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## NFU England & Wales views on the UK Trade Strategy

The NFU represents over 44,000 farming and growing businesses across England and Wales.

### Introduction

Farmers are the bedrock of the nation's food and drink sector, the UK's largest manufacturing industry, providing the primary ingredients for many iconic British food products which are enjoyed at home and abroad. Our farmers work hard every day to be the UK's number one supplier of choice, in retail, in out-of-home and in public procurement, placing nutritious food on British plates three times a day. The NFU welcomes the opportunity to submit views to shape the government's forthcoming Trade Strategy.

The UK's food and drink sector is complex and highly diverse, supporting more than one in ten jobs and contributing £146.7 billion to the UK economy. It stretches from the farmers who produce the raw ingredients, through the businesses that supply them with seed, feed, inputs and advice, to the industries that purchase their goods and manufacture, process and sell them on to other businesses and ultimately to consumers. With a footprint in every constituency, food and drink businesses provide local jobs and make a significant contribution to the UK's economic performance.

Ultimately, it is UK farm businesses which underpin our national food security, accounting for a growing share of the food consumed by UK citizens, whilst simultaneously delivering important societal goods and services such as enhancing animal welfare, managing our cherished landscapes, providing vital flood defences, creating space for biodiversity, generating clean renewable energy and contributing to climate mitigation; all in addition to delivering national economic growth.

The UK has always been a trading nation, but events in recent years, including our departure from the EU, the war in Ukraine, the instability of global energy supplies, the Covid-19 pandemic, and increasingly frequent extreme weather episodes, have shown how susceptible the UK's food supply is to external developments. This unprecedented series of global events has created uncertainty in the industry, leading to disruption in supply chains and added costs and frictions, which impacted consumer choice and availability and led to an unfortunate stagnation in our sector's export performance (see Annex 1 for further details). Increasing global insecurities and the proliferation of trade protectionist policies and measures mean developing a comprehensive trade strategy that places domestic producers at its heart as a foundational sector of vital importance to the national interest, is not only prudent, but also essential to uphold the nation's security.

### The UK agri-food sector in the global trading context

The proportion of food consumed in the UK that is produced by British farmers is increasing, up from 54% in 2020 to 58% in 2023. Leaving 42% of the food consumed in the UK imported from overseas.

In 2023 imports amounted to £50.8 billion of agri-food products. As a net importer of agri-food products, the UK's balance of trade (the difference in the value of UK's imports and exports of agri-food products) has grown almost 40% since 2019 and continues to widen, consistently running at around £3billion per month.

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A key factor in the widening of the balance of trade has been the sluggish performance of UK exports of agricultural products which have struggled in the face of significant headwinds. Agri-food exports, worth £15.774 billion in 2019, declined significantly following the UK's exit from the EU single market, reaching a low of £13.282 billion in 2021. Whilst exports of agri-food have since rebounded to £15.8 billion in 2023, this figure is skewed by the impact of significant inflation. The EU remains the UK's main overseas supplier of, and largest export market for, agri-food products. The NFU therefore welcomes efforts by the government to "reset" relations with the EU and specifically to secure an SPS agreement to address non-tariff barriers to trade.

The US is also an important trading partner for the UK, providing a valuable trade surplus of £1.1 billion in food, feed and drink products. We see considerable potential to grow our exports of premium products, particularly those with strong claims on provenance and welfare standards. However, the NFU is closely monitoring the political changes in the US and the developments we can expect from a trade perspective under a second Trump presidency. The prospects of universal tariffs applied to all exports to the US is worrying. The NFU believes the government must carefully consider its response, ensuring UK farmers aren't on the losing side of an escalating trade dispute. Restarting trade talks simply to avoid President Trump's potential tariffs does not strike us as the right foundation for a balanced trade agreement. If negotiations do proceed, it is vital that any agreement respects the UK sector's sensitivities and upholds the high production standards we adhere to in the UK, ensuring that products which would be illegal to produce here do not gain access to our market.

China is a huge economy with a growing middle class, providing fantastic trade opportunities for the UK agri-food sector. There are significant opportunities for meat and dairy exports due to the size of the Chinese population, and high rates of consumption and imports. The NFU welcomed the opportunity to contribute to the government's recent UK-China audit and would welcome efforts to maintain existing trade, vital in sectors such as pork, and enhance export opportunities across a range of agri-food products.

## Developing a UK Trade Strategy

We welcome the Labour government's manifesto commitment to a trade strategy that will expand the access of UK businesses to international markets and promote the highest standards when it comes to food production. It has been deeply regrettable that since regaining independent control of our international trade policy in 2020, the previous government chose to move at pace, striking unbalanced trade deals and positioning the UK on the global stage without the direction of a clear and transparent trade strategy. More recently, the previous government belatedly took steps to address these shortcomings by publishing an open letter to British farmers in 2023. The NFU welcomed that initiative and it was a useful compass for government negotiators when, for example, grappling with unreasonable demands from Canada and in charting a successful accession to the CPTPP.

