TCA12 Horticultural Trades Association

Senedd Cymru | Welsh Parliament

Adolygiad o weithrediad y Cytundeb Masnach a Chydweithredu rhwng y DU a'r UE | UK-EU implementation review of the Trade and Cooperation Agreement

Ymateb gan: Horticultural Trades Association | Evidence from: Horticultural Trades Association

Senedd Committees call for evidence on UK-EU implementation review of the Trade and Cooperation Agreement – Horticultural Trades Association (HTA) evidence submission

8th November 2024

Introduction to environmental horticulture & key trade data

1. The Horticultural Trades Association (HTA) represents 1400 members across the UK in the environmental horticulture sector including garden centre retailers, tree & plant growers, seed and bulbs suppliers, garden goods manufacturers, landscapers and service providers. Our industry supports nearly 700,000 jobs, has a national GDP of nearly £28 billion, mitigates climate change, has substantive environmental benefits and improves the health and wellbeing of 30 million gardeners in the UK [1]. In 2019, the environmental horticulture and landscaping industry in Wales supported contributions of £1.125billion to UK GDP, £249million in taxes to the exchequer and the employment of 31,168 people[2].

2. The sector is international, with imported plants and plant material being vital to our industry's supply chain and underpins the UK production sector. These goods are categorised as sanitary and phytosanitary (SPS) goods and subject to the requirements for trading such material. In 2023, imported plant material was worth over £770m to the UK horticultural sector, with 99% of that coming from the EU[3]. This import value represents around half of the value of the UK production sector for trees, plants, seeds & bulbs, which totalled £1.54bn p/a in 2022[4].

3. The Netherlands acts as a source and centralised EU hub for plant material, accounting for £635m worth of UK plant imports in 2023 (well over 80%)[5], although material is also sourced direct from other EU Member States such as Germany, Belgium, Denmark, Italy and France. Half of all imported plant material (by value)[6] flows through the East of England seaports of Harwich and Felixstowe, and the bulk of the rest via Hull, Immingham or short straits routes (i.e. Dover), mainly via 'Roll-on Roll-off' (RoRo) ferries both as accompanied and unaccompanied freight

4. According to a recent survey of HTA members[7], 79% of British plant and tree growers import, primarily from the EU. The plant material is sensitive, perishable and crucial to the industry as much of it is 'grown on' by our domestic commercial nurseries to sell in the UK. Finished plants, seeds, bulbs and trees, which are ready for retail sale or planting in the wider landscape, are also imported. It is estimated 70% (by volume) of the imported material is retail-ready[8].

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[1] Source: https://hta.org.uk/news-events-current-issues/industry-data/market-sizing
[2] Source: The Economic impact of Ornamental Horticulture and Landscaping in the UK, Oxford Economics 2018.
[3] Source: Overseas trade statistics, HMRC, commodity codes: 0601 and 0602
[4] Source: Horticulture statistics, Defra
[5] Source: Overseas trade statistics, HMRC, commodity codes: 0601 and 0602
[6] Source: APHA Statistics, January 2023
[7] Source: HTA Survey 2022
[8] Source: HTA Survey 2022

5. Between 2019 and 2022 exports of plants, trees, seeds and bulbs to the EU fell by nearly 40% from a steady level circa £33 million to £18.2 million due to the restrictions brought in by not having a plant health agreement with the EU.[9]

6. 98% of the HTA's membership are SMEs, and the sector remains largely fragmented. A survey of members in 2021 indicated that smaller member businesses (with a turnover of <£1m) that are importing plants/plant materials are also more likely to indicate a negative impact (88%) or major negative impact (28%) when thinking about changes to the way the UK trades with the EU[10].

7. Plant and plant products imported from the EU to Great Britain are categorised into high, medium and low risk categories. Plant health controls apply to imports of high and medium risk plants and plant products. All plants for planting, bulbs and some seeds are high-risk and theoretically subject to 100% checks, with some exceptions. These goods have been subject to checks at Place of Destination (PoDs) and full documentary requirements since January 2021.

8. The HTA has made substantive submissions, public statements and evidence on border and trade issues. We would be pleased to provide more detail if required.

