

Global Britain: Exploring agricultural export opportunities

UK Potato Trade & Brexit

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Andrew Skea

- Growing seed and ware potatoes in Angus and Perthshire – particularly organic potatoes – particularly seed potatoes – also high grade and speciality seed potatoes.
- Involved in breeding new varieties, growing, packing, exporting and retailing.
- Markets: UK (65%) and EU (35%) – mainly Germany, Sweden, Ireland, most other EU
- British Potato Trade Association
- 115 members mostly involved in potato production and trading.
- Represents all sectors though best know in seed sector where we have strong links with Government with trade related matter.

The UK Potato Industry

Usually c5-6 million tonnes / 121,000ha

- Fresh 44% of area
- Processing 42% of area
- Seed 15% of area

Segments of the potato industry

Fresh market

- UK highly self sufficient
- Early season imports
- Some exports

Processing sector

- Large volume of processed imports
- Cost of production critical

Seed sector

- 25% of production exported

Fresh trade

150,000 tonnes is just 6% of fresh production.

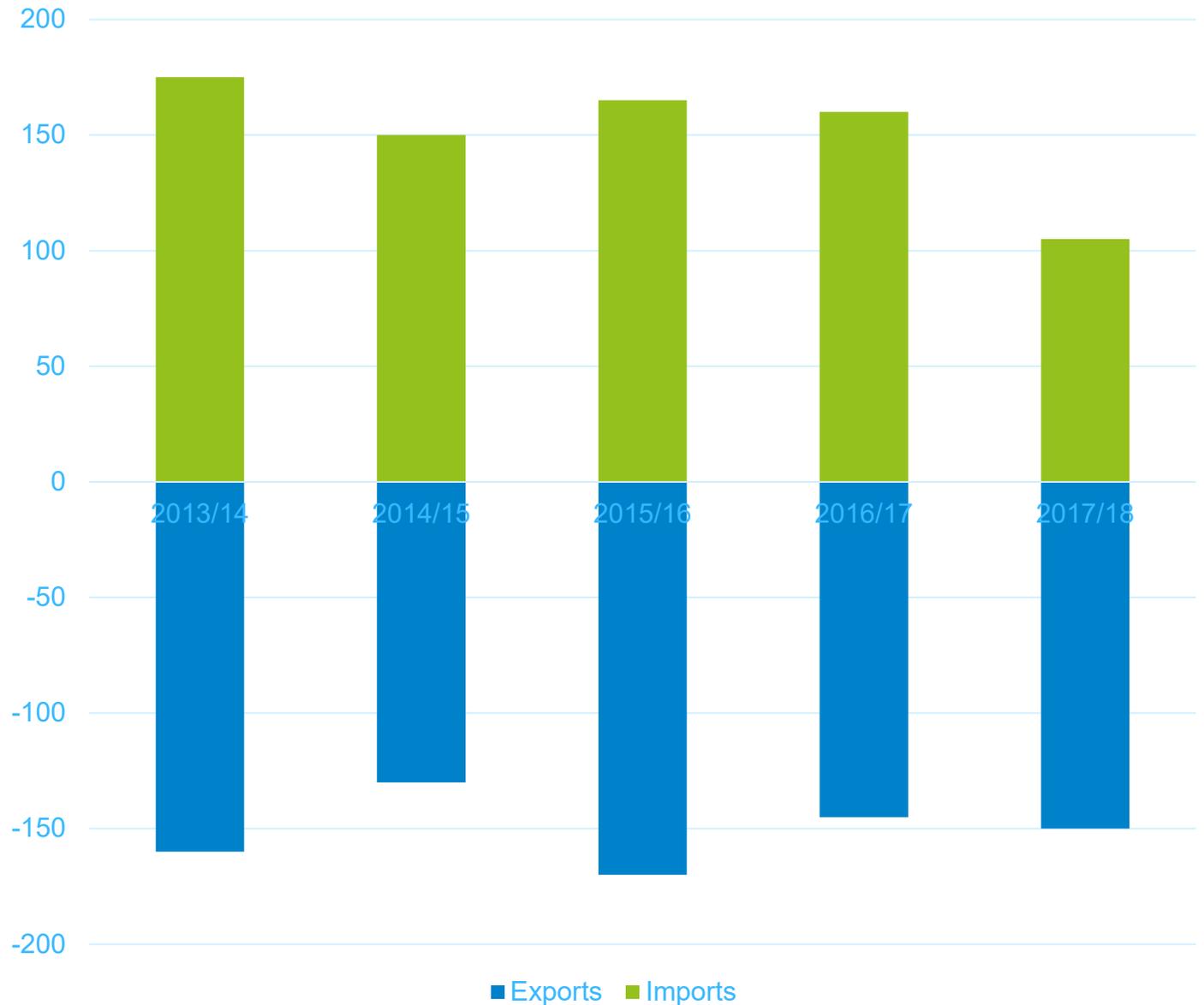
Imports include from Mediterranean in early season

