

Cereals and Oilseeds Farm Assurance Research

Introduction

The UK relies on a proportion of imported grain and oilseed rape (OSR) each year to meet its demand levels, with demand outweighing domestic production. Virtually all domestically produced grain and OSR that is for human, industrial and feed usage, is required to be assured under a farm assurance (FA) scheme. While imported grain entering the UK must meet all required UK legislation at point of arrival very few import origins have national farm assurance schemes like the UK.

Concern has been building amongst growers that imported cereals and oilseeds do not appear to have to meet the same standards as domestic supply. Questions have arisen around why UK growers need to adhere to UK farm assurance standards, if imported product can be used in the UK that may not have been produced to the same requirements. Furthermore, questions have also been raised around the differences between the FA schemes in the UK (Red Tractor, SQC and FQACS), as well as the differences between FA and legislation.

Research objectives

To identify and analyse the differences between UK farm assured and imported grain and OSR, in comparison to the UK legislative baseline.

Additionally, identify what systems and processes UK growers and the trade would need to do to achieve a safe, compliant and satisfactory supply chain without the current UK farm assurance or with a different approach to farm assurance and whether these scenarios could be a net benefit to the whole supply chain.

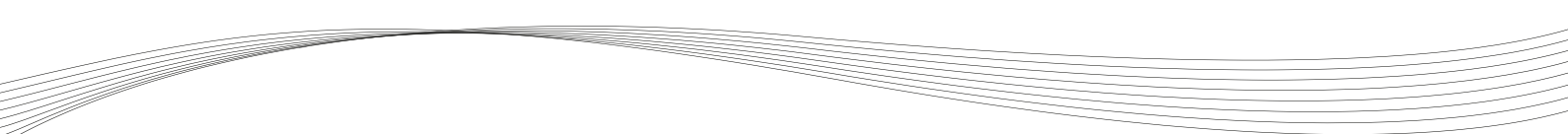
Research steps

This research will be undertaken in several steps to identify the following:

- The differences between the FA systems in the UK
- The differences between FA standards and legislation
- What legislative requirements both domestic and imported grain must meet and how imported grain meets UK legislation.
- How FA facilitates and delivers legislative and contract requirements for the supply chain
- The additional benefits that FA provides to the whole UK supply chain
- The procedures and standards that are used in countries from which the UK imports from and identify how they differ from UK FA standards.
- How the UK could meet legislative requirements and be compliant with contractual requirements if there was no FA or under a different model of FA.

Once the above areas have been identified and investigated, a conclusion can be made on whether an alternative to farm assurance could be a net benefit to the whole supply chain.

Annex 1 outlines the steps of the research in more detail.

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Annex 1 – Research Steps

Steps	Information	Method and resources
1. Identify any differences between farm assurance scheme standards in the UK.	<p>There are three farm assurance schemes in the UK, Red Tractor (RT), Scottish Quality Crops (SQC) and the Farm Quality Assured Cereal Scheme (FQACS). Government authorities, such as Trading Standards, also carry out farm inspections each year on assured and non-assured farms.</p> <p>Some of the standards differ between FA schemes. Furthermore, FA standards/inspections can differ from government authority required standards/inspections. The aim here is to identify:</p> <ul style="list-style-type: none"> • What are the differences in standards between the UK FA schemes? • Why are there differences? • How do government authority requirements differ from FA? 	<p>AHDB to work with RT, SQC and FQACS to review what work has already been done on this. If the comparison has not already been completed by RT and/or SQC, AHDB to work with them to do the comparison and ascertain the differences (if any).</p> <p>AHDB to write up the findings in a report.</p>
2. Identify any differences between farm assurance standards and UK legislation	<p>While some farm assurance standards are legislation, some are specific to the scheme. The aim here is to identify:</p> <ul style="list-style-type: none"> • What standards are legislative? • What standards are scheme specific? <p>If scheme specific, why are these deemed a required standard and what benefit do these non-legislative standards offer?</p>	<p>AHDB to work with RT, SQC, FQACS and other relevant industry bodies to understand what work around FA standards and legislation has been carried out.</p> <p>AHDB to write up the findings in a report</p>
3. Establish what legislative requirements both domestic and imported grain must meet	<p>Both domestically grown and imported grain must meet all relevant legislative requirements. The aim here is to establish:</p> <ul style="list-style-type: none"> • What are the current UK restrictions (i.e. TRQs, licences etc) on importing grain and oilseeds? • What are the pieces of legislation that apply to grain for different uses (e.g. food and feed safety act)? <ul style="list-style-type: none"> - What legislation applies to domestic supplies? - What applies to imported supplies? 	<p>AHDB to work with relevant industry and government stakeholders to map out the legislative and contractual compliance requirements imported, and domestic grain must meet.</p> <p>AHDB to write up the findings in a report, with support from the working group and reviewed at key stages by a working group of industry experts.</p>

