Summary

In the event of a no deal Brexit:

- The UK would face significant tariffs on pork exports to EU (up to 45%);
- UK Government would only apply tariffs of up to 5% on pork imports;
- UK exports of pork would have to be physically inspected in the EU;
- The USA and EU countries would have equal pork export access to the UK;
- The status of UK Pork exports to China (£80m a year) would be uncertain;
- Exports could face major delays at ports. One week of trade or processing disruption is equivalent to around 170,000 pigs on farm.
What a ‘No Deal’ Brexit scenario means for NPA members VERSION 3.

**DISCLAIMER** This document will form part of a rolling set of briefing notes for NPA members, providing the most up to date information and advice about a ‘no deal’ Brexit, and what it could mean for the UK pig sector. As a result, these notes will be updated and amended regularly as and when we have new information from Government and industry on no deal planning. Members are asked to send the NPA any information or intelligence that may help inform its thinking or guidance.

**Pork imports to UK**

Low tariffs will apply on imported pork products. On 13th March 2019, the Government announced tariffs that it would apply on imported products in the event of a no deal. The Government’s approach has been to prevent volatile price increases for UK consumers whilst also protecting domestic industry most exposed to a no deal Brexit. The Government will apply tariffs on pork, albeit at very low rates. The full list of UK pork tariffs that would apply in the event of a no deal can be found here and with a summary table below. On Friday 20th September the NPA wrote to the Secretary of State for Defra, Theresa Villiers MP, regarding our grave concerns on this scenario. You can read the letter here.

<table>
<thead>
<tr>
<th>Product</th>
<th>Weighted average tariff rate (£/100kg)</th>
<th>Effective ad valorem rate (2018 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh/frozen pork</td>
<td>9.4</td>
<td>+5%</td>
</tr>
<tr>
<td>Bacon</td>
<td>12.0</td>
<td>+4%</td>
</tr>
<tr>
<td>Sausages</td>
<td>0.0</td>
<td>+0%</td>
</tr>
<tr>
<td>Ham</td>
<td>20.6</td>
<td>+4%</td>
</tr>
<tr>
<td>Overall</td>
<td>8.7</td>
<td>+3%</td>
</tr>
</tbody>
</table>

(Source: AHDB analysis based on HMRC trade figures, obtained via IHS Maritime & Trade, Global Trade Atlas®

- **Tariffs on imports would apply equally to all countries.** Any country wishing to export pork to the UK would be treated exactly the same; Denmark and the USA would have the same level of market access. To date, non-EU imports have been restricted by the EU’s high self-sufficiency and tariff barriers to non-EU imports. The Government has said that imports from the Republic of Ireland will be exempt from paying tariffs. The legality (and practicality) of this is open to question.)
• **This approach is temporary.** This policy is considered to be temporary in the event that the UK leaves the EU without a deal on 31st October 2019 and will allow for a review mechanism if data is presented to Government demonstrating unusual trade patterns.

• **UK will mirror the EU’s standards on imports.** All non-EU pork exports to the UK would have to be ractopamine free. Ractopamine is a beta-agonist, which promotes leaniness in animals raised for meat. Welfare issues, such as sow stalls, are not a barrier so there are no guarantees that we will have equivalent standards. The UK will commit to dynamically align with the EU for at least 9 months on standards, with mutual acceptance of SPS products under the current conditions.

**UK Pork exports**

• **All UK exports to EU will face full tariffs.** The EU and UK Government advice has suggested that all exports to the EU (worth £300m a year) would be subject to full WTO tariffs. **These are much higher** than tariffs the UK Government would impose on imports (you can see comparison here).

• **All exports to EU would have to be inspected at Border Inspection Posts (BIPs), accompanied by export health certificates.** This will have inevitable knock on consequences for exporters of perishable goods – Government advice on what exports have to do can be found here.

• **Cull sow meat exports would be affected.** Cull sow meat has no UK market demand and is usually exported to Germany or Belgium.
  - A 45p/kg tariff on exports would hit the value of the trade for producers, as well as the need for physical inspections, as mentioned above.
  - The UK value of the cull sow meat trade is £50m.
  - AHDB has suggested that income from cull sows offsets finished pig prices by 2-3p/kg

• **Exports to non-EU countries should continue, but may vary from country to country.** Given restrictions of exports of pork to the EU, the export trade to China is vital for the British pig sector (worth £78m in 2018). The UK Government has contacted the Chinese Government regarding exports in the event of a no deal, and although the UK’s concerns have been noted, it is concerning that we still do not have clear assurances that such pork trade can continue on 1st November.

• **Currency.** A key factor in determining the overall impact of no deal is the effect on sterling. It has been suggested that a devaluation of sterling is plausible; such would be the overall impact on the UK economy of an immediate restriction in trade and market access for exports. This needs to be considered in any trade on imported pork or other inputs such as feed.
The Republic of Ireland and Northern Ireland

- **No tariffs from ROI to NI.** Irish products coming into the UK via the Irish border would not have a tariff applied – as a means to prevent a hard border. This means that any product coming from the Republic of Ireland to Northern Ireland will be duty free, and that product can then move from Northern Ireland to Britain. This position is uncertain however, as it is unlikely to be WTO compliant. 42,500 tonnes of pork and 450,000 live pigs were imported from ROI to NI in 2019.

- **EU products that go to the Republic of Ireland, and then to Northern Ireland, are not exempt.** Any business that tries to route product from the EU to the UK via the Irish border as a means to avoid paying any duties could be considered to be a breach of the relief that HMRC would traditionally apply on the Irish/Northern Irish trade. It could create a substantial amount of enforcement work for HMRC however.