This government can go much further. An effective strategy that sets out coherent and consistent policy principles is long overdue – one that champions a positive model of trade, which is fair and trusted by farmers and consumers, and which ensures that our food is safe, healthy and affordable and is produced in ways that uphold our shared values for the environment, animal welfare and workers' rights,

## The principles of an agri-food trade strategy

The NFU urges the government to establish clear principles to shape its Trade Strategy, creating a shared understanding of government intentions in an increasingly challenging and unpredictable geopolitical context to promote sustainable economic growth and opportunities for the benefit of business and citizens alike. The NFU believes the following principles should be included in the government's Trade Strategy.

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### 1. Consistency of UK trade and agriculture policies

- It is essential that domestic agricultural policy and international trade policy are consistent and compatible with each other, complementing efforts to improve UK agriculture's productivity, driving economic growth and sustainability and recognising the vital role domestic production plays in the nation's food security and enhancing our environment.

### 2. An unwavering commitment to the UK's reputation for high standards

- Maintain an unwavering commitment to the safety of the nation's food supply by retaining regulatory autonomy of our SPS rules and ensuring effective, proportionate border control measures are in place.
- Level the playing field for UK farmers by establishing a set of core production standards that would apply to both domestically produced and imported food sold in the UK. Implementing core standards will prevent UK farmers' animal welfare and sustainability efforts from being undermined and ensure that the UK does not simply offshore food production to countries with less sustainable systems and lower animal welfare standards.
- Set an ambition to play a leading role in international agricultural issues at the WTO, G7 and G20, Codex, WOAHA and other international standards setting bodies. Ensuring that UK trade policy recognises and upholds international commitments made and rewards compliance with international rules.

### 3. Prioritise balanced trade deals

- Secure balanced and mutually beneficial trade deals by maximising commercially meaningful opportunities whilst protecting the most sensitive and vulnerable sectors by making use of all available trade policy levers including, where appropriate, product exclusions, phased tariff concessions and appropriately sized permanent quotas.
- Use the EU reset to pursue a better trading relationship with the EU with the aim of reducing trade costs and friction but be mindful of agreeing a new deal "at all costs". Securing an ambitious SPS agreement with the EU is one avenue through which the government could help to reduce friction at the border, but not the only one. In the short term, it is vital the government continues to work towards improving trade facilitation and address issues where they exist relating to the implementation of the Border Target Operating Model (BTOM) and the EU-UK Trade and Cooperation Agreement (TCA).

### 4. Enhance transparency and trust

- Transparently assess the impact of trade liberalisation on all the UK's agricultural sectors by publishing a thorough economic assessment outlining the economic opportunities and challenges ahead of each Free Trade Agreement negotiation commencing.
- Publish an annual assessment to understand FTA and quota utilisation to quantify the cumulative impact of FTAs on trade balance, sourcing, standards, and domestic food production.
- Enhance the role of Parliament by strengthening existing scrutiny powers and guaranteeing a Parliamentary debate followed by a yes/no vote by MPs ahead of the ratification of all new international trade treaties.

- Engage with trusted stakeholders early and throughout the negotiation and decision-making process.
- Ensure all parts of the UK have a voice on trade matters, engaging devolved governments and parliaments, ensuring that impact assessments are carried out in ways to identify regional impacts.

#### 5. Encourage collaboration and maximise our overseas reach

- Facilitate a collaborative, strategic approach that brings government and industry together to focus on the opportunities to grow agri-food exports and address barriers to growth.
- Strengthen the UK's network of agri-food and drink attachés in our embassies in key overseas markets, ensuring they have the right support and tools to champion British agri-food, address barriers to trade and maximise the opportunities provided by FTAs and co-operation agreements.
- Securing protection for UK GIs in international markets should be a priority for UK negotiators in any trade negotiations.

#### 6. Accountability to deliver the strategy

- Appoint a government minister with the exclusive responsibility for championing agri-food trade and competitiveness, working across government and with the devolved administrations to deliver, in partnership with the industry, the government's Trade and Food Systems Strategies.