Exports include ware and chipping potatoes to Ireland.

Nearly all exports are to EU

Trade helps alleviate shortfall and surplus

UK Fresh imports and exports (thousand tonnes)



Fresh Sector

- **Strengths / Opportunities**

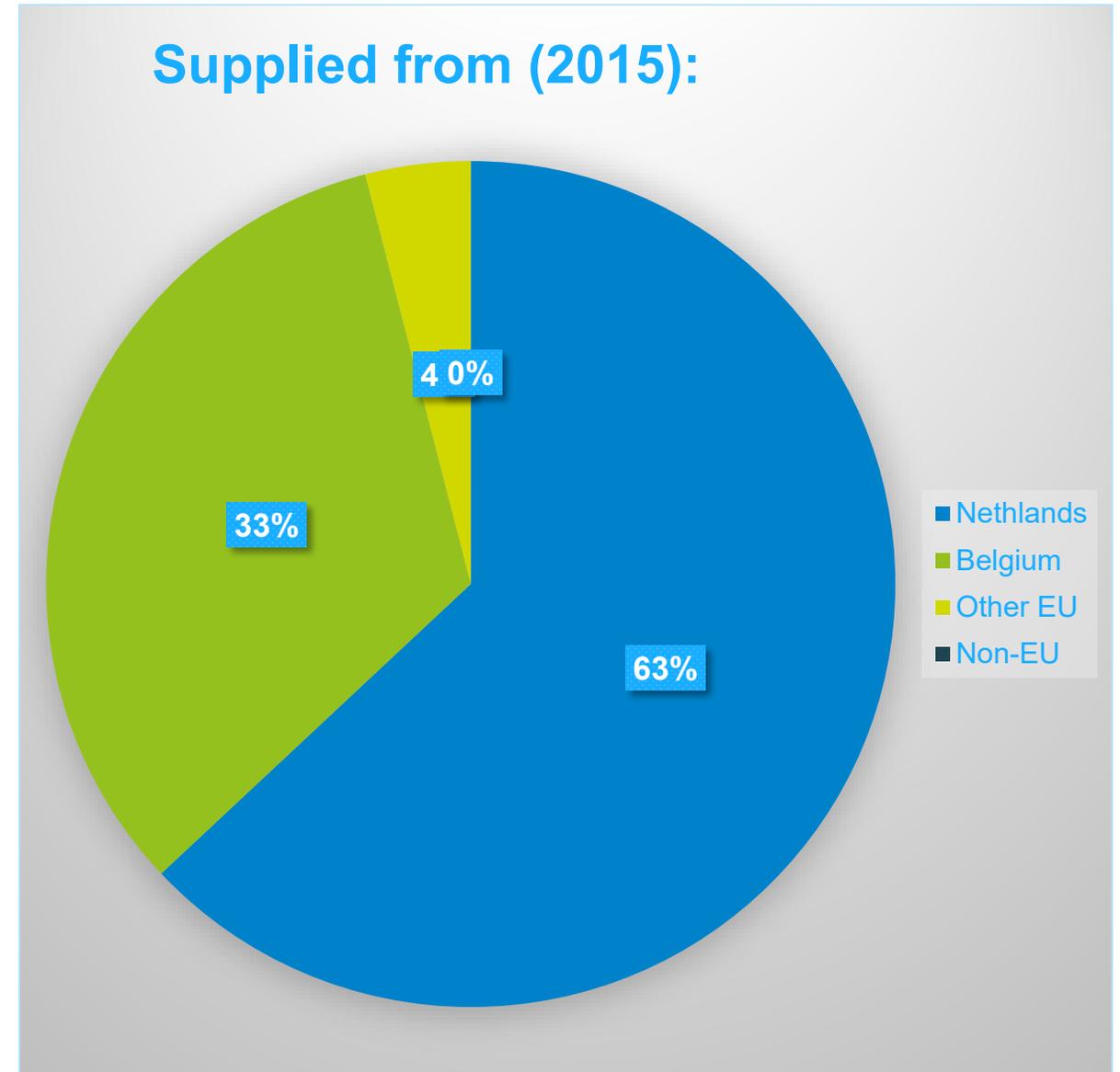
- EU import tariffs 10-15%. Existing deals with Israel and Egypt.
- Relatively sheltered from international markets. Domestic supply for most of demand.
- Trade reduces price volatility.
- Imports might be less fluid in case of No deal / Hard Brexit – though Government will seek to avoid food price inflation
- Weak Sterling

