

Overview of Current UK Meat Import and Export Trade

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Executive Summary

- This document provides a summary of the UK meat import and export trade and highlights certain specific aspects of the sector which need to be taken into account to ensure a successful Brexit.
- IMTA is currently consulting with members and will produce a subsequent document in the autumn covering specific proposals in relation to UK policy for international trade in meat and meat products.
- **Around 45% of meat and meat products consumed in the UK are imported into the UK and around 24% of British production is exported.**
- Imports provide food security, contribute to the UK economy all along the food chain and match supply and demand.
- Imports often provide the raw material for the UK based processor for added value cutting/packing/processing before selling on to the UK retail or food service sectors.
- The UK consumer has high demand for certain cuts (e.g. chicken breasts) but not others (e.g. chicken feet); if UK producers were to attempt to meet chicken breast demand without imports then there would be huge quantities of other product to either find an export market for or dispose of.
- If the Government decides to adopt the EU schedule of tariffs this cannot be implemented without a system of quotas alongside due to the uneconomic level of the customs/ import duties for meat.
- Veterinary agreements and certification are a prerequisite for meat exports. Government should reassure our export partners that it is business as usual while the UK remains a member of the EU and that they will be informed about decisions on animal and public health policy.
- IMTA members, both importers and exporters, carry out a lot of trade in or via other EU countries which should be protected if the EU leaves the single market as this kind of trade provides income for British businesses. This could include landing and clearing a non-EU country import at a port in another member state or purchasing a product in another member state and exporting it to a non-EU country from there, among many other possible scenarios.
- Economic sustainability of the British livestock sector requires the maintenance of its access to other EU markets, where its key customers lie, to be a priority.

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Introduction

The International Meat Trade Association represents companies that provide a key role in sourcing and distributing product through importing and exporting beef, pork, lamb and poultrymeat. IMTA's UK based members account for a combined turnover of more than four billion pounds representing direct employment of over 15,000 people in the UK and indirectly supporting employment in the wider UK economy in meat production, manufacturing, retail and food service. Around 45% of meat and meat products consumed in the UK are imported into the UK and around 24% of British production is exported. Imports are crucial in order to keep the nation fed but exports are equally important in order to maximise the value of the carcase in terms of demand for certain cuts and thus provide economic benefit to the UK producer.

IMTA supports the Food and Drink Federation's priorities as set out in their manifesto [A New UK-EU Relationship](#). IMTA particularly emphasises the need for a thorough consultation of industry and a staged and orderly transition to a new UK position in the global market post-Brexit. In a subsequent document, to be delivered in the autumn, IMTA will present specific proposals in relation to UK policy for international trade in meat and meat products. This current document provides an analysis of the UK's trade in meat and meat products and raises some initial questions that need addressing as soon as possible to provide businesses with some certainty.

The meat sector is but one part of the UK economy but it is a major sector in the food industry in terms of providing access to sufficient dietary protein, GDP and employment. Apart from its place on supermarket shelves it is a key component on the high street, in establishments ranging from the likes of McDonalds and KFC to pub chains or the local pub, to retail butchers, and to public sector catering in the likes of hospitals and schools.

It is clear that the UK leaving the EU is an unprecedented event in international trade and thus we are left with major unanswered questions and a fear that these will only be resolved by negotiation and legal wrangle over a long period of time which, due to the uncertainty it would create in the interim, could jeopardise growth and jobs in the sector. IMTA will work with Government to supply its expertise and assistance in achieving the best outcome for the United Kingdom.

In the appendix you will find an initial list of questions to Government which have been posed by IMTA members. Having answers to these questions, as well as to those posed throughout the document, as soon as possible would help to provide assurance and certainty to business.

How can IMTA Help?

The UK leaving the EU could have a far reaching effect on the UK's trade in meat if not handled carefully. The UK is not self-sufficient in meat and therefore meat imports are crucial and must be protected. If the Government decides to adopt the EU schedule of tariffs this cannot be implemented without a system of quotas alongside due to the prohibitive level of the duties for meat. Veterinary agreements and certification are a prerequisite for meat exports. Any changes in legislation must be evaluated in relation to their impact on market access for meat.

Trading companies need flexibility to maximise business opportunities. Our members have fully embraced the single market and a significant amount of business is carried out by them in the various member states but the revenue comes back to the UK based company. This business needs to be protected.

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Industry consultation by Government is welcomed and IMTA has set up three working groups to consider imports, exports and technical/ practical issues. We therefore wish to be engaged with all relevant Government departments to assist in planning the strategy and ensuring opportunities are fully realised and potential disruption avoided.

Key Question: How can we maximise access for imports and exports?

1. What are the UK's obligations regarding its 'share' of EU import quotas?
2. Would the UK be free to create a completely new WTO schedule with a new duty and possible quota structure providing it satisfies our traditional suppliers?
3. Can businesses expect the UK to have continued free access to the EU single market?
4. If the UK did not get access to the single market per se and instead had an FTA with the EU could it grant zero duty unlimited access to other EU member states for meat and meat products in return for the same for our exports, providing standards were the same or recognised as equivalent?
5. Will we take over EU legislation on animal and public health thus assuring our export partners of a status quo?
6. What happens to trade if the UK's negotiating period with the EU runs out and WTO membership and tariff schedule are not yet negotiated?
7. How will the land border between the UK and the Republic of Ireland be dealt with? Currently there is huge trade, of both meat and live animals, taking place across this border and the economies in the regions are highly interlinked. Would border inspection posts have to be put in place between UK and Ireland and how would disease outbreaks be dealt with?