	<ul style="list-style-type: none"> - What applies to both imported and home grown? • How is MRL and ML testing carried out on both domestic and imported supplies? <ul style="list-style-type: none"> - Are there any differences? - What is the methodology for testing? - Are there any differences for maximum levels of ergot contamination for domestic and imported supplies? • What is the difference between UK and imported legislative standards? • What are the legislative standards for imported supplies from EU origins and non-EU origins? <ul style="list-style-type: none"> - What is the current (or likely future post EU/UK deal) difference between EU and non-EU origins? - What is the difference in standards between EU and non-EU origins by end use (e.g. feed wheat and milling wheat) - Following the UK's exit from the EU, what are the differences between UK and EU legislative standards and how might that change following the EU/UK deal? • What contractual compliance and processor (i.e. flour mill, feed mill, maltster etc) requirements do both domestic and imported grain have to meet? <ul style="list-style-type: none"> - How does domestic supply demonstrate this? - How does imported supply demonstrate this? • Is there a difference in contractual compliance and processor requirements for domestic and imported grain? • Are there different contracts for domestic and imported grain supplied to the end processor? • Are there sustainability and environmental considerations when importing grain/oilseeds? 	
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<p>4. Identify how FA facilitates and delivers legislative requirements for the whole UK supply chain including its links and integration with Trade Assurance</p>	<p>FA facilitates and delivers numerous legislative and contractual requirements for the UK cereals supply chain. The aim here is to identify how FA provides:</p> <ul style="list-style-type: none"> • Food and feed safety <ul style="list-style-type: none"> How does FA help ensure growers meet the obligations under legislative requirements? How does FA help growers follow non-statutory codes of practice (i.e. Code of Practice for the Control of Salmonella)? - How do UK authorities interact with FA at farm level? - When do FA schemes provide failure information to authorities? Is this the same as overseas? - The requirements for the end user (i.e. flour mill, feed mill, maltster etc) to demonstrate legal and contractual compliance - Basis for different testing and screening of grain • Traceability <ul style="list-style-type: none"> - Does FA help with the traceability of grain? • Market Access <ul style="list-style-type: none"> - The relationship between FA and trade assurance in the UK - How does FA ensure compliance with/ enables trade assurance schemes? - Does farm assurance make it easier to export grain? If so why and what is the value of FA for export? - Are FA schemes incorporated into bilateral trade agreements? If so, how? • Are UK farm assurance schemes recognised in the EU and outside the EU? Confidence about sustainability and environmental protection • Increased trust and transparency • Risk management for both growers and processors <ul style="list-style-type: none"> - Does FA reduce risks? 	<p>Using the same working group as step 3, map out how the current UK FA schemes deliver legislative and contractual requirements for the supply chain and links to trade assurance.</p> <p>AHDB to write up the findings in a report, with support from the working group and reviewed at key stages by SC members.</p>
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	<ul style="list-style-type: none"> - Does FA reduce insurance premiums? - Does FA provide defence of due diligence under the Food Safety act? <p>Non-assured and assured farms are also subject to inspections from government authorities, such as Trading Standards. Another aim of this step is to identify:</p> <ul style="list-style-type: none"> • How government authority requirements/ inspections ensure non-assured product is compliant with legislation. • If procedures required by government authority inspections provides defence of due diligence under the Food Safety Act? Where does the responsibility lie to ensure the product is safe? (i.e. with the seller or government authority) 	
5. Identify the additional benefits (outside of legislative requirements) that FA provides to the whole UK supply chain	<p>As well as delivering a number of legislative and contractual requirements for the UK supply chain, FA could also provide benefits and reduces the burden in some areas too. The aim here is to establish:</p> <ul style="list-style-type: none"> • The benefits that FA provide to a grower <ul style="list-style-type: none"> -What are the benefits that FA provides to a grower? E.g. fewer requirements to demonstrate compliance via paperwork -How do these benefits/ FA reduce the burden on the grower? -What is the cost and time savings (if any) of these benefits for the grower? • The benefits that FA provides post farm gate <ul style="list-style-type: none"> - What are the benefits that FA provides to the supply chain post farm gate? - What is the cost and time savings (if any) of these benefits for the supply chain post farm gate? - What extent does FA contribute to perceptions of quality, safety and sustainability? 	<p>AHDB to work with relevant industry stakeholders to identify the additional benefits that FA provides to the supply chain.</p> <p>AHDB to write up the findings, with support from relevant stakeholders and be reviewed by SC members.</p>

