

CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE

6th Meeting, 2024, Session 6

7 March 2024

Review of the EU-UK Trade and Cooperation Agreement inquiry

1. The Committee is conducting an inquiry in relation to the [Review of the EU-UK Trade and Cooperation Agreement \(TCA\)](#). The inquiry has a focus on how trade in goods and services between the EU and UK is currently working, if there are areas where it can be improved, and whether there is an interest in developing the trading relationship further.
2. The call for views on this inquiry opened on 29 September and closed on 30 November. It received 16 submissions which are available to view [online](#).
3. At its meeting on [8 February](#), the Committee held its first evidence session as a scene-setter for the inquiry, with a roundtable session with members of the Scottish Advisory Forum on Europe.
4. At this meeting, the Committee will take evidence from—
 - Ed Barker, Head of Policy and External Affairs, Agricultural Industries Confederation
 - Jonnie Hall, Director of Policy, NFU Scotland
 - Sarah Millar, Chief Executive, Quality Meat Scotland
5. A SPICe briefing is attached at **Annexe A**.
6. Agricultural Industries Confederation and Quality Meat Scotland had provided written submissions to the call for views and these are included again at Annexes B and C. NFU Scotland's written submission can be found at Annexe D.

**CEEAC Committee Clerks
March 2024**

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Inquiry into the review of the EU-UK Trade and Cooperation Agreement

Background

The UK's relationship with the European Union (EU) is governed by the Trade and Cooperation Agreement (TCA). The TCA entered into force on 1 May 2021 and there is provision in the agreement for a joint review of the implementation of the Agreement five years after its entry into force. The Committee is looking at the TCA now so that it can contribute to the discussions at the UK and EU level that may take place in the run up to such a review.

Today's evidence session with the National Farmers Union Scotland (NFUS), Quality Meat Scotland (QMS) and the Agricultural Industries Confederation (AIC) is an opportunity for the Committee to focus on how trade in animal and plant goods between the EU and UK is currently working under the TCA and if there are areas where it can be improved.

This briefing covers issues which the Committee may wish to raise with the panel. It provides references to the written evidence provided by QMS and the AIC.

Non-tariff barriers

The UK's departure from the Single Market and Customs Union and the move to trading with the EU under the terms of the TCA has led to a rise in so-called non-tariff barriers in the new trade relationship. As the [UK in a Changing Europe outlines](#):

“Non-tariff barriers (NTBs) can also make trading difficult. For example, countries want to be confident that imported food is safe, that animals and plants are free from disease or pests, and that other goods meet safety or labelling requirements. Exporters must produce goods that satisfy the requirements of importing countries and provide paperwork to show that those requirements are met. Even after Brexit, UK manufacturers wanting to sell into the EU market will have to produce their goods in accordance with EU standards.”

These non-tariff barriers include border checks to ensure that goods entering the EU market meet EU standards.

In its written evidence, the AIC focussed on non-tariff barriers now being an issue:

“It is important to state that a number of non-tariff barriers remain in place as a result of the Trade and Cooperation Agreement (TCA), for the UK animal feed, fertiliser, seed, crop protection and grain sectors, including Scottish businesses. AIC takes regular surveys of members on key issues faced, and EU exit, and its impact on importing and exporting critical agricultural goods, is one that is raised most frequently. Almost all AIC Members involved in import/export trade have experienced at least some degree of friction for a variety of reasons.

In its written evidence, QMS highlighted the impact of border controls:

“Where the border control checks have involved physical inspections, this can result in significant delays to shipments, potentially reducing the value of fresh product on arrival. Products which face physical checks are wasted while, in addition, when physical checks are performed at the border, it is understood that there have been instances where trailer doors have been left open, raising the internal temperature of refrigerated trucks and leading to the condemnation of the products. Flexibility in the percentage of consignments that need to be physically checked can, at times, also lead to increased delays.”

QMS highlighted that larger companies have been more resilient at dealing with the new trading arrangements than smaller companies because they have the ability to consolidate a range of products into single export deliveries and are more easily able to absorb the additional cost and time required for filling out the necessary paperwork for exports. In contrast:

“For smaller exporters sending smaller loads which need to be grouped with those of other firms, exports continue to face much greater disruption and cost, and some smaller firms have exported significantly less, or even stopped exports altogether due to the level of cost becoming prohibitive.”

According to QMS, the change in rules around exporting processed meats to the EU market has also meant that Scottish suppliers are no longer able to export fresh mince and meat preparations, like sausages to the EU.