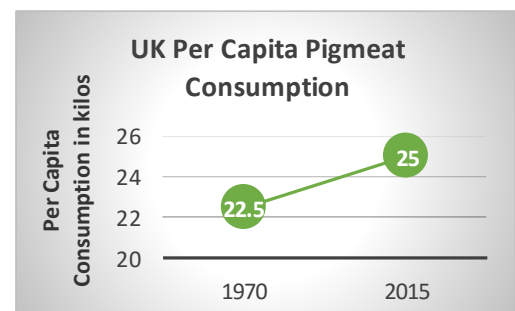
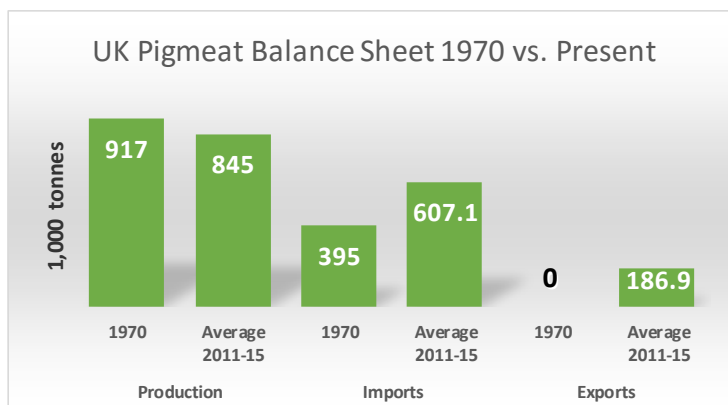
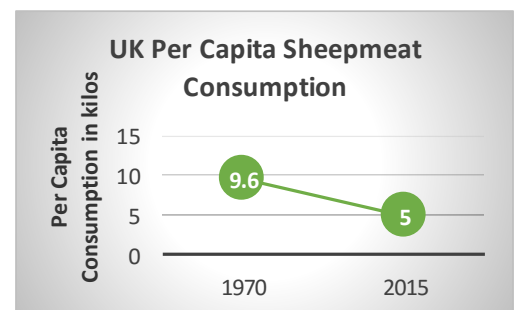
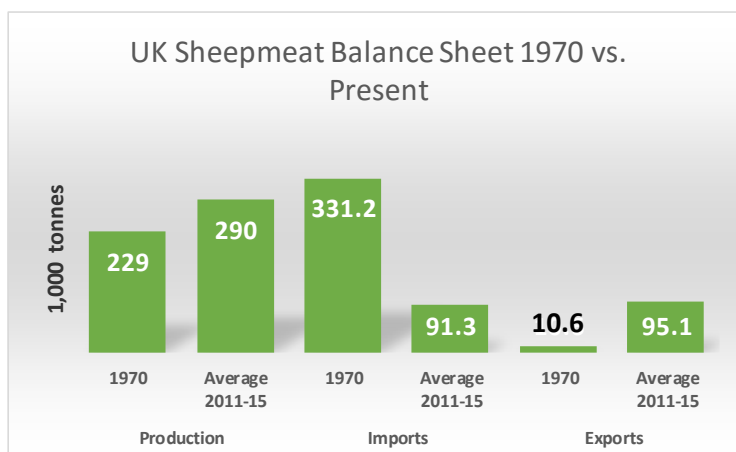
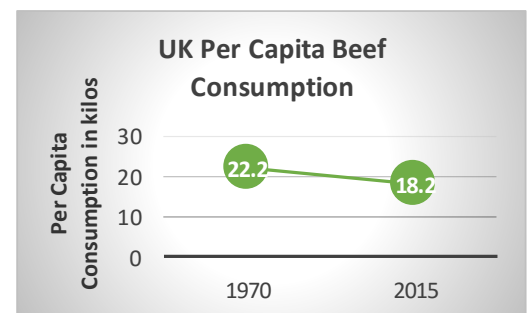
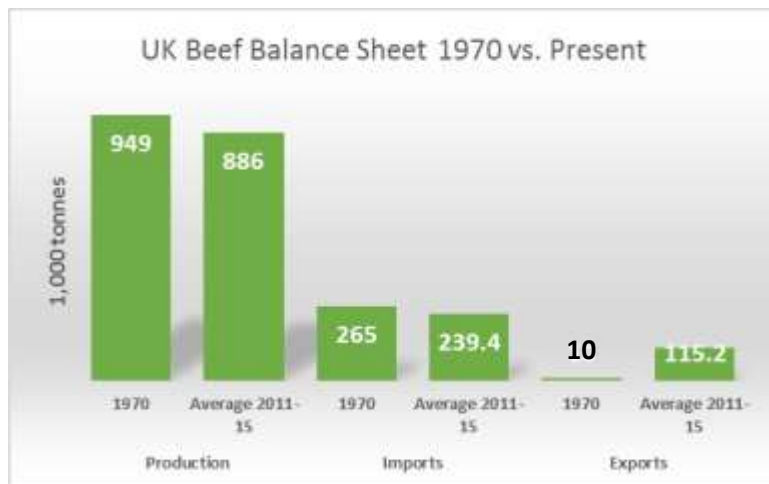
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Before the EU and today

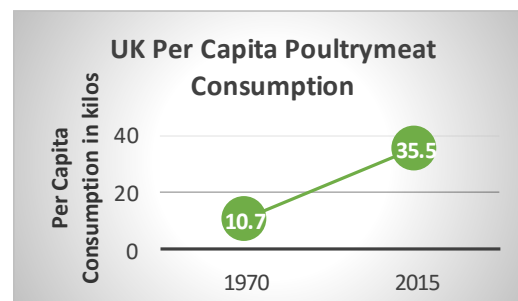
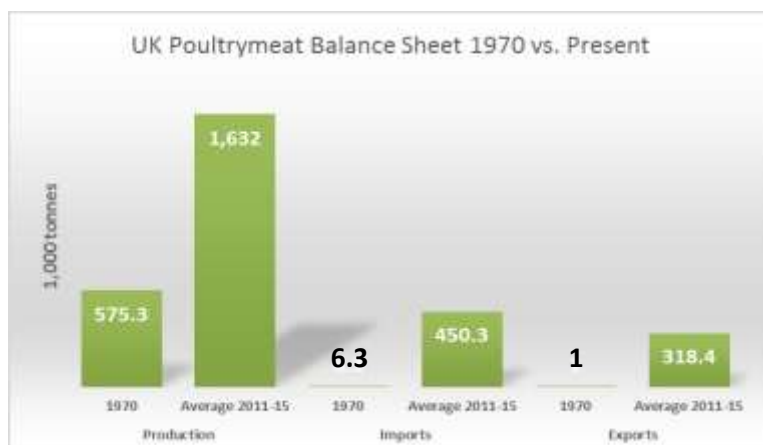
In 1970 the UK was not a member of the European Union and the major method of support to the UK farming industry was deficiency payments¹. The graphs below compare production, imports and exports for each meat today compared to then as well as per capita consumption.

UK Production, Imports and Exports of Meat



¹ Farmers received a payment from Government equal to the difference between the market price and a target price aimed at providing a viable return for the farmer.

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Source: AHDB, Eurostat and H. F. Marks, '100 Years of British Food and Farming'

Consumer tastes and behaviour have changed radically since 1970. Overall UK meat consumption has increased by around 40 cent, with sheepmeat showing a major decline, a small fall for beef and gains for pork and especially poultry. Although per capita sheepmeat consumption has declined, interestingly UK production is higher now than it was in 1970 whilst imports have fallen substantially. Beef and pork production is lower. It is also worth noting that the UK population has significantly increased since 1970: from 55.66 million to 64.6 million in 2015.

Across the board the UK is now a significant exporter of meat whereas it was not in 1970.

Imports

Full duty Imports

The EU duties that are imposed on chilled and frozen meat and processed poultrymeat are generally so high that virtually all these imports from non-EU countries are only undertaken through concessionary import quota schemes.

The table below illustrates why meat is not generally imported at full duty. Published wholesale prices are not available and therefore the prices used in the example below are only intended as an indication on the basis of industry intelligence. The wholesale meat industry operates on low margins and therefore price differentials of only a small magnitude influence purchasing, along with other factors. In the case of pork there is a price premium paid by the supermarkets for product of British origin. It has not been possible to provide an example for chicken as the specifications of imported and UK product are not sufficiently comparable. However it is fair to say that the import duty on frozen boneless chicken breast would increase the imported price by around 35 per cent.

£/kg	Imported product		UK Wholesale Price (equivalent product)
	Under Quota	Paying Full Duty	
Chilled beef striploin	11.10	12.99	12.00
Lamb leg	6.20	9.30	7.00
Boneless pork loin	2.50	3.20	3.20*
* UK pork attracts an origin premium			

Overall meat trading situation with the EU in million pounds, 2015²

PRODUCT	Exports to EU	Imports from EU
Beef	311.8	818.8
Processed Beef	22.9	142.9
Sheepmeat	288.1	25.8
Processed Lamb	1.0	19.6
Pork	135.6	560.6
Processed Pork	62.7	945.9
Poultry	184.6	921.1
Processed Poultry	107.8	399.6
Red Meat Offal	35.7	23.5

Source: Eurostat

For the meat sector we run a substantial trade deficit with the rest of the EU. In 2015 £1.15 billion of meat and meat products were exported from the UK to other EU countries, but £3.86 billion of meat and meat products were imported into the UK from other EU member states. The only meat of which the UK exports more than it imports is sheepmeat.

