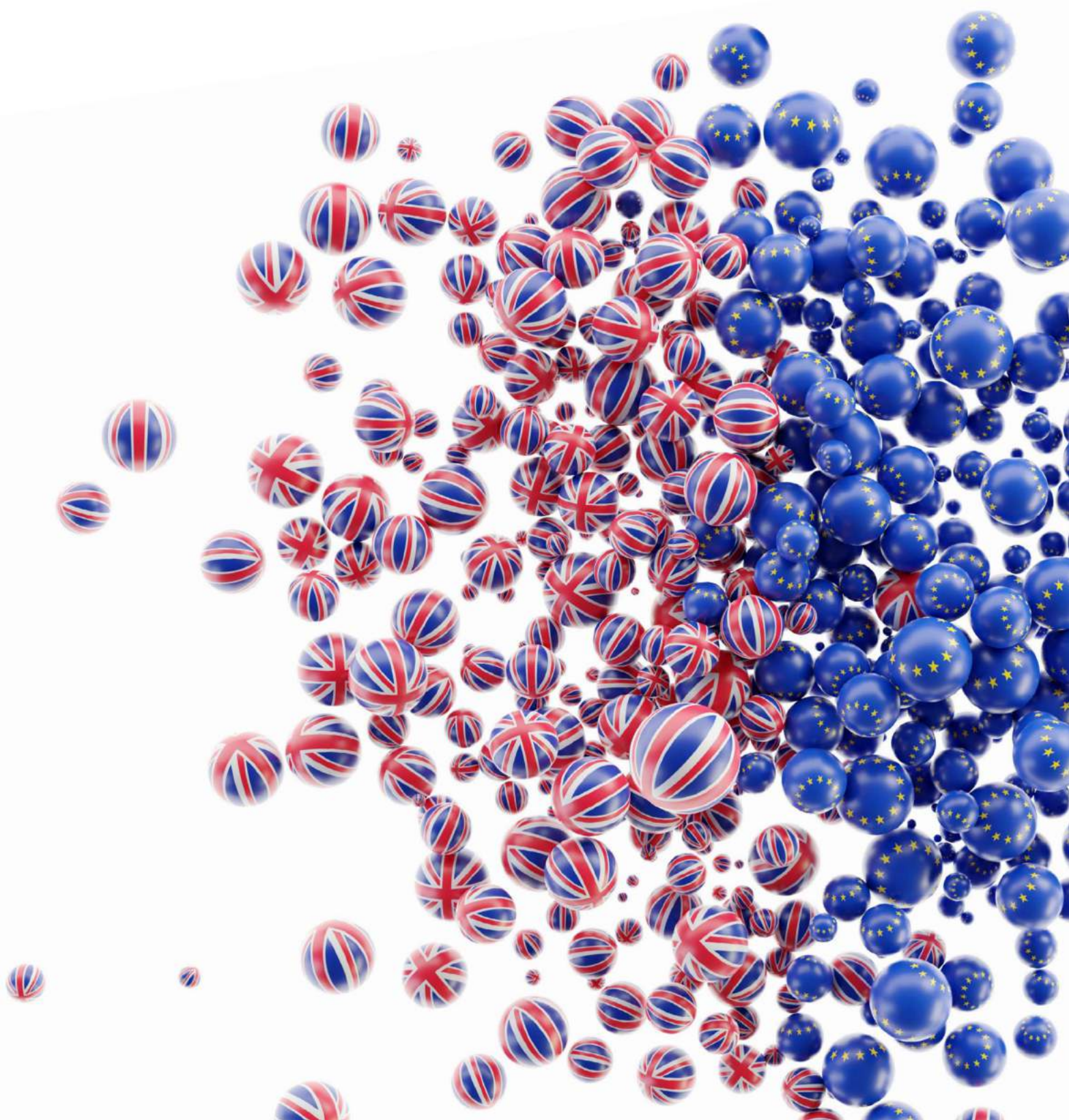


# **MINIMISING SPS FRICTION IN EU TRADE**

A new process design for the new relationship with the EU

**A paper from the SPS Certification Working Group**



## Introduction and recommendations

The way we export to the EU changed dramatically on 1 January 2021 when the post-Brexit transition period ended and the EU-UK Trade and Cooperation Agreement (TCA) took effect. Rapid transit and integrated supply chains built up over nearly three decades, underpinned by a robust regulatory regime which the UK, as a member of the EU, helped to frame, were overturned overnight. As a “third country” in EU trade terms, our products, though unchanged, were immediately subjected to the requirements imposed on imports from non-Member States, including international sanitary and phytosanitary (SPS) controls: a stringent and bureaucratic regime of export health certificates (EHCs), advance electronic notification procedures and inspections at border control posts (BCPs), as well as customs and contractual procedures.

Whilst the reduction in exports, delays at ports and rejection of some consignments in January were initially attributed to “teething troubles” by the government, the burdensome bureaucracy of “third country” trading is now the norm under the TCA and is seriously eroding the capability and profitability of exporting products of animal origin to the EU and Northern Ireland (NI).

There are no alternative markets or trade deals that can compensate for the loss of trade and income to our sectors from our EU market share. If these sectors are to survive and thrive, new ways of managing the system need to be agreed.