The AIC highlighted similar challenges in terms of exporting to the EU. It also highlighted the impact of checks on goods coming into the UK from the EU:

“The main problems cited are physical readiness at ports/points of entry and costs such as tariffs/agent fees/customs (usually a combination of all).

AIC Members still state they are not confident of what would be expected of them when full inspection checks phase in under the Border Target Operating Model, based upon previous iterations of phased in checks.”

Sanitary and Phytosanitary checks

Sanitary and phytosanitary (SPS) requirements are measures designed to protect humans, animals, and plants from diseases, pests, or contaminants. Goods subject to these measures are food products, live animals, products of animal origin, animal feed as well as plants and plant products.

Following Brexit, UK exporters of agri-food products are now required to meet the EU's SPS requirements. These exports are subject to checks at the EU border and where appropriate will require the checking of export health certificates. More information on [export health certificates is provided in a SPICe blog](#).

QMS suggest in their written evidence that a veterinary agreement between the EU and the UK would be a way of developing the TCA:

“a veterinary agreement with the EU could potentially be used to reduce the administrative burden on exports and to reduce the level of identity and physical checks performed on consignments at the border”.

A veterinary agreement would potentially allow the EU and UK to recognise each other's standards such as the EU has with New Zealand as explained in a [House of Commons Library briefing](#):

“The EU-NZ agreement is an “equivalence agreement”, in which both sides certify their rules and regulations are equivalent to each other, allowing them to reduce border processes for agri-food.”

QMS highlight that the EU-NZ agreement led to [2% of consignments \(of live animals and animal products\) being checked with this further reduced to 1% of consignments based on the high level of performance and reliability in bilateral trade](#).

Alternatively, the EU's veterinary agreement with Switzerland has led to the removal of:

“all documentary and identity checks, and most physical checks, as well as most veterinary certificates. However, it requires Switzerland to largely align to the EU's food and plant safety and animal health rules.”

On SPS requirements, the AIC submission to the Committee outlines the need for formal divergence monitoring in the area of SPS standards both within the UK (involving industry) and between the UK and the EU.

Northern Ireland

The approach taken in Northern Ireland to ensure the continued operation of frictionless trade on the island of Ireland after Brexit was highlighted as a potential example for developing the TCA by QMS:

“The EU-UK relationship could build on the barrier-minimising elements of the Windsor Framework to enable improved market access at lower cost to traders. SPS checks should be minimised wherever possible and be risk-based, with the potential for goods to be fast-tracked through ports if all paperwork is correct and the supplier has a history of positive compliance. Trusted trader schemes could be a game-changer, although this may not be helpful for the small businesses who are unable to access groupage services for exporting.”

Regulatory alignment/divergence

The TCA does not provide for common regulatory standards for goods. As such, manufacturers who wish to place goods on both the UK and EU markets will need to comply with the regulatory rules for those goods in the UK and EU even where they are different.

However, [the Agreement does include](#):

“provisions aimed at preventing and addressing unnecessary technical barriers and requirements, including through bilateral cooperation, and simplifying procedures used to demonstrate compliance with them ([conformity assessment procedures](#)).”

The AIC used its written submission to highlight to the Committee the impact of regulatory divergence between the EU and the UK following Brexit. The AIC wrote:

“With UK’s ‘regulatory’ exit from the EU over three years ago, AIC members are now starting to witness the consequences of diverging policy and regulation, most notably in trading goods in both directions. Whilst divergence is only being witnessed in Great Britain due to the NI Protocol/Windsor Agreement, it also highlights the challenges of businesses having to manage divergence between both the EU and NI...”

... The challenge that is starting to instead emerge now lies in the divergence in regulatory standards between GB and the EU and is causing difficulties for members to trade goods. This is leading to greater difficulties in which members are having to track import requirements to the EU/NI, which are complex and quickly changing or being amended.”

The AIC submission includes examples of divergence which have led to the inability to export seed and animal feed to the EU due to the UK no longer sharing the EU’s regulations in this area. In addition, the AIC highlights the different regulatory approaches taken in the EU and the UK to issues such as the Carbon Border Adjustment Mechanism, chemicals regulation (REACH) and fertiliser regulations.

The AIC submission states these issues around divergence have led to businesses ceasing exports to the EU due to being uncompetitive or that some businesses have moved their logistics operations to the EU. QMS also highlighted that some businesses have moved the meat processing element of their businesses to the EU to make servicing the EU market easier.