Evidence and asks summary

9. In summary, our below evidence and key asks regarding the implementation of an effective trade border for the plant sector are:
    a. UK environmental horticulture SPS goods (i.e high-risk plants and plant products) have been the most impacted and for the longest time by both processes and costs relating to trade changes resulting from EU-exit and continue to be so; this is a unique border for plant movements and must be understood when making decisions on border-related policies and changes.
    b. The horticulture sector's supply-chains are international and dependent on the swift and secure movement of sensitive plants and plant products, therefore how effectively the border operates directly impacts the success of UK environmental horticulture as businesses, UK green spaces and the UK's 30 million gardeners; we seek greater prioritisation and recognition of UK environmental horticulture when developing trade/border related policies and assessing or reviewing the Trade and Co-operation Agreement (TCA).
    c. Biosecurity is a top priority for the sector, and the recently ceased Place of Destination (PoD) checks provided industry with greater biosecurity than they are experiencing today. The HTA does not believe that the newly implemented border changes can achieve the level of biosecurity provided by the PoD system nor the ambition set out in the BTOM in the near or medium-term without substantive change and investment including in existing infrastructure and new systems, as well as delivery on alternatives to BCPs for plants.
    d. The most recent (30 April) border changes still remain in 'early days' despite being 6 months in, with no clear plan or certainty on the trajectory of increased border inspections, nor for system fixes on issues identified by the sector or data available to inform the industry. The industry seeks clarity on

[9] Source: Overseas trade statistics, HMRC, commodity codes: 0601 and 0602
[10] Source: HTA Survey 2021 for "Let Britain Grow" Campaign

the pragmatic approach and the plan for exiting it. These issues are detailed in this evidence along with a longer term view.

e. The sector is almost all SME businesses, fragmented and facing a volume of challenges, from the weather to huge hikes in input costs and wage bills. The most recent border changes have hit at peak-season and on top of other challenges, the increased costs of border operations, including the government-set Common User Charge (CUC), impacts heavily on sector competitiveness and the ability to invest in growing their businesses and increasing UK production output.
f. In addition to the immediate issues on border operations, the sector has identified some key mid-term actions too, including addressing BCP capabilities to handle more complex loads, expediting easements such as the Authorised Operator Status (AOS) scheme and Control Point (CP) specifications for the sector, we are concerned that there is not the government resource, oversight and long-term planning to deliver these in the timeframe needed.
g. Whilst the best outcome for the sector would be to negotiate and achieve an SPS agreement with the EU, we understand this is not immediately achievable and support the ambition of the BTOM to be a world-class modern, digitally and risk driven border. However, given our knowledge and experience, we believe this will be very difficult to achieve without substantive risk and cost to UK environmental horticulture.
h. The border is not the only issue relating to trade impacting the sector – for example CITES and the Windsor Framework also have impacts and implications for trade.
i. Environmental horticulture seeks a holistic government horticulture strategy, inclusive of trade and borders, to be delivered that supports a growth in competitiveness and productivity of the UK sector.

<u>Long-term improvement of border operation</u>

10. Below we set out the key aspects of where we see the challenges and opportunities to improve the operation of the border for plant movements. Later in this submission we focus on costs, BTOM ambitions, biosecurity and SMEs. We seek significant action to improve trade conditions and border operations.
11. We recognise that the Welsh coastline represents both the departure and entry points for much of the materials travelling across the Irish Sea. Whether to the EU in the form of the Republic of Ireland, or the UK (Northern Ireland).
12. With the island of Ireland being a common destination for plants grown in Great Britain (GB), arrangements for that crossing have been complicated for traders, with continuing differences in process than those required for continental EU supply, with different rules and different physical arrangements, each of which have changed a number of times since January 2021.
13. The Windsor Framework still does not deliver completely for the horticulture sector, and trade has fallen significantly between GB and the island of Ireland, meaning so has the volume of plants and plant products leaving GB via Welsh coastal ports.
14. While the reasoning is understood behind the delays in appointing and building the required functioning Border Control Posts at Welsh ports, this has meant a “Business As Usual” point has not yet been reached by traders, hauliers & carriers using the Irish Sea to carry goods. HTA strongly advocate for BCPs to be built around the needs for plants, trees, seeds and bulb shipments. These types of consignments are

often seen as ‘exceptional’ ones e.g. larger, bulky, difficult to off load & reload, sensitive and perishable. However, for the trade these are commonplace traded goods and BCPs need to be built to the correct specifications to handle them, process them and test them speedily, smoothly and safely with minimal cost to all involved. Learning from the mistakes made at EU facing BCPs is strongly advised. See below comments on BCP designation & design.