**The SPS Certification Working Group recommends a three-pronged approach to resolving the severe restrictions to exports that have arisen post Brexit:**

1. **Improve current systems to remove archaic bureaucracy, reducing time, error and costs;**
2. **Review requirements for inspection and certification;**
3. **Negotiate a form of mutual veterinary agreement with the EU which would ease problems trading food and feed between Great Britain (GB) and the EU and GB to NI, and from EU to GB when import controls take effect.**

## About the SPS Certification Working Group

The Working Group is made up of food and feed trade associations, and veterinary and environmental health professional organisations, working together to minimise trade friction in EHC/SPS products between GB and the EU/NI by identifying issues and proposing solutions to Government and its Agencies. **The total value to the UK economy of the members of the Working Group is well in excess of £100bn per annum.**

Agricultural Industries Confederation

Agriculture and Horticulture Development Board

Association of Independent Meat Suppliers

British Frozen Food Federation

British Meat Processors Association

British Poultry Council

British Veterinary Association

Chartered Institute of Environmental Health

Chilled Food Association

Cold Chain Federation

Council for Responsible Nutrition UK

Dairy UK

Fresh Produce Consortium

Foodchain and Biomass Renewables Association

Health Food Manufacturers Association

International Meat Trade Association

National Farmers Union of England and Wales

Pet Food Manufacturers Association

Proprietary Association of Great Britain

Provision Trade Federation

Road Haulage Association

Rice Association

Specialist Cheesemakers Association

UK Flour Millers

## 1

## Analysis of post-Brexit trade situation

Trade between the UK and EU fell sharply in the early weeks of 2021, as illustrated in the ONS figures for February and March ([see graphs and tables in Annex 1](#)).

Exports of meat and fish bound for the EU dropped sharply under the burden of checks imposed by the terms of the TCA. Compared to a year earlier, before the Covid-19 pandemic, both imports and exports were down. Data for March 2021 provide the first quarterly figures since the end of the EU-exit transition period. In Quarter 1 (Jan to Mar) 2021, headline figures indicate that imports fell by £17.3 billion to £138.4 billion, whilst exports fell by £8.9 billion to £137.0 billion. Whilst general goods exports to the EU rebounded by 8.6% in March from a month earlier and imports rose 4.5%, exports of live animals, meat and dairy products fell 5.8% compared to a year earlier. (Source: ONS).

Indicated in the graphs in Annex 1, as a comparison to isolate the Brexit effect, the UK's trade with the EU is set alongside that with the rest of the world. The first quarter 2021 was the first since records began in 1997 that non-EU imports outpaced those from the EU. This is before full GB import controls on certain goods from the EU come into effect later this year.

An increase in trade with non-EU countries is of little consolation to sectors which cannot easily trade their goods with countries that are not on the doorstep. Even those that can sell further afield do not derive the same value from an export to, for example, the Far East as they would exporting to the EU.

## 2

## Impacts

One of the members of the Working Group, the BMPA, published its own [UK Meat Industry Brexit Impact Report](#) on 23 March 2021. This ably illustrates the complexities of the system that is now undermining the export markets that our sectors have built up over the past thirty years since non-tariff barriers were removed under the EU Single Market. These barriers are now more complex than those experienced pre-1992 as SPS and regulatory regimes have developed to protect consumer, animal and environmental health. GB<sup>1</sup> has not diverged from these jointly agreed rules but is now defined as a “third country” in EU terms, hence subject to additional hurdles.

As a result many of our member companies are losing export business to the EU as we no longer benefit from the agility in supply lines which we developed as members of the EU. This is illustrated in the BMPA's “Pork chops to Paris” product journey in the above paper. Such business is less profitable because of the additional costs of certification, haulage, insurance, customs procedures etc.

The BMPA's report focuses on three key areas that, if addressed, would greatly improve our ability to hold on to trade with our EU customers.

- **Inspection and certification** – learning from other more efficient and cost-effective systems;
- **Electronic documentation** – moving from an antiquated paper-based system to a modern, integrated digital system;
- **Common Veterinary Area** – negotiating a more robust agreement with the EU would ease problems sending food to both the EU and from GB to Northern Ireland.

We explore these issues in [Section 4](#) below.

<sup>1</sup> Under the Northern Ireland Protocol, Northern Ireland will remain aligned to a range of EU single market rules, including sanitary rules for veterinary controls. If the rest of the UK were to diverge, there would be a need for SPS measures on goods moving from Great Britain to Northern Ireland.

## 3

**Non-tariff Barriers to Trade – Export Health Certificates**

The requirement since 1 January 2021 to provide an EHC with every consignment of product(s) of animal origin has been identified as one of the major factors in reducing and slowing trade flows from the GB to the EU and GB to Northern Ireland. The time and cost of providing an EHC for each and every consignment containing a product of animal origin is a significant barrier to export.

There are three major issues:

1. **Availability of food competent certifying officers, including vets and environmental health officers;**
2. **Cost – which is much the same whether the consignment is a single cheese or tonne of prime steak or salmon;**
3. **Time – many of the products are microbiologically sensitive with a short shelf life and need to reach the customer within hours rather than days.**

The tables in **Annex 2** set out the change in volumes of EHCs issued in GB since GB left the EU Single Market. The overwhelming majority of this enormous increase in numbers of EHCs relates to food products. Taking the average time of an official veterinarian (OV) or Environmental Health Officer (EHO) to certify a single consignment as around two hours, this translates into the staggering cost in OV/EHO certifier time to 99.3 years for the first quarter of 2021 alone. This figure does not take account of the administrative burden on the company requiring the EHC or that of the issuing body, the Animal and Plant Health Agency (APHA). Nor do our figures consider the additional time allowance required by hauliers who have to take responsibility for the consignment, the EHCs and seals (which could be many in the case of a groupage load). They would also need to factor in extra time for possible delays and inspection at a BCP.

