Northern Ireland Agri-food Trade: the issues

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Aims:

- ❑ Trade data issues
- ❑ NI agri-food trade flows
- ❑ Trade growth
- ❑ Migration issues
- ❑ Conclusions

Weaknesses with datasets

- HMRC – Trade Statistics Tables
  - HMRC Regional Trade Statistics underestimate the value of trade in live animals.
  - HMRC Overseas Trade Statistics underestimate the volume of trade in meat and dairy products to non-EU countries from NI due to Rotterdam effect.
- NISRA – Broad Economy Sales and Exports Statistics
  - Captures the food processing sector data but does not cover agriculture
- DAERA datasets
  - Volume only (but can estimate value)

Agri-food external sales – live animals

2017 (£m)	GB	ROI	ROW	External sales	Export sales
Cattle	10.8	9.1	4.9	24.8	14
Sheep	3.3	36.8	0.3	40.4	37.1
Pigs	3.5	2.0	-	5.5	2.0
Poultry/ Hatching Eggs	22.5	10.9	10.9	44.3	21.8
Total	**40.1**	**58.8**	**16.1**	**115**	**74.9**

Agri-food trade issues (raw milk and live animals)

- Over 25% of NI milk production is sent to ROI for processing, £116.7m in 2016

- Over 36% of pigs processed in NI are imported from ROI, £60.7m in 2017

- Nearly 45% of NI clean sheep are exported to ROI for processing, £36.8m in 2017

Agri-food trade – processed food and drink

2015 (£m)	NI	GB	ROI	Other EU	Rest of World	Total sales	External sales	Export sales
Animal By-Products	*	*	*	*	*	**56.7**	*	*
Bakeries	155.9	53.2	73.1	0.4	2.4	**284.9**	129.1	75.8
Beef & Sheepmeat	206.9	813.3	83.8	126.9	24.6	**1,255.60**	1,048.70	235.4
Drinks	170.4	41.8	135.2	11.4	18.3	**377**	206.6	164.8
Eggs	46.3	91	*	*	0	**151.8**	105.5	14.5
Fish	12.8	33.9	6.1	21.9	2.3	**77**	64.2	30.3
Fruit & Vegetables	108.1	153.3	50.3	1	0.8	**313.5**	205.4	52.1
Milk & Milk Products	259.9	262.9	102.9	220.7	56.9	**903.3**	643.5	380.5
Pigmeat	121.4	101.5	65.4	*	*	**302.1**	180.7	79.2
Poultrymeat	*	*	89.7	*	*	**700.9**	*	*
Total	**1,147.3**	**2,098.4**	**624.8**	**415.5**	**136.9**	**4,422.9**	**3,275.5**	**1,117.1**

* Information suppressed to avoid disclosure

Main export markets – food & drink processing

- GB is the main market for the NI food and drink processing sector, accounting for 47 per cent of total sales in 2015 (£2,098m).

- ROI is the next single largest external market, accounting for 14 per cent of total sales in 2015 (£625m).

- The food and drinks sector accounted for 21 per cent of NI's total manufacturing export sales in 2015.

Trade in Meat and Dairy products to Non-EU

- Weaknesses in HMRC dataset were investigated more fully by looking into the volume of meat and dairy product that were issued an Export Health Certificate (EHC) by DAERA Vets in 2015.

- EHCs are issued for non-EU country trade. DAERA vets record the total tonnage of a consignment and a brief description of the goods.

- In 2015, there were 107k tonnes of meat and dairy product certified by DAERA Vets. The HMRC dataset indicates that there were 55k tonnes of meat and dairy product sold to non-EU countries in 2015.

- The EHC tonnage in 2015 had an estimated value of £182.5m. HMRC dataset for meat and dairy products to non-EU was £102.9m.

Trade in Meat and Dairy products to Non-EU

- Using EHC data, it indicated that NI firms sold 48 different meat and dairy products to 93 non-EU countries in 2015.

- For 63 (of the 93) countries the trade is on WTO MFN basis.

- For the remaining 30 countries, the trade takes place under EU FTAs. In the case of 16 of these countries, the EU tariffs that apply to the trade are the same rate as WTO MFN rules.

Trade in Meat and Dairy products to Non-EU

- Therefore of the 93 countries, it is trade with 14 that would be subject to higher tariffs as a result of losing access to current EU FTAs.

- 13,335 tonnes of the 106,914 tonnes of NI meat and dairy product certified for export to non-EU countries in 2015 would face a tariff increase. This trade is was worth an estimated £21.9m.

- The cost of the extra tariff imposed is estimated to be between £2.32m to £2.37m.

- Dairy products would be most impacted, some pigmeat and poultry exports would also be affected. Beef and sheepmeat would be unaffected.

Growth markets

- The NI food and drinks processing sector grew by 74 per cent between 2005 and 2015, from £2.5bn to £4.4bn. In real terms a 42 per cent increase.

- This growth was fuelled by a two-fold increase in sales to GB, from £1.0bn in 2005 to £2.1bn in 2015.

- Export sales grew by 96 per cent, from £600m in 2005 to £1,177m in 2015.

UK Internal Market

- GB is the most important market for the NI Agri-food trade
- NI and Ireland are more than self sufficient in the main agricultural products of beef, sheep and milk
- Need to maintain unfettered access to GB market
- Need to ensure the operation of the UK Internal Market consistent with the principles of devolution

A protected UK Internal Market

- Currently UK is a protected market.
- NI Agri-food sector would suffer if unfettered access to the EU market was lost
- The worst case scenario would be if, in addition, the UK market was opened up to additional imports from RoW
- In this situation sales lost on both EU and UK market

Migrant labour use in the processing sector

- Over 40 per cent of the workforce in the NI food and drinks processing are other EU workers (non-UK and non-ROI).
- Largest use of other EU migrant labour is in subsectors: Pigmeat (51 per cent), Fruit & Vegetables (51 per cent), Beef & Sheepmeat (48 per cent) and Poultry (46 per cent)
- Under 4 per cent of workers are non-EU.
- Seasonal workers are 5 per cent of the total workforce in the food and drinks processing sector.

Conclusions:

- Trade important.

- Trade a driver for growth.
  - Internal market
  - EU access
  - Protective barriers
  - SPS and other NTB

- Access to migrant labour.

- Solutions?