

FDF response to UK internal market: policy option proposals

The Food and Drink Federation (FDF) represents the food and drink manufacturing sector in England, and in Scotland and Wales through FDF Scotland and FDF Cymru.

This response also covers our sister organisation the Northern Ireland Food & Drink Association.

This response therefore represents food and drink manufacturers in all four nations of the United Kingdom.

The FDF agrees that the avoidance of barriers to trading within the UK would be of value to our members. The food and drink manufacturing industry is a hugely important part of England, Scotland, Wales and Northern Ireland's economy with integrated supply chains crossing borders often multiple times.

Food and drink is the lifeblood of the UK economy, and it is important that decisions are made that give long term certainty to the food and drink supply chain. Decisions are being made now about multiple years of crop planting, animal husbandry and production investment which will have to operate under whatever new system is put in place.

It is up to the four administrations across the UK to settle the best way to ensure smooth trading and we make no judgement on the form of the final arrangement.

The White Paper sets out one way to achieve this aim through legislation, and we answer the questions on the consultation below. By way of broader comment, we would note that there remain multiple unanswered questions at the time of the consultation which could have unintended consequences. These form three threads:

1. **Interaction with current legislation in devolved areas** For example, the proposed Deposit Return System (DRS) for England putting in place a reward for returning a bottle. The legislation for a DRS in Scotland is already in place (and so would not be covered by these rules) but the proposals in the White Paper would be implemented by the time DRS legislation in England is brought forward. This means that there would be an impediment to placing bottle from England, Wales or Northern Ireland on the Scottish market (as it would need to be labelled and registered accordingly, or a fee paid) but the proposals seem to indicate that a Scottish bottle could be freely placed on the English market without having the same constraints – thereby increasing the potential for fraud. A way of decreasing fraud would be an aligned system design and timing across the UK.

There are many other examples of this.

2. **Interaction with the Northern Ireland Protocol** – The rules governing food and drink (and other goods) and the customs and regulatory rules governing the movement of goods have not yet been clarified. For example if a product is produced in Northern Ireland, permitted within the EU (and Northern Ireland) but not within the rest of the UK (perhaps due to the inclusion of a food additive which is not permitted in the UK), how would this interact with the unfettered access principle –

where goods produced by Northern Irish firms are allowed unfettered access to the UK?

In the other direction, whilst the proposed legislation seems to promise that a GB produced product could be exported to Northern Ireland in the same way, this does not seem to be the implication of the Northern Ireland protocol – where goods going from GB to NI will face a range of additional barriers including custom, sanitary and phytosanitary checks, etc.

3. **Interaction and moderation of future devolved regulation** – for example where one nation increased or lowered product standards in their own jurisdiction there might be areas where enhanced protection might, in principle, be desired.

We would note that food is a highly regulated sector and there are likely to be many of these complex interactions with current and future regulations that will need to be considered in this manner. Given the speed of the consultation and the proposed quick introduction of the intended legislation this is only therefore likely to happen as specific issues arise and over an extended period of time. This means that uncertainty will remain for food and drink businesses as we move forward even if this legislation is in place.

Responses to the consultation questions

1. Do you agree that the government should seek to mitigate against both ‘direct’ and ‘indirect’ discrimination in areas which affect the provision of goods and services?

In principle, the FDF agrees that the avoidance of barriers to trading within the UK would be of value to our members, and that direct and indirect discrimination can both lead to increased costs.

For example, on labelling, we believe there should be no impediments to products being sold in any part of the UK regardless of which UK nation’s labelling is on it in future, should differing schemes emerge.

We note where ‘indirect’ discrimination can occur could potentially be wide-ranging, and this may be difficult to encapsulate.

It is up to the four administrations across the UK to settle the best way to ensure smooth trading arrangements and we make no judgement on the form of the final arrangement.

2. What areas do you think should be covered by non-discrimination but not mutual recognition?

It is unlikely there will be many examples of this and we are not sure if we properly understand the distinction. Some members have suggested that a test example of how this may or may not work might be products in scope of a DRS in one territory only.

3. What would be the most effective way of implementing the 2 functions outlined above? Should particular aspects be delivered through existing vehicles or through bespoke arrangements?

This is a complex issue with regard to relevant food legislation. Food is a highly regulated area requiring specialist insight and often technical understanding. It is difficult to see how many aspects of this could be covered by a generalist body like and independent commission. However food specialist bodies, like the Food Standards Agency, are not

expert in market dynamics – and in the case of the FSA also have a role in promoting legislation.

We would suggest that the body should be able to have a relationship with parliaments and with the business sector and consumer representatives in all UK nations in order to have a credible voice, and we would suggest significant focus is given to business engagement in its role.

4. How should the government best ensure that these functions are carried out independently, ensure the smooth functioning of the Internal Market and are fully representative of the interests of businesses and consumers across the whole of the UK?

The FDF would argue that in order to ensure minimum controversy and friction, that any independent body created for, or tasked with, delivery of these tasks should have a relevant relationship and accountability with all four legislatures. There are examples of this type of body already in existence such as the Climate Change Committee, advising all four legislatures, and these examples could be built upon.

However we would stress that any system has minimal invasion on our member's operations. Mutual recognition on production standards (be it environmental, labour or animal welfare) must be agreed at political level. More cost, audits, bureaucracy will not be welcomed.

It is also vital that the dispute resolution function of any body is clearly understood by business and clear to access, and is also backed by the different legislatures.

About the FDF and the UK Food and Drink Manufacturing Industry

The Food and Drink Federation (FDF) is the voice of the UK food and drink manufacturing industry, the largest manufacturing sector in the country. Our industry has a turnover of more than £105billion, which is almost 20 per cent of total UK manufacturing, and Gross Value Added (GVA) of more than £28billion. Food and drink manufacturers directly employ over 430,000 people across every region and nation of the UK. Exports of food and drink make an increasingly important contribution to the economy, exceeding £23billion in 2019, and going to over 220 countries worldwide. The UK's 7,400 food and drink manufacturers sit at the heart of a food and drink supply chain which is worth more than £120billion to the economy and employs 4.3 million people.

The following Associations actively work with the Food and Drink Federation:

ABIM	Association of Bakery Ingredient Manufacturers
BCA	British Coffee Association
BCUK	Breakfast Cereals UK
BOBMA	British Oats and Barley Millers Association
BSIA	British Starch Industry Association
BSNA	British Specialist Nutrition Association
CIMA	Cereal Ingredient Manufacturers' Association
EMMA	European Malt Product Manufacturers' Association
FCPPA	Frozen and Chilled Potato Processors Association
FOB	Federation of Bakers
GFIA	Gluten Free Industry Association
PPA	Potato Processors Association
SA	Salt Association
SNACMA	Snack, Nut and Crisp Manufacturers' Association

SSA Seasoning and Spice Association
UKAMBY UK Association of Manufacturers of Bakers' Yeast
UKTIA United Kingdom Tea & Infusions Association Ltd

FDF also delivers specialist sector groups for members:

Biscuit, Cake, Chocolate and Confectionery Group (BCCC)
Frozen Food Group
Ice Cream Committee
Meat Group
Organic Group
Seafood Industry Alliance