### 1. Ensure consistency of trade and agriculture policies

Farmers in England and Wales are experiencing significant business change as the support previously available under the Common Agricultural Policy is phased out and replaced by Environmental Land Management Schemes that pay for actions designed to support sustainable food production. Simultaneously the environmental expectations being placed upon farming businesses have grown significantly with the UK's 25 Year Environment Plan setting targets for farmers to deliver ambitious outcomes for the UK's environment. Imminently, farmers can also expect a Food Systems Strategy, a Land Use Framework, new planning rules, increased tax burdens through changes to inheritance taxation and employers National Insurance, commitments to ever increasing and costly standards, all of which will have direct or indirect impact on their ability to produce food for the nation. All the while, UK farmers have witnessed the previous government make significant market access concessions to major agricultural exporters, including Australia and New Zealand, eroding confidence. At its extreme, a failure to reconcile agricultural and trade policy could see the UK legislate some of the highest environmental and animal welfare standards in the world with no consideration of the economic impact this is having on farm business viability, nor of the competitive marketplace in which British farmers are being asked to operate. Simply offshoring our food production would have disastrous consequences for the domestic food industry and security, the stewardship of our natural resources, and the wider rural economy.

It is essential that domestic agricultural policy and international trade policy are consistent and compatible with each other, complementing efforts to improve UK agriculture's productivity, driving economic growth and sustainability and recognising the vital role domestic production plays in the nation's food security and enhancing our environment.

## 2. An unwavering commitment to the UK's reputation for high standards and values

Trade policy has a major role in driving sustainable production and beneficial outcomes across a range of policy objectives. But confidence amongst UK farmers is presently being eroded by an approach to trade policy that encourages the import of goods produced to lower environmental and animal welfare standards.

Less than a month into office the government committed to deliver “a new deal for farmers to boost Britain's food security and drive rural economic growth.” Amongst those commitments, the government pledged to “protect farmers from being undercut by low welfare and low standards in trade deals.” The NFU calls on the government to demonstrate its commitment to both farmers and growers and the British consumer by introducing a system of core production standards.

Since 2020, more [than 1million UK citizens](#), along with a broad coalition of political, industry, environmental, animal welfare and consumer interest groups, have backed the NFU's call for action to safeguard British farmers and growers from food imports that would be illegal to produce here.

UK farming's commitments to the environment, biodiversity and responsible use of antibiotics are all public goods that we aspire to deliver while producing the best quality and affordable food. They place UK farmers amongst those who are delivering the highest standards in the world. Standards our farmers are rightly proud of and that lend themselves to upholding the UK's continued reputations as a producer of high-quality sustainable food.

It is unreasonable for government to demand ever increasing standards from our farmers that bring additional costs and burdens, whilst allowing product to be sold on our market that fails to meet equivalent production standards. We therefore urge the government to translate its pledge to “protect farmers from being undercut by low welfare and low standards in trade deals,” into a set of statutory core production standards that must be met by both domestically produced and imported food in order to be sold in the UK.

In short, if the goods fail to meet minimum legal standards for animal welfare and the environment that are equivalent to those met by domestic producers, then they should not be given access to the UK market.

The core standards applied should be developed in consultation with industry and civil society and would certainly cover some key animal welfare and environmental laws. A government led working group to identify the relevant standards would provide the transparency and impetus needed to develop such an approach.

Level the playing field for UK farmers by establishing a set of core production standards that would apply to both domestically produced and imported food in order to be sold in the UK. Implementing core standards will prevent UK farmers' animal welfare and sustainability efforts from being undermined and ensure that the UK does not simply offshore food production to countries with less sustainable systems and lower animal welfare standards.

As an independent trading nation, the UK Government has control of the food safety laws it demands of its domestic producers and trading partners. The UK must retain the right to regulate over food safety matters and must not cede this responsibility as part of an FTA or as a consequence of its implementation. Import controls and adherence to SPS rules have a vital role to play in upholding our nation's biosecurity, food safety and international reputation. Domestic producers, whether farmers, growers, food companies or retailers, face a myriad of regulations and laws within the UK that ensure the food we eat is safe, consumers are not misled, and our environment, farmed animals and wildlife are protected.



It is crucial that goods brought into the country do not undermine biosecurity and that our import controls are not the weak link in these important protections. Even more critically brought into focus by the announcement by Germany of the confirmed case of Foot and Mouth Disease (FMD).

Livestock businesses must feel confident that border checks and controls safeguard the nation's biosecurity and food safety, and that sufficient resource is dedicated to stamping out fraud and illegal activity where that exists. We continue to be concerned that our nation faces a greater degree of risk relating to biosecurity and food fraud than is necessary or acceptable. A breakdown in biosecurity is one of the most serious risks we face as a nation. The implications go beyond the direct threat to domestic livestock and farm businesses, impacting whole sectors that can find their ability to trade and export restricted.