The UK system was not set up to meet trade in short shelf-life products with close neighbours or indeed within the UK, most certificates being issued for international trade over long distances. The dramatic increase in requirements for EHCs to meet demand for trade to the EU was overwhelming.

Some of the Issues that need to be considered in reviewing the EHC system:

- Role of APHA
- System and cost of certification
- Digitisation
- Impact on hauliers/groupage/insurance

## 4

## Resolution

If our sectors are to continue to export to the EU under the TCA, **we need a system that works for us rather than against us.** British companies who are dealing with the practicalities of trading are best placed to offer constructive solutions; but these solutions need support and investment from Government to build a new system that is fit for purpose.

**We highlight three major areas for consideration:**

1. **Inspection & certification:** The current GB export certification system relies on a small pool of official veterinarians and environmental health certifying officers (OVs) to inspect and sign off all products of animal origin leaving GB ports. However, we remain concerned that there will simply not be enough OVs to process the volume of checks and paperwork needed to maintain the export volumes we have built up. Meeting the requirements of EHCs includes the costs for OV time. There are also costs associated with additional requirements such as new costs for pork exports, to demonstrate they are free from Trichinella; and changes to food business systems in order to provide OVs with access to the data needed to complete each EHC. These have increased the cost of production and made British companies less competitive.

**Recommendation:** The burden of these costs on businesses, particularly SMEs, on whom the new requirements have had an especially severe financial impact is unsustainable. The government has eased the burden on trade with NI by reimbursing the costs of EHCs, up to £150, via the Movement Assistance Scheme (MAS). Consideration should be given to a long-term solution which will maintain both fairness and competitiveness. The matter is urgent and needs to be resolved in advance of the implementation of full GB import controls which will further stretch our systems and resources.

2. **Electronic documentation** It is almost inconceivable that in 2021 one of the world's most sophisticated just-in-time fresh food supply chains is effectively having to regress to the 1970s. GB's export certification system, which we must now use to trade with our EU customers, dates back several decades and involves a mountain of printed forms, stamped and signed multiple times in a particular fashion by a fully trained veterinary surgeon (or EHO in the case of fish and shellfish). This is archaic and not fit for purpose. Reports from members indicate that the APHA, the issuing authority for Export Health Certificates (EHCs), are struggling to keep up with demand. This is causing lengthy delays, despite trade volumes being well below normal. A recent Freedom of Information request from a UK newspaper revealed that APHA were only processing 250 EHCs a day. If trade with the EU is to get back to normal levels, that number should be closer to 1000 EHCs per day.

**Recommendation:** An integrated, end-to-end electronic tracing and certification system that uses existing technology to complete government required documentation would greatly ease the time delays, mistakes and confusion that currently hamper the cumbersome paper-based system. GB competent authorities need to work with their EU counterparts to ensure that any new electronic traceability and certification system integrates across the different systems to ensure a smooth, end-to-end service. They also need to agree on consistent guidance in all countries, so everyone is applying the same interpretation of the rules.

- 3. Veterinary agreement with the EU** UK companies moving goods within the EU have always done so under a common set of rules. Since 1 January we have continued to follow those rules but must now go through complex certifying and checking procedures to prove it. An agreement that UK and EU standards are equivalent or aligned, could remove or reduce the need for veterinary measures and checks at borders. Such models have already been agreed by the EU in other trade agreements. This might also alleviate problems of trade between GB and Northern Ireland.

**Recommendation:** We should pursue closer veterinary arrangements with the EU, such as an option similar to the equivalence agreement between the EU and New Zealand, or alignment as with Switzerland. Each has benefits and conditions that would need to be considered holistically. If equivalence of standards were recognised, the EU and GB would be agreeing that the effect of our regulations leads to an equivalent standard. It would mostly support the flow of goods by reducing border checks but not removing the need for EHCs. A Swiss style agreement would require alignment<sup>2</sup> on regulations. This would improve the flow of goods as well as reduce the need for vets to sign EHCs (see explanatory notes in **Annex 3**). Ultimately both the EU and UK government should consider the possibility of negotiating an UK/EU/EFTA SPS zone, which part of the UK (Northern Ireland) is already in. Such a zone could build on the foundations of mutual recognition and equivalence of each others' regulations and standards.

The new complexities relating to both EHCs and groupage transport are explored in detail in the Report. Groupage is of particular importance to SMEs, but also for mixed loads and multiple pick-ups and destinations. This is illustrated in IMTA's graphic at **Annex 3**.

#### **Quick fixes and immediate actions for consideration**

As a first step, now that the TCA has been fully ratified, use all available channels to enhance the operation of the Agreement to the benefit of all parties, e.g.

- 1. Align guidance.** As noted in the EFRA Select Committee Report, government departments and agencies tend to work in silos. Guidance documents relating to the completion of EHCs issued to business and the veterinary sector was not fully joined up and coherent and lacked understanding of the practicalities of business operations. 'As an expert group, the SPS Certification WG is available and willing to work with government officials to demonstrate the practicalities of various options that may be under consideration.
- 2. Establish the UK-EU SPS Specialised Committee as soon as possible.** It would be helpful if the government would engage with industry when setting out the scope of the SPS committee.
- 3. Restructure APHA system.** It needs to be more agile and commercially focused.
- 4. Facilitate groupage.** Hauliers need to be on board to improve confidence in dealing with the complexities of certification and border checks.
- 5. Reconcile differences in interpretation.** This applies as much to guidance and implementation of the rules as to fundamental understanding of long-term intentions.

