

**House of Commons:**

**ENVIRONMENT, FOOD AND RURAL AFFAIRS SELECT COMMITTEE**

UK Trade Policy: Food and Agriculture

Call for written evidence:

**Submission from the Agriculture and Horticulture Development Board  
(AHDB)**

**28 July 2023**

## AHDB

AHDB is a statutory levy board funded by farmers and others in the supply chain. Its purpose is to be a critical enabler, to positively influence outcomes, allowing farmers and others in the supply chain to be competitive, successful and share good practice. It equips levy payers with easy-to-use products, tools and services to help them make informed decisions and improve business performance. Established in 2008 and classified as a Non-Departmental Public Body (NDPB), AHDB supports the following industries: meat and livestock (Beef, Lamb and Pork) in England; Dairy in Great Britain; and Cereals and Oilseeds in the UK.

Please note: As an evidence-based non-departmental public body (NDPB) AHDB is not in a position to comment/speculate on all questions relating to this inquiry.

AHDB welcomes the opportunity to provide written evidence to the committee and would be happy to provide a witness to give further information at a future oral evidence session.

**The focus of the AHDB response relates to export opportunities for red meat and dairy produce.**

### Summary

AHDB's inquiry submission details:

- Opportunities for red meat and dairy exports in both non-EU and EU markets
- Government support for our export ambitions and what we can learn from our global competitors
- Opportunities and threats driven by the negotiation and implementation of FTAs
- Specific target markets for beef, lamb, pork and dairy products
- The effectiveness of a collaborative approach between Government, industry and AHDB in delivering crucial support for exporters

## **Inquiry questions and AHDB's response**

- 1. To what extent has the UK exploited potential opportunities for trade in the food and agricultural sectors since its departure from the EU?**
2. Global meat consumption is expected to grow by 1.80% and fresh dairy product consumption by 2.53% from 2023 to 2024, creating significant opportunities for UK agri-food products. AHDB has identified opportunities for red meat and dairy in the global market which are detailed in our analysis [Prospects for UK agri-food exports](#). Last year (2022) the value of the UK's red meat exports reached its highest levels since records began, worth a massive £1.76 billion, partially driven by the rising prices of meat. Specifically, beef exports brought the biggest boost to the figures, with the value of shipments up nearly 46 per cent to £640 million – driven by the recovery of trade with the EU. Pig meat exports reached £623 million, up almost 10 per cent, followed by sheep meat exports which were valued at £503 million – a rise of 13 per cent year on year. An active dairy programme also supported £1.88 billion of trade. British lamb was exported to the USA for the first time in more than 20 years and China remained the largest importer of pork from the UK in 2022, taking 126,723 tonnes worth almost £203 million. Beef shipments to Canada in 2022 were up 77 per cent on the year in value, worth £13.1 million.
3. The global expansion of middle classes in emerging markets across the globe, for example, is shaping the demand for protein and imported foods with combined global imports of beef, lamb, pork and dairy products projected to grow by 16%. The UK is well placed to participate in this burgeoning market. The Middle East and North Africa (MENA) offers significant opportunities for UK exporters, especially for the lamb and dairy, while Asia holds significant potential for UK exports due to its large population, increasing middle-class wealth, rising meat consumption and consumers' high regard for food safety and quality. North America also presents opportunities for premium red meat and dairy products. Again, these opportunities are detailed in our analysis [Prospects for UK agri-food exports](#)
4. It is important to note, however, that despite the UK's departure from the EU, it remains our largest trading partner and critically important for UK agriculture. Although the UK enjoys tariff-free exports to the EU under the EU/UK Free Trade Agreement (FTA), it no longer benefits from being part of the single market which has implications for exporters such as more checks and bureaucracy at the border.
5. UK beef, lamb, pork, dairy and cereals are key UK agri-food exports to the EU. The size of the EU market and its proximity to the UK mean it will remain incredibly important for UK exporters. For example, 30% of total UK lamb production is exported and over 90% of this is destined for the EU. Priority markets are France, Netherlands, Belgium and Germany, with other opportunities in Portugal, Italy and Poland and the wider EU. Difficulties since leaving the EU do, however, persist and include non-tariff barriers (NTBs) such as obtaining Export Health Certificates (EHCs), physical checks on goods and delays, all of which increase costs for exporters.
6. In summary, while we have enjoyed some notable successes, for example securing market access for beef and lamb to the US for the first time in more than 20 years, as well as pork access to Mexico and Chile, export activity could benefit from additional support. We could learn from how other Governments work with exporters from exporting powerhouses such as Australia, New Zealand and the US in terms of resources employed to support their respective export ambitions. Equally the UK could learn from the approach taken by similar sized countries such as Denmark and Ireland, specifically on the branding and promotion of domestic produce, the development of trading relationships and how to support potential exporters in exploring new opportunities. In all cases, Government support, both in terms of resource and finance, is critical to success. Further detail on this is covered later in this submission in response to the question relating to Government engagement with industry.
- 7. What impact have FTAs signed since the UK's departure from the EU, such as those with Australia and New Zealand, had on the agri-food sector? Have opportunities or concerns arising from those agreements been realised?**

