

Joint open letter from the Welsh food and drink industry

Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
London
SW1A 2AA

19 November 2020

Dear Prime Minister

As representatives of Welsh food and drink producers and manufacturers, we are writing to highlight key issues which we believe must be addressed immediately to avoid detrimental impacts to our industries following the end of the transition period.

Wales' food and drink supply chain plays an integral role to the Welsh economy and communities, employing more than 240,000 people in industries with a combined turnover of more than £22 billion. As well as contributing to the economy, the food and drink supply chain plays a central role in maintaining and enhancing our natural environment and we are committed to mitigating climate change, while continuing to produce safe, affordable, high quality, and traceable food and drink for consumers across the world.

The food and drink sector has faced an unprecedented year and has been incredibly resilient in keeping the nation fed during the pandemic. We now face this precarious time where not only are our industries responding to latest events and challenges from the Covid-19 pandemic but needing to do so while preparing for the biggest regulatory overhaul for businesses - what comes next after the end of the transition period.

Many Welsh food and drink businesses rely on the United Kingdom's relationship with the European Union to sustain production of their products. The European Union is the largest market for Welsh food and drink businesses to export their goods to. In 2018, 73% of all Welsh food and drink exports were destined for the European Union. This includes the majority of exports of red meat and dairy products worth an estimated £320 million to Wales. Over a third of sheep meat produced in Wales is exported annually and, of this, more than 90% is to the European Union. As you can imagine, Protected Geographical Indication status of Welsh Lamb and Welsh Beef are of enormous economic importance to Welsh food and drink businesses.

What happens in the next six weeks is therefore critical to the survival of many food, drink and farming businesses and the supply chains and jobs they support. As an industry in Wales, we are committed to working with you to support this process. However, whilst new market opportunities may emerge in the future, the impact of ending the Withdrawal Period without a comprehensive UK-EU trade deal would be catastrophic and we cannot emphasise strongly enough the need to avoid this outcome.

As representatives of food and drink producers and manufacturers in Wales, we collectively believe the following actions are essential:

- A trade deal allowing tariff free access to the EU market must be reached if acute and long-lasting damage to our industries is to be avoided. With EU Most Favoured Nation (MFN) tariffs for key Welsh food exports set at values which can often be in the range of 40%-85% of the value of a product - failure to reach a trade deal would devalue our exports to levels well below production costs, having a devastating impact on our businesses and our livelihoods.

- A six-month grace period should be negotiated and agreed with the EU to allow businesses to adjust to the impacts of the new rules which will be in place for exports - many of which remain unclear - even in the event of a trade deal being agreed
- Efforts to reduce the impacts of non-tariff barriers must be stepped up, both in terms of the actions that can be taken unilaterally by the UK and what is negotiated with the EU, including a reduction in the frequency of physical checks at borders based on trusted Third Country status. Non-tariff barriers will in any case represent significant additional costs for Welsh businesses, while also threatening deliveries and values of perishable goods produced in Wales, it is essential that such impacts are minimised.
- The food and drink sector must be added to the Shortage Occupation List while taking meaningful steps to improve access to seasonal workers. Skilled and unskilled workers, especially from the EU, play a central role in Wales' food and drinks sector and restrictions on access to such workers after 31st December 2020 would cause major additional challenges for Welsh businesses and even the future of some processing facilities in Wales that provide large numbers of employment.
- Appropriate physical infrastructure and staffing at UK ports must be in place at the end of any transition or grace period to ensure the smooth flow of products, negotiate agreement with the EU to ensure the same in UK-facing ports while including agricultural and fish products in the priority list for processing at ports due to its perishable nature
- Financial assistance packages for food and drink producers and manufacturers must be put in place ahead of any changes to trading arrangements to fully make up for the additional costs and significant losses anticipated in the majority of post Withdrawal Period scenarios, especially for our most vulnerable sectors.

While we appreciate the enormity of these tasks and the efforts being made to address these issues, given what is at stake for vast numbers of Welsh livelihoods and businesses, and the few weeks left before the end of the Withdrawal Period, we implore you to address these matters and ensure that an agreement is reached with the EU over trading arrangements that reduce impacts for all concerned.

Yours sincerely

British Meat Processors Association, Nick Allen, Chief Executive

CLA Cymru, Nigel Hollett, Director

Farmers' Union of Wales, Glyn Roberts, President

Food and Drink Federation Cymru, Pete Robertson, Acting Director

Livestock Auctioneers Association, Christopher Dodds, Executive Secretary

National Beef Association, Neil Shand, Chief Executive Officer

NFU Cymru, John Davies, President

National Sheep Association Cymru/Wales, Helen Roberts, Development Officer

Royal Welsh Agricultural Society, Steve Hughson, Chief Executive

