

Seafish - Written evidence (NIP0018)

Thank you for the opportunity to submit evidence to the EU Environment Sub-Committee on Agrifood and the Northern Ireland Protocol (NIP).

Seafish is a Non-Departmental Public Body (NDPB) set up to support the £10 billion UK seafood industry. Our vision is for a thriving UK seafood industry and we offer a unique, industry-wide outlook working in partnership with all parts of the seafood industry across the UK to unite the industry in our vision. This includes everyone involved in the seafood journey - from when it's caught to when it's bought - fishermen, processors, wholesales, food service, retailers and the end consumers.

While the seafood industry shares many of the same concerns as the agri-food Sector, it also has some unique challenges and a session on the effect of the Northern Ireland Protocol on the seafood sector would be welcome in the near future.

The additional challenges of the Northern Ireland Protocol for the seafood sector are,

- According to the Command Paper agri-food products entering Northern Ireland (NI) from GB will be subject to Sanitary Phytosanitary (SPS) checks. The seafood sector will face additional complexity to maintain current trade patterns in a scenario where export health certificates are required for the movement of goods. This is because seafood consignments typically consist of a number of different species, which are caught by different vessels operating in different catch areas; which mean that a high number of export certificates will be required. Each of these certificates will need to be completed, and signed by a certifying officer after inspecting the consignment. This is likely to be very different to other agri-food products where consignments will typically consist of a single product and therefore a single export certificate. Therefore the impact is likely to be greater on the seafood industry.
- For fishing vessels registered in NI it is currently unclear as to what checks and requirements will be imposed on them when landing into Northern Ireland. This is being negotiated under UK/EU Joint Committee technical discussions on the implementation of Article 5.3 of the Protocol. Clarity and support is a priority for this sector.
- There are also likely to be ramifications on the requirement for catch certificates given that the Protocol includes the EU's Illegal, Unreported and Unregulated (IUU) fishing regulation in Northern Ireland.

- The additional documentation checks and product inspection at the border can cause delays and seafood can be transported live or can be highly perishable and any delays can cause the consignment to be destroyed.
- In the aquaculture sector, vessels that currently land live bivalves to shore need clarity on their status. Live bivalves from non-EU waters can only be placed on the EU market if they are from class A waters or depurated to meet the same standards as class A waters. The water classification indicates the water quality and food safety of the live bivalve. The waters around Northern Ireland are class B or C waters meaning that vessels harvesting from Northern Ireland waters will not be able to land directly into Northern Ireland ports.

In answer to your specific questions

1. What challenges do you anticipate for Northern Ireland fisheries/seafood products going into Great Britain?

According to the Command paper there will be unfettered access for goods going from NI to GB, this places a risk that goods from the EU or from trade partners of the EU could access the GB market without the correct import procedures. This risk is reduced by limiting the unfettered access to 'products of NI', products from other countries will be subject to full import checks. However the definition of 'goods from NI' is unclear and even when goods are deemed to be 'goods from NI' there will still be an administrative burden to evidence that the goods were produced in NI. For multiple ingredient foods there could also be rules of origin criteria requiring all of the ingredients to be of NI origin. This could exclude some products from the unfettered access or at best increase the administrative burden for business.

2. What do you expect the impact to be on the fisheries/seafood sector of any additional formalities in the following areas after the transition period, for fish being landed in Northern Ireland ports and for seafood products moving from Great Britain to Northern Ireland?

- a. Sanitary and phytosanitary (SPS) formalities**
- b. customs (including tariffs), VAT and excise, and product-related regulatory controls**

In answering this it is more appropriate to subdivide the issues into tariff, and non-tariff barriers. Non-tariff barriers will apply to all goods; these costs are administrative and cannot be reimbursed. Tariffs will only apply to 'at risk' goods and are made of the actual duties paid and the administrative costs. The duties may be recoverable but the administrative cost will not be,

- a. Sanitary and phytosanitary (SPS) formalities, and product-related regulatory controls.
- b. customs (including tariffs), VAT and excise

For goods moving from GB to NI

Tariff and other EU Import Duties

According to the NIP only goods deemed to be 'at risk' of onward movement into the EU should pay EU import duties such as tariffs and VAT. These duties can then be recovered if the goods can be shown to have remained in NI.