Types of Trading

A major proportion of UK imports from non-EU countries are what one would term “direct trade”, i.e. UK company buys from a company based in a non-EU country and imports/transport that meat direct into the UK. Imports may go direct to the retail or catering sector but often the product is sold to a UK based processor for added value cutting/packing/processing before selling on to the UK retail or food service sectors. However, there are also a number of other activities which provide revenue to UK companies and must be taken into account in any negotiations to set up new trading arrangements with the EU or other countries. See below just a few of the *many possible* examples of more complex trades which are also vital to maintain.

² This table has been converted into pounds from euro using the rate 1 euro = £ 0.726112 which was the average exchange rate from 2015. Figures have been rounded.

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1. **UK company buys from a company based in a non-EU country, imports the meat into another EU member state and sells it to a customer in another member state, but the revenue is returned to the UK based company**



This is a very common form of business for our members.

2. **UK company buys meat from a company based in a non-EU country, imports the meat through a port in mainland Europe, then all or part of the shipment is transported to the UK for sale in the UK**



3. **UK company buys meat from a company based in a non-EU country, imports the meat into the UK, stores the meat and then sells all or part of it to a customer in another EU member state**



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4. **UK company buys meat from a company based in a non-EU country, imports it into the UK, the meat is processed and exported as a value added product**



5. **UK company buys meat from a company based in a non-EU country, imports into the UK with duty suspended, the meat is processed and sold to oil rigs and ship stores (inward processing)**



All of these activities generate income for the UK based business and it will be essential to take this into account, not only from the aspect of future tariff and business arrangements with the EU, but also when considering technical issues such as veterinary certification.

UK Imports

In our paper UK Meat Imports: [Benefits to the UK](#) the need for imports was highlighted in terms of:

- Food security
- Contribution to the UK economy throughout the food chain
- Matching supply and demand

The EU duties that are imposed on chilled and frozen meat and processed poultrymeat are generally so high that virtually all these imports from non-EU countries are only undertaken through concessionary import quota schemes.

Some may argue that the UK should be more self-sufficient in terms of the food we consume as this might help to raise producer incomes. However the meat sector is unique in that it disassembles its product (from carcasses into cuts of meat) and consumer demand is not in direct proportion to the cuts from the carcass. Thus satisfying consumer demand for certain cuts would also produce surplus product which could be counterproductive to producer prices for livestock as a whole. To take the excess out of the market it would either have to be exported to a limited number of third countries which value such products and which are often difficult to get access to, or disposed of at a cost to the producer.

UK Imports from EU and Non-EU Countries in 2015 in tonnes

(Tonnes)	EU	Non-EU	Total
Beef	223,290	24,985	248,275
Processed Beef	50,914	24,598	75,512
Lamb	7,599	83,756	91,355
Processed Lamb	8,442	53	8,496
Pork	344,697	946	345,643
Processed Pork	377,280	0	377,280
Poultry	389,328	75,999	465,327
Processed Poultry	156,151	174,038	330,188
Red Meat Offal	25,042	7,655	32,696

Source: Eurostat³

Overall we import around 1.6 million tonnes of meat and meat products from other member states and a further 400,000 tonnes from countries outside the EU. This huge imbalance is mainly due to the protection the EU gives its domestic meat sector in terms of high import duties. Meat imports from non-EU countries are restricted by the quota system.

³ Throughout this report it must be borne in mind that data on the trade with other EU countries i.e. the single market without borders, is based on the only official statistical source – the Intrastat system. By the nature of its collection it may be less precise than data relating to third country trade, but it should provide a reasonable indication.

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Beef

Chilled and Frozen Beef

2015 UK Chilled and Frozen Beef imports in 1,000 tonnes

	1,000 tonnes	Main cuts imported	Import System - duty in brackets
TOTAL	249		
EU	224		Free internal market
of which			
Ireland	170	Majority of carcase	Free internal market
Netherlands	17	Roasting cuts and some steaking cuts	Free internal market
Poland	13	Chilled forequarter and Hindquarter cuts	Free internal market
Germany	11	Hindquarter cuts	Free internal market
Non-EU	25		Quotas
of which			
Australia	7	Steak and roasting cuts	Hilton (20%), Grain fed (Nil), GATT quota (20%)
Botswana	4	Hindquarter and forequarter cuts	Economic Partnership - No restriction (0%)
Namibia	4	Hindquarter and forequarter cuts	Economic Partnership - No restriction (0%)
Brazil	4	Steak and roasting cuts, some forequarter	Hilton (20%), GATT quota (20%)
Uruguay	3	Steak and roasting cuts	Hilton (20%), Grain fed (Nil), GATT quota (20%)
New Zealand	2	Beef steak, roasting cuts and veal	Hilton (20%), Grain fed (Nil), GATT quota (20%)

The majority of non-UK chilled and frozen beef is sourced from the Republic of Ireland, which has always been the principal source of imported beef, even prior to the UK joining the EU. Much of this beef covers cuts across the whole of the carcase from roasting joints, steaking cuts and mince for the retail and food service sector to raw material for manufacturing added value products such as ready meals and sandwiches. Imports from the other member states would be a more limited selection of cuts.

Imports of non-EU beef are imported under concessionary quota schemes and are either free of duty or subject to a 20% ad valorem duty. Most of this beef is particular hindquarter cuts for the food service sector, although there is also a small amount of beef for manufacturing.

As the full duty is 12.8% plus 3€ per kg, very little other than possibly wagyu beef is imported at full duty as it is not generally economically viable.

In addition to this, UK traders will be purchasing beef from non-EU countries to sell to customers in the rest of the EU.⁴

⁴ The size of this business cannot be extracted from EU trade statistics but IMTA could supply an estimate if required.

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The UK imports around 250,000 tonnes of chilled and frozen beef. With members' knowledge of the types of cut imported into the UK, IMTA has been able to estimate that to replace these supplies with British product would require UK supplies of cattle for slaughter to at least double. This would also result in an additional 290,000 tonnes of cuts in greater surplus to be absorbed by the domestic market or found an export market. This is shown in the diagram below.

How could UK demand for beef be met without imports?



 = 100,000 animals

Whilst supplies from the Republic of Ireland might be assumed to entail most of the carcase, imports from non-EU countries help to satisfy the British consumer's desire for a steak when they go out to eat. Retailers tend to source most of their supplies from British or Irish origin and take a broad range of cuts. In the food service sector the range of cuts is often less balanced. Due to the scale of production in many of the traditional beef supplying countries importers are able to source containers of one cut to a specific specification.

