

TRADE AND COOPERATION AGREEMENT

In advance of the Constitution, Europe, External Affairs Committee evidence session, NFU Scotland provides its views on the Review of the EU-UK Trade and Cooperation Agreement (TCA).

NFU Scotland welcomed the Trade and Cooperation Agreement on the basis that it was effectively the tariff and quota free deal we were seeking however it is not friction free and we do have some concerns in relation to the agri-food trade and the subsequent impact on our sector.

Up to 31 January 2024, there were no checks for products coming to GB from the EU. Asymmetric trade added costs to our businesses, impacting on our competitiveness, while putting at risk the biosecurity of our country.

We welcomed the recent introduction, at the end of January, of controls on animal products, plants and plant products imported to GB from the EU, depending on their risk level. We understand that the full regime will be introduced during the course of 2024, with Sanitary and Phytosanitary (SPS) checks on medium-risk food, animal and plant products from the EU coming into force from 30 April.

While this is an overdue step in the right direction which will ensure proper checks of legitimate consignments, serious doubts remain about the potential importation of illegal agri-food products and the biosecurity risks that might bring.

We need the Border Target Operating Model (BTOM), but we also need the UK Border Force to minimise food fraud and the risks that brings to consumers and plant and animal biosecurity. Modern, proportionate and effective import controls are necessary to help prevent outbreaks of pests and diseases that threaten human, animal and plant health and the safety, quality and biosecurity of our food products.

Farmers and growers across the UK need controls on all imports, including those from the EU, to be effective, bio-secure and efficient. It is essential that controls are implemented in a way that recognises those different needs. Agri-food businesses must feel confident that border checks and controls safeguard the nation's biosecurity and food safety, and that sufficient resources prevent fraud and illegal activity where that exists.

Alignment

Many of the export difficulties we have seen since 2021 stem from compliance needs associated with export health certificates and customs declarations. The extra cost and time levied by these compliance requirements have impacted our members.

NFU Scotland has always maintained that as the EU and the UK have the same SPS rules in place, agreements on equivalence and the mutual recognition of each other's rules should be accepted to ease the flow of these goods. Only when either partner makes a change to those SPS rules should it be necessary to require an export health certificate or customs declaration.

Sector impacts

Meat exports

The main challenge is the introduction of the requirement for a Veterinary Attestation for any product of animal origin. While our quality assurance schemes are granted earned recognition, we are concerned that this requirement adds additional cost and burden to the primary producer and complexity through the supply chain. We would encourage consideration to be given to reduce this requirement from an annual visit given our high animal health status in the UK.

Seed potato exports

A major failure of the TCA from the perspective of Scottish agriculture is seed potatoes. It is a great disappointment that it was not possible for the UK and the EU to agree equivalence on seed potatoes, resulting in significant prohibitions on seed exports to the EU and, by extension, Northern Ireland NI (until October 2023 when NI exports were authorised). The consequence for growers has been immediate and grave.

As an EU Member State, Britain exported around 30,000 tonnes of seed potatoes, worth £13.5 million, to mainland Europe each year and the majority of these were high-health stocks grown in Scotland. This is therefore an issue which is particularly damaging to the sector in Scotland due to loss of these lucrative markets.

Whilst it has not been possible to agree to Dynamic Alignment on standards for seed production, it is our view that the EU position is not in the spirit of the TCA due to the TCA specifically incorporating measures that deal with SPS measures in the absence of Dynamic Alignment.

Scottish systems of production have not changed, there are no proposals to change and there is no wish within the UK potato industry to change it in ways that would compromise plant health. NFU Scotland strongly believes that the requirements above provide the EU with essentially the same controls as it has now with its Member States to ensure that seed potatoes that are marketed within the Union meet its standards. To continue blocking the UK's application for equivalency to export is incompatible with the TCA in NFU Scotland's view.

Trade with the EU must be reciprocal. The derogation that allowed EU seed potatoes to come into the UK has, in NFU Scotland's view, been unhelpful in encouraging an agreement on equivalence. This asymmetrical arrangement put UK producers at a disadvantage. It has been made clear to us that the EU is desperate for our high health seed potatoes to ensure the long-term sustainability of a sector worth billions across Europe and we continue to urge for the issue to be resolved.

Horticulture sector impacts

The vegetable sector has encountered issues exporting to NI and EIRE. Seven days' notice of exports are required, making it impossible to meet short notice requests from buyers. Inspections and the requirements to complete additional paperwork are also adding cost, and this issue has been exacerbated by a shortage of staff who can undertake inspections.

The shift of controls away from horticulture businesses to border control points adds an additional risk to a highly bio-secure, 'just-in-time' supply chain and could result in long delays, meaning plants are damaged or destroyed.

Logistics

Groupage remains bureaucratically burdensome and costly for exporters. This is problematic for the Scottish food and drink sector given that a large number of small producers and exporters find groupage to be extremely important. Measures should be put in place to assist with groupage that would help consolidated loads to be exported – otherwise there could be significant implications for the longer-term expansion of the Scottish food and drink sector.

Workers

The edible and ornamental horticulture and potatoes sectors must bring in seasonal workers from outside of the UK if the seasonal harvest is to be successfully completed. Without non-UK seasonal workers, it is not possible for the seasonal harvest to be completed. A lack of certainty surrounding access to labour has resulted in crop loss, a drop in production and disruption of supply to the domestic and export markets. Members also continue to report the difficulty in securing returning staff which adds costs to businesses.