<sup>2</sup> An equivalence agreement, such as that between New Zealand and the EU, would see the systems of standards and regulation recognised by both parties as being equivalent. This would remove some of the border inspection requirements and reduce the demands on OVs. Servicing such a trade relationship would likely create new demands on government, business and certifiers, but would allow GB greater flexibility in how it sets rules for domestic production.

An alignment agreement would see the UK and EU continue to mirror regulations indefinitely. This is currently the case for Switzerland and in effect the relationship Northern Ireland has within the Single Market. This option would remove the need for regulatory border checks on goods moving between GB and NI and between GB and the EU. There would also be no need for OVs or EHDs to sign EHCs. This approach would go further in removing trade barriers for SPS goods. However, there would be less scope for bespoke regulatory approaches.

---

**Environment, Food and Rural Affairs and Select Committee**

In support of our case, we refer to the recommendations of [The EFRA Select Committee Report: Seafood and meat exports to the EU](#) (published 29 April 2021).

**EFRA Recommendations:**

To reduce the burden on exporters the Government should:

- as a matter of priority seek agreement with the EU on digitising the certification of EHCs;
  - take a flexible approach to the fund for those exporting seafood and provide similar support to meat exporters;
  - support SMEs with the cost of certifying EHCs;
  - facilitate logistical approaches that allow consignments from SMEs to be grouped together on a single lorry load, thereby reducing costs.
- 

**SPS Certification Working Group**

**10 June 2021**

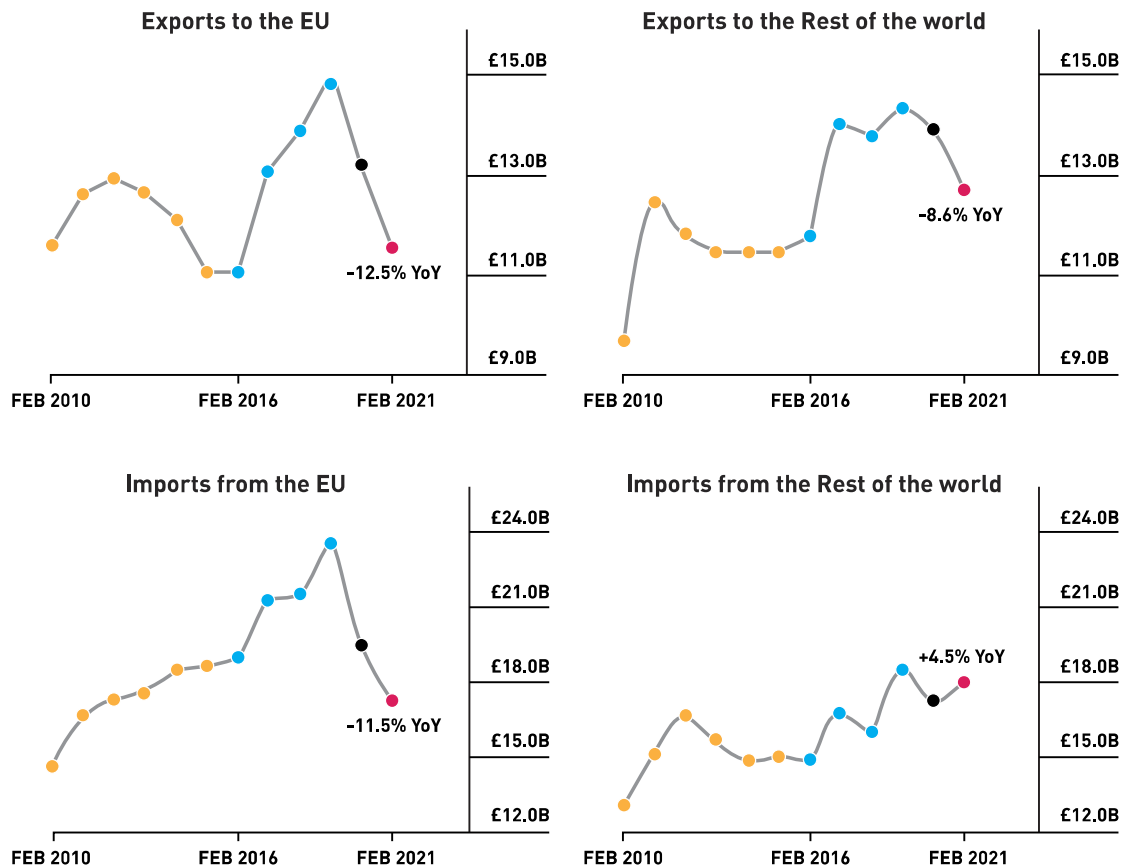


## ANNEX 1

### TRADE FIGURES JANUARY TO MARCH 2021 AND IMPACT ON PRODUCTS OF ANIMAL ORIGIN

Trade between the UK and EU fell sharply in the early weeks of 2021, as illustrated in the ONS figures for February and March (analysed by Bloomberg Trade Tracker):

#### February Figures for UK Trade Flows



- Pre-referendum
- Referendum year and withdrawal negotiations
- Transition period and Covid-19 pandemic
- Post-Brexit

Note: Figures are seasonally adjusted and exclude non-monetary gold and other precious metals. Source: UK Office for National Statistics