- **Threats**

- Exports to EU might be hindered by No deal / Hard Brexit
- Exports in season of surplus might be hindered leading to lower prices.

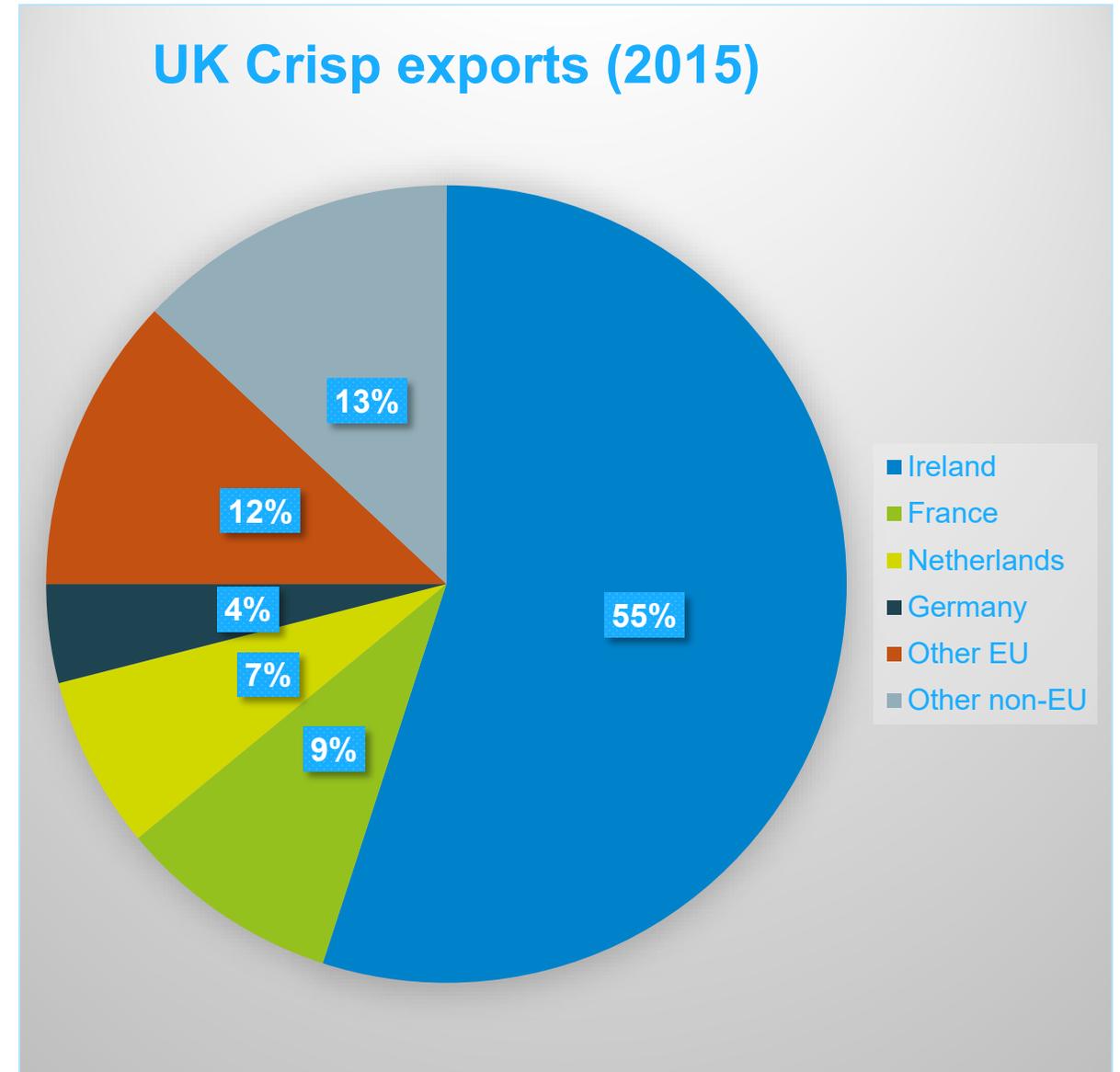
Frozen potato imports

- Frozen chip imports £315m in 2013 and growing each year
- c40-50% of UK consumption imported
- Currently protected from Non-EU imports by 14.4% EU tariff.
- What tariffs would UK set in no-deal / post transition hard Brexit?
- UK tariff could be boost for domestic production.
- Zero tariff could open doors to cheaper North American imports



UK Crisp markets

- Total value £63m in 2015
- Dominated by EU markets
- Non EU markets for premium product
- Processed product subject to 14.4% tariff into EU in case of no deal / “hard Brexit”



Processing sector

- **Opportunities**

- Currently significant imports (40-50% of consumption).
- New markets for premium products – e.g. premium crisps but small volume.
- Increased demand for domestic production if UK copies current EU tariffs but pressure to keep food prices down might preclude this.
- Weak sterling