15. The UK has a **unique border** with the EU when it comes to trading plants and plant products. No where else in the world is there a border that sees such a volume of plants and plant products traded between countries that do not have a form of Sanitary and Phytosanitary (SPS) arrangement, recognition or agreement. Also, it is unique that those products arrive by sea. This makes it difficult when looking for a comparison or a model that works elsewhere in the world. It is clear that there is no ready-made solution to learn from. This unique position must be understood when looking at developing and implementing policies and approaches.

16. **Policy-approach:** To reach the most recent April border changes has been a long and challenging process. The sector invested in and adapted well to January 2021 changes and the PoD system for checks. Whilst we have seen many delays, the impact and concern over the recent changes have been compounded by the timing, which is peak season for the sector, extraordinarily late detail, late testing (if at all) , last-minute publication of costs, a lack of certainty and clarity over the so-called pragmatic approach and what this means in reality, and concerns over the ability for BCPs to deliver. This is a complex change to navigate and we have set out our significant concerns over a lack of coherence in government policy-making, joined-up working, integrated systems and ultimately policy and infrastructure readiness.

17. **Systems and infrastructure:** Any long-term improvements to the existing border arrangements will need systems that properly interact with each other and that share data in a way that delivers real time updates to traders, importers, hauliers & agents. Two examples:

    a. Example 1: A haulier may know before sailing that the consignments they are carrying have been selected for an SPS inspection. However, there is no automatic-notification to say if the consignment is then released from that SPS hold, and the system relies entirely on the pre-notifier (who is likely not the haulier, and certainly not the driver) to manually check the system to see if the hold has been released. The prenotifier is highly unlikely to know the drivers contact details so there need to be a long manual process of trying to contact the driver to let them know they do not need to report for a check. Current driver messaging services to not show SPS holds unless that driver is specifically entered into IPAFFS as a contact for that particular consignment. There is high potential for drivers to either be kept waiting or to miss the BCP entirely.
    b. Example 2: The port operator marshalling trailers from ship to BCP that are on hold has no direct access to IPAFFS data, so does not know which trailers to locate from live data. They are relying on the ships manifest for information, and a driver messaging service that does not show SPS holds unless that driver is specifically entered into IPAFFS by the prenotifier (who is highly unlikely to be the haulier) as a contact for that particular consignment. Invoicing of BCP fees by port operators is then difficult and fraught with

potential for errors, as there is no visibility of relevant and timely information for anyone in that chain about who the actual importer is.

18. Today, we have a disjointed approach with frequent manual interventions required by both traders and officials which are time consuming, resource heavy for traders, importers, hauliers and officials alike.

19. One of the HTA's mains asks is to ensure that the digital technology works and is clear. IPAFFS is the key system for importers to provide the authorities with data on consignments requiring SPS checks, and the risk engine that drives the system needs to deliver robust and accurate decisions on which consignments carry the most risk. Traders need to understand and be aware that they are importing high-risk products in order to be able to adjust buying behaviours accordingly, and be able to respond quickly to threats. Currently IPAFFS does not deliver either of those ambitions because importers cannot see exactly what is being selected for inspection on consignments, cannot produce detailed reports on historical applications and there is a large amount of missing and unlinked data on traded genus & species of plants that enables accurate inspection decisions to be made. The IPAFFS system and related border processes must be integrated, they must smooth the imports process and reduce administration from existing processes. The ambition is to ensure all parties in the supply chain know at all times where and what is happening to their imported goods. This must be a priority.

20. IPAFFS is also proving to be inefficient, with notifications when consignment holds are released not in place, and hauliers unable to see which consignment belongs to which trailer. This is creating many hours of manual work for importers, hauliers and agents meaning charges will go up to cover the extra people hours needed to make the system work, plus much of this happens out of normal working hours also increasing costs Even though we are only in the early days since the move to BCPs we are not seeing this happen, and we have taken a step backwards in biosecurity since the 30th April 2024.

