

## PRESS RELEASE

14.09.17

# UK exports to the US under serious threat

British organic food producers have a 'substantial' opportunity to export goods to the US, and are in a strong position to take advantage of the rapidly rising £28 billion a year demand for organic food on the other side of the Atlantic.

That's the view of a leading independent economist, Séan Rickard, who says existing trade – growing annually - is under serious threat unless a new equivalence agreement in regard to organic standards between the two countries is signed before the end of this year.

"A break in the ability of UK organic producers to export to the US would be extremely damaging if not fatal," he says. "EU and other exports would grow to the detriment of the UK unless there is Government action to move forwards on this equivalence issue."

Commissioned by the Organic Milk Suppliers Cooperative (OMSCO) to look into the value of this trade, he points out that the current agreement – an exchange of letters between two willing partners – will cease to apply post-Brexit, as it is between the US and EU, not between the US and UK.

"The UK organic sector enjoys a global reputation for its quality and integrity, and potentially stands to benefit from the expanding global market for organic products," he says. Since 2006, UK exports to the US of all processed foodstuffs, crops, animals, meat and vegetable oils, have increased in value from around £300million to over £600million.

Food and drink is the UK's largest manufacturing sector, but weak when it comes to export intensity. Just eight per cent of food and non-alcoholic drink output is exported. Worth £28billion, the US is the world's biggest organic market, with growth driven by rising consumer interest in taste, health and nutrition, environmental protection and non- GM certification.

In 2007/08, faced with falling domestic prices, OMSCO made the strategic decision to develop export markets. Then, in 2015, it became the first EU dairy business to qualify for USDA certified organic status, opening up the premium market to its producers. The Cooperative's award-winning organic cheddar, Kingdom, was produced as a mature, distinctive, heritage cheese – and today is the only volume European organic cheese sold in the US.

"Trade in organic food products is critically dependent on mutual recognition of the trading partners' certification procedures which, in the case of UK exports, is currently facilitated by the EU's range of equivalence agreements. In 2012 there was an exchange of letters recognising the equivalence of EU and US organic rules and regulations, paving the way for UK organic products to be marketed in the UK," says Séan.

“Since then a quarter of OMSCo’s members have made significant changes to their farming practices to meet the US organic standards, including changes in breeding and calf management, and focus on improving immune systems and antibiotic usage, while maintaining the highest levels of animal welfare. There has also been considerable capital investment aimed at capturing a slice of this valuable market.

“As the cheese needs a processing, maturing, packing and shipping time, plus a shelf-life period once it arrives in the US, decisions need to be made by very early in 2018 as to whether to continue to invest in a niche market, high value product that won’t be able to be sold, post-Brexit, without an equivalency agreement in place,” he added.

His view was supported by OMSCo chairman, Nicholas Saphir, who said that while it had proved difficult to provide precise figures on the value of organic exports, because they were not separately recorded, it was clear there was substantial two-way trade in dairy that benefitted both parties, and that there was a willingness on both sides to exchange new equivalency letters.

“We have also suggested to both the UK and US governments that an exchange of letters does not have to wait until the Article 50 process allows for third party trade talks, as the equivalency exchange of letters is a recognition of regulatory standards of production and, as such, will always be subject to the terms and conditions eventually agreed between the two governments in any future trade agreement.

“This is very valuable business for our farmers, and has been hard won. We urge the Government to move on this now, time is ticking on, and we cannot take the risk of producing a niche market product that, given its 18-month production and distribution may not be able to be sold post-Brexit.”



(Left to right) Sean Rickard, Jennifer Wilson (USDA) and Nicholas Saphir