

BULLETIN: FISHERIES WORKING GROUP – 26 MAY 2021

EFRA REPORT: SEAFOOD AND MEAT EXPORTS TO THE EU

1 Reason for report

- 1.1 To inform FWG members

2 Recommendation

- 2.1 **It is recommended that members note this report**

3 Discussion

- 3.1 Following Brexit-related delays at the EU border in January 2021 and the reported impacts upon seafood and meat exporting businesses, the Environment, Food and Rural Affairs (EFRA) Select Committee at Westminster issued a call for evidence based on the following questions:

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

2. What impact have delays and non-tariff barriers on seafood and meat exports to the EU had on UK businesses? What are the medium to long-term implications of the non-tariff barriers for UK exporters and supply chains?

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

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

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

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

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?

The EFRA report was published on 29 April 2021.

<https://publications.parliament.uk/pa/cm5801/cmselect/cmenvfru/1189/118902.htm>

- 3.2 The committee took evidence from seafood and meat producers, Export Health Certification (EHC) Certifying Officers, the logistics industry, the Secretary of State for EFRA (George Eustice), government officials and from 36 written submissions. EFRA also noted the comments of the former WTO Director-General that for trade negotiations to result in the creation of new obstacles to commerce between the UK and EU was 'unprecedented'.

Industry representatives cited numerous examples of additional bureaucracy and described the paper-based export system 'archaic'. The committee sought to differentiate between 'teething' and longer-term issues, noting the unfamiliarity of staff at Border Control/Inspection Points with the new requirements. EHC complexities, costs and delays relating to 'groupage' loads - a particular issue for smaller seafood exporting businesses in Scotland - was closely examined by the committee, which noted comments that EU buyers were losing confidence in the reliability of the UK seafood supply chain to deliver orders on schedule to maximise shelf life. EFRA noted that Certifying Officer capacity (for EHCs) had been sufficient to date, albeit by redeploying Official Veterinarians (OVs) from abattoirs which had resulted in fewer checks at UK meat plants.

3.3 Measures to ease burdens on exporters were examined by EFRA, from short term financial support (the £23M Seafood Disruption Support Scheme) to a longer term EHC digitisation strategy, which like many of the committee recommendations, is not solely in the gift of the UK Government. The export of Live Bivalve Molluscs from non-Category A waters comes into the same category. The committee then turns its attention to the delay by UK Government to implement import checks on goods entering the UK from the EU, the timetable for which has now been revised twice. From 1 October 2021, EHCs will be required for imported Products of Animal Origin (POAO) from the EU, with actual border checks (at UK BCPs) commencing on 1 January 2022, a full year after UK exporters were required to meet equivalent EU demands.

3.4 The committee's report concludes by criticising inadequate testing of new export systems prior to 'going live' on 1 January 2021, insufficient focus within the Trade and Cooperation Agreement (TCA) to minimise Sanitary and Phytosanitary (SPS) checks for UK exporters and in particular that:

'SPS checks on imports from the EU should have been introduced on 1 January 2021 to match the position taken by the EU. The continued absence on SPS checks and controls on EU imports undermines the competitiveness of British seafood and meat businesses in their home market, creates incentives to relocate factories and jobs to the EU, and increases risks around food safety and biosecurity. It also reduces the incentive for the European Commission to negotiate on SPS checks and controls while EU businesses mostly face no such checks when exporting to Great Britain.'

The report's conclusions and recommendations are attached as **Appendix 1**.

4 Scheme of Governance

Fisheries Working Group is able to consider this item in terms of its remit to provide a focus to enable issues and concerns across the wider fisheries sector in Aberdeenshire to be addressed.