Country	Average Meat Plant Cattle Throughput (2013)
Great Britain	70,000* (Source: EBLEX)
Uruguay	129,000* (Source: INAC)
Brazil	362,000** (Source: ABIEC)

*Average of top 9 abattoirs **Average of top 10 abattoirs

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Processed Beef

2015 UK Processed Beef imports in 1,000 tonnes

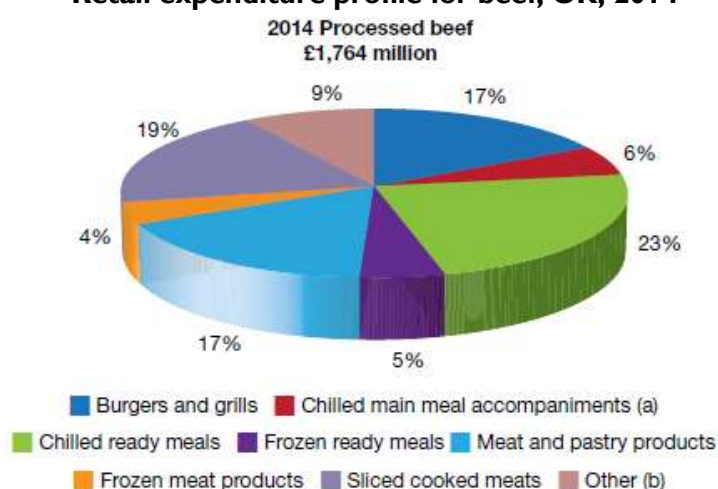
	1,000 tonnes	Main cuts imported	Import System - duty in brackets
TOTAL	76		
EU	51		Free internal market
of which			
Ireland	35	Burgers, ready meals	Free internal market
France	4		Free internal market
Belgium	3		Free internal market
Sweden	3		Free internal market
Denmark	2		Free internal market
Poland	2		Free internal market
Non-EU	25		Quotas
of which			
Brazil	25	Corned beef, cooked frozen beef	Full duty 16.6% No quota

The two main suppliers of processed beef products to the UK are the Republic of Ireland and Brazil. The products from the Republic of Ireland are mainly burgers and ready meals.

Brazil supplies 75 to 80 per cent of the UK corned beef market, both retail and food service. In recent years there has been some resumption of production in the UK.

There is also a more modest quantity of cooked frozen beef from Brazil which is supplied to UK manufacturers for use in ready meals.

Retail expenditure profile for beef, UK, 2014



Source: AHDB

The processed beef sector has been one of the few sectors of the market that has not been bedevilled by quotas and simply operates on the basis of a full duty ad valorem system.

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Question:

- I. Would the current customs duty be maintained for processed beef?

Sheepmeat

2015 UK Imports Chilled and Frozen Sheepmeat in 1,000 tonnes

	1,000 tonnes	Main products	Import System - duty in brackets
TOTAL	91		
EU	8		Free internal market
of which			
Ireland	4	Boneless lamb	Free internal market
Spain	1	Mutton	Free internal market
France	1	Trimblings, NZ lamb	Free internal market
Non-EU	84		Quotas
of which			
New Zealand	69	Leg, shoulder, middles, manufacturing cuts, mutton, offal, fat	Sheepmeat quota (0%)
Australia	14	Leg, manufacturing cuts, mutton	Sheepmeat quota (0%)

The major supplier to the UK market is New Zealand, whilst Australia is limited by its quota. The seasonality of production in the United Kingdom versus the Southern Hemisphere complements each other and thus enables the consumer to eat the best quality lamb throughout the year. Imports also meet retailers requirements for delivering large volumes of consistent product over a short time frame such as Easter when UK production is seasonally low.

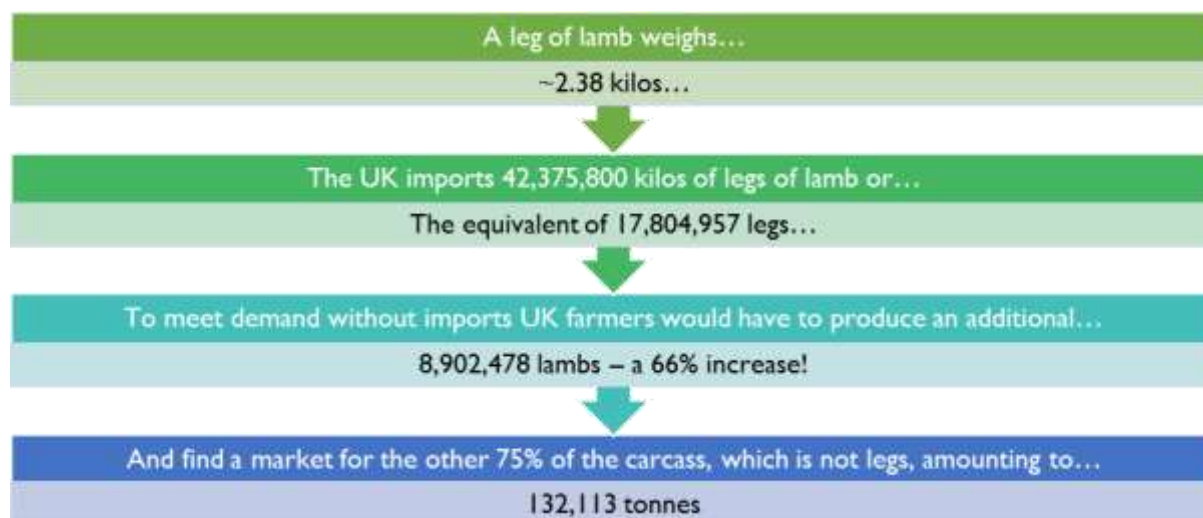
The UK market is predominantly a lamb leg market both for retail and food service. However other cuts are imported for use by manufacturers and the food service sector. Imports from the Republic of Ireland are approximately 4,000 tonnes mainly for the wholesale, food service and manufacturing sectors.

How could UK demand for legs of lamb be met without imports?

UK Imports of Lamb Legs in 2015 (in kilos)

Type of lamb leg	From the EU	From Outside the EU
Fresh or chilled lamb legs	164,500	21,838,900
Frozen lamb legs	283,900	20,088,500
Total	448,400	41,927,400
Total UK Imports of lamb legs from EU and non-EU		42,375,800

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Because of the consumer preference for legs, imports are a necessity. For the UK to be self-sufficient would require domestic production of lambs to increase by the order of 66 per cent, and would not solve the seasonality of production issue. In addition this would also generate a further estimated 130,000 tonnes of other cuts to be absorbed by the domestic or export markets, bearing in mind our exports currently run at about 79,000 tonnes, 95 per cent of which are exported to other EU member states.

Pigmeat

Chilled, Frozen and Salted Pork

2015 UK Imports of Pork in 1,000 tonnes

	1,000 tonnes	Main products	Import System - duty in brackets
TOTAL	346		
EU	345		
of which			
Denmark	93	Legs and boneless loins and hams, collars	Free internal market
Germany	65	Boneless loins and hams, collars	Free internal market
Netherlands	55	Boneless loins and hams	Free internal market
Belgium	35	Carcases, boneless loins and hams	Free internal market
Non-EU	1		Quotas
of which			
United States	1	Boneless loins and hams	250€/tonne

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2015 UK Imports of Bacon in 1,000 tonnes

	1,000 tonnes	Main products	Import System - duty in brackets
TOTAL	241		
EU	241		Free internal market
of which			
Denmark	95	Bacon	Free internal market
Netherlands	84	Bacon	Free internal market
Germany	44	Bacon	Free internal market
Ireland	8	Bacon	Free internal market

Virtually all imported pork is sourced from other EU member states due mainly to the veterinary requirements.⁵ The major suppliers are Denmark, which was the UK's traditional supplier even before the UK joined the EU, Germany, Netherlands and Ireland.

The main cuts imported are boneless pork loins and legs and include cuts for curing in the UK.

In addition to this there is a substantial amount of bacon and ham imported, primarily from Denmark and the Netherlands.