In light of the FMD outbreak, the NFU welcomed the swift action taken by government to stop imports from Germany for both commercial and personal allowance, and the limits on what private passengers can bring into the country from the EU. At time of writing, it is not yet known whether the disease remains contained and therefore a robust and rapid approach to safeguard our nation must be taken

We welcome the personal imports policy safeguards that have been published and which will remain in place until such time as amended or revoked, as a result of the FMD case. However we do continue to be especially concerned about the lack of a permanent personal imports policy for travellers entering GB from the EU. Promised in October 2023 but never published, we have heard of numerous reports that travellers are exploiting this weakness in our border policy to bring in goods well beyond reasonable amounts for personal consumption. There are also reports of increasing volumes of illegal meat being seized at our Borders. The government must ensure that those fighting against illegal meat imports, including our PHAs and Border Force, have the resources they need to stamp out this practice and that the consequences of undertaking such illegal activity be suitably severe so as to act as a disincentive.

For horticulture businesses, there remain many concerns with the implementation of the latest phase of border controls, most acutely that the shift of controls away from their businesses to Border Control Points (BCPs) adds an additional level of risk and cost to a highly biosecure, 'just-in-time' supply chain. BCPs are seen by the industry as a point of infection risk, rather than inspection. We recognise that much has been done to seek to address the concerns of growers, including the pragmatic approach taken by APHA officials during the recent import period for the nation's protected edible crop plants. But our view is that much more needs to be done by government to demonstrate that grower's concerns with the policy are being taken seriously, and to rapidly develop genuinely practical, pragmatic policy solutions that ensure operational staff at APHA can best support the industry.

Furthermore, as the UK market is opened to additional sources of food, it is vital that the UK's Office of Food Safety (SPS) Assurance has sufficient resource to monitor the safety and standard of imported food and that a robust SPS import regime is in place to ensure the food we consume continues to meet UK standards.

Maintain an unwavering commitment to the safety of the nation's food supply by retaining regulatory autonomy of our SPS rules and ensuring effective, proportionate border control measures are in place.

The NFU supports efforts by the government to advance fair and equitable rules at the WTO on agricultural matters. Seeking to reinforce the global agricultural trading system in a way that includes strengthening international standards, eliminates unlawful protectionist measures, encourages investment in trade infrastructure, improves transparency, and aims to create a trading system where farmers benefit fairly and where governments prevent the abuse of market power. Additionally, the NFU supports the objective of having a fully functioning dispute settlement system in place as soon as possible that is efficient, effective, transparent, and accessible.

The UK Government can demonstrate commitment to the global rules-based system by its own approach with bilateral and unilateral trade matters. For example, in negotiating a new FTA with India it is critical that we do not offer Indian sugar any concessions on access to the UK market whilst its subsidy regime remains in breach of WTO rules.

Set an ambition to play a leading role in international agricultural issues at the WTO, G7 and G20 and other international standards setting bodies. Ensuring that UK trade policy recognises and upholds international commitments made and rewards compliance with international rules

### 3. Prioritise balanced trade deals

The previous government claimed to have the most ambitious trade agreement programme in the world. Whilst the new government has set out more realistic plans to prioritise trade talks with a smaller number of key trading partners (GCC, Switzerland, India, Turkey, South Korea and Israel), the UK's FTA programme nevertheless remains ambitious and potentially hard hitting if the UK farming's sensitivities are not taken into account to secure balanced deals.

The NFU wants the government to grasp genuine opportunities where they present themselves, for example dairy and lamb to Gulf Cooperation Council (GCC) members. The UK is in an excellent place to be able to demonstrate suitability of stunned slaughter for halal under the demonstration of life protocol and as such would be excellently placed to supply the GCC with our high quality, traceable lamb.

India is one of the largest agricultural producers in the world yet still consumes much of what it produces. It is, however, on a path of rapid development in its agricultural sector and the NFU would welcome commitments from both countries to work together in areas of shared interest such as antimicrobial resistance (AMR) and animal welfare. The NFU remains firm on holding the UK Government to account in upholding our animal welfare and environmental standards to ensure that we do not import product produced in such a way as would be illegal to do so in the UK.

At the core of every trade negotiation sits a range of offensive and defensive interests for UK farmers. Offensive interests should be maximised and translated into commercially meaningful opportunities for UK businesses. Defensive interests involve many elements critical to the ongoing health of UK farming and rural communities, including fundamental differences in the structure of agricultural production systems, alternative approaches to regulatory and cost centres that will have an impact on competitiveness, and the vital importance of maintaining domestic agriculture's contribution to local and national economies, jobs and the delivery of a wide range of highly valued public goods.

Secure balanced and mutually beneficial trade deals by maximising commercially meaningful opportunities and by protecting the most sensitive and vulnerable sectors by making use of all available trade policy levers including, where appropriate, product exclusions, phased tariff concessions and appropriately sized, permanent quotas.