	<ul style="list-style-type: none"> If the UK did not have FA schemes, what processes would UK government authorities have to undertake to ensure product was compliant? 	
<p>6. Explore the procedures and standards that are used in countries from which the UK imports from and identify how they differ from UK FA standards.</p>	<p>The UK imports grain and OSR from several different origins from across the world each year. While a large proportion is from the EU, each country of origin has its own traceability and legislative standards, with many using trade assurance schemes.</p> <p>This step will investigate the full process and supply chain involved with producing grain/OSR (including, but not exclusive to storage and chemical usage) that is then shipped to the UK from the following import origins:</p> <ul style="list-style-type: none"> Germany France Canada Ukraine Poland Turkey <p>These import origins have been chosen as they are/can be large exporters of wheat, maize and/or OSR to the UK and are likely to have differing levels of legislation and assurance. More information on the chosen origins can be found in Annex 2.</p> <p>Once the standards of these origins have been mapped out, they will be compared to the UK farm assurance standards. This step will also identify why these countries do not have their own FA scheme.</p>	<p>AHDB, with assistance from key industry stakeholders, will identify relevant organisations in each of the chosen import origins to produce information/report on the relevant production systems and supply chain. This will identify what legislations and/or assurance there is around specific areas of the production, storage, transport and shipping of grains and OSR.</p> <p>AHDB will compare the findings to UK farm assurance standards and publish the comparison.</p>
<p>7. Establish how the UK could meet legislative requirements and be compliant with contractual requirements if there was no FA or under a different model than FA.</p>	<p>Once the legislative and compliance standards that FA provide and requirements that need to be met have been identified, alternative scenarios to the current system need to be investigated.</p> <p>The aim here is to establish how UK grain could meet and comply with legislative and contract requirements in the absence of the current system of FA.</p>	<p>The method and resources for step 7 will be determined once step 4,5 and 6 have been completed.</p>

Annex 2 – Explanation on the Chosen Import Origins

Introduction

Each season, the UK imports wheat from several EU and non-EU origins. The volume the UK imports depends on several factors, including the size and quality of the domestic crop, as well as the relative price of overseas product. For rapeseed the UK's import requirement has substantially increased over the past 10 years, due to the continued decline in the size of the domestic crop. While there is a smaller number of origins compared with wheat, the UK imports rapeseed/canola from a number of EU and non-EU countries each season. While not grown in large volumes domestically, the UK imports maize every season, mainly for use in animal feed production, bioethanol production and distilling. The volume of maize imported each season depends on several factors including its relative price to domestic wheat. As imported grain maize can displace the usage of home-grown cereals, such as wheat, it is important to investigate the supply chain in the countries the UK imports from.