21. Business confidence in Government-developed digital infrastructure and systems is low. The success of the border is ensuring world-class digital infrastructure and systems. The recent challenges following April changes is an example and whether they are such and are stable. Other examples include decisions made when developing systems, such as the downgrading of API development, which is critical to high-volume plant importers. The downgrading decision was seemingly made without looking at import volumes or industry consultation and comes with cost to businesses trading in high volumes of products who have to laboriously manually manage inputting data into IPAFFS, when it could be managed by an API programme. Another example is the Driver Messaging Service was very late developing, and even now is not working properly, with system not yet joined together. It was identified as of paramount importance from Day One (1 January 2021), yet we still await a functioning service. There is also concern over whether tech will work to ensure loads do not leave the port if chosen for an inspection. We have set-out some early learnings from the April changes to government that we seek to be prioritised as fixes, such as alerts when goods are released by IPAFFS.

22. **BCP infrastructure capability & readiness:** The design of BCPs, which follows a largely standard model devised pre-2020, has serious flaws in relation to handling

plants and plant materials. There must be a plan to achieve a ‘retrofit’ of BCPs to achieve this capability.
Some examples:

a. BCPs were built in part using the Governments Port Infrastructure fund. For one port that fund did not cover the projected size of the BCP required in order to handle the expected volume of plant material arriving to be checked. Instead of receiving the correct fund allocation to build the correct sized BCP, the port had to decrease the size of the BCP accordingly, meaning that the current BCP will never be large enough to handle the flow of plant goods needing to be inspected.
b. There is currently not enough space in a BCP to accommodate a full turn out (unload) of goods from a trailer when there is another trailer also requiring turnout. There is not space to place all the goods safely in the turnout hall, and the potential for mixing up loads is high.
c. There are issues with the practical aspects of unloading some types of plants, such as large trees and ‘loose loaded’ plants. Many are loaded in a way that makes it difficult to unload and reload again without either damaging the products or taking hours to reload them. There is little to no equipment at any BCP that can successfully achieve unloading these types of materials in a timely and efficient manner. We are yet to see a plan to address this issue. There is not space around vehicles in drive-in bays for the equipment to unload large trees or goods, and inspectors are not permitted to go onto vehicle, therefore limiting inspection ability.
d. BCPs also need to accommodate sensitive goods in temperature-controlled areas in order to maintain quality, or avoid perishing. However, designation protocols dictate this is not a requirement, yet some goods require special handling, and there is no procedure for this. If plants die due to handling errors or incorrect cultural conditions, there is no compensation or duty of care to goods removed for checks. e.g. young orchid plants require 18 degrees Celsius, turn out areas are either ambient or set at 12 degrees Celsius. Any longer than 20 mins will mean plants will die and the grower will not know for several weeks that their integrity has been compromised.
e. BCPs seeing multiple trailers unloaded concurrently present a biosecurity risk (i.e. cross-contamination) and we set-out this concern later on in this response.

23. **Control Points** (CPs) are alternative import routes to BCPs, and businesses can apply to become a CP, which requires Plant Health designation, Border Force approval and a customs application procedure to run them. Horticultural businesses have been encouraged by Defra to become Control Point (CP) designated if they do not wish to use BCPs. However, while they are a solution for some, they are certainly not a solution for all, in particular SMEs or infrequent importers. Furthermore, the ability to achieve CP status ahead of April border changes was extremely difficult for various reasons, including lack of clarity on BCP costs and capability. To become a CP requires significant investment in infrastructure, administration and company resource allocation. It also requires a dedicated team to run them once designation is achieved. It has been the case that because it has been impossible to forecast how much it will cost to use BCPs, it is difficult to justify the investment or secure funds required in becoming a CP, because there is no ability to compare the two methods of importing.

24. It is difficult to determine which businesses are going through CP designation for plants, although level of interest amongst larger HTA members has been relatively high, there is no single source of information from the Government on how many have expressed an interest or at what stage of designation they are at. The HTA estimates that between 40 and 60 HTA members have sent in an expression of interest (EOI), however there is no information as to how many businesses applying for plants designation are going through CP auditing. It is also difficult for businesses to access useful information on the process of becoming a CP, with a 'one stop shop' covering all aspects of CP designation has been proposed by the HTA as a way forward – but we still seek this to be provided. The process is more attractive to businesses that are commercial importers and exporters, rather than firms whose core business is nursery work or garden retail, with only a handful of horticultural businesses becoming CP designated before or since the 30 April 2024 changes.

25. There is also an issue that if a business deals in CITES species (see para 23) [11] and chooses to be a CP, their imports still have to report to the CITES office on-port, thereby negating largely the benefits of a CP of not needing to stop on-port.