In 2011 BPEX estimated in its BPEX Imports Report that the UK would need 23 million pigs to satisfy the demand for pork loins. This compares with 10.6 million pigs slaughtered in the UK in 2015. This is depicted in the table below. Similar to the other meats, this would result in an increase in cuts where there is already an oversupply, notably belly, shoulder and trim.

How could UK demand for pork loins be met without imports?

Number of pigs required to meet UK demand for pork loins	Number of pigs slaughtered in the UK in 2015



= 1,000,000 animals

Source: BPEX

⁵ Only the US, Canada and Chile have veterinary approval for pork to the EU.

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Poultrymeat

The vast majority of poultrymeat imported into the UK, be it raw, salted or cooked, is either whole chicken breast or made of chicken breast.

2015 UK Imports Chilled and Frozen Poultrymeat in 1,000 tonnes

	1,000 tonnes	Main cuts	Import System - duty in brackets
TOTAL	409		
EU	386		Free internal market
of which			
Netherlands	169	Chicken breast, whole chicken	Free internal market
Poland	65	Chicken breast	Free internal market
Ireland	32	Chicken breast	Free internal market
Germany	32	Chicken breast	Free internal market
Non-EU	23		Quotas
of which			
Chile	7	Chicken breast	EU-Chile FTA (0%)
Brazil	6	Chicken breast	Quotas (0% to 795€/t or full duty)
Argentina	5	Chicken breast, whole chicken	Quotas (0% to 795€/t or full duty)
Thailand	4	Chicken breast	Quotas (0% to 795€/t or full duty)

The principal suppliers of chilled and frozen poultrymeat are the Netherlands, Poland, Ireland and Germany. 43 per cent is chicken boneless breast supplied into the manufacturing, retail and food service sectors.

2015 UK Imports Salted Poultrymeat in 1,000 tonnes

	1,000 tonnes	Main cuts	Import System - duty in brackets
TOTAL	59		
EU	6	Non-EU chicken breast	Free internal market
Non-EU	53		Quotas
of which			
Brazil	38	Chicken breast	Quota (15.4%)
Thailand	12	Chicken breast	Quota (15.4%)
Chile	4	Chicken breast	No restriction (0%)

Due to one of the strange anomalies of EU customs code tariffs and classification, the vast proportion of uncooked boneless chicken from non-EU countries is imported as salted chicken.⁶ The major suppliers of this product are Brazil and Thailand. It should be borne in mind that supplies from the EU will probably not be of EU origin but more likely be from one of the non-EU suppliers.

⁶ This is the result of a WTO challenge brought against the EU and won by Brazil which resulted in a quota system being set up for traditional exporters of salted chicken breast.

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2015 UK Imports of Processed Poultry Products in 1,000 tonnes

	1,000 tonnes	Main cuts	Import System - duty in brackets
TOTAL	330		
EU	156		Free internal market
of which			
Netherlands	40	Cooked chicken breast	Free internal market
Ireland	31	Cooked chicken breast, cooked products <25% chicken, uncooked chicken preparations	Free internal market
Germany	26	Cooked chicken breast	Free internal market
Poland	25	Cooked chicken breast	Free internal market
Non-EU	174		Quotas
of which			
Thailand	125	Cooked chicken breast, goujons	Quotas (8% to 10.9%)
Brazil	42	Cooked chicken breast	Quotas (8% to 10.9%)
China	7	Cooked chicken breast, cooked duck	Quotas (8% to 10.9%)

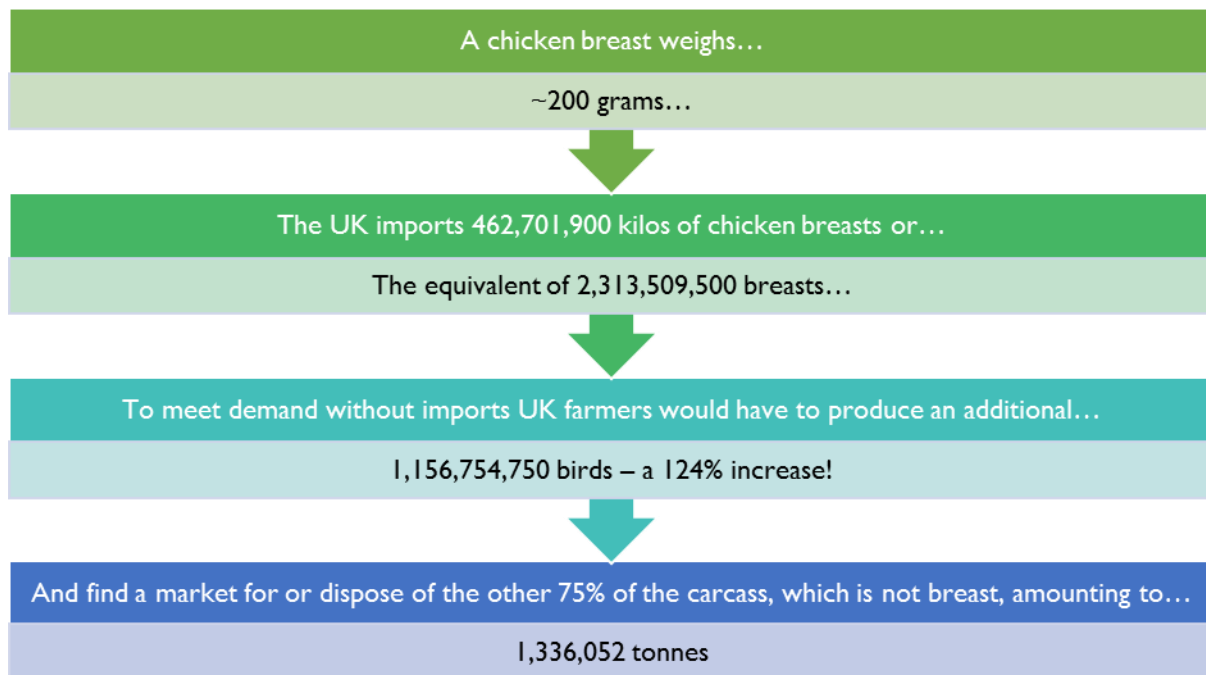
The UK imports substantial amounts of cooked poultrymeat. Products will include breaded and battered cooked chicken (goujons, nuggets etc.) with again the major suppliers being Brazil and Thailand, but there is also a significant trade in cooked duck and chicken from China. Similar to the raw chicken these products are supplied into the retail, manufacturing and foodservice sectors. It is likely that most of the import from the Netherlands and possibly Germany will be product of non-EU origin.

How could UK demand for boneless chicken breasts be met without imports?

UK Imports of Chicken Breasts in 2015 (in kilos)

Type of Chicken Breast	From the EU	From Outside the EU
Boneless chilled	85,356,300	
Boneless frozen	75,224,400	14,941,200
Salted	5,926,700	52,844,100
Cooked	83,931,300	144,477,900
Total	250,438,700	212,263,200
Total UK Imports of Chicken Breasts from EU and non-EU		462,701,900

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Looking purely at the customs codes covering whole chicken breasts only, it is estimated that domestic production of chickens would have to more than double and would produce a further million tonnes of product to export including 2 billion chicken feet or to dispose of. The 75% of the carcass which is left after removing the chicken breasts is of course less valuable and includes bones, feet etc. however it still has to be valorised or disposed of at a cost. This is a substantial underestimate of the true picture as it only takes into account the trade in whole chicken breast. One also needs to take into account products such as breaded chicken goujons and other sophisticated products which can be produced on a sufficient scale in Thailand for the UK import market.