Rules of Origin

Rules of Origin are [described by the Manufacturers Organisation](#) as:

“Rules of Origin (ROO) allows an importing country to identify and classify the origin of a product. It is a straightforward process when the product is produced in a single country. Given modern global supply chains comprising of components and processes undertaken in numerous states, the application of this ROO can be very complex. ROO’s provide different functions but how they are set affords either a degree of protection or liberalisation offered to a given industry by the importing country. ROO’s are lawful international trade tools, allowed for under World Trade Organisation (WTO) terms and common practice within international trade agreements. A range of different types of ROO rules apply and more than one rule can apply to a product.”

The AIC highlight issues around Rules of Origin leading to less trade from third countries being routed through the UK:

“It should also be recognised that with regard to third countries, the ongoing challenges over Rules of Origin (ROO) has meant that many third countries are bypassing trade with the UK. This is because in many cases, insufficient processing takes place in the UK in order to bring about a change of ‘chapter’ of product. This means that tariffs are liable when either routed via the EU or the UK to onward destinations. The combination of having to understand processes for specific products, and then having to pay additional transaction costs has led to considerable challenges to UK based businesses. It is welcome that some provisions under trade deals between the UK and other third countries allow for rules of origin trade with the EU, however this is very much the exception and not the norm.”

Impact on exports to the EU

The submissions from both QMS and the AIC highlight the current challenges in trading with the EU compared to as an EU member state. The impact of this change has led to an increase in non-tariff barriers for animal and plant health products which the submissions suggest have become obstacles to trading with the EU.

The submissions suggest approaches such as closer regulatory alignment and a veterinary agreement with the EU, which it is argued would lead to fewer frictions in trade.

Iain Mclver
SPICe Research

AIC Scotland's response to the Constitution, Europe, External Affairs and Culture Committee's *Call for Views: Trade and Co-operation Agreement (TCA)*

Summary

Although it is welcome that the TCA enabled a free trade agreement in goods between the EU and the UK (notwithstanding differences with Northern Ireland due to the Protocol and latterly the Windsor Framework), there remain a number of fundamental challenges with the TCA that contribute to considerable friction in trading goods that AIC member business cover between the UK and EU.

- There has been no formal policy or mechanism established by the UK Government to monitor or track the emerging and increasing divergence in *policy* between the EU and UK. UK Trade Bodies and businesses have been left to undertake this work themselves.
- There has been no formal mechanism established by the UK Government to monitor or track the divergence in technical standards and between the EU and UK. UK Trade Bodies and businesses have been left to undertake this work themselves.
- UK Government must also consider the regulatory requirements of domestic authorities and bodies (APHA, FSA, FSS etc) and their resourcing in order to meet basic regulatory requirements, which have exacerbated since EU Exit.
- Where market access issues have arisen to the EU or Northern Ireland, support from UK Government to address them with the EU have been limited. Trade Associations and individual businesses have largely had to attempt to navigate the new and often inconsistent import requirements of EU member states, often with the support of EU based associations.
- The UK should seek to have a formal SPS and market access dialogue as part of the TCA. Unlike other EU Free Trade Agreements, there is no mandatory regular dialogue on SPS issues with the UK and where they are raised under SPS Committees or through the DAG, it is far too infrequent. AIC believes that should be addressed in order better understand market access constraints.

About the AIC: Policy

The Agricultural Industries Confederation (AIC) is the agri-supply industry's leading trade association with over 230 Members in the agri-supply trade and represents £17 billion turnover at farmgate. AIC represents several sectors within the agri-supply industry including: Animal Feed; Crop Protection and Agronomy; Fertilisers; Grain and Oilseed; Seed. AIC is represented UK wide.

About the AIC: Europe

AIC is a member of three European trade bodies: COCERAL (grain trading), FEFAC (animal feed) and Euroseeds (seeds) and takes an active role within them. AIC sits on the Boards of each of the three organisations. We believe that our ongoing membership is vital in ensuring that information in policy changes between the EU and UK can be exchanged between one another, helping AIC track divergence in policy and standards. Membership of these organisations also helps AIC maintain dialogue with European institutions, which has been critical for overcoming market access barriers to the EU that have arisen since EU Exit.

About the AIC: The DAG

AIC is a member of the TCA's UK Domestic Advisory Group (DAG), a consultative body that enables the government to hear from those most affected by the operation of the Agreement. The DAG member organisations discuss progress made in implementing the Agreement and submit their views to the government.

About the AIC: Supply Chain Assurance

AIC also runs and manages a range of trade assurance schemes for specific sectors of the UK agri-supply sector. The UK feed sector schemes are the Feed Material Assurance Scheme (FEMAS), Trade Assurance Scheme for Combinable Crops (TASCC) and the Universal Feed Assurance Scheme (UFAS). These schemes have over 4000 participants and are externally audited to UKAS standards. These services ensure that the nation's animal feed, fertiliser, seed and grains are delivered to and from UK farms safely and professionally. As a result of this, AIC is in regular dialogue with European regulatory

authorities and European based trade associations, to ensure a consistency on standards and continuity of trade.