26. Defra have established a pilot for an **Authorised Operator Scheme** model (AOS or trusted trader). While the sector has welcomed this proposal, it is still only at pilot stage, with the pilot only starting in June 2024, and completing in June 2025 well-after the 2024 April border change and we suspect beyond the end of the period of the 'pragmatic approach'. AOS is also not accessible by smaller businesses, particularly as it requires a business to be a CP first. There is also no guarantee it will become an official easement due to its pilot status. HTA urgently seeks engagement with government on expediting AOS and identifying easements for the smaller businesses for whom CP or AOS is not viable.

27. **Alternative border arrangements:** As mentioned, we seek an SPS agreement as the ambition for our sector. However, we have long-proposed solutions that meet the unique sector needs. Whilst we were aware the PoD system was not intended to be permanent, we sought a dual PoD and BCP system which would ensure full biosecurity controls were in place during the pragmatic period. This would mean that even without a plant health agreement, we could have a hybrid BCP/POD+ system, meaning biosecurity is high and WTO obligations met. This solution was rejected, with a determined approach to push through BCPs to the exclusion of all other solutions, even to the detriment of the UK's biosecurity with the check levels we see today.

28. **CITES** (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) is an international agreement between governments. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten the survival of the species. The CITES import permitting system and border checks are an extremely labour intensive, paper-based and outdated system that does not fit with UK BTOM ambitions. The retained EU legislation that covers CITES is not working for the plant trade, nor in delivering CITES rules applications. We have seen significant losses, a cessation of trade in many species (and seizures of perfectly legal products by Border Force. Review, prioritisation and resourcing of CITES development is urgent. Examples of commonly traded, artificially propagated CITES species include all orchids, cacti, aloes and many carnivorous plants plus some bulbs

such as *Cyclamen coum* and snowdrops We seek action on CITES, including removal of unnecessary imports permits, full digitalisation and expediting of process, supported by industry consultation and regulatory change.

29. **Northern Ireland trade:** While the Windsor Framework was a welcome step forward towards resuming the significant amount of trade lost in plants, seeds and bulbs from Great Britain to Northern Ireland, there still remain several barriers to that trade. Due to NI remaining in the EU Plant Health area, difficulties remain such as sending business to consumer parcels containing plants, prohibitions for sending GB-NI key plant species such as cherry, lime and silver birch, and onerous, time-consuming paperwork requirements. This means that trade GB to NI remains at an all-time low, with some businesses ceasing trade with NI all together because it is not commercially practical or viable. It should be noted that for some businesses, products would be imported EU to GB, repackaged at GB locations and then sent on to NI. Those existing barriers to GB – NI trade, mean that some products cannot now be 're-exported' to NI despite being sourced in the EU. Due to those import & re-export difficulties some businesses are setting up EU-based entities in order to serve the EU (& NI) markets, thereby taking away revenue and jobs from GB

Delivery of ambitions for the "world's most effective border"

30. In summer 2023, HTA responded to the final publication of the Border Target Operating Model (BTOM), welcoming certain aspects of the model, such as commitments to digitise phytosanitary certificates and for the government to create a consultative business readiness group. However, we also expressed disappointment in other areas that could have critical implications for the horticultural sector and said that the BTOM is potentially a missed opportunity for UK horticulture. We would be happy to provide the committee details of our submission.

31. **Single Trade Window:** The one area of development that will significantly benefit businesses and cross-border trade will be the proposed Single Trade Window (STW). However, with the changes to border controls coming so close to the original proposed launch date of 2025 the STW isnow on pause. There are many questions about whether the STW can fully deliver everything that is necessary to expedite data flow (and therefore traffic flow). There are questions about whether the STW will incorporate everything our sector needs, for example a single point of entry for data related to CITES permit applications, incorporating digitised Border Force stamps of approval on permits and being able to handle the many thousands of plant genera and species the trade currently imports.

32. All of the evidence contained in this submission points to under delivery on all the above objectives, and it seems highly unlikely at this current time that a fully functioning world-class border will be delivered for 2025 or in the medium-term.

Costs & implications of the new border arrangements relating to EU exit

33. HTA has been tracking and estimating EU exit costs on the sector. We have estimated that up to the 30 April 2024 additional costs of £30million per annum have been introduced into the supply chain[12]. Costs beyond the 30 April 2024 have been extremely difficult to estimate, although with only basic modelling it is indicated a minimum of £14 million extra costs on top of the existing £30 million. Bearing in mind the current value of EU sourced imported plants is £770m, the low-band estimate of

[12] Source: HTA member data and surveys, and cost modelling based on known costs and inputs (2022)

£44 million extra in costs represents 5.75% of that value being spent for no material gain.