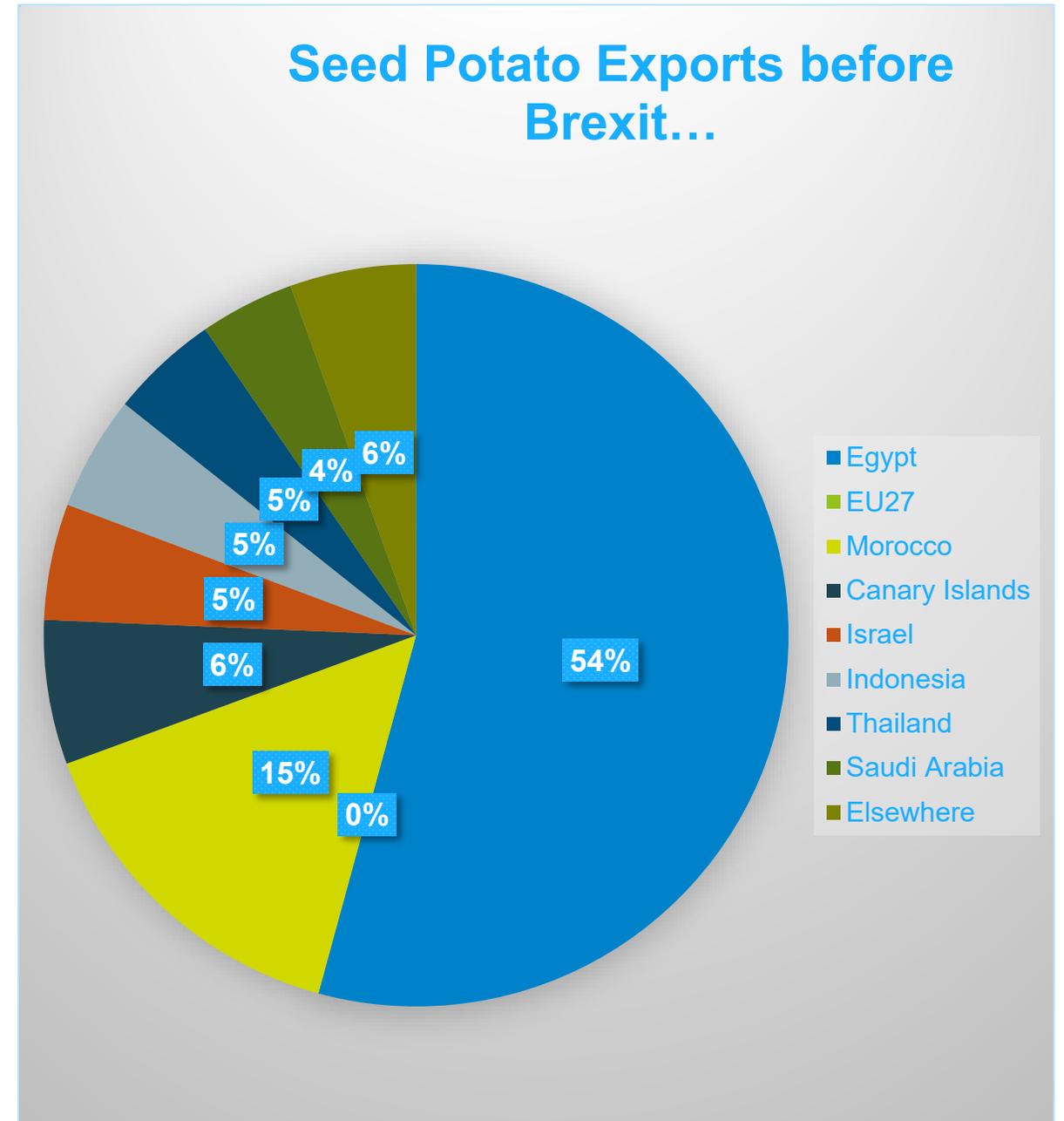
- **Threats**

- Cost of production is key.
- “Green” Brexit might increase cost of production relative to competitors.
- Competition for land for Anaerobic Digestors.
- Increased imports if protection of EU tariffs is lost.

Seed sector...

Until recently our export markets looked like this