8. Trade deals create both opportunities and threats for UK agricultural and food products, with the potential for increased competition in the domestic market. The UK is not a low-cost producer and is therefore unlikely to become an exporter of bulk commodities. However, this should not deter the UK promoting produce globally, expanding opportunities for red meat, dairy and cereals over the next decade.
9. Trade agreements can also play a crucial role for primary producers in helping balance supply and demand while maximising value for specific cuts of meat, for example, driving carcase value higher by maximising returns on every part of the animal.
10. FTAs are one important step in creating improved access to new markets. Prior to new FTAs being signed, the relationship building within supply chains and building awareness of the UK product offer need to be in place if the opportunity is to be maximised by UK exporters. This cannot be stressed highly enough and takes many years to establish.
11. FTAs with Australia and New Zealand have been agreed and the implications of these, as well as an agreement with the US, are detailed in the AHDB Horizon reports [The impact of a UK-Australia free trade agreements on UK agriculture](#), [The impact of a UK-New Zealand free trade agreement on UK agriculture](#) and [A UK/US Free Trade Agreement and its impact on UK agriculture](#). Our analysis highlights both the opportunities and threats, including the potential for increased competition in our domestic market.
12. ***What impact will the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) have (1) on the agri-food sector and (2) future FTAs?***
13. Joining the CPTPP will improve access and reduce trade barriers between the UK and the current members. It forms part of the UK Government's stated ambition to become a 'great trading nation' by expanding the number of potential trade partners and increasing opportunities for UK exporters.
14. The most recent UK government data suggested that, in 2020, the 11 CPTPP countries were the destination of 8.4% of UK exports of goods and services combined. Joining the CPTPP will make trade easier with a sizeable and varied market, including countries with large and growing requirements for agricultural imports such as Japan, Vietnam, Mexico and Malaysia. The UK already has preferential deals with the majority of CPTPP members. 'continuity' agreements (which replaced arrangements the UK had as part of the EU) with Canada, Chile, Japan, Mexico, Peru, Singapore and Vietnam. A number of CPTPP members are expecting to see significant growth in their food imports particularly for red meat and dairy products, fuelled by a combination of population growth and economic development causing a rapid expansion of middle-class consumers. According to US Department of Agriculture (USDA) forecasts imports are expected to grow in the following areas:
  - Pork: 19% by 2031 to a combined 3.9 Mt – focused on Japan, Vietnam, Mexico and Canada.
  - Beef: 16% by 2031 to a combined 1.8 Mt – focused on Japan, Malaysia, Mexico and Canada
  - Dairy – significant growth in Malaysia and Japan for butter and cheese, and for skimmed milk powder in Mexico
15. However, AHDB analysis shows we do not expect the CPTPP deal to cause dramatic changes to trade, particularly in the short-term, with potential for modest increases in UK exports of beef, dairy and pork in the medium to long-term.
16. As outlined earlier in this response FTAs bring both opportunities and potential threats to our agri-food sector. Among CPTPP are some major agricultural exporters, notably Australia and New Zealand – who could expand their imports to the UK while providing limited opportunities for our exports. The CPTPP deal will not worsen this possible impact however, as UK has already agreed comprehensive FTAs with these countries, which this FTA will not alter. The implications of the UK joining the CPTPP are analysed in further detail in the [CPTPP hub on the AHDB website](#).