Imports - Conclusions

The United Kingdom must retain access to meat imports as they represent a substantial part of the British market which cannot realistically be filled by domestic production. Access to the single market needs to be maintained whilst taking the opportunity to develop a more relevant import policy with other global partners.

IMTA request regarding import access

The supply of imported meat onto the UK market is vital, whilst ensuring that we continue to have a sustainable British livestock sector. Because of the nature of the meat sector needing to balance the carcass through import and export the level of imports coming into the UK historically needs to be maintained and the business UK companies do in other EU member states needs to be safeguarded.

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Questions:

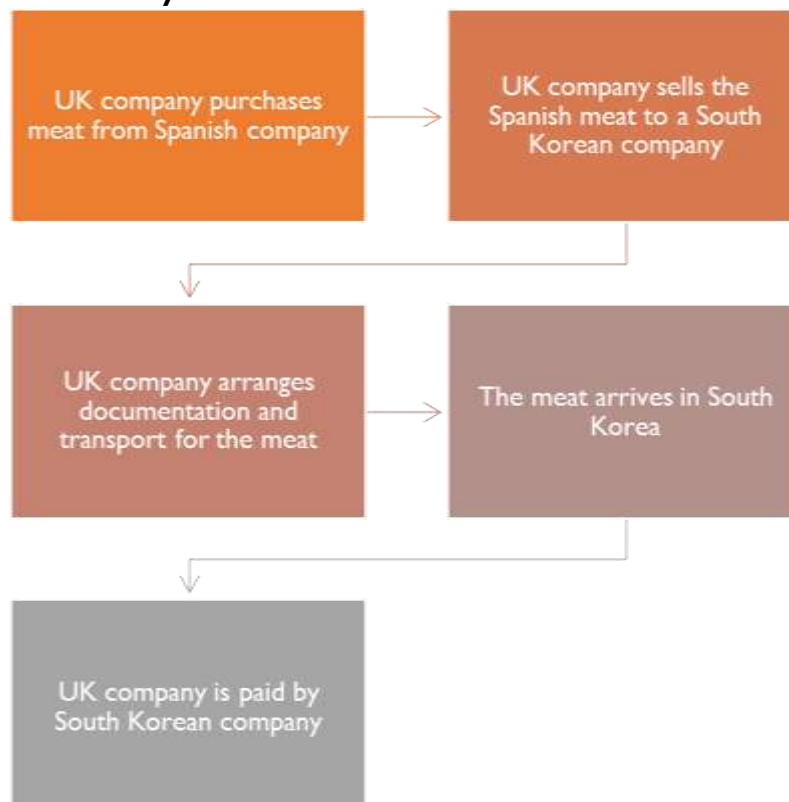
1. What process will be followed to create a UK WTO schedule? How does Government intend to fully involve industry?
2. If EU quotas reduced would the UK have to compensate non-EU countries for loss of market access opportunity?
3. If quotas are implemented, how would these be administered?
4. Will the UK have one health certificate for each animal product for all countries à la EU model?
5. Non-EU country meat plants are inspected by EU FVO, how will the UK handle this?

Exports

Types of Trading

Apart from the direct trade whereby exporters send meat direct from the UK out to the country of destination, there are also other routes of trading. The first two illustrated below account for significant amounts of trade.

1. UK exporter buys product in another EU country and exports to their customer in a non-EU country



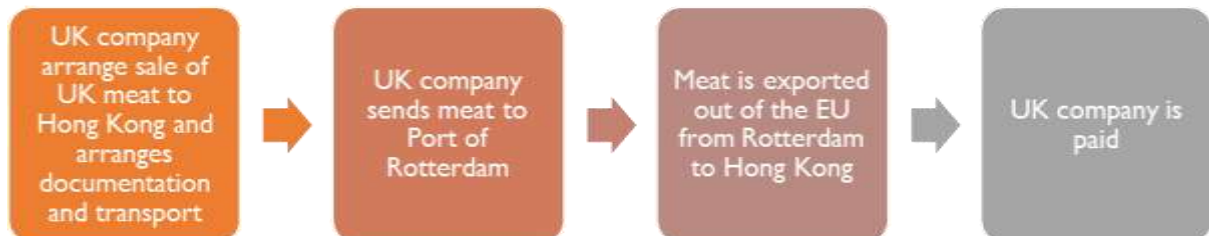
Exporters have a myriad of customers on the global market with different requirements which take time and expertise to develop. Key in any trading relationship is the ability to deliver product reliably and satisfactorily. Having access to different sources enables exporters to continue to supply customers in the event of a problem with one supply outlet, such as an animal disease outbreak.

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Similarly for countries where the UK may not currently have an approved certificate maintaining these customers provides a base for offering British product once it is approved.

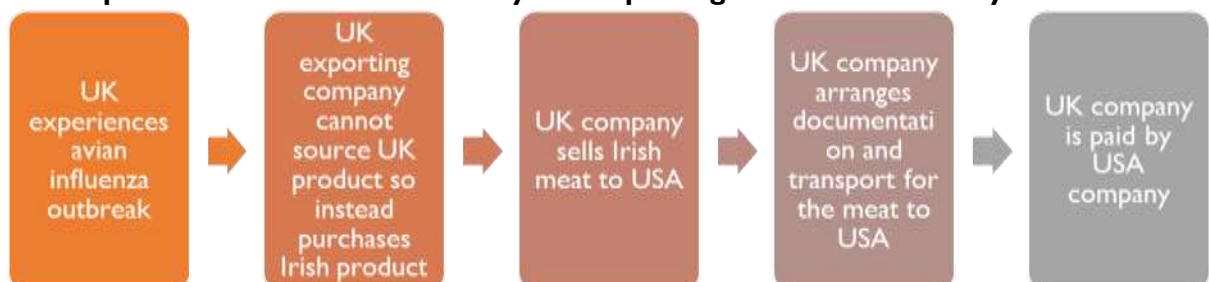
2. UK exporter exports UK meat to a non-EU country via a port in another EU member state



3. UK exporter supplies product to a company elsewhere in the EU who subsequently exports onto the global market



4. In the case of a disease outbreak taking place in the UK, meaning UK supply cannot be obtained/ exported, UK traders may maintain their business by buying product in another EU country and exporting it to a third country



UK Meat Exports

The UK meat sector has worked to grow its export market both to other EU countries and around the world. IMTA members either own production plants or work closely with production plants taking products not readily consumed in the UK and finding markets for them elsewhere. The value that this part of the carcase can achieve often determines the profitability of the sector and returns to farmers.

650,000 tonnes of product is moved without constraint from the UK to other member states of the EU. A further 210,000 tonnes is exported outside the EU. With animal products, export markets outside the EU require health certification to ensure that the meat does not present a risk to consumers or their livestock sector and this certification has to be agreed between the UK

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Government and the veterinary authorities of the country of destination. International trade in meat and meat products is dependent on a level of trust, confidence and mutual recognition of veterinary services in the countries around the world. Thus for exports the sector is dependent on good relations between the UK competent authorities and our export markets - something which takes time and sufficient Government resources. Thus even at this stage Government should be alert to reassuring our export partners that it is business as usual and as we move to extract ourselves from the EU we need to keep them fully informed on animal and public health policy.