Identifying and protecting the UK's sensitivities in all trade matters is vital. The government should publish a thorough economic assessment outlining the economic opportunities and challenges, and discuss this with Parliament and stakeholders ahead of each Free Trade Agreement negotiation commencing. During the negotiations it should, in addition to implementing the approach to core standards, protect the most sensitive and vulnerable sectors by making use of all available trade policy levers including where appropriate, product exclusions, phased tariff concessions and appropriately sized, permanent quotas.

The government should transparently assess the impact of trade liberalisation on all the UK's agricultural sectors by publishing a thorough economic assessment outlining the economic opportunities and challenges ahead of each Free Trade Agreement negotiation commencing.

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The NFU is concerned that, in order to reach an agreement, in the final stages of future negotiations the government may again choose (as it did with the Australia and New Zealand FTA agreements) to allow increased market access for sensitive agricultural products. These concerns are greatly amplified when considering the cumulative effect of market access concessions across FTAs within sensitive agricultural sectors, where the gradual liberalisation of the UK market has the potential to erode the viability and profitability of the sector.

With the potential recommencement of trade talks with Canada, Mexico, and the USA, the NFU is also concerned about the ability for our sector to sustain further trade liberalisation with significant global agricultural producers. Each of those partners will be seeking a share of the UK's sought-after market. Whilst we welcome enduring tariff protections for some of our most sensitive sectors as negotiated in the UK's accession to CPTPP, we are resolute that further concessions to sensitive sectors such as beef, sugar and lamb in any future agreements risk eroding the viability of farm business operators here in the UK who make up the landscape of our countryside.

An annual assessment of the implementation and utilisation of FTAs which considers the cumulative impact of trade deals on the UK market would provide a clear picture of the extent to which further liberalisation would be sustainable and ultimately beneficial for UK consumers and would allow for the adaptation of both international trades and domestic agricultural policy. It would also ensure the British agricultural sector is able to understand how best to combat the challenges it is facing and how to compete fairly with international producers.

An annual assessment of our FTAs would also give a concise summary of which sectors are facing the most problems and inform decisions about the use of the safeguard clauses envisaged within the text of each FTA. It would also help inform the annual food security index and the food security report. Regular impact assessments would also highlight the positives of new export markets to traders.

They are also useful to ensure that government remains on track with its wider objectives such as to support development through trade. Since its introduction, the additional 260,000t Autonomous Tariff Quota (ATQ) for raw cane sugar of any origin, which has been retained by the new government for 2025, has seen Brazil nearly displace all imports from the ACP/LDC developing countries removing vital export opportunities for these countries. More concerning still is that the ATQ puts homegrown sugar beet in direct competition with the most cost competitive sugar in the world without delivering any UK export benefits in return.

Robust, detailed and transparent impact assessments would give producers the confidence and motivation to grow their own businesses and enable the UK's largest manufacturing sector, food and drink, to maintain and enhance its significant contribution to the UK economy.

Publish an annual assessment to understand FTA and quota utilisation to quantify the cumulative impact of FTAs on trade balance, sourcing, standards, and domestic food production.

#### 4. EU Reset

We welcome efforts to pursue a better relationship with the EU with the aim of reducing trade costs and friction at a time of global instability. Securing an ambitious SPS agreement with the EU is one of the ways that would help to reduce friction at the border, but not the only one. In the short term, it is vital the government continues to press for improved trade facilitation, and to address issues where they exist relating to the implementation of the BTOM. Including the continued ban on high quality British products to the EU such as seed potatoes and lack of access opportunities for UK livestock breeding stock to enter the EU market due to the absence of a Border Control Post on the north European coast.



The government should be cautious of agreeing “at all costs” to the terms of an ambitious SPS agreement. The EU is likely to demand that the UK commits, on an ongoing basis, to implement EU rules, whose development the UK may have no influence over. This would not be acceptable for many farmers. If the government is faced with such a scenario, it is vital that it undertakes a full consultation with industry before entering into any agreement. A thorough assessment of the costs and benefits of such an agreement, including the degree of influence UK would have in determining policy and rules, is vital to understanding whether it would be in the UK’s best interests to accept.

The NFU urges the UK to conduct negotiations for an enhanced SPS agreement with the EU that recognises the unique starting point of (largely) continued alignment and therefore mutual equivalence of each other’s current rules, with a set of principles on how to deal with the potential divergence of standards over time. We also encourage the UK Government to establish a divergence monitoring system that tracks EU and UK SPS regulation, that is shared and actively discussed with UK business and helps to minimise trade frictions.

As like-minded partners, the EU and the UK have a great opportunity to continue to cooperate on issues such as animal welfare, plant health, research and development, and to contribute to common challenges such as the rise of antimicrobial resistance, spread of zoonotic diseases and biodiversity loss.

