly. Trade between GB and NI is particularly affected and the realisation that GB and NI are one trading area, but as NI falls under EU regulatory requirements, moving goods to NI is equally as difficult as moving goods to the EU.

We assume that as we depart from a number of EU regulations the provisions will enable trade to continue but we are already concerned that the UK Govt appears to be departing from some key EU regulatory positions. For example, our exploration of gene editing will be seen as inflammatory so soon after leaving the EU and is likely to result in increasing safeguards and checks. We are hearing regularly that it is easier to export products to non-EU countries than to the EU, some of this may improve as teething problems are overcome but it seems that the system is not fit for purpose.

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

Supermarket and retailer trade further complicates matters, as they have trusted supply chains, and the EHC certification process does not fit naturally into these chains. Subsequently, they are requiring additional verification of products as they move down the chain to the final point before exiting GB. On occasion, these attestations (completed by vets) are asking for guarantees beyond the requirements of the EHC. These verifications are referred to as Support Health Attestations (SHAs).

The medium-long term implications are a loss of customers due to increasing trading costs and decreased shelf-life/quality as exporters are not flexible enough to get product across the same day. Farmers First are reporting that loss of shelf life, added cost and hassle has meant that they have already lost two of their highest value customers in northern Europe where quality of product and predictability of delivery is critical to their customer offer. This is on a scale of the loss of truck loads per week, not a few pallets.

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

Initially, it would be useful for the government to push for a reciprocal 6-month grace period, as the UK has given to all EU imports, allowing them to continue as they have been until July 2021. This would provide a level playing field and potentially allow the current non-tariff barriers to be resolved before having greater impact on UK businesses.

The government should then help the sector in the following areas:

1) Export Vet provision: Mandate/oblige the FSA to provide export certification services. Export veterinary charges are horrendous and quotes are around three times the hourly rate abattoirs are charged for OV in plants. The FSA should use a combination of trained meat inspectors (Certification Support Officers CSOs) and flexible OVs to make time and undertake export certification at the plants they are assigned to.

Side note: This has the extra beneficial impact of improving cost recovery for the FSA as the rates the OVs are charged are adjusted by a discount factor when invoicing the FBOs hence charging the full rate without discount (which is still significantly less than external export vet) will enable FSA to recover more costs and reduce its burden on the tax payer.

2) Digitise Export Health Certification: There is a critical need to update the EHC process from one that is manual to an online system. With the adoption of an e-signature system it would be possible to deliver a 'hub and spoke' certification system, allowing the use of CSOs, reducing the need for OV. For example, CSOs working on site can fulfil all the necessary inspection and certification verification assurances on behalf of the certifying vet who can be based remotely. The OV can perform remote inspections as needed in order to satisfy themselves supported by the CSO attestation which will then permit remote certification to occur. The certificate can then be uploaded into the online EHC IT system and these can then be forwarded directly onto the destination BCP and copied to the customer and haulier as required. Not only are paper documents open to fraudulent activity, they are costly to produce, difficult to complete, slow to transfer, hard to store and often illegible. The reliance on a paper-based system is hampering trade, tying up valuable veterinary resource and costing industry and exporters considerably more than necessary were the UK to sign up to the EU's electronic certification mechanism as soon as possible.

The EHC process must be further digitised so the export vet does not spend significant amounts of time crossing out conditions that are not relevant to the consignment. This can be done by creating templates for each EHC which automatically cross out the relevant conditions and so can be printed as is. This saves significant time when there are 4 pages of conditions to cross-out, sign and stamp for EACH translation (e.g. 12 pages of conditions if sending product to Germany).

The number of pages are due to increase further when the new EU EHCs come into play from 21-April. We understand the EHC online system is being updated as we speak to prepare for the April changes, therefore we urge that a working group be set-up urgently to guide developers by expressing how the manual parts of the survey should work automatically.

BMPA have submitted a list of issues that need to be worked through. AIMS have submitted a 'Digitalisation of EHC' report which would reduce export veterinary resource pressure and digitise the EHC workflow in practice - see <https://meatmanagement.com/aims-calls-for-digitalisation-of-export-health-certificates/> and attached for further details. The whole system needs to be fully digitised and fit for the 21st century not only to improve the efficiency and reduce cost, but to optimise UK product quality that is on offer to customers.

3) Remove 40-day residency from EHC 8311 and 8312: These Animal By-Product certificates require 40-day residency at the last place of holding. This is not how trade is conducted in the sheep trade. The 40-day residency requirement must be removed (as it was for the lamb carcasses EHC 8262). We understand this was an oversight due to the late

finalisation of the TCA but UK Gov and EU must correct this ASAP as there are products with our ABP partners that cannot be exported with the current condition.

