

TCA15 Farmers' Union of Wales

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: Undeb Amaethwyr Cymru | Evidence from: Farmers' Union of Wales

Farmers' Union of Wales response to a consultation on a UK-EU implementation review of the Trade and Cooperation Agreement

13th November 2024

About the FUW

The Farmers' Union of Wales (FUW) was established in 1955 to exclusively represent the interests of farmers in Wales. Since 1978 the union has been formally recognised by UK Governments, and subsequently by Welsh Governments, as independently representing those interests.

The FUW's Vision is *thriving, sustainable, family farms in Wales*, while the Mission of the Union is *To advance and protect Wales' family farms, both nationally and individually, in order to fulfil the Union's vision.*

In addition to its Head Office, which has thirty full-time members of staff, the FUW Group has around 80 members of staff based in twelve regional offices around Wales providing a broad range of services for members.

The FUW is a democratic organisation, with policies being formulated following consultation with its twelve County Executive Committees and eleven Standing Committees.

Background

Ahead of the June 2016 Referendum on EU membership, the Farmers' Union of Wales (FUW) had long been vociferous in opposing the UK leaving the EU, on the grounds that it would be detrimental for Welsh agriculture.

The FUW fully respected the outcome of the Referendum, but called for "*...the UK and EU to agree on a sensible timetable for Brexit...or risk dire consequences for both the UK and the remaining 27 Member States*", highlighting that "*There is a monumental amount of work to do in terms of changing domestic arrangements and legislation...*" (FUW statement, 24th June 2016). The FUW also advocated aligning the 'leave' period with the EU Multiannual Financial Framework period due to the complications of leaving half way through an EU budgetary period.

Given the union's pre-referendum support for EU membership, it was naturally the case that the FUW subsequently supported a [post-Brexit trade deal that closely aligned the UK with the EU](#), including advocating the UK remaining a member of the Single Market, European Economic Area and Customs Union - i.e. the FUW supported a 'soft Brexit'.

The FUW also supported the development of domestic agricultural policies and financial commitments in parallel with and with due regard to equivalent developments of the EU

Common Agricultural Policy (CAP), in order to minimise divergence and unfair competition between UK producers and their competitors.

Similarly, the FUW advocated the [creation of a UK framework](#) that minimised distortion between farmers and food producers in different parts of the UK.

Consultation questions

Your experiences of the TCA since its entry into force?

The TCA established the framework for trade, aiming to facilitate the continued movement of goods without tariffs or quotas. However, it introduced new regulatory barriers, rule of origin requirements, customs checks, and non-tariff measures that were absent when the UK was part of the EU's Single Market and Customs Union.

Border controls and regulatory divergences have increased transaction costs, disrupted supply chains, and required firms to navigate complex new compliance requirements.

Agrifood, textile and clothing and material-based manufacturing have been among the hardest hit, with substantial declines in both export value and the variety of products exported.

The British Meat Processors Association reported a 50% drop in exports of some meat products to the EU in the first quarter of 2021 due to the increased border checks and delays.

The amount of meat products exported to the EU from the UK in 2023 totalled £1.26bn, a 17% drop from the £1.53bn exported in 2019 prior to the TCA's entry into force (Office of National Statistics).

The introduction of the requirement for a Veterinary Attestation for any product of animal origin has added additional cost and burden to the primary producer and complexity through the supply chain.

There were no SPD checks for products coming into GB from the EU until 2024 despite the checks being enforced on GB exports to the EU from 2021 which placed UK producers at a competitive disadvantage and increased biosecurity risks for UK food products; as the Union warned immediately following the referendum.

After five delays over the past three years, the UK Conservative Government finally made an attempt to introduce physical checks on EU food exports entering the UK as part of its Border Target Operating Model (BTOM).

During this time some claimed that the UK was at risk of being in breach of World Trade Organisation (WTO) rules by appearing to give EU exporters preferential treatment by not applying the same border controls that apply to non-EU exporters.

The FUW has raised concerns that the UK was, and still is, vulnerable to diseases without full border checks in place. Others argued it was unfair for British businesses to be faced with expensive and lengthy border checks when exporting to the EU whilst EU businesses could export to the UK without similar barriers.

Concerningly, it is believed that a substantial quantity of illegal meats are being brought into the UK through non-commercial lanes at ports, with 85 tonnes of illegal meat being seized since September 2022.

This raises major concerns for GB biosecurity with meat reportedly being imported illegally from across Europe and further afield, countries that are regularly reporting diseases such as Foot and Mouth and African Swine Fever.

The FUW has, on many occasions, raised serious concerns regarding the fact that exports, such as Welsh lamb, have faced extremely costly border bureaucracy since officially leaving the EU while food producers exporting from the EU to the UK have faced nothing of the sort.

The BTOM includes a new risk-based approach for sanitary and phytosanitary checks of imports of live animals, animal products, plants and plant products. The three main elements of the sanitary and phytosanitary checks process would be pre-notification, health certification and physical inspections.