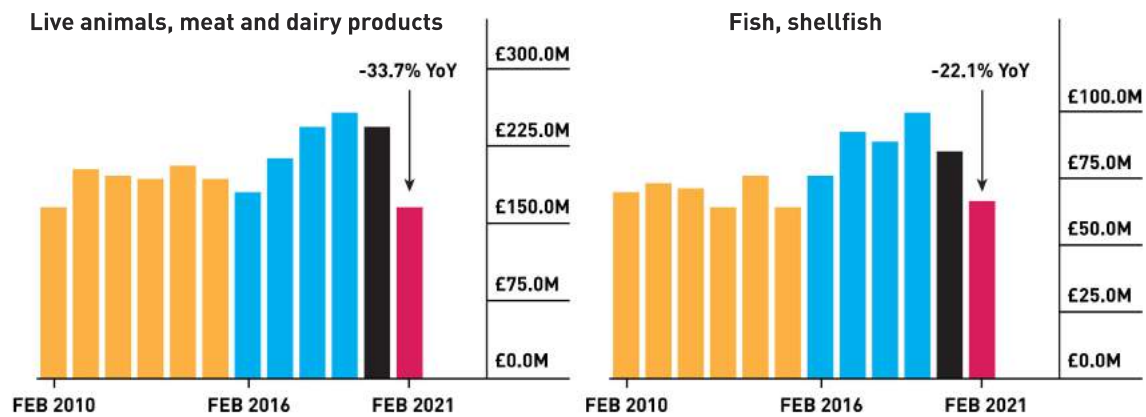
Exports of meat, fish and dairy products to the EU dropped sharply under the burden of checks imposed by the terms of the TCA. Compared to a year earlier, before the Covid-19 pandemic, both imports and exports were down.

ONS figures show that trade with the EU shrank in February compared to a year earlier. Exports to the rest of the world declined as well, but to a lesser extent than exports to the EU, whilst imports from non-EU countries increased from February 2020. Comparing UK trade flows with the EU against those of countries outside the bloc helps to differentiate the impact of coronavirus lockdowns from new border rules due to Brexit.

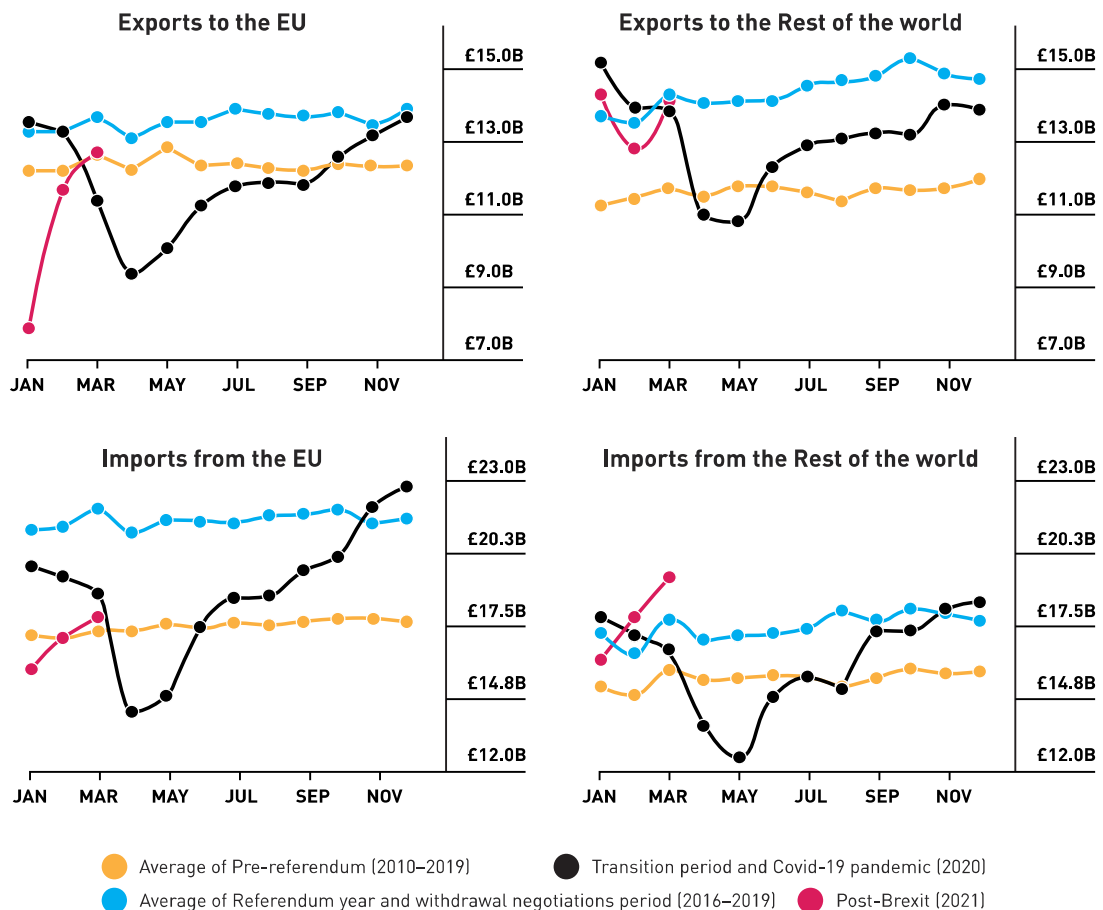




**Key Exports** How exports to the EU for selected UK products fared in February:



**Trade Partially Rebounded in March** Monthly figures for UK trade flows.



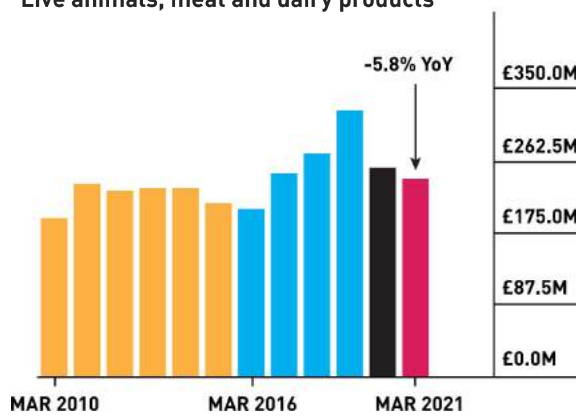
Data for March 2021 provide the first quarterly figures since the end of the EU-exit transition period. In Quarter 1 (Jan to Mar) 2021, imports fell by £17.3 billion to £138.4 billion, whilst exports fell by £8.9 billion to £137.0 billion.