4) Export Customs Agents: There must be more customs agents trained and available to reduce the current pressure on them (to allow declarations to be made on a timelier basis) and reduce the costs to exporters. The pressure on them is expected to increase significantly when more import declarations are required from April and July.

5) Eurotunnel charges: The government should work with the EU to eliminate or reduce the significant charges for traders at the border/Eurotunnel

6) Import veterinary charges: The government should work with the EU to reduce import veterinary charges at the border. There should be a veterinary equivalence agreed with the EU similar to with New Zealand which means only 1% of consignments are physically checked instead of 15%, and costs reduced accordingly. These checks are increasing the delay at the border and introduce significantly more uncertainty in terms of planning driver hours.

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

Lamb exporters need similar support to help with the costs of export health certification. NSA does not wish to comment on seafood exports.

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

Guidance and support have varied. There were a number of Government webinars on various topics and updated documents shared on the Gov.uk website. However, much of the advice was confusing, difficult to interpret and there seemed to be numerous links to click page after page online which just took the reader to more and more confusing information. The webinars were useful but again they tended to cover the same information within the guidance and didn't elaborate during Q&A sessions on critical answers needed by businesses to be 'business ready' by the 1st of January 2021. Despite the Brexit process taking 4.5 years to achieve, all the guidance and support flooded out in the last month or two before the end of the transition period. This information should have been fed from the get go, rather than bombarded onto businesses at the 11th hour.

Specifically,

- before 1-January: Information was generally good and useful (excluding the timing) but did not cover VAT in sufficient detail or prominence. French VAT on meat imports is 5.5%. The Defra webinars on meat trading were good but they started too late in mid-October. It should have started in July to give traders more time to understand and prepare.

- Since 1-January: Information has been useful but the points problems raised (for example those mentioned above) are not being progressed/addressed quick enough.

In reality businesses are having to find solutions to the working problems through collaboration with EU customers, to effectively 'pull' the product through the system. History will reflect that there has never been a more vivid example of a trading own goal, which threatens large volumes of UK sheepmeat exports to the long established and most significant market, for a sector so dependent on export volumes.

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

The frustration faced by many UK exporters is that in terms of animal health status, food standards, food safety and UK based checks on food products, nothing has changed. Yes, we are now a third country but other than our specific 'status' change, the meat products being exported are exactly the same as before 1st January 2021. There should be no concerns over threats to human or animal health from these products being exported to the EU purely based on our status change. Production, processing and packaging methods remain the same (albeit additional bureaucratic paperwork) and therefore sanitary and phytosanitary condition of the meat exports also remains the same. It would be wrong to compare the UK to other third countries who export to the EU and limits the lessons we can learn from them. Recognition of our standards should be maintained, despite officially leaving the EU and becoming a third country. It is wrong for the EU to compare the UK with other third countries who don't have the same sanitary and phytosanitary status that we had and continue to achieve, or whom have globally recognised high animal health and welfare production standards like the UK. This should be taken into account and recognised accordingly, when applying checks at BCPs.

It has been suggested that there are lessons to learn from New Zealand, for example on veterinary equivalence. If we want to be a trading nation we need systems and procedures that encourage trade not prevent it. Successful global trading countries do not hinder trade through incompetence and archaic systems (e.g. hard copy, wet signatures).

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?

At this time, we aren't aware that the UK has adequate BCP facilities in place to introduce food checks or live animal checks. There is talk of live animal BCP facilities being set-up at Dover, Holyhead, Fishguard, Pembroke Dock, and Stranraer Plans but plans for these to be in operation by July are felt to be over optimistic. Without these facilities in place, imports to the UK will be severely delayed if not temporarily prevented due to lack of appropriate BCPs.

Yes, there are certainly lessons that can be learnt from challenges faced by UK exporters into the EU in relation to how UK importers will be affected come July 2021. Many of the same challenges will be faced for importers so any successful resolutions for UK exporters should be applied to imports to UK at the end of the 6-month grace period (July 2021).

We fear that the lack of customs agents will increase the delays in submitting customs declarations (affecting both import and export) and increase traders costs or delays further.

Although this question is about imports we also want to make the point that any live animal exports (for meat or breeding stock) cannot take place until there are BCP facilities for live animals at or near the EU channel ports. We don't see where the impetus for this is coming from yet it will end a highly valuable trade in live animals. Furthermore the Govts consultation on journey times and welfare in transport is sending a message to the EU that we may well ban live exports. This is undermining confidence within the EU ports to make any investment to receive live animals.

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