UK Exports of Meat in 2015 in tonnes

(Tonnes)	EU	Non-EU	Total
Beef	91,011	7,897	98,908
Processed Beef	7,096	98	7,194
Lamb	74,852	4,066	78,918
Processed Lamb	318	38	356
Pork	128,221	56,959	185,180
Processed Pork	34,372	1,690	36,062
Poultry	230,326	69,002	299,328
Processed Poultry	42,456	769	43,225
Red Meat Offal	40,218	69,552	109,770

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Beef

The tables below in each meat section give an indication of the type of cuts exported to the major markets. The duty rates shown are firstly the ones enjoyed by the UK as part of the EU and then the MFN (WTO Most Favoured Nation) rates indicate the maximum import duty British product could face on various export markets on exiting the EU.

Opening up global markets to British beef has been extremely difficult in the wake of BSE although progress is being made. Thus our major market is to the rest of the EU, to such countries as France and the Netherlands. The Republic of Ireland is our major destination. Outside of the EU destinations include Hong Kong and Switzerland.

2015 UK Chilled and Frozen Beef Exports in 1,000 tonnes

Duty					
	1,000 tonnes	Main cuts	UK in EU	EU MFN Rate	
TOTAL					
EU	91			Ad valorem	min/max specific duty euro/tonne
of which to					
Republic of Ireland	37	Majority of carcase	Free	12.8%	1414/3014
Netherlands	29	Boneless cuts, carcasses, bone-in hindquarters	Free	12.8%	1414/3014
France	10	Boneless hindquarter and forequarter cuts	Free	12.8%	1414/3014
Italy	6	Boneless cuts	Free	12.8%	1414/3014
Belgium	4		Free	12.8%	1414/3014
Germany	3		Free	12.8%	1414/3014
Non-EU	8		UK in EU	MFN Rate	
of which to					
Hong Kong	3		Free	MFN Free	

Beef offal is exported equally between the EU and non-EU with liver and thick and thin skirt being some of the main products.

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2015 UK Beef Offal Exports in 1,000 tonnes

Duty				
	1,000 tonnes	Main cuts	UK in EU	EU MFN Rate
TOTAL				
EU	24			
of which to				
Republic of Ireland	7	Liver	Free	Free
France	4	Kidney, tongue, tripe	Free	Free
Belgium	3		Free	Free
Germany	2		Free	Free
Non-EU	23		UK in EU	MFN Rate
of which to				
Hong Kong	9	Thick and thin skirt	Free	Free
South Africa	3	Liver	0% to 30%	0% to 30%
Ghana	3		35%	35%

2015 UK Processed Beef Exports in 1,000 tonnes

Duty				
	1,000 tonnes	Main cuts	UK in EU	EU MFN
EU	7			
of which to				
Republic of Ireland	4		Free	16.6%
France	2		Free	16.6%

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Sheepmeat

As with beef our major export market for sheepmeat is the rest of the EU and in particular France, Germany and the Republic of Ireland. Predominantly carcasses are still exported. With regard to our exports to non-EU countries the main product is sheep bones. Negotiations are still ongoing to gain access to the Middle East markets.

2015 UK Sheepmeat Exports in 1,000 tonnes

	1,000 tonnes	Main cuts	UK in EU	EU MFN Rate	
TOTAL				Ad valorem	min/max specific duty euro/tonne
EU	75				
of which to					
France	43	Carcases, short forequarters	Free	12.8%	902/3118
Germany	10	Carcases, short forequarters	Free	12.8%	902/3118
Republic of Ireland	7	Carcases	Free	12.8%	902/3118
Belgium	6	Carcases, lamb rack	Free	12.8%	902/3118
Italy	4	Carcases, lamb rack	Free	12.8%	902/3118
Netherlands	2	Carcases	Free	12.8%	902/3118
Non-EU	4		UK in EU	MFN Rate	
of which to					
Hong Kong	2	Bones	0%	0%	
Ghana	1	Bones	35%	35%	
Norway	1	Carcases	24.5NOK/kg to 429%	24.5NOK/kg to 429%	

In addition there is a limited amount of sheep offal exported.

2015 UK Sheep Offal Exports in 1,000 tonnes

	1,000 tonnes	UK in EU	EU MFN Rate
TOTAL			
EU	3		
of which to			
France	1	Free	0%
Germany	0.4	Free	0%
Republic of Ireland	0.4	Free	0%
Non-EU	0.9	UK in EU	MFN Rate
of which to			
Hong Kong	0.8	0%	0%

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Pigmeat

Even with the opening up of the Chinese market in recent years, the EU is still the major market for UK pigmeat to countries such as Germany, Ireland and the Netherlands e.g. sow carcasses which get a better price than in the UK. Outside of the EU there is a strong market for pork bones to Hong Kong and China and opportunities have developed for cuts such as loins to the United States.

In terms of pork offal there is a strong market for heads, ears, snouts etc. to the Far East. As yet the UK awaits the approval to send trotters to China.

2015 UK Chilled and Frozen Pigmeat Exports in 1,000 tonnes

Duty				
	1,000 tonnes	Main cuts	UK in EU	EU MFN Rate
TOTAL				min/max specific duty euro/tonne
EU	128			
of which to				
Germany	32	Sow carcasses	Free	467/869
Ireland	30	Boneless cuts	Free	467/869
Denmark	24	Other bone-in cuts	Free	467/869
Netherlands	18	Other bone-in cuts, possibly bones	Free	467/869
Non-EU	57		UK in EU	MFN rate
of which to				
China	27	Other bone-in cuts, particularly bones	12% to 20%	70%*
Hong Kong	11	Other bone-in cuts, particularly bones	0%	0%
United States	6	Other bone-in cuts, loins	0% to 1.4c/kg	5.5 to 7.2 c/kg*
Philippines	2	Other bone-in cuts, belly skins, cheeks	30% to 40%	30% to 40%
* If UK outside WTO				

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2015 UK Pig Offal Exports in 1,000 tonnes

	1,000 tonnes	Main cuts	UK in EU	EU MFN Rate
TOTAL				
TOTAL				
EU	13			
of which to				
Netherlands	6		Free	Free
Republic of Ireland	2		Free	Free
Non-EU	46		UK in EU	MFN Rate
of which to				
China	27	Heads, ears, snouts, tails	12% to 20%	70%*
Hong Kong	11	Heads, stomachs, ears, snouts, tails, feet	0%	0%
Philippines	2		3% to 10%	3% to 10%
South Korea	1		0% to 2.6%	18%
* If UK outside WTO				

2015 UK Bacon and Processed Pork Including Sausages Exports in 1,000 tonnes

	1,000 tonnes	Main cuts	Duty	EU MFN Rate
			UK in EU	
EU	34			min/max specific duty euro/tonne
of which to				
Republic of Ireland	24		Free	869/1568
Germany	1		Free	869/1568
Spain	3		Free	869/1568
Netherlands	1		Free	869/1568
Non-EU	2			

Poultrymeat

UK exports of chilled and frozen poultrymeat are predominantly dependent on other EU markets, although it is not possible to disentangle the quantities which might be going to mainland Europe and then onto a world market destination.

The main destinations within the EU are the Netherlands and Republic of Ireland. The main products seem to be chicken backs, necks and wingtips which is more than likely moving on to non-EU markets.

Outside of the EU the main products are MRM (mechanically recovered meat) and chicken legs, wings, backs and neck.

