



Dear Sirs,

We are aware that the NZ Govt is consulting in New Zealand about a new post Brexit free trade agreement between NZ and the UK. Our own UK Govt has already consulted via our Department of International Trade and the National Sheep Association responded to this DIT consultation. While we realise your consultation is targeted at New Zealand citizens, we respectfully ask that you consider our views in considering the best approach for future trade relations between our two countries.

The National Sheep Association is the only membership association dedicated to sheep farming and its related interests in the UK. We are a charitable company with individual, breed society, and corporate membership and associate supporters. Our charitable objects are: **“To encourage and improve breeding, management and promotion of sheep as a species and as an activity in the United Kingdom and elsewhere in pursuit of advancing education, health, heritage, science, environmental protection and improvement and animal welfare for the public benefit.”** We communicate with sheep farmers, and to others with an interest or influence on sheep farming, about sheep health, welfare, genetic development, conservation and the environment, and markets/trade and supply chains. Additionally, we work to increase awareness and understanding of Government and non-Governmental organisations of the effect of their policies on the sheep sector.

We agree wholly that the UK and NZ are old friends with a history of valuable trade and wider working relationships. As two globally important sheep farming nations we enjoy complimentary research and development and trade experiences in both sheep meat and wool, and the sharing of sheep farming work experiences between our countries continues to be of immense value.

The UK has a long history of NZ sheepmeat imports to the UK. When this trade began the UK was an annual net importer of sheepmeat and the trade was in whole carcass form. More recently sheepmeat consumption in the UK has

fallen, in 2013 the UK became a net exporter of sheepmeat, and the trade has become one of cuts rather than carcasses. NZ imports came to be important in balancing seasonality with most lamb arriving when UK production was at its lowest. The last few years has seen NZ lamb on UK shelves for longer periods in the year and it has become virtually a year round product.

It can be argued that UK and NZ lamb should compliment each other throughout the year, filling our 'hungry gap' and withdrawing from our market at times of peak production. In theory this system improves access and maintains lamb on our shelves year round. However, it must be remembered that the UK has a highly diverse sheep farming sector based in part on climatic variations from the South of England to the north of Scotland, and this diversity means the UK has a natural way of balancing seasonality. This is furthered by the UKs variation in sheep breeds, from early to later maturing animals.

In terms of a UK sheep industry strategy there are varying options:

- The UK could develop in a similar way to NZ and have a more seasonal production and marketing system. In this case we would seek to increase exports and imports.
- We could choose a strategy of reducing imports and focussing our production on our domestic market – essentially self sufficiency. In broad terms the UK consumes a similar volume to that we produce, and we export similar volumes to that we import.
- We could also choose a middle road, essentially a status quo of where we are now.

If the UK were not faced with leaving the EU we would probably choose the third option, the middle way. But our departure from the EU has left us in a very uncertain place with the potential for significant damage to our industry and this makes decisions over future trade relations difficult. The UK exports some 40% of our total production and 96% of this currently goes to the EU. All advice and experience suggests that we could not replace this market in the time periods relating to any transitional period. If we were to leave the EU with no deal then we could face a period with no access to EU markets. Such a departure would be sudden with few alternative options. Once we regained EU access we could be faced with tariffs at a value of approximately 50% of product value, making trade highly volatile. In either of these cases we would have little option but to refocus our efforts on our domestic market. We may need to campaign strongly to gain commitment from UK consumers but the

potential devastation caused would aid this case. We would expect export opportunities to re-emerge although we expect this to take maybe 8 to 10 years and in that time our industry would look very different to the way it does today. Such a scenario is predicted to result in a fall in farm gate sheep prices and if this happened the UK market would look significantly less attractive to NZ. If the value of the £ fell then this add further to making imports to the UK less attractive.

In summary we are highly concerned about the impact that a new free trade deal with a major sheep producing nation, that may increase volumes of sheepmeat accessing the UK, on our sheep farming community, our environment, or our rural economies. We also believe that the likely damage to our sheep farming industry would not be in the public interest in relation to the many 'goods or by products' from sheep farming that the public enjoy. The UK sheep industry is approaching a highly uncertain time with potential changes in both trade and farm support. In our opinion the dangers of adding to this uncertainty by increasing TRQs for sheep meat from other sheep producing nations, even though lower prices would mean it was unattractive to do so, simply adds further to the uncertainty our industry faces.

Yours sincerely

PB Stocker

CEO, National Sheep Association