- 17. What approach should the Government take to food and agriculture sector priorities and concerns in its ongoing negotiations with the Gulf Cooperation Council, Canada and India?**
18. Export opportunities relating to both offensive and defensive interests are outlined in our analysis [Prospects for UK agri-food exports](#).
- 19. Should potential new FTAs with specific countries or organisations be prioritised for agri-food reasons and why?**
20. As outlined earlier AHDB has identified opportunities for red meat and dairy in the global market which are detailed in our analysis [Prospects for UK agri-food exports](#). Opportunities in North America, for example, will be for premium red meat and dairy products that are differentiated from domestic production. While the region has not been a big importer of UK red meat or dairy, there are likely to be increased opportunities over the next 10 years. Specifically, the US and Canada are net importers of lamb, with low levels of tariff for imports. AHDB consumer insight has identified that quality and 'naturalness' are increasingly important for shoppers in these markets which UK exporters could capitalise on.
21. The US and Canada are large beef consumers and, while domestic production is significant, there will be opportunities for premium imports based on beef being grass-fed and naturally raised and a strong opportunity for manufacturing beef for burgers and the quick service restaurant sector. Quota challenges do, however, need to be addressed to help facilitate the expansion of export volumes. The current position means this is not exploitable.
22. Import volumes of pork are expected to rise with opportunities for premium products like antibiotic-free, hormone free and organic product. Higher welfare and outdoor bred product is also likely to appeal to US consumers. While none of the countries in North America are big importers of cheese, opportunities do exist for UK exporters with the UK's preferential trade deals with Canada and Mexico enabling some quota-free access to both. However, this is subject to agreement as Canada has refused to extend the access to the EU quota so UK cheese access is currently in dispute. A higher volume of tariff-free access to both Mexico and Canada would benefit UK exporters.
23. Asia's large population and increasing middle-class wealth, coupled with rising meat consumption and consumers' high regard for food safety and quality presents a significant opportunity for UK exports. This includes opportunities for premium meat cuts and dairy products in countries such as Japan and Singapore. There is also strong potential for products deemed to be low value and with little domestic demand in the UK, such as offal, to help carcass balance, minimise waste and maximise value.
24. AHDB research has shown that quality and food safety are high on the agenda for the Asian consumer when it comes to buying meat and dairy products – and this is a box that the UK can easily tick. China remains the biggest market for UK pork but is also among the best prospects in the region for beef, lamb, dairy and cereals. Similarly, Japan also presents some of the best prospects for beef, lamb, pork and dairy.
25. Opportunities, especially for lamb and dairy, exist in the Middle East and North Africa (MENA) region, driven by strong population growth and limited production capacity. It is expected that the region will be the biggest net importer of food by 2031. The United Arab Emirates, Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and Jordan represent the greatest opportunities for beef, lamb and dairy. However, halal certification requirements, particularly for beef, remain the biggest trade barrier that UK Government could support further discussions to facilitate trade. Morocco, Algeria, Tunisia and Libya have good potential for UK cereal exports.
26. As outlined earlier in this submission, export opportunities for red meat, dairy and cereals are detailed in AHDB analysis [Prospects for UK agri-food exports](#) while AHDB's new export strategy [Beyond Borders](#) sets out our ambitions in more detail, including our seven-point plan to enable more businesses to develop their export potential.