The latest official data show general goods exports to the EU rebounded 8.6% in March from a month earlier. Imports rose 4.5%. Exports of live animals, meat and dairy products fell 5.8% compared to a year earlier.

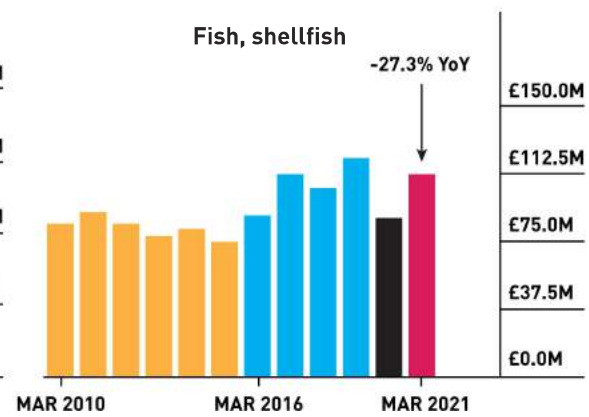
Again, as a comparison to isolate the Brexit effect, the UK's trade with the EU is set alongside that with the rest of the world. The first quarter was the first since records began in 1997 that non-EU imports outpaced those from the EU. This is before full UK import controls on certain goods from the EU come into effect later this year.

An increase in trade with non-EU countries is of little consolation to sectors which cannot easily trade their goods with countries that are not on the doorstep. Even those that can sell further afield do not derive the same value from an export to, for example, the Far East as they would exporting to the EU.

**Live animals, meat and dairy products**



**Fish, shellfish**



Note: Figures are not seasonally adjusted

- Average of Pre-referendum (2010–2019)
- Average of Referendum year and withdrawal negotiations period (2016–2019)
- Transition period and Covid-19 pandemic (2020)
- Post-Brexit (2021)

## ANNEX 2

### INCREASE IN VOLUME OF EXPORT HEALTH CERTIFICATES

The tables below set out the change in volumes since the UK left the EU Single Market:

**Table 1 - APHA EU EHCs data - Complete data – updated 13/05/21**

| Commodity              | Month and year dispatched % total EU EHCs issued |             |             |             |             |             |             |             |
|------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                        | Jan-20   | Feb-20      | Mar-20      | Apr-20      | Jan-21      | Feb-21      | Mar-21      | Apr-21      |
| Equine                 | 0%   | 0%          | 0%          | 0%          | 2%          | 6%          | 4.8%        | 7.3%        |
| Fish and fish products | 0%   | 0%          | 0.3%        | 0.0%        | 13%         | 15%         | 14.0%       | 13.7%       |
| Germplasm              | 8%   | 11%         | 11.4%       | 17.0%       | 0.29%       | 0.31%       | 0.6%        | 0.7%        |
| Live Animals           | 4%   | 3%          | 3.2%        | 3.0%        | 0.19%       | 0.22%       | 0.5%        | 0.7%        |
| Livestock              | 86%  | 82%         | 42.5%       | 64.0%       | 0.01%       | 0.02%       | 0.02%       | 0.1%        |
| Meat and dairy         | 0  | 1%          | 36.2%       | 14.0%       | 70%         | 58%         | 62.6%       | 60.4%       |
| Miscellaneous products | 1%   | 1%          | 4.1%        | 2.0%        | 14%         | 20%         | 17.0%       | 16.5%       |
| *Pets                  | 1%   | 2%          | 2.2%        | 0.0%        | 0.08%       | 0%          | 0%          | 0.0%        |
| **Poultry              | 0  | 0           | 0%          | 0%          | 0.43%       | 0.45%       | 0.5%        | 0.6%        |
| <b>Totals Check</b>    | <b>100%</b>                                      | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

\*Refers to certificates for pet travel

\*\*The number of certs relates to the number of applications and not number of certificates issued. Each application will be made up of multiple certificates.

**Table 2 - EU EHCs issued 2020 vs 2021 by month**

| Month                   | Year       |               | % change      |
|-------------------------|------------|---------------|---------------|
|                         | 2020       | 2021          |               |
| January                 | 303        | 37256         | 12296%        |
| February                | 188        | 24546         | 13056%        |
| March                   | 315        | 27188         | 8631%         |
| April                   | 88         | 20797         | 23633%        |
| <b>Cumulative total</b> | <b>894</b> | <b>109787</b> | <b>12280%</b> |

| Certifier Burden Running total 2021 |         |
|-------------------------------------|---------|
| certifier hours (@2h/cert)          | 219574  |
| certifier days (8h)                 | 27446.8 |
| certifier years (262d)              | 104.8   |