The TCA and its impact on AIC member businesses

It is important to state that a number of non-tariff barriers remain in place as a result of the Trade and Cooperation Agreement (TCA), for the UK animal feed, fertiliser, seed, crop protection and grain sectors, including Scottish businesses. AIC takes regular surveys of members on key issues faced, and EU exit, and its impact on importing and exporting critical agricultural goods, is one that is raised most frequently. Almost all AIC Members involved in import/export trade have experienced at least some degree of friction for a variety of reasons.

EU imports

- The main problems cited are physical readiness at ports/points of entry and costs such as tariffs/agent fees/customs (usually a combination of all).
- AIC Members still state they are not confident of what would be expected of them when full inspection checks phase in under the Border Target Operating Model, based upon previous iterations of phased in checks.

EU exports

- The most common problems with EU exports lie with finding hauliers or couriers, customs or tariff procedures or incorrect documentation such as Export Health Certificates (EHCs) being asked for by importing authorities.
- Whilst most Members feel that information from UK Government is consistent, they have also stated that EU Member state guidance remains inadequate and inconsistent.
- This challenge is particularly apparent in the **animal feed** sector, including those containing animal by-products or no animal by-products.

NI exports

- The main challenges for businesses includes finding hauliers or couriers, customs or tariff procedures, or incorrect documentation such as Export Health Certificates being asked for.
- Members in seed and feed sectors report that because they cannot provide guarantees goods will stay in NI, goods have to be routed via 'red lanes'. Members have reported that little differences have been experienced since the signing of the Windsor Agreement.

Rules of Origin

It should also be recognised that with regard to third countries, the ongoing challenges over Rules of Origin (ROO) has meant that many third countries are bypassing trade with the UK. This is because in many cases, insufficient processing takes place in the UK in order to bring about a change of 'chapter' of product. This means that tariffs are liable when either routed via the EU or the UK to onward destinations. The combination of having to understand processes for specific products, and then having to pay additional transaction costs has led to considerable challenges to UK based businesses. It is welcome that some provisions under trade deals between the UK and other third countries allow for *rules of origin* trade with the EU, however this is very much the exception and not the norm.

Divergence

Since the UK's exit from the EU, it has become apparent that current and previous Westminster Governments have advocated policies that represent a divergence in regulatory standards from the European Union. With UK's 'regulatory' exit from the EU over three years ago, AIC members are now starting to witness the consequences of diverging policy and regulation, most notably in trading goods in both directions. Whilst divergence is only being witnessed in Great Britain due to the NI Protocol/Windsor Agreement, it also highlights the challenges of businesses having to manage divergence between both the EU and NI.

It has become more apparent now that businesses are generally clearer of what processes they need to follow than three years ago, even if it is accepted that the time and costs of doing them have increased.

The challenge that is starting to instead emerge now lies in the divergence in regulatory standards between GB and the EU and is causing difficulties for members to trade goods. This is leading to greater difficulties in which members are having to track import requirements to the EU/NI, which are complex and quickly changing or being amended.

Examples of divergence

1. EU Market Access issues
 - a. Due Diligence requirements vs EU's deforestation requirements
 - b. MRLs on EU-UK trade in grains, oilseeds and pulses

- c. Non-harmonisation of legislation of EU regulations to exports of seed and animal feed
2. Difference in regulatory approach by UK and EU
 - a. Carbon Border Adjustment Mechanism (CBAM)
 - b. GB Reach v EU Reach
 - c. Fertiliser Regulations
 - d. England approach to Gene Editing vs EU 'New Genomic Techniques'
 3. Lack of capacity for UK authorities to adapt own legislation
 - a. Plant Reproductive Material (PRM) regulations in seed
 - b. Seed Treatments
 - c. GB PPP regime
 - d. Regulated Products (AIC has estimated that the current backlog of regulated products (450 applications) will take over 18 years to be cleared (95 approvals in 4 years by the end of 2024)

What this means for AIC Businesses

- Cease exports to EU given that they are now non-competitive – costs and delays mean EU customers go elsewhere. This is particularly relevant for those who have established direct to farm business or direct to end user (equine supplements and fishing bait) business. Problems with logistics compounds the difficulties – many couriers and groupage operators are refusing to carry these products.
- Move logistics operations to EU. UK businesses are investing in EU based warehousing and logistics in order to reduce number of dispatches from UK. Implications for cashflow, shelf-life, employment law etc all need managing. AIC members have already reported moving operations to other EU member states.
- Move manufacturing capacity out of UK in order to service EU and other export trade.