**27. How effectively is the Government engaging with industry stakeholders and to what extent is it tackling non-tariff and technical barriers to trade for UK businesses?**

28. AHDB works collaboratively with Government and industry to maximise export opportunities for the UK red meat and dairy sectors, resulting in significant success in recent years. Our work supports the Government's wider policy objectives of securing vibrant, long-term sustainable markets for British agri-foods. It aligns with the Government's ambition to hit £1 trillion of total UK exports per annum before the 2030s, in particular targeting and supporting SMEs.
29. As referenced earlier in this evidence submission global meat consumption is expected to grow by 1.8% and fresh dairy product consumption by 2.53% from 2023 to 2024 – opportunities that our exporters should be aiming to capitalise on. Of course, this cannot be achieved in isolation and will require a sustained, collaborative effort from Government and industry, supported by AHDB's independent evidence, consumer and market insight and in-market activity. The Government's recent Farm to Fork summit and its commitment to invest £2 million to boost its programme of global trade shows and missions, as well as providing £1.6 million for the GREAT food and drink campaign and a new £1 million bespoke export support fund for the dairy sector. This is very much welcomed and will complement AHDB's £8million annual investment in exports to facilitate trade and grow our reputation as a producer of quality, safe and wholesome food.
30. AHDB's Export team attends global trade fairs to develop international markets for British exporters, actively engaging with key supply chain participants in multiple markets. At these trade fairs these exporters meet potential clients, develop existing relationships and showcase the best of British products to a global audience. Examples include, Gulfood in Dubai in February 2022 and ANUGA in Cologne which is due to take place in October this year (2023). These activities are supported by and often delivered in conjunction with Government colleagues.
31. Our trade show activity dovetails with our wider export work to help ensure UK produce remains front and centre on the global table. This includes the coordination of inward missions to the UK, trade missions to existing and potential export markets and the ongoing delivery of commercial activities to increase opportunities and raise the profile and reputation of our produce with overseas buyers. All of this is underpinned by AHDB's independent evidence-based market and [consumer insight work](#).
32. In-country teams in UK embassies and High Commissions have a pivotal role to play. AHDB, working closely with Defra/DIT made a significant contribution to the funding of the first Agriculture Counsellor role in Beijing some years ago. This had a major positive impact towards securing increased access to China for UK pork. Last year (2022) the amount of pig meat exported increased six per cent to 372,597 tonnes, with China remaining the largest importer of pork from the UK, taking 126,723 tonnes, valued at almost £203 million.
33. The success of this model is something that AHDB was keen to replicate in other markets and the UK Government's recent appointment of agri-food attaches to help unlock key markets and support the exiting work of UK embassies was a welcome move. We are also about to award a tender 'Examination of support for Dairy and Red Meat Exports' which will look at global exporters and identify critical success factors.
34. Challenges to our international market development do, however, continue to persist. We perhaps need more focus on market access with practical and wide scope Export Health Certificates (EHCs). Moving to e-EHCs to increase speed of processing and reduce errors would be a major step in the right direction. Additional in-market support and finance to promote our products would also be beneficial. Exporters also have a responsibility, however, to take a longer-term strategic approach to exporting, building relationships in markets and maximising the opportunities created by Government, industry and other stakeholder organisations such as AHDB.
35. In summary, the collaborative approach between AHDB, Government and industry has and continues to bear fruit for exports of UK red meat and dairy products but we cannot stand still. Plans to increase the number of 'agri-food attachés' in key export markets, who will act as 'on the ground' representatives, and the establishment of a Food and Drinks Export Council are certainly steps in the right direction. Then progress we are making is encouraging but it remains imperative that we

maintain the momentum in the drive to help achieve the Government's stated ambition to become a 'Great Trading Nation'.

**36. Further information**

- 37.** Any queries relating to this submission should, in the first instance, be directed to Andy Hutson, AHDB Senior PR and Public Affairs Manager, Agriculture and Horticulture Development Board, Middlemarch Business Park, Siskin Parkway East, Coventry CV3 4PE. T: 024 7647 8822 E: [andy.hutson@ahdb.org.uk](mailto:andy.hutson@ahdb.org.uk)