## FOOD ONLY DATA

**Table 3 - APHA EU EHCs issued data – excluding equine, germplasm, pets**

|                        | Jan-20 |          | Jan-21 |          | Feb-20 |          | Feb-21 |          | Mar-20 |          | Mar-21 |          | Apr-20 |          | Apr-21 |          |
|------------------------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|----------|
|                        | No     | of total | No     | of total | No     | of total | No     | of total | No     | of total | No     | of total | No     | of total | No     | of total |
| Fish and fish products | 0      | 0.0%     | 4843   | 13.4%    | 0      | 0.0%     | 3682   | 16.0%    | 1      | 0.4%     | 3799   | 14.8%    | 0      | 0%       | 2842   | 14.9%    |
| Live Animals           | 12     | 4.3%     | 71     | 0.2%     | 6      | 3.7%     | 54     | 0.2%     | 10     | 3.7%     | 131    | 0.5%     | 3      | 4%       | 148    | 0.8%     |
| Livestock              | 261    | 93.5%    | 4      | 0.0%     | 154    | 93.9%    | 5      | 0.0%     | 134    | 49.3%    | 6      | 0.02%    | 56     | 77%      | 16     | 0.1%     |
| Meat and Dairy         | 3      | 1.1%     | 26079  | 72.0%    | 2      | 1.2%     | 14237  | 61.9%    | 114    | 41.9%    | 17013  | 66.2%    | 12     | 16%      | 12557  | 65.6%    |
| Miscellaneous          | 3      | 1.1%     | 5216   | 14.4%    | 2      | 1.2%     | 4909   | 21.3%    | 13     | 4.8%     | 4634   | 18.0%    | 2      | 3%       | 3432   | 17.9%    |
| *Poultry               | 0      | 0.0%     | 20     | 0.1%     | 0      | 0.0%     | 110    | 0.5%     | 0      | 0%       | 123    | 0.5%     | 0      | 0%       | 133    | 0.7%     |
| Total                  | 279    | 100%     | 36233  | 100%     | 164    | 100%     | 22997  | 100%     | 272    | 100%     | 25706  | 100%     | 73     | 100%     | 19128  | 100%     |

\*The number of certs relates to the number of applications and not number of certificates issued. Each application will be made up of multiple certificates.

**Table 4 - EU EHCs issued 2020 vs 2021 by month – excluding equines, germplasm, pets**

| Month                   | Year       |               | % change      |
|-------------------------|------------|---------------|---------------|
|                         | 2020       | 2021          |               |
| January                 | 279        | 36233         | 12987%        |
| February                | 164        | 22997         | 14023%        |
| March                   | 272        | 25706         | 9451%         |
| April                   | 73         | 19128         | 26203%        |
| <b>Cumulative total</b> | <b>788</b> | <b>104064</b> | <b>13206%</b> |

| Certifier Burden Running Total 2021 |        |
|-------------------------------------|--------|
| certifier hours (@2h/cert)          | 208128 |
| certifier days (8h)                 | 26016  |
| certifier years (262d)              | 99.3   |

**Table 5 - Pet Food Data**

The Animal and Plant Health Agency (APHA) issued Export Health Certificates (EHC) for pet food broken down by month in 2021 as follows:

| Month    | Number of EHCs Issued |
|----------|-----------------------|
| January  | 3682                  |
| February | 3801                  |
| March    | 2843                  |
| April    | 2401                  |

Source: APHA. Letter dated 11 May in response to FOI request from PFMA.

**Table 6 - Poultry meat imports from the EU - Jan-Mar (source: HMRC)**

| Total Volume tonnes | 2021       | 2020       | %Diff  | Total Value £000 | 2021             | 2020             | %Diff  |
|---------------------|------------|------------|--------|------------------|------------------|------------------|--------|
| EU                  | 105,255.00 | 147,960.00 | -28.86 | EU               | £ 263,774,977.00 | £ 399,760,190.00 | -34.02 |

**Table 7 - UK Exports of Fresh Meat to EU in Tonnes – Jan-March 2020 vs. Jan-March 2021**

|                   | Jan-20        | Feb-20        | Mar-20        | Jan-Mar 2020 Total | Jan-21        | Feb-21        | Mar-21        | Jan-Mar 2021 Total | % Change 2021 vs 2020 |
|-------------------|---------------|---------------|---------------|--------------------|---------------|---------------|---------------|--------------------|-----------------------|
| 0201 Chilled Beef | 7,298         | 6,109         | 7,552         | 20,960             | 2,647         | 3,418         | 4,629         | 10,693             | -49                   |
| 0202 Frozen Beef  | 2,016         | 1,856         | 1,946         | 5,819              | 405           | 1,038         | 1,534         | 2,978              | -49                   |
| 0203 Pig meat     | 10,271        | 9,142         | 9,715         | 29,128             | 2,416         | 3,058         | 6,233         | 11,706             | -60                   |
| 0204 Sheep meat   | 6,462         | 5,550         | 5,061         | 17,073             | 3,448         | 3,762         | 5,392         | 12,602             | -26                   |
| 0207 Poultry meat | 28,053        | 28,110        | 35,021        | 91,184             | 4,225         | 15,314        | 23,848        | 43,387             | -52                   |
| <b>Total</b>      | <b>54,101</b> | <b>50,768</b> | <b>59,295</b> | <b>164,164</b>     | <b>13,141</b> | <b>26,590</b> | <b>41,635</b> | <b>81,366</b>      | <b>-50</b>            |

- All data has been extracted from the HMRC database, and is presented in tonnes. Data is for fresh meat only and does not include processed meat.
- There has been a change in methodology to the collection of the trade stats in 2021 compared to 2020, government has underlined that the statistics are not directly comparable.
- Note: Multiple factors are likely at play in the reduction in trade volumes, including the change in the UK-EU trade relationship from 1st Jan 2021 when the UK left the Transition Period, with the new imposition of vet checks, customs requirements, Rules of Origin etc. on export, as well as the Covid-19 pandemic.