Conclusion

AIC Scotland would be happy to provide the Committee with worked examples explaining the above challenges from the perspective of Member businesses. Although it has been welcome that Scottish

Government has worked with Scottish stakeholders to try and mitigate the impacts of the TCA, it cannot be overlooked that this is a UK wide issue and key actions are required by UK Government:

1. Establish a formal UK-EU policy divergence monitoring mechanism for industry to be able to consult and contribute to;
 2. Establish a formal UK-EU SPS and technical standards divergence monitoring mechanism for industry to be able to consult and contribute to;
 3. Establish a formal GB-NI SPS and Policy divergence monitoring mechanism for industry to be able to consult and contribute to;
 4. Seek to establish regular SPS and market access meetings with the EU, using a clear and transparent divergence register (as detailed in 1 and 2) to provide UK businesses with updates with progress made (this would be beneficial for EU and UK based businesses and trade bodies);
 5. Address resourcing and decision-making procedures in UK wide statutory bodies that have taken on regulatory functions since EU Exit.
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Quality Meat Scotland

Review of EU-UK Trade and Cooperation Agreement

Quality Meat Scotland is a non-departmental public body. It is the representative trade body for the red meat sector and the red meat supply chain in Scotland..

The introduction of EU border controls on imports of red meat from Great Britain at the beginning of 2021 has had a lasting impact on export activity. Although HMRC trade statistics suggest that overall UK export volumes of beef and lamb to the EU have rebuilt to similar levels to the five-year average from before the Covid-19 pandemic, with beef volumes 4.2% lower and lamb shipments down just 0.2% compared to the 2015-19 average for the January to August period, the structure of trade has changed. For beef (HS 0201 & 0202), bone-in products have increased in share at the expense of boneless cuts, while for sheepmeat (HS0204), carcasses have increased their dominance of export volumes from 67.5% in 2015-19 to around 87% in 2023. For larger multi-site companies, exports have proved more resilient than for smaller exporters. This reflects the greater ability for larger exporters to consolidate a range of products from multiple sites into single export deliveries and to absorb the additional cost and time required for filling out paperwork. For smaller exporters sending smaller loads which need to be grouped with those of other firms, exports continue to face much greater disruption and cost, and some smaller firms have exported significantly less, or even stopped exports altogether due to the level of cost becoming prohibitive. Hauliers offering a groupage service are virtually non-existent with only one company operating a weekly single-truck groupage service for red meat to Europe from Scotland. This is hindering new entrants to EU exports from Scotland.

Where the border control checks have involved physical inspections, this can result in significant delays to shipments, potentially reducing the value of fresh product on arrival. Products which face physical checks are wasted while, in addition, when physical checks are performed at the border, it is understood that there have been instances where trailer doors have been left open, raising the internal temperature of refrigerated trucks and leading to the condemnation of the products. Flexibility in the percentage of consignments that need to be physically checked can, at times, also lead to increased delays.

Prohibitions on exporting fresh mince and meat preparations, like sausages, to the EU continue to limit the volume of exports. One Scottish company which supplies a global burger chain has had to open, at a significant cost, a facility in Europe to mince fresh beef to allow them to continue to service the contract.

While it is acknowledged that SPS measures ensure food safety, a veterinary agreement with the EU could potentially be used to reduce the administrative burden on exports and to reduce the level of identity and physical checks performed on consignments at the border. The EU baseline for meat is for at least 15% of consignments to be checked (Commission Implementing Regulation 2019/2129), but the EU veterinary agreement with New Zealand reduced this to 2%, with a further reduction to 1% in 2015 (Commission Implementing Regulation 2015/1084).

However, the UK Border Target Operating Model (BTOM) will result in a reduced SPS-related burden on importers from the EU compared to the burden which is still faced by GB exporters to the EU, potentially limiting leverage for the UK side in negotiations on an agreement. We would strongly support a new veterinary agreement with the EU

The EU-UK relationship could build on the barrier-minimising elements of the Windsor Framework to enable improved market access at lower cost to traders. SPS checks should be minimised wherever possible and be risk-based, with the potential for goods to be fast-tracked through ports if all paperwork is correct and the supplier has a history of positive compliance. Trusted trader schemes could be a game-changer, although this may not be helpful for the small businesses who are unable to access groupage services for exporting.

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.