

PFMA Brexit Manifesto

A Brave New World



12 million
UK households have pets

54 million
total pet population



90%
of the UK market is
accounted for by our
members



44%
of UK households have
at least one pet

Introduction

The Pet Food Manufacturers' Association (PFMA) is the leading trade body for the UK pet food industry. Our 76 members account for over 90% of the UK market with an industry value of £3bn, serving over 12m households with pets. We are members of FEDIAF, the EU representative of the pet food industry, which has a market value of €15bn across Europe. As well as feeding our nation's pets, the sector adds value across the supply chain, in particular using by-products from the human food industry that would otherwise go to waste and, by doing so, provides value for UK farmers. We rely heavily on the agricultural supply chain, hence any changes in the UK agricultural system or access to agricultural raw materials from outside the UK are of key interest.

The decision taken by the UK electorate in June 2016 to leave the EU has profound implications for our Association's members. Since the UK's accession to what was then the European Economic Community some forty years ago, businesses have operated under the rules, regulations and trading patterns agreed in that forum. Few have experience outside that system.

Involvement

Uncertainty is the enemy of our business; it lowers confidence levels and risks curbing growth and innovation in the UK. As negotiations commence following the triggering of Article 50, PFMA will engage in discussions at all levels to inform Government of issues that will affect our members' interests and business operations.

The pet food industry holds a unique place within the food and feed sector. Whilst we are governed by the same high safety rules covering the feed industry, at the same time our consumers are those who shop in the general retail environment. This presents unique challenges which means we need to be consulted closely as the negotiations proceed to ensure we are considered.

Data sourced from PFMA and FEDIAF

76 members
90% are SMEs
Support over 5,000 jobs

PFMA members currently
access 500m consumers in the
EU single market (75m pet
owners)

European market worth
€15bn

UK market worth
£3bn



Key Issues

Safety Standards

In the UK we have some of the highest animal health and product safety standards in the world. This is underpinned by stringent legislation on what raw materials we can use and how pet food is manufactured. It also relies on supervision by official vets and meat hygiene inspectors, as well as safeguards to handle any disease outbreaks. On top of this we have developed a complex set of guidelines through our European association, Fediaf, which ensures our members follow best practice to meet, and even go beyond, the strict regulation. **We must ensure these standards and high animal health levels remain as strong as ever, not only to satisfy our UK customers but to ensure UK pet food remains highly regarded when we trade globally.**

Sustainability

We are proud of our contribution to sustainability in the agri-food sector. Pet food companies utilise those parts of the animal surplus to the requirements of the human food chain (around 600,000 tonnes in 2016). This gives value to farmers who would otherwise have to dispose of that high quality material. Similarly, right at the other end of the life cycle only 0.7% of pet food is thrown away by consumers. Compare this to an average 30% of all other food purchased being thrown away.

(source WRAP reports)

Non-tariff barriers

Much of the discussion on future trading arrangements with the EU focuses on the impact of tariffs. **For the pet food sector, it is the impact of non-tariff barriers which is likely to be more critical.** These include the requirement for Export Health Certificates (signed by official vets), the requirement to prove the origin of the raw material used in pet food, the need for veterinary inspection at the border. All of these will take time, add cost, and require sufficient numbers of qualified vets.

Animal welfare

The pet food sector is in a unique position when it comes to animal welfare. We are not only keen to ensure the highest welfare of our pets, through providing the best possible nutrition, we also support livestock having the best possible life as well as end of life. **Maintaining high levels of farm animal welfare post-Brexit is critical.** This is a cost to farmers that must not be undermined by importing products from markets which operate under lower welfare standards.

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Our Priorities



ANIMAL HEALTH & WELFARE

95%

of members support current raw material & product safety rules

PFMA members are proud of the high animal health and welfare and feed standards we have in the UK. Much of this is based on EU legislation.



RAW MATERIAL SUPPLIES

90%

of members want a strong UK agriculture sector to supply their raw materials

PFMA members source more than 80% of their raw materials from the UK. We want this to continue.



REGULATORY REGIME

74%

of members want to maintain legislation aligned to the EU for ease of trade

PFMA members have worked intensely with EU partners to establish rules and regulations which underpin the Single Market and have facilitated trade.



MARKET ACCESS

73%

of members want us to focus our resources on market access in future

PFMA members import raw materials, as well as importing and exporting finished product. All this will be significantly impacted by changes to trade relations. Of particular concern is the impact on some of our members with manufacturing plants in Northern Ireland who currently enjoy (and wish to retain) free access to the Republic of Ireland.



WORKFORCE

40%

of members see access to labour and skills as a risk over the next 12 months

Access to people and skills is as important as access to materials and markets.

WE NEED...

NOW

Resolution to the question of overseas vets remaining in the UK is urgent. Approximately 85% of official state vets carrying out official controls in approved meat establishments are from other EU countries and up to 30% of all vets come from the EU. Without their continued presence, the safety and welfare standards, which underpin our industry, are under serious threat.

Dialogue between Government, business and farming sectors to ensure stability along the supply chain during negotiations.

We will need to consider whether to implement new legislation currently under negotiation but not yet in force.

A clear indication of the Government's intentions with regard to market access, both EU and non-EU. Clarity on the future functioning of cross-border arrangements which is of particular importance to our industry.

A clear message that the UK continues to welcome workers from EU Member States under current "Freedom of Movement" provisions and will continue to do so at least until the Article 50 negotiations are concluded.

FUTURE

To protect our already strong feed safety and animal welfare standards

To resist opening our domestic market to imports which do not have equivalent standards.

Strengthen UK agricultural policy to ensure a reliable and sustainable source of raw materials. This includes acknowledging farmers' key role in ensuring high welfare and safety standards

Maintain the present regulatory regime in line with EU rules. The package of detailed legislation to be reviewed once the UK's new position in the world becomes clearer.

Avoidance of barriers to trade, both tariff and non-tariff. In a highly competitive industry, any on-costs as a result of increased bureaucracy and delays to shipments are potentially damaging.

Strong assistance from relevant Government Departments to support industry accessing new markets, for instance through organizing trade missions or providing training on new rules and systems.

We must maintain flexibility to employ the best qualified people, whatever their origin, as part of the competitive edge that will maintain our success in domestic and international markets.