5 Implications and Risk

Subject	Yes	No	N/A
Financial		x	
Staffing		x	
Equalities		x	
Fairer Scotland		x	
Town Centre First		x	
Sustainability		x	
Children & Young People's Rights and Wellbeing		x	

Paul Macari
Interim Head of Economic Development and Protective Services

Report by Derek McDonald, Industry Support Executive (Rural & Maritime), 18 May 2021

Appendix 1: Seafood and meat exports to the EU: EFRA conclusions and recommendations

1. We welcome the successful negotiation of the Trade and Co-operation Agreement (TCA) with the EU, and its preservation of tariff and quota free trade for seafood and meat. However, the Agreement introduces substantial non-tariff barriers for such exports, in particular the requirement for an Export Health Certificate (EHC). Although there have undoubtedly been “teething issues”, there has also been a structural change in how British businesses export produce to the EU since 1 January. The substantial new paperwork, and checks at the EU border, have added costs, delays and uncertainty to the export process for highly time-sensitive seafood and meat exports. We believe that insufficient priority was given by the Government to reaching a deal on minimising or removing the need for SPS checks in the TCA. (Paragraph 26)

2. We commend seafood and meat exporters on their efforts to prepare for the new trading environment with the EU amidst the covid-19 pandemic, and acknowledge the considerable uncertainty of what they were preparing for. In as much as this uncertainty similarly hampered the Government in what support and guidance it could provide before 1 January, we believe that seafood and meat exporters have not received the standard of support they should have done to allow them to prepare. Guidance was not sufficiently timely, targeted or joined-up. This has especially impacted smaller businesses, many of whom are handling export red tape for the first time. As the case of live bivalve molluscs (LBM) highlighted, Defra should have engaged with exporters more closely, in this case by sharing information it had received from the European Commission allowing the industry to point out that it did not provide the clarity Defra officials thought it did. This resulted in the Government making a mistake in how the Commission would apply the relevant regulations, leading to the industry being compromised when it became clear that exports of LBM from aquaculture in Class B and C water that had not been deperated would be blocked. We believe that the European Commission could and should have taken a more pragmatic approach to the interpretation of these rules. *If the Government believes the EU to be legally incorrect, the Government should urgently challenge the European Commission’s stance.* (Paragraph 27)

3. The Government should also have worked more closely with the EU and Members States to test systems in advance of 1 January, pre-empting some of the teething problems exporters faced in January. *The UK Government should learn from this, and in advance of the imposition of full import checks over the next year it should work with EU Governments and UK importers to properly test the UK’s arrangements.* (Paragraph 28)

4. Since the Transition Period ended, Defra has worked with stakeholders to resolve these teething problems and we commend its efforts. However, the new non-tariff barriers for exporters to the EU will impose substantive and enduring costs. As a result, larger businesses may move the processing of seafood and meat to the EU, while smaller businesses may find

that exporting food to the EU is unviable. We make several recommendations in the rest of the report for how these barriers can be minimised. (Paragraph 29)

5.The Government took early steps to secure a significant increase in capacity to deal with the substantial increase in demand for certification officers, and there does not appear to have been significant shortages. However, we note that increased demands for Official Veterinarians (OVs) to certify EHCs have reduced the number available to undertake vital meat certification work in slaughterhouses. We also note that some businesses are experiencing difficulties securing the certification of EHCs. We are further concerned that the introduction of new EU EHCs and a recovery in export volumes may create challenges in the short-term. *Given the important role certifying officers play in ensuring the export of seafood and meat to the EU, Defra should closely monitor the availability of certifying officers to ensure businesses can readily access them when they need them and at appropriate rates. Should Defra make a request to the Royal College of Veterinary Surgeons (RCVS) to allow the temporary registration of OVs certifying EHCs, it should inform this Committee immediately.* (Paragraph 35)

6.There is merit in exploring the creation of a public sector service of full-time certifying officers, especially given the Government's desire to increase food and drink exports. This could increase confidence that EHCs would be promptly certified and provide a standardised pricing structure. *Defra should examine the experience of other countries which provide a public sector certification service and publish a report on its findings within the next twelve months.* (Paragraph 36)

Measures to ease burdens on exporters

7.Digital certification of EHCs is a vital step to reducing trade friction with the EU. We acknowledge that the Government cannot require the European Union to accept electronic certification for GB seafood and meat exports. *Nevertheless, the Government should make agreement on the digital certification of EHCs a priority in its discussions with the EU, while also ensuring that the necessary technical challenges are overcome to enable certifying officers to easily certify EHCs online. Reaching such an agreement may become easier once EU imports to the UK are faced with the same paperwork.* (Paragraph 38)