## ANNEX 3

### EXPLANATORY NOTES

#### 1. GROUPAGE

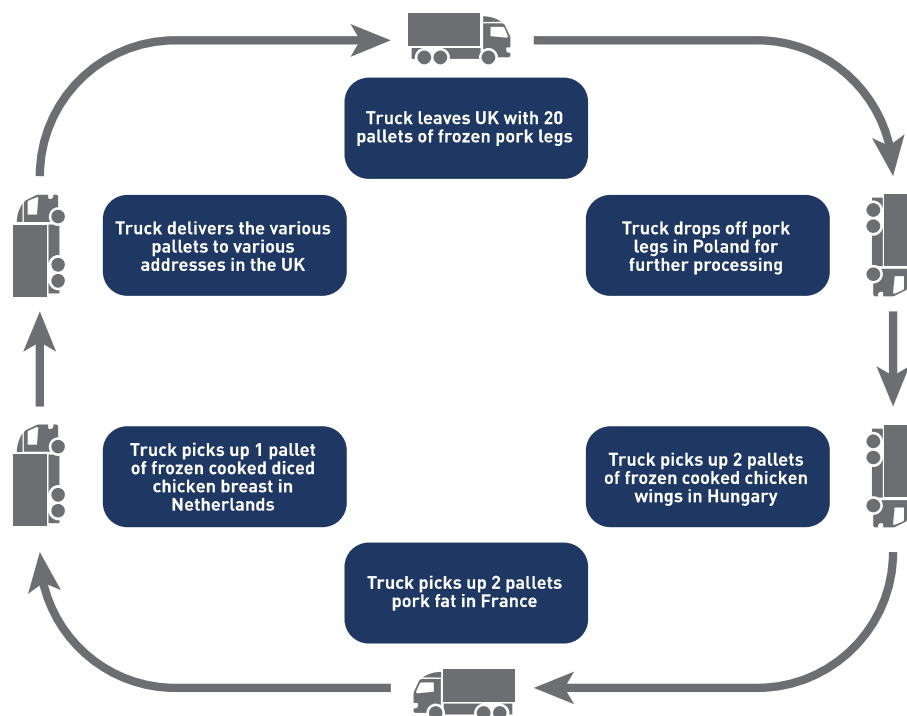
##### What is 'groupage'?

- 'Groupage' has traditionally been used for transport across the EU.
- The transport company aims to minimise costs by making multiple pickups and drop offs of product owned by multiple companies at different points in the EU.
- This was to the advantage of SMEs using groupage, particularly as it is more economic and allows for smaller consignments to be sent.
- The product in a refrigerated vehicle could also include other foods such as fish and dairy, as well as meat, which is owned by different companies. It could also pick up non-EU origin product that has been cleared into free circulation.
- Groupage reduces vehicle emissions and many transport companies worked hard to maximise efficiency by using multiple pick up and drop offs in one journey while the UK was a member of the EU. Post-Transition Period less flexibility in using groupage has added costs.

##### Why is it important for SMEs?

- Groupage enabled efficient transport across the EU to the benefit particularly of SMEs. Solutions need to be found both for UK exports to the EU and for EU imports into the UK to facilitate groupage.

##### Simplified example of groupage – the journey of one truck from the UK to Poland and back



## 2. INSPECTION AND CERTIFICATION

- Food and feed of animal origin and some plant materials may carry pathogens that can represent a threat to human and animal health. Sanitary and phytosanitary (SPS) controls are those measures put in place to protect humans, animals, plants and the environment from diseases, pests, or contaminants.
- EU Member States have sought to minimise risk by ensuring appropriate standards of production from farm to fork, with controls and certification at specified points of production. Consequently, trade in goods between Member States meet a recognised single standard providing assurances for consumers on food safety and authenticity. Within the EU Single Market (including Northern Ireland), there is no need for any additional veterinary certification or border checks on trade.
- For exporters moving products of animal origin into the EU Single Market, the OV and signature stamp (or EHO certification for fish and shellfish) provides the assurance that relevant public and animal health requirements have been met.
- The current GB export certification system relies on a small pool of official veterinarians and environmental health certifying officers (OVs) to inspect and sign off all products of animal origin leaving GB ports. An OV is a veterinary surgeon, who is appointed by government to carry out authorised duties on its behalf. Ahead of the full application of the Northern Ireland Protocol, and the full range of import controls on movements into GB, there are material uncertainties and limitations on knowing what the exact increase in veterinary demands will be. However, we remain concerned there will simply not be enough OVs to process the volume of checks and paperwork needed to maintain the export volumes we have built up.

## 3. ALIGNMENT AND EQUIVALENCE – A BUSINESS PERSPECTIVE

- UK legislation is currently aligned with that of the EU. In 30 years in the Single Market we helped to frame it. The easing of technical trade barriers was largely responsible for the increase in trade with our EU neighbours.
- To continue that trade we have to respect the rules of the market. If UK rules diverge from those of the EU, we have to find a means of agreeing that the end point is the same.
- Our members cannot afford to lose their trade with their EU customers and partners.
- It is not possible to operate separate production streams for the EU and other international markets, whether that is for the safety of the product itself, the packaging, transport requirements or environmental standards.
- Consequently we see no advantage in diverging from existing rules unless we can agree that our products are equivalent or aligned.