Top UK import origins

As can be seen in Figure 1 below, Canada, Germany, Denmark and France have accounted for nearly 80% of total UK wheat imports over the past five years (by volume). Notably, Canada and Germany have accounted for just over 50% of the total alone. For rapeseed, Ukraine is the most notable import origin, accounting for over 25% of the total volume imported on average over the past five seasons. For maize, Ukraine, Canada, Poland and France have accounted for nearly 60% of total UK imports over the past 5 years. The top 15 import origins listed for both wheat and rapeseed/canola, account for 98% and 99% of total imports respectively.

Figure 1 – The UK's 15 largest wheat, rapeseed and maize import origins from the average volume imported per season from 2019/20 -2023/24

Wheat			Rapeseed/Canola			Maize		
Import origin	Average volume imported over the past 5 seasons* (Thousand tonnes)	% of total averaged imports	Import origin	Average volume imported over the past 5 seasons* (Thousand tonnes)	% of total averaged imports	Import origin	Average volume imported over the past 5 seasons* (Thousand tonnes)	% of total averaged imports
Canada	527	28.4%	Ukraine	179	25.7%	Ukraine	441	18.1%
Germany	406	21.9%	Uruguay	87	12.4%	Canada	358	14.7%
Denmark	277	14.9%	Lithuania	82	11.7%	Poland	342	14.0%
France	264	14.2%	Netherlands	64	9.1%	France	316	13.0%
Poland	82	4.4%	France	57	8.3%	Ireland	273	11.2%
Sweden	49	2.6%	Australia	48	6.8%	Brazil	169	6.9%
Romania	39	2.1%	Latvia	40	5.7%	Argentina	164	6.7%
Ireland	37	2.0%	Romania	39	5.6%	Romania	160	6.5%
Estonia	35	1.9%	Ireland	38	5.4%	Bulgaria	47	1.9%
Lithuania	25	1.4%	Belgium	19	2.7%	Netherlands	41	1.7%
Bulgaria	23	1.2%	Estonia	11	1.5%	USA	24	1.0%
Turkey	19	1.0%	Poland	8	1.1%	Serbia	21	0.8%
Ukraine	16	0.9%	Germany	6	0.9%	Spain	20	0.8%
USA	9	0.5%	Bulgaria	6	0.8%	Turkey	14	0.6%
Latvia	9	0.5%	Denmark	6	0.8%	Russia**	12	0.5%

* Average volume imported per season from 2019/20 to 2023/24

** The UK has not imported any maize from Russia since February 2022

Source: HMRC

Import origins chosen for this research

Step 6 of the research sets out to investigate the full process and supply chain involved with producing grain and OSR that is shipped to the UK from the following import origins:

- Germany
- France
- Canada
- Ukraine
- Poland
- Turkey

As mentioned above, Germany, France, Canada, Poland and Ukraine export a large volume of wheat, maize and/or rapeseed to the UK each season. Turkey has also been included as they are amongst the top 15 origins for imported wheat, rapeseed and maize.

While the countries that have been selected do export large volumes to the UK, they are also expected to have differing levels of legislation and assurance, in comparison to the UK.

While the UK does import some product from other origins than those outlined in Figure 1 (that could be perceived as producing grain/oilseeds to a far lower standard than domestic product), these origins account for a negligible amount of the total volume imported. For example, the UK has imported on average 21 tonnes of wheat from Lebanon each season over the past five seasons (2019/20 to 2023/24). For context that is around one 20-foot shipping container full, with the wheat likely being used in the UK for specific cultural food products.