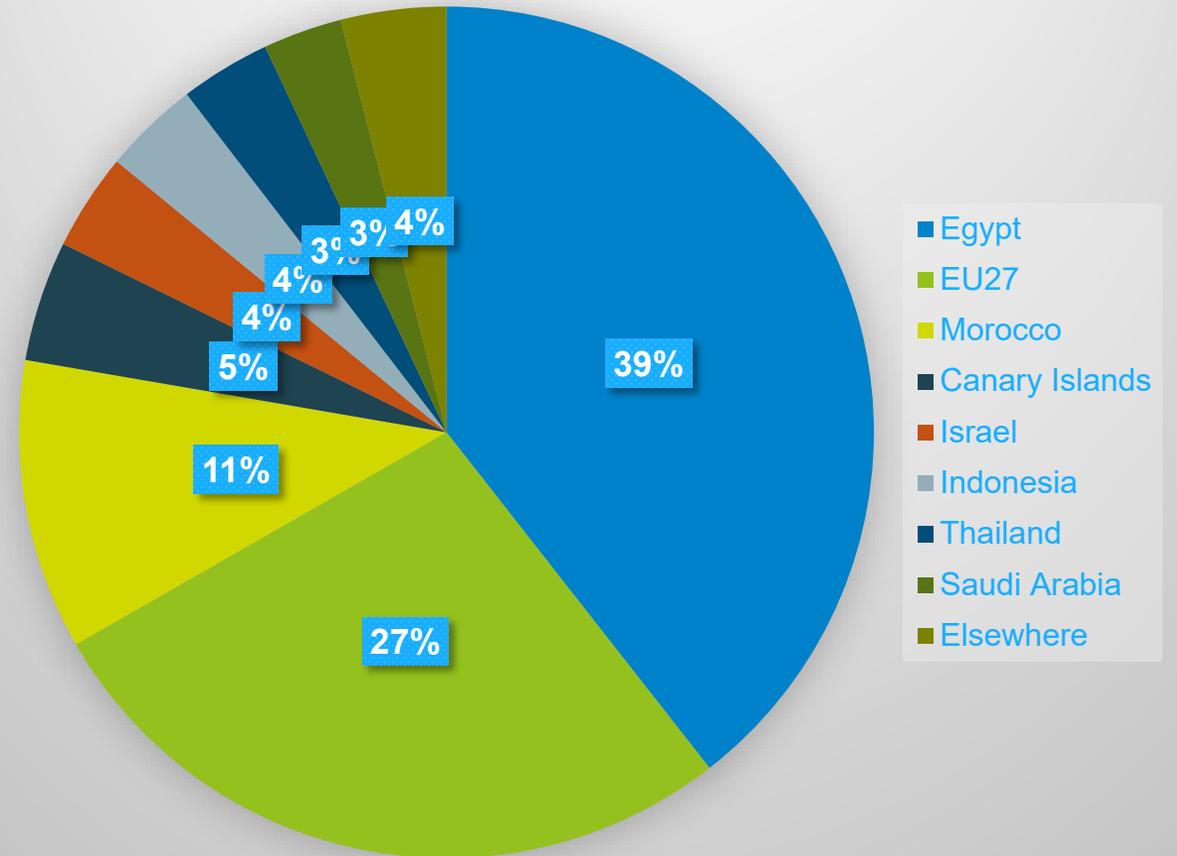
- Egypt : more than 50%
- EU27 : treated as domestic market
- EU27 : markets are more fragmented; more premium and specialty sales.
- EU27 : Big number of small orders.
- EU27: Virtually no bureaucracy – in future phytosanitary certificates for every consignment. Certificates of origin?
- EU27: Every truck stopping at Dover?