34. **Costs Estimated by Government:** The delivery of the BTOM has been claimed by the Government to represent value for money for businesses, delivering a 'cheaper' border and that industry has made 'savings' with the more streamlined border proposals made in the BTOM. However, when there is still a substantive cost to businesses and the 'savings' are £500 million off the original bill of £1.5 billion this does not represent any money saved for business. An Impact Assessment published in May 2024 (after the April 2024 changes) is woefully inadequate in its estimations of impact. It makes assumptions made that are incorrect, is based on questionable data and is not a sound basis to move forward with border operations as they have been.

35. We expect that costs will be much higher than the Government estimates, even based on anecdotal evidence received from members so far, costs have rocketed beyond original estimations. The Government estimates that these costs will only add 0.2% increase on current consumer price, however this does not reflect industry feedback or awareness of the more hidden costs, such as business operation changes or staff resourcing. With the horticultural sector alone already seeing increases in haulage costs, with some estimating at least 25% or more, and the full cost of the border yet to be experienced, prices will go up.

36. **Certainty & forecasting of costs:** Industry constantly seeks certainty and the ability to forecast, control and manage cash flow. This is critical for SMEs. Many of the assoicated border costs, while outside the Government's control, come about because of mandatory requirements imposed on imports to pre-notify and have a check. For example, BCP user fees (excluding Sevington) are charged by the port operators, not the Government. Importers are unable to check if they have been applied correctly – ports are operating without access to all the necessary information on IPAFFS to charge the importer correctly, and importers cannot see what sort of check has been done nor how long the trailer was kept waiting. All of these elements add up to extra cost on top of costs invoiced by Government agencies such as APHA inspection fees, documentary checks, ID checks and the Common User Charge (if applied). Couple that with some extreme haulage waiting times and assoicated costs, the impacts on businesses are significant.

37. As an importer you cannot know what you will be charged for, nor when you will receive it and how accurate it will be. Your haulier is very much 'in the dark' if things go wrong. Each port has its own methodology of charging to use its BCPs, with vastly fluctuating rates, some seemingly overly high and applied in a variety of confusing ways to either importer, pre-notifier, declarant, carrier or haulier – with no way of knowing the volume of goods that have been turned out of your trailer and no way to check. It appears we are now the sector paying for the years of delays because ports have been unable to use the BCP infrastructure that cost significant investment to develop.

38. The **Common User Charge** only applies to the plant trade coming through Sevington BCP. Whilst it gives some certainty it is still a new cost. The introduction of the Common User Charge will affect smaller businesses the most. The varied nature of their consignments means they will commonly attract the capped CUC of £145, yet the value of the consignment is likely to be relatively small. Also, SMEs tend to purchase little and often, because stores are smaller and less able to accommodate

larger deliveries of products. For example, a pallet or trolley of plants, not able to be produced in the UK, is imported. These plants form the backbone of the UK horticulture production sector, and while the consignment value is relatively low the plants are extremely important to the grower with several varieties being included on each pallet or trolley. There are many such consignments on the lorry, and each one is charged the full £145 CUC. This means that a low value consignment attracts the highest charge, and with several similar consignments on one lorry (i.e. groupage) there could be several mac CUC charges on that lorry. If there were 12, for example, this would total £1740 CUC for that lorry alone, which is a significant cost.

39. **Extra charges:** Any charges invoiced to hauliers or agents will mean they will pass on that charge to their customers, putting their own administration charge on top of the original charge. this can sometimes the 10% added to the original charge is compounded by another 10% when the next element in the supply chain handles the fee and so on.

40. **Dwell times and related impacts:** Dwell times on ports are often lengthy – there is no agreement as to the maximum time a trailer full of precious plants might be kept waiting Yes, there is a Service Level Agreement between the Animal and Plant Health Agency (APHA) and the importers that once the goods are presented for inspection (i.e. physically in the hands of the inspector) there is a four hour window for the inspection to be completed. However, this does not include the total time that a consignment selected for inspection spends within the port boundaries being marshalled, unloaded and reloaded before release. There is no assessment made on impacts to driver hours. One haulier in the first week of BCP operations had 25 trucks inspected, meaning drivers were waiting a total of 93 hours over a one-week period, costing their company over £15,000. We are hearing increasing reports of drivers and haulage companies refusing to take goods to the UK and withdrawing from servicing the UK because of long waiting times, driver facilities and treatment and over complicated processes, which risks mean that haulage prices further increase if not a reduction in supply and choice.

