

Review of the EU-UK Trade and Cooperation Agreement

Brief for Constitution, Europe, External Affairs and Culture Committee meeting

Overview of Red Meat Industry

- Abattoir output in 2022 circa £1 billion
- 25% of sales to Scotland
- 65% of sales to UK
- 10% of sales to rest of the world
- More than 3,000 employees of which 40% are non-UK nationals

Export to EU

The implementation of EU border controls on red meat imports from Great Britain in 2021 has significantly affected export operations. Larger meat processors have shown greater resilience in exports compared to their smaller counterparts. This discrepancy stems from the larger processors' capacity to dispatch full containers, whereas smaller processors depend on groupage. Following Brexit, groupage, which was previously widely available, became inaccessible to the meat processing industry. The intricacies of the new import regulations led companies to discontinue the service. Although it was gradually reintroduced, the complexity and challenges of the new exporting process rendered this method of export unfeasible for many processors. Currently, only one company operates a weekly service for red meat to Europe from Scotland.

Following Brexit, the industry encountered numerous initial challenges as it adapted to the new export regulations. Various examples can be given that illustrate the issues that arose, and the costs incurred by red meat processors. However, the rest of this paper will focus on the systemic challenges currently affecting trade with the EU.

Administration Costs

Every meat processor involved in exporting has had to implement additional processes and procedures to manage the paperwork now required to transport products from Scotland to the EU.

Before 2021, UK-based meat exporters only required a consignment note and a delivery note for their goods to be loaded onto a lorry and transported to the EU. Now, every shipment must be logged in multiple databases, certified, and inspected before it can be dispatched. Selling meat to an EU customer was as straightforward as selling to a domestic customer before Brexit, but not anymore. Each shipment now demands up to 26 steps to be completed.

- One meat processor has indicated that it now costs approximately £600 to ship 2.5 pallets to Europe. This figure excludes actual transportation expenses and solely represents the cost of the new administrative procedures.

- One large meat processor has indicated that their expenses now amount to roughly £6,000 per week for shipping 5 full containers to the EU. Again, this figure excludes actual transportation costs and reflects solely the expenses incurred due to the new administrative requirements.

Given the narrow profit margins within which red meat processors operate, these costs signify a considerable loss to the industry that could have otherwise been invested.

Lost Export Opportunities

Groupage no longer offers access to the same range of destinations as before. For instance, one red meat processor has stated that they are now unable to export to a supplier in Monaco.

Because of the necessity to plan further ahead to fulfil the administrative requirements of exporting, it is no longer feasible to respond immediately to customer opportunities. The practice of adding items to a shipment just before it is due to depart is now impossible.

Customs and SPS checks have the potential to create delays in shipments as they pass through border control points, affecting the timely delivery of products to customers. This delay can impact the shelf life of the product or lead to customer dissatisfaction if the product does not reach them on the date expected.

Considerations for Improvement

1. Electronic Documentation - An integrated, end-to-end electronic tracing and certification system would go a long way to easing the time delays, mistakes and confusion that currently hamper the existing largely paper-based system.
2. A veterinary agreement with the EU - Could reduce the administrative burden on exports and to reduce the level of identity and physical checks performed on consignments at border control points. An agreement that the UK and EU were part of a common veterinary area, or at least that our standards were equivalent would be greatly beneficial.