Seed Potato Exports

- Egypt : EU Agreement in place
- EU27 : no deal = no access
- Morocco : EU agreement in place
- Canary Islands : in EU but not in EU!
- Israel : EU agreement in place
- Indonesia, etc : markets open without trade agreements, main requirement is technical agreements.
- UK plan to import seed from EU despite our exports being closed

Scottish Seed Potato Exports



Seed Potato Markets

Destination	Volume	Percentage
UK Production	400,000 tonnes	100%
Domestic Demand	300,000 tonnes	75%
Exports	103,000 tonnes	25%
Exports to EU	28,000 tonnes	27% of exports
Rest of World	75,000 tonnes	73% of exports
Egypt	40,537 tonnes	39% of exports
Morocco	11,326 tonnes	11% of exports
Canary Islands	4,700 tonnes	5% of exports
Israel, Indonesia, Thailand, Saudi	14101 tonnes	14% of exports (3-4% each)
Elsewhere	4,091 tonnes	4% of exports

No deal / hard Brexit

- Scottish and UK governments have warned that our EU markets may be cut off in a No deal situation.
- Customers in EU27 are aware of this danger and are making backup plans.

02 August 2018

Dear Stakeholder

Contingency planning for a no-deal scenario – Seed potatoes

The Scottish Government and Defra are writing to you in a joint effort to gather information from industry on the requirements for seed potatoes within the UK.

Whilst we remain hopeful that a deal with the EU would mean we can retain the status quo and trade freely with the EU, we must prepare for the possibility of leaving without a deal. The European Commission has stated that without an agreement, UK seed potatoes will not be marketable in the EU. In order to prepare for this we have been considering how to mitigate the risks to our industry

To inform this consideration the Scottish Government and Defra are seeking information on the sufficiency of domestic seed potatoes in supplying the domestic demand if the UK were to cease importing seed potatoes from the EU upon exit. We would like to know how achievable this is, taking account of total supply and the varieties required by the UK market, and if there are any barriers to a successful wholly domestic supply. It is particularly important to have evidence to support your response.

Please could you respond to this email (PHP.Mailbox@gov.scot and Helen.Course@defra.gsi.gov.uk) no later than Wednesday 15 August.

Yours Sincerely,

The Scottish Government & Defra

Variety registration

- **Currently**

- UK varieties are automatically added to EU common catalogue
- Dutch / German / French / etc varieties are automatically added to the EU common catalogue

- **Future**

- Variety registration processes and costs will be duplicated leading to reduced viability for UK breeding – with knock on effects on seed production and exports.

Seed sector

- **Opportunities**

- New export markets?
- North America market : difficult to open and well supplied domestically?
- East Africa showing prospects though not dependent on Brexit. Other Africa?
- Cuba – possible, again not dependent on Brexit. Other Central and South America?

- **Threats**

- Complete loss of EU market.
- Even soft Brexit (Norway style) does not guarantee access to EU market
- Continued imports from EU despite no reciprocal access.
- New tariffs and Non tariffs barriers in markets covered by existing EU FTAs and Cooperation agreements.
- Variety Registration

Summary

- **Opportunities**

- Weak Pound
- Full membership of the single market and customs union – large prosperous market on our doorstep.

- **Threats**

- No deal
- No deal
- No deal
- Transition followed by Canada+ unless the + is extra Potato Trade
- Transition followed by Norway+ unless the + is extra Potato Trade

The background of the entire image is a dense, close-up photograph of various potato tubers. The potatoes are in different colors, including yellow, red, purple, and grey. Some are whole, while others are sliced in half, revealing their internal flesh. The lighting is bright, highlighting the textures of the skins and the smooth surfaces of the cut tubers.

Thank you,