Use the EU reset to pursue a better trading relationship with the EU with the aim of reducing trade costs and friction but be mindful of agreeing a new deal “at all costs”. Securing an ambitious SPS agreement with the EU is one of the ways that would help to reduce friction at the border, but not the only one. In the short term, it is vital the government continues to address issues where they exist relating to the implementation of the BTOM and the TCA.

## 5. Enhance transparency and trust

The NFU worked hard to make the case for a strengthened Trade and Agriculture Commission to enhance independent scrutiny of new FTAs once they are signed. However, Parliamentary scrutiny of trade deals remains inadequate, meaning that international agreements which could have significant economic implications for farmers and consumers in the UK, as well as on the standards to which the food we eat is produced, are not given sufficient time to be examined by MPs.

In January 2024, the Public Administration and Constitutional Affairs Committee found that Parliamentary scrutiny arrangements for international agreements are “currently insufficient.” Over the past three years, the UK has ratified two far reaching, “from scratch” trade agreements with Australia and New Zealand, and has acceded to the CPTPP. Despite commitments to the contrary from the previous government, there has never been a debate on the floor of the House capable of influencing the ratification of any trade agreement.

The NFU believes there are measures that should be introduced to improve the government’s accountability to Parliament, including:

- Parliament should have a “yes/no” vote, following a debate, once a finalised treaty has been agreed by the UK Government to decide whether that treaty as drafted should be ratified or not.
- Parliament should agree to the negotiating mandate before negotiations commence and should be kept properly updated and consulted throughout the negotiations.
- The devolved administrations should also be consulted throughout the negotiating process, including with respect to draft texts of agreements.
- Comprehensive economic impact assessment considering regional differences and sensitivities should be published prior to negotiations starting and once negotiations are concluded.

Enhance the role of Parliament by strengthening existing scrutiny powers and guaranteeing a Parliamentary debate followed by a yes/no vote by MPs ahead of the ratification of all new international trade treaties.

The NFU believes that trusted stakeholders should be actively consulted and kept abreast of developments prior to the commencement of, and throughout, any negotiations. We strongly believe that the UK Government must take into account the cumulative impacts of successive agreements, including the renegotiation of current terms within existing agreements.

Engage with trusted stakeholders early and throughout the negotiation and decision-making process.

It is vital that the UK Government maintains good lines of communication with the devolved governments with respect to UK negotiations. As the National Farmers Union of both England and Wales, the NFU is keenly aware that the UK economy is not homogenous, and the Welsh economy differs from the wider UK economy. Owing to Welsh agriculture's reliance on two key sectors - namely livestock and dairy - and the typically smaller size of the average farming business, certain trade liberalisation scenarios will risk having a disproportionate impact on Wales compared to the rest of the UK. This is coupled with the fact that around a third of agricultural land in Wales is rented (through both formal and informal agreements). Tenants face a number of unique challenges including access to finance, and tenancy agreements can often hinder or prevent a tenant from quickly diversifying or switching enterprises to meet changing market conditions.

To ensure these factors are given adequate consideration NFU Cymru has been calling for a Wales-specific impact assessment for free trade agreements. This ask has been echoed by the House of Commons Welsh Affairs Committee. By conducting a Wales-specific impact assessment any adverse impacts can be anticipated and potentially mitigated, and any advantages can be identified and capitalised upon. Without a proper understanding of the implications there is a risk that any trade deals concluded could do great damage to Wales's rural communities or may fall short on delivering potential benefits.

We believe that the Welsh Government and the Senedd ought to have an appropriate degree of involvement by being sighted of relevant documents ahead of such agreements being entered into, as well as the development and approval of implementing legislation which underpins concluded trade agreements. This should include involvement in developing the UK's negotiating mandate and in scrutinising trade negotiations. Within this process there should be a clear and ambiguous role for Welsh stakeholders, such as NFU Cymru, to ensure the views of those who will be impacted are considered.

The NFU does not represent farmers in Scotland or Northern Ireland, but by extension we believe that this approach should be reflected across all constituent parts of the UK.

Ensure all parts of the UK have a voice on trade matters, engaging devolved governments and parliaments, ensuring that impact assessments are carried out in ways to identify regional impacts

## 6. Encourage collaboration and maximise our overseas reach

Accessing overseas markets is a crucial component of a successful sector, complementing efforts to increase the share of the domestic market supplied by UK producers. But accessing international markets is highly competitive and other countries already have footholds in growth areas the government wants to focus on. To gain and expand our share of these target markets will require a huge collective effort from across industry and government.