8.While the Seafood Disruption Support Scheme helped to compensate some SME seafood businesses for the teething problems they faced in January, it did not offer compensation to businesses who had incurred costs preparing for the new trading environment with the EU. The arbitrary £100,000 cap on claims also meant that some larger businesses are still faced with losses. We welcome the Seafood Response Fund as a better way of supporting seafood exporters with the initial costs incurred from adjusting to the new trading regime. Both schemes demonstrate Defra's commendable engagement with the seafood sector. *The Government should take a flexible stance on the size of the £23 million funding envelope, and the cap on individual payments, once it has analysed the applications received in*

order to ensure that seafood exporters receive the necessary support to overcome the teething issues from the new trading arrangements with the EU. Defra should create similar schemes to support meat exporters during the initial period of the new trading arrangements with the EU. (Paragraph 41)

9. Certification of Export Health Certificates have created additional costs to businesses, which fall disproportionately on SMEs. *Defra should explore a version of the Movement Assistance Scheme that supports businesses with the cost of exporting seafood and meat and other food. Such a scheme could apply to the EU and other third countries, helping exporters to explore new markets and support Global Britain especially as the economy recovers from the covid-19 pandemic. The design of such a scheme should be time-limited and focused on SMEs. (Paragraph 43)*

10. As the problems that faced exporters in January highlighted, groupage is an important part of the export process especially for smaller businesses. With the new requirements for Export Health Certificates and other red tape when exporting seafood and meat to the EU, it is vital that groupage can be conducted efficiently, ideally without additional handling. Distribution hubs, where consignments are collated for groupage and can also be certified for EHC purposes, are an opportunity to help smaller businesses. We welcome Defra's positive approach to hubs to date. *Given the particular importance of groupage for SMEs exporting seafood and meat to the EU, Defra should continue to act as facilitator and proactively encourage collaboration between stakeholders. It should establish a ring-fenced fund that is used to help establish hubs in circumstances where the private sector will not otherwise provide. Defra should also explore with stakeholders the scope for non-hub models of groupage. (Paragraph 47)*

11. Many production grounds for LBM in England and Wales are predominantly Class B under the current arrangements, and therefore produce from them is ineligible for export to the EU unless purified first. We welcome the Food Standards Agency's (FSA) April 2021 seasonal classification of LBM production grounds in England which has upgraded eleven areas to Class A water status for several months of the year, so allowing export to the EU of LBM from aquaculture without purification. *Defra and the FSA should ensure that the classification of bivalve mollusc production grounds in England and Wales is in step with Scotland and EU Member States to ensure that Class A status is fairly granted wherever possible including on a seasonal basis. This work should be undertaken with the utmost urgency given the issues facing LBM fishers since 1 January. (Paragraph 48)*

The delays to import checks

12. Great Britain should have introduced SPS checks on all EU imports from 1 January 2021 to match the position taken by the EU. The continued absence of SPS checks and controls on EU imports undermines the competitiveness of British seafood and meat businesses in their home market, creates incentives to relocate factories and jobs to the EU, and increases risks

around food safety and biosecurity. It also reduces the incentive for the European Commission to negotiate on SPS checks and controls while EU businesses mostly face no such checks when exporting to Great Britain. *It is crucial that the Government's latest timetable for the introduction of SPS checks for EU imports is adhered to. The Government should ensure that a digitised process for certifying EHCs for EU imports is ready no later than 1 January 2022, so that reciprocity can be offered to the European Commission to speed up movements in both directions. The Government should inform the Committee every month of progress towards introducing the SPS import checks and controls.* (Paragraph 56)

Further discussions with the EU

13. As this Report highlights, the TCA has introduced considerable trade friction for seafood and meat exporters. We welcome the Government's willingness to engage with the EU to seek an equivalence mechanism on agri-foods. *The Government should engage with the EU and adopt a pragmatic stance in the pursuit of a veterinary partnership agreement that reduces the non-tariff measures adversely affecting British seafood and meat exporters. In the meantime, the Government should take steps to ensure that the UK-EU SPS Specialised Committee can begin meeting as a matter of priority to help resolve the issues currently facing seafood and meat exporters. If ratification of the TCA is further delayed, the Government should urgently explore options to set it up prior to ratification*