41. We are seeing extensions of journey times, meaning more fuel is being used and resulting in higher costs plus delays to delivery to store with some delayed consignments missing order windows and therefore incurring further costs by way of penalties.

42. **Consignment destruction and damage costs:** If found to have a pest or disease, then that consignment must be destroyed, as it is now under an official Statutory Notice from APHA. Under the Place of Destination system, the importer arranged for this to happen and could 'shop around' for best-value companies to do the destruction for them, or they may have a licence themselves to carry this out. Now that the destruction order happens at BCPs, the port operators set the destruction costs and manage the process. However, these costs are unknown, and no longer exist in a competitive market. There are also no written agreements or procedures in place that we can ascertain, so that importers can see a transparent process has taken place.

43. There are yet to fully emerge risks and costs with plant damage occurring at BCPs, and the loss of quality if plants are kept waiting too long or in the wrong conditions. We are in a situation with businesses not having any control or visibility over these costs nor the biosecurity of their products. Some ports have also demanded hauliers

or importers sign damage waivers absolving the ports of all responsibility for damages occurring, even if the port themselves is responsible. Hauliers cannot leave the port unless that waiver is signed, so importers are caught in a forced situation as a result.

44. **SMEs/smaller businesses** are more likely to use groupage to bring plants and plant material into the UK. Groupage is the transportation of multiple consignments of goods, each owned by different businesses, but transported on one trailer. In horticulture, even the smallest consignment is highly likely to contain multiple categories of products, particularly different genus & species of plants & plant material.

45. We are hearing reports that hauliers are reluctant to accept small SPS consignments, because of the high possibility of being stopped at the border for a check and the complex processes that go with hauling the goods. This is particularly true for goods travelling GB-NI. Hauliers are suggesting SPS consignments have separate trailers from other types of goods – making importing prohibitively expensive for lower-value small consignments, impacting the environment and raising costs all round. Haulage in general is increasing in cost, it is expected that small consignments and SMEs will be hardest hit. While this situation is not exclusive to goods arriving through Sevington, the application of the CUC to smaller consignments exacerbates this as does the application of the Windsor Framework and the fact that Northern Ireland is still within the EU's plant health area.

46. The decision to start border checks at a low-level using the pragmatic approach (in some commodity cases, zero) means that businesses have paid for checks via the CUC that they simply did not receive . Couple that with the decision to not invoice the CUC for at least 12 weeks means that smaller businesses in particular are facing a big hit to cash flow, and have been impacted negatively since.

47. As outlined earlier in the submission, SMEs are highly unlikely to become designated a Control Point due to the large infrastructure investment and high resource requirements.

Biosecurity risks from delays to the implementation of controls

48. The plant sector has been subject to full plant health controls since 2021 – and even pre-2021 under the EU's plant health regime we could implement national measures if there was a threat to the UK's environment or production. Biosecurity is a top issue across the sector, with the impacts of compromised biosecurity huge and costly and taken extremely seriously.

49. Delays to the implementation of new border controls did not represent a risk to the sector nor the environment, with the PoD system in place already being an enhancement to what had been before. Therefore, delays still represented enhanced biosecurity to previous arrangements, which were biosecure in themselves (i.e. national measures and plant passporting approach). There has also recently been a rise in voluntary biosecurity and plant health focused schemes e.g. Plant Healthy / OHAS.

50. The new border changes, given current low check levels, and no sight of the trajectory to reach the previous PoD check levels (estimated at 40%+) are

concerning. Plant importers seek, where possible, to keep the integrity of their supply chain intact – to manage costs, minimise delays and enhance biosecurity.

a. The increasing costs for small consignments mean that many businesses are now looking to consolidate, both sides of the border. It is less expensive to bring in a large consignment of one or two commodities rather than small consignments of several, meaning plants and consignments that previously would have not been, are now mixed, pre, during and post border – thereby increasing the risk of spreading pests and diseases.