Under these changes, food, animal and plant products which present a 'medium risk' to biosecurity and health will now be subject to physical checks, while 'high risk' goods will now be checked at the border rather than at the destination.

Domestic producers work under stringent UK regulations to guarantee the safety of food. The delays in these checks on imports has been hugely frustrating for all within the agriculture and food industry.

The effectiveness of the TCA in practice, including whether you have been affected by any implementation issues?

Loss of freedom of movement has hit the farming industry and supply chains disproportionately, as agriculture relies on seasonal workers. The loss of freedom of movement has also led to fewer vets, at a time when British meat requires additional veterinary checks to comply with EU regulations.

The EU-UK TCA effectively requires equivalence in terms of environmental protection, climate change, carbon pricing, social and labour rights, tax transparency and State Aid, with a binding dispute settlement mechanism and remedial measures allowed for affected parties.

The FUW naturally recognises the need for such standards, mechanisms and measures within any trade agreement, but has major concerns regarding the degree to which the UK Government has been shown to be willing to push the boundaries of international law and trigger disputes and remedial actions by the EU and its member states.

SPS checks for live animals and products of animal origin were required from 1st January 2021 for UK exports to the EU. The UK government however adopted a phased approach to the introduction of checks and controls on goods imported into the UK from the EU over 2021 and 2022, except for SPS checks for food, animal and plant products, which came into force in 2024.

In reality, what has been witnessed to date is the failure of the preceding UK Government to prepare for its own Brexit plan. These failures are directly damaging and undermining UK farmers and producers and making a mockery of the exceptionally high animal health and welfare standards we work to whilst now also imposing significant costs upon UK importers.

The Animal Welfare (Live Exports) Bill has prohibited the export of certain live farm animals for slaughter and further fattening from England, Scotland and Wales, to destinations outside the British Isles from 22 July 2024.

Because border control facilities necessary for post-Brexit exports have not been in place, there have been no live exports for slaughter and fattening from Britain since December 2020.

European Union trade rules prevent member states from banning live exports to other countries in the bloc. The value of live exports estimated from 2019 was sheep & goats £22 million, cattle £1.7million, & pigs £600,000.

Areas of the TCA that are not fully implemented, such as UK participation in EU programmes or mutual recognition of professional qualifications?

Unintended consequences that you have experienced?

Although not a part of the TCA, the divergence in agricultural support mechanisms between the EU and UK administrations has led to unfair competition between UK farmers and their competitors in Europe.

The replacement of EU Regulations with domestic (Welsh and UK) legislation also brings with it the loss of the ring-fencing of budgets and strict spending rules and thresholds that ensured the majority of funding was paid directly to active farmers, and that rural development funds were allocated subject to strict objectives within Wales' Rural Development Programme.

As such, not only has Brexit led to the loss of the intermediate term stability provided by the EU's seven year Multiannual Financial Framework, and the immediate risks that agricultural and rural development funding might be cut at relatively short notice by the UK Treasury; what funding is available is no longer ring-fenced for direct support for farmers and specific rural development objectives, nor regulated by strict spending criteria, meaning national

Governments are in effect at liberty to reduce support and reallocate funding away from rural communities without regard for the social principles which were previously, from 1947 on, upheld through UK and EU legislation.

The former concerns were realised from late 2019 onwards: On 30th December 2019, the UK Government announced £243 million would be made available for Welsh Direct payments in 2020 - a figure which took no account of the circa £42 million usually transferred annually to the Pillar 2 budget through the 15% pillar transfer.

On 25th November 2020, despite an assurance in the 2019 Conservative manifesto that "...we will guarantee the current annual CAP budget to farmers in every year of the next Parliament", the UK Government announced that Wales' 2021-2022 financial year allocation for agriculture and rural development would be £242 million - some £90 million less than the average annual EU CAP allocation for the period 2014-2020.

On 27th October 2021, the UK Government announced that Wales would receive an average of £300 million a year for agriculture and rural development over the next three financial years, some £32 million less than the average annual EU CAP allocation for the period 2014-2020.

As such, by 2025, Wales will have received around £222 million less in funding for agriculture and rural development than could have been expected had the UK remained within the EU.

Such a reduction, despite repeated assurances that Brexit would not lead to funding cuts, is a significant concern for farmers, and suggests an aggressive appetite within the UK Government for reducing rural funding.

Changes to the UK-EU relationship you would like to see?

Strengthening EU-UK political relations could improve goodwill to implement the EU-UK TCA consistently.

We would welcome any moves that ensures both food imports and exports are subject to the same custom and standard controls which not only provides a level playing field between UK and EU producers but also significantly reduces the risk of diseases such as African Swine Fever and Bluetongue.

Despite the UK choosing to leave the EU in 2021, it remains the UK's largest trading partner. It is critically important for UK agriculture that this market is maintained and developed.

The EU is the largest international export market for Welsh agricultural products, with over 80% of Welsh food and animal exports destined for the EU.

Given the importance, value and proximity of the EU market for agricultural products it is essential that continued unfettered access to this market is prioritised over the signing of other trade agreements that would come nowhere near compensating for the loss of any European market.