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2015 UK Chilled and Frozen Poultrymeat and Offal Exports in 1,000 tonnes

Range of Duty				
	1,000 tonnes	Main cuts	UK in EU	EU MFN Rate
TOTAL				Specific Duty
EU	230			min/max specific duty euro/tonne
of which to				
Netherlands	94	Whole chicken, backs,necks wingtips	Free	187/1024
Republic of Ireland	40	Chicken backs,necks wingtips	Free	187/1024
Germany	26	Turkey drumsticks, chicken backs,necks wingtips	Free	187/1024
France	23	Chicken legs and bone-in cuts	Free	187/1024
Non-EU	69		UK in EU	MFN Rate
of which to				
South Africa	18	Chicken wings, legs	0%	0 to 82%
Hong Kong	18	Chicken wings, offal	0%	0%
Philippines	5	MRM, offal	5% to 40%	5% to 40%
Gabon	5	Chicken wings, backs, necks, wingtips	5%	5%
Benin	4	Chicken halves, quarters	35%	35%
Ukraine	2	MRM, offal	0% to 15%	5% to 15%

2015 UK Processed Poultrymeat Exports in 1,000 tonnes

Duty				
	1,000 tonnes	Main cuts	UK in EU	EU MFN Rate
EU	42			min/max specific duty euro/tonne
of which to				
Republic of Ireland	19		Free	2765
Netherlands	9		Free	2765
Germany	5		Free	2765
Non-EU	0.8			

With regard to South Africa, the EU-South Africa agreement in theory means tariffs are reduced to nil although currently claims of dumping etc. have resulted in duties being imposed. If we were outside the EU without an FTA with South Africa, duties would rise to an as yet undetermined level, possibly the current WTO tariff, whilst other competitors such as the rest of EU, US and Brazil could have easier access to the market. The UK exporters are currently accessing third countries' quotas or reduced duty access by virtue of the UK's EU membership (e.g. pork to South Korea), if

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the UK lost access to preferential access through EU FTAs this business could be replaced by other countries and the UK could find it difficult to regain its market share.

The EU is again the main market for processed poultry, predominantly going to the Republic of Ireland.

Exports – Conclusions

The economic sustainability of the British livestock sector requires the maintenance of its access to other EU markets, where its key customers lie, to be a priority. It is unrealistic to expect that product can be diverted to global markets and otherwise this product remaining in the UK would only serve to weaken returns for farmers. Future opportunities will be available for our exports to non-EU countries but any free trade agreements must be combined with veterinary agreements.

Questions:

1. Is it realistic to expect that we will have continued free access to the EU single market?
2. If we don't have access to the single market per se and seek an FTA with the EU how likely is it that we will be granted zero duty unlimited access?
3. How will the UK ensure that third country markets do not use Brexit as an opportunity to open up discussions again on existing health certificates?
4. Will plants currently approved for China, United States and South Korea be subject to re-inspection?
5. What kind of a health mark will we use in the future?
6. Will the UK just transpose EU hygiene and animal health legislation over to UK law?

Conclusion

The UK meat sector is a crucial part of the UK food industry and imports and exports play an essential role in ensuring food security, consumer choice and healthy global trade relationships. Exports help to boost farmers' returns by securing a higher value for parts of the carcass without a natural market in the UK. However exports need Government veterinary certification and going forward additional resources will be vital to ensure market access is maintained and other global markets are opened up.

Imports are also indispensable for the retail, foodservice and manufacturing sectors to supplement those parts of the carcass in deficit. A substantial part of those supplies come from other countries in the EU, but imports from non-EU countries are critical, particularly for our foodservice and tourist industries. One of the greatest challenges will be to ensure these supplies are not disrupted. Unlike many other foods the EU schedule of duties for meat have been set so high that the only way to import has been via a plethora of concessionary import quotas, thus simply adopting EU tariffs will not be a solution. Uncertainty at the moment faces this sector as the WTO rules covering the exiting of a country from a trading bloc are unclear.

The International Meat Trade Association will work closely with Government officials to ensure the UK can take full advantage of the opportunities but also to ensure that supplies to the UK are not disrupted and food security is assured.



Appendix - Brexit - Questions

High level

- What will be the UK's involvement in EU level decision making going forward?
- Is it true that the UK will have to negotiate its exit from the EU first before the process of negotiating its future relationship?
- What role will Defra play in negotiations both with EU and other countries going forward?
- How will the UK replicate some of the common activities that are currently organised by the EU (e.g. EFSA, TRACES, research, reference laboratories).
- Is the Government estimating the resources required and the cost incurred by the UK creating its own legislation in all the areas covered by EU legislation, even if it simply transposes the EU legislation?

Trade

- What are the UK's obligations under WTO rules?
- Will the UK have to compensate other EU member states for loss of free access to UK market?
- How does the UK create its own WTO schedule of tariffs? Will it just adopt the EU schedule?
- What will happen to trade if the UK's negotiating period with the EU runs out but it hasn't yet negotiated membership of the WTO (162 other countries all have to agree) or FTAs with any other countries? Would it be able to trade under WTO rules if not a member? Can a non-WTO member reasonably trade with anyone?
- What does Brexit mean for the Union Customs Code?
- Will FTAs nearing completion or awaiting ratification (e.g. EU-Canada FTA) be re-evaluated on the basis that the UK is no longer a part of it?
- Will EU import quotas be reduced by UK quantities? Will UK have to take over those quantities? How can these quantities be accurately calculated?
- If EU quotas are reduced will the UK have to compensate non-EU countries for loss of market access opportunity?
- Will discussions on the EU Commission review of TRQs continue in Brussels or focus on the UK instead?
- If we have quotas how would they be administered?
- Poultry importers have to use import licence of other companies in other member states how would this business be taken into account when calculating our import requirements and any quota administration which required proof of import?
- Given the UK's historic reliance on imported supplies from the Republic of Ireland and Denmark will trading conditions with these countries have to be the same as for non-EU countries?
- Could lack of CAP payments threaten the viability of UK agriculture thereby increasing the scope for imports especially of less profitable sectors like sheep and beef?

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Cross-trade

- Will UK importers and exporters still be able to export from other Member States and import into member states from non-EU countries (cross-trade)?

Technical

- What happens about the EU oval health mark for meat and meat products? Certain non-EU countries recognise the EU equivalence, what does Brexit mean for this? Will these countries request an inspection of UK plants?
- On import non-EU country plants are inspected by the EU's FVO, the UK does not currently have an equivalent. How will these be tackled?
- Will the UK have an equivalent form to the EUR 1 for origin?
- Could the salted chicken quota be converted to a fresh, chilled frozen quota if part of it was moved from the EU over to the UK?
- Current EU pork import quotas are not used much, does this mean that no part of them would be moved across to the UK? (E.g. because there are no existing volumes coming in to the UK from non-EU countries?)
- Will Port Health checks still need to be done by vets or could meat inspectors be used?
- Will the UK adopt the EU approach of one health certificate for all third country exporting countries or insist on agreeing individual ones?
- Is there a need for a Common Veterinary Entry Document?
- Should Automatic Licence Verification System continue?
- Currently UK importers can import EU product through any port. If the UK leaves the single market would imports be restricted to ports where veterinary checks can be made?
- Will the UK slaughter/cutting/cold store plants that are approved for handling exports to China and the USA have to go through a re-approval process?
- Which export health certificates will the UK need to re-negotiate (e.g. those that mention EU legislation, those that allow use of EU origin product)?