b. Biosecurity is also compromised by the current layout of BCPs where reverse-up bays see a shared open area behind vehicles, meaning mobile cross-contamination of consignments can happen unless mitigation measures are taken within that space. Where consignments are being offloaded at BCPs for inspection at the same time as consignments from other trailers / different sources in order to expedite inspections and speed up the flow of port traffic through the BCP, there is a potential for cross-contamination. There is also no procedure set out, when or if this does happen, where liability lies and how the 'innocent' party to the secondary contamination is to be compensated.

c. Biosecurity is also being compromised currently where loads are being 'waved through' to avoid excessive waiting times at BCPs or queues of lorries or where systems are down and manual processes in play. We are currently at the point where loads that should be inspected are not and see no 'exit plan' for this approach from Government. This is cited as the main reason for moving from the PoD system to the BCP system, so any 'pressure release valve ' is counterproductive to the laudable ambition of enhancing biosecurity.

d. The objective is to ensure all loads that should be checked are and resource is allocated accordingly at the right BCPs at the right times. This is not the case at present. Whilst the new border changes are in an early-days situation, resourcing decisions will need to be made. This must be a situation that maintains biosecurity and keeps costs down.

25 October 2024

51. The Horticultural Trades Association (HTA) and the Fresh Produce Consortium (FPC) have issued a joint letter to the government, calling for urgent action following a roundtable meeting on plants, cut flowers, and border-related issues held on 4 October 2024.

52. In the letter, the HTA and FPC emphasise the vital role of horticulture and fresh produce, contributing significantly to the UK economy, food security, and environmental sustainability. The joint letter highlights substantial obstacles to the trade of both edibles, such as fresh fruits and vegetables, and non-edible plants, including cut flowers, planting materials, finished plants, trees, shrubs, bulbs, and seeds. Issues such as rising logistics costs, damaged goods, delays, increased waste, and complex paperwork severely impact sector growth and investment in the future. We made **10 specific border-related actions:**

a. Urgent border policy summit with cross-government ministerial engagement to hear directly from businesses and establish a swift, solutions-focused action programme.

b. Urgently ensure there is ownership and oversight within the government of the full suite of border and trade-related policies impacting UK horticulture and fresh produce businesses and consumers. We must see growth and economic considerations fully understood when making policy decisions. The reduction in resourcing of the borders team in Defra should be reversed.
c. Deliver the reset of the UK's relationship with the EU. The HTA seeks an SPS/plant health agreement based on the principle of mutual recognition whilst maintaining essential elements of the revised UK government's border approach.
d. Remove barriers to the current Control Point (CP) system through the provision of inspectors to CPs after 5pm, meet the 4-hour service level agreement at BCPs, expedite roll-out of Authorised Operator Status (AOS or 'trusted trader'), and, given BCPs are not fit-for-purpose in-terms of capability or capacity for handling high-risk plant trade, ensure access to AOS and establishing a POD+ system for those businesses.
e. Review UK commodity risk categorisation further, including for current high-risk plant products, cut-flowers, and seeds.
f. Urgent action on communications and trading systems access, including broader access to IPAFFS, publication of data on border movements, product inspection rates, real-time alerts on at-border holds, and an improved system for UK plant health-related alerts.
g. Improve pest and disease testing capability and biosecurity measures at the border by providing properly equipped on-site laboratories at key BCP and CP locations, improving testing times and proportionality of tests applied, such as seed sample sizes used. Or confirmation of prohibitive pest presence.
h. Confirm now an easement extension beyond the 30 June 2025 deadline to allow GB Plant Passports to be affixed to retail-ready plants in the EU on behalf of GB Plant Passport holders.
i. Pause the Common User Charge for 12 months and fully review the economic impacts of UK borders policy.
j. Direct and active international engagement to reassure those involved in global horticulture and fresh produce supply chains that the UK government is open for trade and business and seeking to improve border operations now and give future certainty.

Conclusion

53. The Trade and Co-operation Agreement failed to negotiate a Sanitary Phytosanitary Agreement that included plant health and the recognition of the EUs and UKs plant health regimes as being similar and based on the same legislation.
54. As a consequence the horticultural industry has been hit hard with the resulting border controls. A disconnect between customs requirements and phytosanitary requirements has resulted in extreme levels of cost, administration, complications and loss for traders, while the infrastructure and operational aspects of the border has compounded all of those issues.
55. The HTA advocates strongly for a negotiated UK-EU plant health agreement based on mutual recognition to be part of the TCA review process, and calls for operational issues at the border which are affecting businesses now to be addressed with urgency.