- **Tariffs would apply on NI to ROI exports.** It is not yet known how the EU would apply a tariff on this trade without a hard border – expect this issue to change frequently in the run up to October 31st. 34,000 tonnes of high value pork were exported from NI to ROI in 2019 worth £88m, along with around 9,000 live pigs.

### Welfare considerations

- One week of trade or processing disruption is equivalent to around 170,000 pigs on farm. NPA has been in discussion with Government about contingency plans under such a scenario.

- **90% of livestock medicines** come from EU. It is estimated that a 6 week holding supply for minerals, vitamins and vaccines. The UK has set up own ‘vaccine bank’ but only relevant for notifiable disease outbreak.

- **60% of carbon dioxide** used for slaughtering and processing facilities comes from EU.

- **Pig ear tagging for live exports.** When the UK leaves the EU, livestock travelling from the UK to the EU must be identified with an ear tag that includes the ISO code of the exporting country. The Commission have confirmed that the designated ISO code for the UK is ‘GB’ or ‘826’.
Breeding animals and genetics

The UK has a number of companies that export and import high quality live breeding animals or germplasm to and from the EU, and the UK pig sector’s reliance on quality breeding and genetics cannot be overstated.

Exports

To export live pigs, products of animal origin or germplasm to the EU, a company will need:

- an export health certificate, which one would have to apply for in advance;
- to get animals or material presented at a border inspection post (BIP) none are available via ferry crossing at time of writing;
- to make sure an EU-based import agent has notified the BIP that a consignment is arriving, and check with the BIP for how much notice needs to be given;
- to comply with wider HMRC guidance on customs requirements for exporting to the EU.

To export live pigs, products of animal origin or germplasm to non-EU countries via the EU, a company will need:

- an EU Transit Certificate, held on the export health certificate (EHC) finder - if the right one cannot be found, contact APHA Carlisle;
- an EHC for the final destination (the non-EU country)

Exporters need an EU importer who will take responsibility for the consignment while it’s transiting the EU. Exporters also need to check HMRC guidance on any customs declaration.

 Imports

- To import live pigs or breeding material from the EU,
  - UK importers must notify APHA of imports into the UK by submitting the IV66 form.
  - Health certificates and other documentation for imports into the EU will be accepted for at least 6 months after Brexit; a new UK health certificate will be needed after this period.

- To import live pigs or breeding material from outside the EU (including transit via the EU), importers must use IPAFFS system, which is now live. All necessary information can be found here.
**Transport**

Businesses transporting live pigs or pork products from the UK to the EU will need to:

- Apply in advance for an export health certificate (EHC).
  - The trader will need to make sure the EHC is signed by an authorised person after the consignment has been inspected.
  - The trader must check that the route the driver takes will allow for the consignment to be checked at the correct border inspection post (BIP) at the first EU country reached.
  - The driver needs to confirm with the trader or haulier that the EU-based import agent has told the relevant BIP about the arrival of the consignment at least 24 hours before intended arrival.
  - The driver must carry a physical copy of each EHC for their consignment. The EHCs may be checked at the EU BIP.

Traders will need to appoint a representative within an EU country, and they must make sure that they have certain documents from the importer or exporter, as the EU will no longer be accepting UK-issued versions of these documents after Brexit.

The documents required are available from the relevant government department and include:

- a transporter authorisation
- a certificate of competence
- a vehicle approval certificate
- a journey log (where necessary)

**Employment**

- EU citizens can continue to enter the UK and take up work in 2019 and 2020.

- EU citizens who arrive before the UK leaves the EU, will still be able to apply for [Settled Status under the EU Settlement Scheme](https://www.gov.uk/government/publications/eu-settlement-scheme). They will have until the end of December 2020 to make their application. [Materials in other languages can be found here.](https://www.gov.uk/government/publications/eu-settlement-scheme)

- In the event of a no deal, EU citizens arriving after 31st October and who want to stay for more than three months, will need to apply for European Temporary Leave to Remain to continue working in the UK. This will be granted for a further 36 months, subject to identity, criminality and security checks.
Background: Exports

The UK exports 335,000 tonnes of pork a year, with over 55% of this going either to or through the EU. This figure includes cull sow carcasses which are predominantly exported to Germany and form an integral part as there is no market for them in the UK; the prospect of a 45p/kg tariff under WTO schedules would render such exports unviable, as cull sow carcases are currently worth around 89p/kg (Sept 2019). The more valuable export trade in pork is with Ireland (where pigs slaughtered and processed in Northern Ireland are sent back to the Republic of Ireland). It is worth noting that the single biggest export volume partner for the UK in pork is China, which alone makes up 20% of exports. Offal exports are now predominantly sent to Asia, where this trade has doubled in the past 5 years.

Background: Imports

It is well established that the UK imports a significant quantity of pig meat from the EU, and latest figures from AHDB indicate that the UK is currently 54% self-sufficient, although accounting for exports, only around 40% is provided for the home market meaning that 60% of demand is met by imported product. The two main primal cuts where demand exceeds supply in the UK are the loin and the leg. For the former, consumption has been estimated to be equivalent to around 23 million pigs worth of loins annually, (of which bacon makes up 12 million pigs); this is more than twice the number of pigs slaughtered in the UK during a year (around 10 million). The total number of pigs required for leg cuts would be an estimated 19 million pigs. By contrast, demand for shoulders is estimated at only 7 million pigs, and belly meat is even lower, equating to about 5 million pigs. Demand in the UK for ‘fifth quarter’ products such as offal and trotters is negligible, which is why holding onto our existing market outlets for them is so important, particularly to Asia where these products carry a significant value.

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