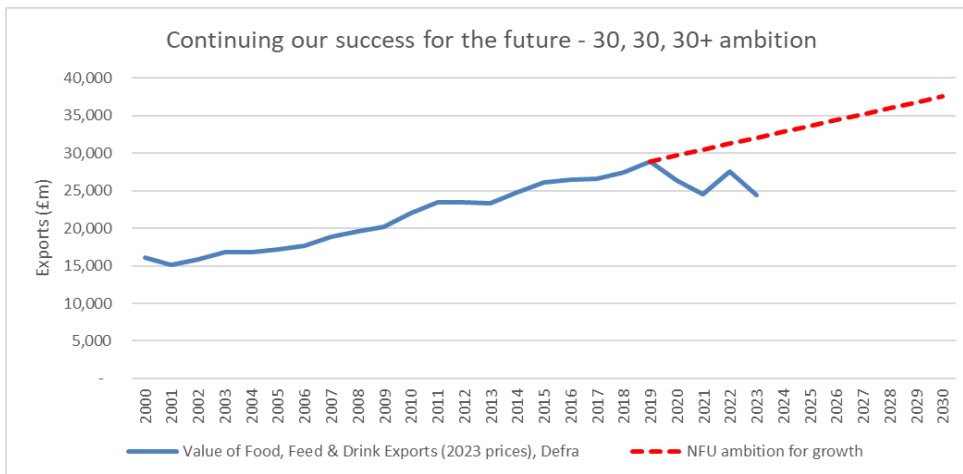
In 2022, the NFU published a detailed strategy outlining its ambition to grow the UK's food, drink and agricultural exports by 30% by 2030, bringing the total value of UK agri-food exports to over £30 billion.

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This ambition was based on the desire to continue the strong growth in agri-food exports we had seen over the previous decade.



However significant headwinds, including Covid-19 and the imposition of third country checks on products entering the EU, have contributed to a challenging period for UK agri-food exports. When adjusting for inflation we can see that from 2019 to 2023 exports of food, feed and drink have declined by 15%. Despite these challenges there remains overwhelming support across our industry to see export growth continue and accelerate towards 2030 and beyond

The NFU's export strategy contains a number of critical building blocks which we believe would help businesses across our sector grow their exports, benefiting economic growth and creating jobs in rural areas. A key element of the strategy was the formation of a joint government/ industry strategic oversight and co-ordination body.

The NFU were active members of the Food and Drink Export Council (FDEC) which met seven times between January 2023 and June 2024. The Council brought industry and government together to identify the barriers to growing agri-food exports and to explore ways in overcoming them. The NFU believes that it is important to maintain a collaborative, strategic approach that brings government and industry together to maintain the Council's momentum and focus on the opportunities to grow agri-food exports.

The work of the FDEC focused on four key elements:

- **Share:** Identify and implement areas where sharing of expertise, information, funding, investment, or resources across the UK could benefit food and drink exporters
- **Barriers:** Support existing market access work to identify and prioritise market access opportunities and reduce barriers that constrain export growth (outside of trade agreements).
- **Capability:** Identify the support and skills needed for businesses to trade successfully and increase the sector's export capability and ambition, with a primary focus on the SME sector.
- **Marketing and Promotion:** Ensure effective showcasing of UK strengths to international audiences. Ensure effective promotion of export support and opportunities to UK businesses and the successful use of relevant UK and devolved branding.

The FDEC has demonstrated the value of collaborative industry and government endeavours. It has piloted new engagement and communication methods with businesses, such as Peer to Peer forums focused on increasing capability and knowledge. It has shone a spotlight on the ways in which business can report barriers to trade and identified ways sectors can work together to resolve barriers. It has helped signpost sources of practical advice and guidance for exporters and potential exporters, and it has sought to engage widely on its objectives beyond the immediate membership of the Export Council. It has

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identified a number of priority actions which the NFU believes will help businesses across the UK seize the opportunities growing exports can deliver.

The NFU encourages the government to facilitate a collaborative, strategic approach that brings government and industry together to focus on the opportunities to grow agri-food exports and address barriers to growth.

Accessing international markets is highly competitive and requires a 'boots on the ground' approach. To access these markets, a huge collective effort from across industry and government is required. The NFU is a huge supporter of the UK's network of overseas agri-food and drink attachés. They are our eyes, ears and voice in the nation's diplomatic missions, working hard to break down barriers to trade and develop networks in target markets.

We call on the new government to work with industry to ensure that the attachés have the right support and material to truly understand and promote British agri-food products, develop opportunities to maximise the benefits to the UK agrifood sector, and address barriers to trade where these exists. We also call on the government to ensure that each post has sufficient financial resource allocated to it to deliver a successful programme of engagement within that market, and that UK industry can engage effectively with them.