EU import duties will be payable on 'at risk' products and while the NIP allows for this to be refunded if goods remain in NI, there is still a cost associated with the administration and potential tying up of capital if the duty must be paid and then reimbursed. Fluctuations in the exchange rate could also occur if payment and reimbursement are made in different currencies.

The lack of clarity around what products are deemed 'at risk' is preventing industry from making the necessary preparations which could cause disruptions to their business. There should be extensive industry engagement in the decision process, particularly if the 'at risk' criteria are developed by HMRC who may not have the same industry knowledge held by Defra.

This part of the NIP is particularly onerous if one business has production sites split over Ireland and NI. Product can be moved between sites without any sale, or change of ownership, yet EU duties could be applied to these products. A light touch system of exemption (similar to the inward processing relief system) for this type of movements could reduce the burden.

Non-tariff Barriers

According to the NIP, NI will remain within the EU single market and all products whether they are at risk of onward movement to the EU or not, will need to comply with certain EU regulations listed in Annex 2 of the Protocol.

There will be an administration burden in maintaining compliance with EU regulations. Businesses will be required to keep abreast of changes to EU legislation and potentially have different product lines for the GB and NI market. These costs are not recoverable should the product remain in NI. To ease this burden mutual recognition could be given in GB for goods produced for the NI market.

Although the impact of goods moving from GB - NI could be reduced by any EU-UK future trade agreement, there would still be an issue with the rules of origin associated with this agreement. Goods moving from GB-NI would have to meet the rules of origin for a 'UK' product even though the goods will remain in the UK.

For seafood landed into NI

Animals reared in NI are considered to be products of NI and have free access to the EU single market. However unlike other animals, fish can be caught in waters which will be outside of the EU single market. The way that landings will be treated is dependent on the outcome of the current EU/UK negotiations. The NIP applies the EU's customs code to NI, but is explicit that this does not include

the territorial waters of the UK. The EU published a technical paper on 30 April which emphasizes their view of NI vessels as third country vessels when bringing products into the EU. Article 5.3 of the NIP mandates the UK and EU Joint Committee to agree to an exemption for NI registered vessels from EU tariffs when bringing in fishery and aquaculture products to the EU market. The outcomes of these negotiations are not yet known.

3. How can the UK-EU future relationship reduce any possible negative impacts of the Protocol on the fisheries/seafood sector?

Any UK/EU trade agreement is likely to reduce the administrative burden for trade from GB to NI. However any UK/EU agreement would have rules of origin criteria to ensure that the goods were UK goods. Even the most comprehensive UK/EU trade agreement could still require documentation checks between GB and NI which could create an administrative burden.

4. What are the most pressing actions needed from the Joint Committee and its supporting bodies?

The Joint Committee must prioritise both the 'at risk' goods and the 'products of NI' criteria so that businesses can prepare before 1st January. The status of UK vessels registered in NI needs to be confirmed. , Further clarity on whether or not export health certificates, catch certificates and any relevant approvals, regulatory burdens, and port of landing requirements will be imposed on NI vessels when landing into NI is needed

5. How is COVID-19 affecting the fisheries/seafood sector's preparation for the Protocol?

- With the drastic reduction in trade, many businesses have furloughed staff and therefore do not have spare capacity to make preparations. Businesses may continue to operate with fewer staff to recover the financial losses from the pandemic. Operational roles will need to be prioritised and strategic planning and preparations for 1st January could be delayed.
- From an aquaculture perspective, shellfish aquaculture companies with no income during the pandemic will have furloughed staff which means that shellfish beds will not have been maintained during the pandemic. These sites will be less productive, and this will slow the economic recovery of this sector and resources available for strategic planning and preparations for 1st January could be delayed.
- Protectionist action by other Member States in the recovery phase could affect export markets. Therefore access to the UK market could be vital to business survival and the existence of any barriers between NI/GB could place an additional burden on business recovery.

Yours faithfully

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