

**House of Commons:**

**INTERNATIONAL TRADE SELECT COMMITTEE**

Export Opportunities

Call for written evidence:

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

**22 March 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:

- The importance to the UK of the EU as a trading partner and the implications for trade of the UK leaving the EU
- Non-EU trade and the opportunities and threats posed by Free Trade Agreements (FTAs)
- How best to address and overcome challenges and barriers to trade
- AHDB's collaborative work with Government and industry and examples of where this collaborative approach has reaped rewards for UK exporters
- The approach to exports taken by other countries

## Inquiry questions and AHDB's response

1. ***What is the current situation for UK businesses exporting to: the EU; non-EU countries the UK has a trade agreement with; and countries the UK does not have a trade agreement with?***
2. Exploring export opportunities for red meat and dairy products, underpinned by evidence-based insight and on the ground intelligence from our teams and representatives, is one of the cornerstones of AHDB's work. Funded by industry, its value, particularly to the red meat and dairy sectors, has been acknowledged by AHDB levy payers and is an area of work that continues to reap rewards. Our export work supports levy payers by identifying, understanding and accessing new markets while maintaining existing ones. AHDB adds value along the supply chain by delivering commercial activities to increase opportunities for exporters while raising their profile and reputation with overseas buyers. AHDB's latest analysis [Prospects for UK agri-food exports](#) examines opportunities for UK producers that exist now and that may emerge over the next decade.
3. AHDB's export ambition is to increase market access, export sales and improve the reputation of our products overseas. We also want to encourage and inspire more businesses that are either just starting or not currently exporting, to do so if they are in a position to. AHDB informs businesses by providing tools, information, advice and practical assistance as well as connecting UK businesses to overseas buyers in both the EU and non- EU markets.
4. Current situation for businesses covered by AHDB's remit exporting to the EU:
  - 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. Difficulties 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
  - AHDB has estimated that these NTBs add, on average, between 5% to 8% for livestock products and 2% to 5% for plant-based exports in terms of cost
  - While cost per load varies according to specific requirements and potential physical checks, data has shown it has acted as a deterrent to export to the EU since the UK's departure for many small traders due to the disproportionate cost – the 'Groupage Effect'. Previously individual pallets from smaller exporters could be grouped in one load to reduce costs. Now, the risk of one pallet being non-compliant creates the potential for the entire load to be rejected. As such, it presents far too high a risk for some smaller exporters
  - 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
5. Current situation for businesses covered by AHDB's remit exporting to Non-EU the UK has a trade agreement with:
  - 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
  - The UK has a range of continuity agreements with trading partners across the globe that were agreed upon the UK's departure from the EU. These have allowed existing trade to continue while each agreement is updated or renegotiated

**6. Current situation for businesses covered by AHDB's remit exporting to countries the UK does not have a trade agreement with:**

- The global expansion of middle classes in emerging markets across the globe 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. AHDB's [consumer insight analysis](#) shows the British brand is well-regarded globally and is associated with quality, safety and provenance
- FTAs with the Gulf Co-operation Council (GCC), Israel, Mexico, India, Canada, Greenland, Switzerland, Singapore, and the accession to the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) are in progress
- 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
- These opportunities are detailed in our latest analysis [Prospects for UK agri-food exports](#)

**7. *What are the key barriers to exporting from the UK to the rest of the world, and how can these most effectively be addressed?***

8. A question often asked is 'why export?' For the sectors covered by AHDB's remit, in particular red meat and dairy, it generates premiums for niche products with strong consumer appeal. It also supports demand for items where domestic demand is low and balances the demand for commodity items, particularly fifth quarter products.
9. In addition, exporting offers competition in our domestic market to underpin price, avoid over-reliance on any given market and helps support seasonal peaks in production.
10. While we have enjoyed considerable success in recent years, a number of challenges 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.

**11. *How effective are Department for International Trade initiatives for supporting exporters, including the GREAT website, Export Academy, Clean Growth Export Programme, and the Internationalisation Fund?***

12. AHDB works collaboratively with Government and industry to maximise export opportunities for the UK red meat and dairy sectors which has resulted 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.
13. Red meat exports, for example, forms the largest of our export sectors. 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. 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.
14. AHDB, working with Government, played a pivotal role in helping to secure market access to the US for UK beef and lamb for the first time in 20 years. Other significant recent successes include £16 million worth of beef shipped to Japan and £3 million worth of pork to Taiwan. Market access for UK pork was also secured in Mexico and Chile, worth an estimated £50 million and £20 million respectively over the first five years of trade. There are also have active ongoing dialogues with Taiwan and China on market access for lamb, Vietnam for pork and South Korea for beef.

**15. How effective is the support offered by the Government's International Trade Advisers, UK Export Finance and in-country teams based in UK Embassies and High Commissions abroad?**

16. 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 last year 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.

17. 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.

**18. To what extent do the UK's pavilions at world expos (such as that in Dubai in 2022) help to provide opportunities for exporters?**

19. The importance of international trade shows cannot be stressed enough. 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.

20. British exporters are hosted at these trade fairs on AHDB's pavilions. At trade fairs these exporters meet potential clients, develop existing relationships and showcase the best of British products to a global audience. Examples include SIAL Paris in October 2022, Gulfood in Dubai in February 2023 and later this year ANUGA in Cologne.

21. Attendance at these trade shows 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.

**22. How does the support for exporters offered by the UK Government compare with that of other countries and what could the UK Government learn and adopt from them?**

23. There are lessons to be learned from how different 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.

24. There is, however, also a responsibility for exporters themselves to take a longer term strategic approach to exporting to build relationships in multiple markets and maximise the opportunities created by Government, industry and other stakeholder organisations such as AHDB.

**25. What opportunities do Free Trade Agreements (FTAs) offer for exporters, how can they exploit them, and what, if any, support do they need to do so?**

26. Trade deals create both opportunities and threats for UK agricultural and food products, with the potential for increased competition in the domestic market (as outlined in response to question 1). As the UK is not a low cost producer, it is unlikely to become an exporter of bulk commodities but this should not deter the UK promoting produce globally, expanding opportunities for red meat, dairy and cereals over the next decade.

**27.** For primary producers, trade agreements can also play a crucial role in helping balance supply and demand while maximising value for specific cuts of meat, for example, which drives carcass value higher by maximising returns on every part of the animal.

**28.** However, FTAs in themselves 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.

**29. *Further information***

**30.** 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, Stoneleigh Park, Kenilworth, Warwickshire CV8 2TL. T: 024 7647 8822 E: [andy.hutson@ahdb.org.uk](mailto:andy.hutson@ahdb.org.uk)