Strengthen the UK's network of agri-food and drink attaches in our embassies in key overseas markets, ensuring they have the right support and tools to champion British agri-food and address barriers to trade

Protection of Geographical Indications such as PGI Welsh Lamb and Beef or West Country Farmhouse Cheddar is not just a valuable marketing tool, providing legal assurances of the authenticity of the product, but is an indicator of real pride and importance for UK producers. The PGI status of our products reflects the production methods, culture and heritage that is both distinct and unique to the area in which the products are produced. We strongly believe that securing protection for UK GIs in international markets should be a priority for UK negotiators in any trade negotiations. International recognition of our GIs will help businesses across the UK, but particularly within the devolved administrations, to drive growth and will help open doors for our food and farming businesses on the international stage.

## 7. Accountability to deliver the strategy

We continue to believe that a dedicated government minister specifically responsible for growing agri-food exports and addressing market barriers will undoubtedly help deliver export opportunity and growth potential. Working with his devolved counterparts, the minister would also lead in pushing for an elevation of global standards on environment, animal welfare and ethical trade in international forums

Appoint a government minister with the exclusive responsibility for championing agri-food trade and competitiveness, working across government and with the devolved administrations to deliver, in partnership with the industry, the government's Trade and Food Systems Strategies.

## Annex1

### Current Trade situation

#### Exports

Since 2019, UK exports of agricultural products have struggled in the face of significant headwinds. Agri-food exports, worth £15.774 billion in 2019, declined significantly following the UK's exit from the EU single market, reaching a low of £13.282 billion in 2021. Whilst exports have since rebounded to £15.8 billion in 2023, this figure is skewed by the impact of significant inflation.

The European Union continues to be the largest export market for UK agri-food products in both value (68%) and volume terms (80%). However, over the last five years exports have struggled and in 2023 exports of food and live animals were valued at £10.778 billion, largely on a par (-3.25%) with 2019. However, when adjusting for inflation the situation becomes starker. In 2023 prices, exports of food were 18.79% down on 2019 values.

Confounding factors, such as the impact of Covid-19, mean it is not possible to assign this impact solely to changes brought about by the UK's withdrawal from the EU single market and the implementation of the EU-UK Trade and Cooperation Agreement (TCA); however, new trade frictions under the EU-UK trade relationship are likely an important driver of these declines. Since 1 January 2021 the EU has applied third-country customs and border controls to UK agri-food exports, including documentary and physical checks. UK exporters of products of animal origin (POAO), including meat and dairy, now require vets to inspect individual export consignments and sign Export Health Certificates. This poses organisational challenges that impede the flow of goods and incur costs with exporters paying veterinarians up to £185 per consignment, and consequently UK products are now less cost competitive in Europe than previously. Compliance with new export requirements also requires additional expertise in exporting or the outsourcing of such services, at a cost to businesses.

In volume terms, since 2019, exports to the EU have seen significant double-digit declines across almost all categories of agri-food. For example, the volume of meat and meat preparation exports has fallen by more than a third to the EU since 2019. Within that our volume of fresh and chilled beef exports is down 17%, poultry meat by 46% and lamb by 11%. In the dairy products category, we see volumes to the EU fall by more than 20%, with categories such as yoghurt down 46%, butter down 25%, cheese (including cheddar) down 18%.

Exports in non-EU markets, however, have also struggled in the past five years. In 2023 exports of food and live animals to non-EU destinations were valued at £5.09 billion, a 9.88% rise on 2019. Whilst this appears positive, once inflation is accounted for food exports to non-EU markets have broadly flatlined since 2019.

#### Agri-food imports

Imports of agri-food products<sup>1</sup> have also been impacted by the UK's exit from the EU single market, though to a lesser extent than British exports. Food and live animal imports, worth £40.9 billion in 2019, decreased to £37.9 billion in 2021 before recovering strongly to £50.8 billion in 2023<sup>2</sup>. Whilst significant, this rise in import values is distorted by the effects of inflation. When adjusted to reflect 2023 prices, food imports in 2019 were worth £57.3 billion, 14.12% more than in 2023. This is supported by the trade of food and live animals in volume terms which, at 30.8MT in 2023, remained 8.45% down on 2019, when 33.7MT of product was imported.

<sup>1</sup> SITC 0 Food & Live Animals

<sup>2</sup> HMRC Overseas Trade Data; Data from SITC 0 Food & Live Animals



The European Union continues to be the largest supplier of agri-food products imported into the UK, by both value (70.8%) and volume (63.65%). However, the origin of imports varies by commodity. In 2023 most imports of live animals, meat and meat preparations, and dairy products came from the EU. By contrast animal feed and sugars were sourced from a range of European and South American countries.

## The UK trading landscape – a widening deficit in our balance of trade

Since 2019, the UK’s balance of trade (difference in the value of UK’s imports and exports of agri-food products) has grown almost 40% and continues to widen consistently running at around £3billion per month.

