

AHDB (Supplementary ABR0037)

AHDB's purpose is to inspire our farmers, growers and industry to succeed in a rapidly changing world. We are the independent go-to place for trustworthy information and evidence-based research. We equip the industry with easy to use, practical know-how which they can apply straight away to make better decisions and improve their performance.

As well as the key work we do in research and development and knowledge exchange, which address competitiveness, AHDB also seeks to encourage business development through increased exports. Currently, UK exports are heavily dependent on EU markets on average to the tune of 80 per cent. Depending on the outcome of the Brexit negotiations for some form of trade deal, access to these markets may be more difficult than it is at present. This both poses a threat and an opportunity for the UK to develop markets outside the EU as quickly as possible.

Exports and AHDB's role

Increasing the volume and value of exports is vital to the profitability and viability of our agriculture sectors. AHDB is uniquely placed to provide a platform for exporters to exploit these opportunities, as well as to provide the link with government to support the market access work which is a prerequisite to success in markets outside the EU.

Experience has shown that success depends not only on positive working relationships with third country authorities but also in ensuring that exporters are fully aware of the sometimes complex requirements and the level of investment needed to meet them.

To this end AHDB's work on export trade development falls into three key areas:-

- A prerequisite to being able to conduct trade is to agree sanitary and phytosanitary standards with the relevant third countries. This often requires lengthy engagement at official level, including the provision of information and documentation and the hosting of inspection visits etc. AHDB plays a leading role in supporting DEFRA in this work, accompanying official delegations to provide expertise and both coordinating and financially supporting official visits. Market access work is a pre-requisite to any aspiration to export to non-EU markets and can involve lengthy bi-lateral negotiations and inspection visits and AHDB supports the cost of this activity.
- Supply chain support. In order to supply export markets operators will often have to adapt their processes and products to meet requirements. AHDB works with exporters to ensure that export requirements can be met. It works in partnership with DEFRA and

the FSA to secure industry cooperation on standards for export. For example, whenever there is an inspection visit from a third country the failure of one operator to meet standards can potentially threaten the entire trade. Therefore it is essential that, although the businesses are competing commercially, they agree a common approach in this area. AHDB leads this work.

- In addition to the technical market access work AHDB runs a commercial programme to provide a platform for exporters in new and existing markets. This includes taking exporters to market and bringing buyers to the UK in order to improve understanding of market requirements and show exporters the benefits that can be derived from developing trade. AHDB also runs a programme of trade shows in major markets to connect British exporters with overseas buyers and importers which have a sharp commercial focus. This is aimed at increasing exports, while also providing an opportunity to showcase the unique qualities of British products both in terms of sustainable production, product quality, food safety and traceability. AHDB's programme currently covers red meat and crops but it is embarking on an export programme for dairy in 2017/18.

Some sectors face particular challenges and this is especially the case for ruminant meat (beef and lamb) where the legacy of BSE continues to hamper progress. Disease outbreaks in general often cause negotiations to be suspended and the clock re-set in many cases. In 2007, following the FMD 'incident' it was recognised that the workload in terms of re-establishing trade and in particular completing access procedures was beyond the resources available in DEFRA. To resolve this a partnership was formed specifically for the meat sectors between DEFRA and industry called the UK Export Certification Partnership (UKECP).

UKECP is a DEFRA/industry partnership that liaises with the UK livestock and livestock products industries to establish export market priorities. It provides a forum to discuss the use of Defra agents to negotiate export health certificates on behalf of the UK and assists in the drafting of export health certificates which are generally required before exports can take place.

This requires funding and to this end the industry side of the partnership receive contributions from a wide range of organisations across the UK including AHDB, Hybu Cig Cymru (HCC), Livestock and Meat Commission for Northern Ireland (LMC) and Quality Meat Scotland (QMS). The body that coordinates this work is called Export Certification Limited (ECL) to which AHDB is the major contributor, accounting for half of all the funding.

Trade deals vs SPS

It is clear that as part of the Brexit process the UK is keen to develop trade agreements with third countries as rapidly as possible and there is no doubt that this is important. However, it is usually the case that as well as agreeing tariff rate quotas and other key aspects of trade agreements, there needs to be agreement at a technical level in relation to sanitary and phytosanitary rules and this is often overlooked.

In many cases trade is already taking place with non-EU countries outside trade agreements but after very lengthy negotiation on sanitary and health rules in order to meet importuning country requirements. In some cases these can take several years to negotiate because they require not only the exchange of information but numerous inspection visits. When looking at how we accelerate the pace of exports to non-EU markets we need to ensure this work is also properly resourced.

As an example, the initial engagement with the Chinese authorities on pork access started in 2004 but shipments did not commence until 2011 when the deal was finally agreed. There were a number of reasons for this, including the FMD 'incident' in 2007 which prompted the Chinese authorities to re-set the clock but even taking this into consideration the negotiations took at least four years to complete. The rewards have been considerable, with pork exports rising to £75million in 2016 from a standing start in 2011 and increasing 76% last year alone.

AHDB objectives and successes to date

We are very keen to develop trade with non-EU markets and AHDB has had a very positive effect in growing these. AHDB activities have proved very effective in increasing exports in key target areas. Key targets over the last three years have been:

1. To increase exports to non-EU markets Pork and beef exports to non-EU markets have increased by 76% (a £52 million per annum increase) in 2016 vs 2013. Lamb exports remain very dependent on EU markets which account for over 95% of total volume, making the sector especially vulnerable to any loss of access. Seed potato exports have also seen 28% growth over that period from 70,000 to 90,000 tonnes and it is one of the few sectors which has higher exports to non-EU countries than to EU markets. Non-EU markets account for over 80% of seed potato exports. Cereal exports grew by £110m in 2016 of which £26m came from non-EU trade.
2. To increase the export of 5th quarter products in the meat sector. (This is a vitally important area of work for the red meat sector as the products involved have low structural demand in the UK are often

disposed of at a cost which increases waste and affect the price paid for livestock). These have increased by 77% 2016 vs 2013 worth an additional £55 million per annum.

3. To maximise export opportunities by securing market access to target markets. As described, we have worked closely with government to target and open up non-EU markets by identifying priorities and resolving market access issues. As well as securing access to China for pork, certification for malting barley and seed potatoes to that market have also been agreed. Overall there have been 310 non-EU export health certificates agreed in the animal products sector alone since 2010.

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