
Driving Export Growth in the Farming, Food and Drink Sector

A Plan of Action



Food and Drink
Federation **FDf**
Delivering Sustainable Growth

FDEA
Food & Drink
Exporters Association

UK
TRADE &
INVESTMENT 

 **AHDB** Agriculture & Horticulture
DEVELOPMENT BOARD

 scotch whisky
ASSOCIATION

defra 
Department for Environment
Food and Rural Affairs

Foreword

Maximising the international trade opportunities for the agri-food and drink sector can be an engine for driving strong, sustainable growth in the UK economy. As an industry responsible for over 3.5 million jobs, we are committed to promoting the benefits of international trade.

The potential for continued growth in exports from the farming, food and drink sector is significant. 2010 saw the sixth consecutive year of growth in value. As high-growth consumer powers emerge we need to re-orientate ourselves to take advantage of new opportunities and promote the excellence of British food and drink to international customers.

Encouraging and challenging agri-food and drink companies, particularly small and medium-sized enterprises (SMEs), to consider the benefits of exporting and building it into their business strategies is essential. Research shows that exporting companies tend to enjoy increased levels of growth, productivity and innovation in addition to other positive effects including improved business resilience and increased profitability. In short, exporting makes good business sense. The UK has a strong international reputation for food safety, quality, and innovation on which to capitalise. Exporting more can also benefit inward investment, ensuring that this country remains a vibrant and competitive place to do business.

“Setting out a shared vision for success, this Action Plan is the first of its kind for the farming, food and drink sector.”

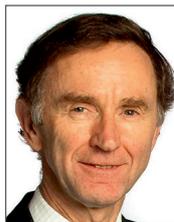
Our ambition is to see greater access to overseas markets for British products; businesses viewing exporting as a key route to growth; more SMEs selling to overseas customers; and the sector as a whole focussing more energy on the high-growth emerging markets. We will achieve this by lobbying energetically for the removal of trade barriers; ensuring businesses, particularly SMEs, have access to the right information and support; simplifying food exporting paperwork; and showcasing the exceptional quality of British farming, food and drink.

Working together, government and industry have the opportunity to unleash the export potential of this sector. Collaboration is vital to ensure that resources are targeted to greatest effect, and to maximise the benefits of our joint expertise and respective networks. Government has a role to provide leadership and address market failure; industry bodies and associations to motivate, share their expertise and build networks; and companies to grasp the opportunity and venture into new markets. Together we can succeed.



A handwritten signature in black ink, appearing to read 'Jim Paice'.

Jim Paice MP
Minister of State for
Agriculture and Food



A handwritten signature in black ink, appearing to read 'Stephen Green'.

Lord Green of Hurstpierpoint
Minister of State for
Trade and Investment



A handwritten signature in black ink, appearing to read 'Paul Grimwood'.

Paul Grimwood
Chairman and CEO
of Nestlé UK and Ireland

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Executive Summary

This Action Plan will drive export growth in the farming, food and drink sector by:

- opening markets and removing trade barriers
- building a business mindset of exporting as a key route to growth
- encouraging more SMEs to explore overseas opportunities and supporting those who already export to do more
- shifting the focus of the sector towards the opportunities of emerging economies where there is the greatest future growth potential.

Government and industry will work together to achieve this by lobbying for the removal of trade barriers that restrict access to new markets, ensure that the right information and support is available to help businesses succeed overseas, simplify food export paperwork for companies, and strategically champion the UK's reputation for outstanding farming, food and drink.

Time scale	Key Actions	Owners and partners
Short-term actions over the next year	Encouraging more companies to sell overseas through Explore Exporting regional road shows for new and inexperienced exporters, to begin in March 2012.	UK Trade & Investment (UKTI).
	Championing of the best of British produce by Department for Environment, Food and Rural Affairs (Defra) Ministers at key international food and farming tradeshows.	Defra
	A new Business Trade Ambassador to promote the excellence of the farming, food and drink sector internationally and highlight trade opportunities.	UKTI
	Supporting businesses attending tradeshows in Singapore, China and San Diego in the first quarter of the financial year 2012/2013.	UKTI
	Showcasing British food and drink as part of the Olympics 2012 Global Business Summit at the British Business Embassy.	UKTI with support from Defra.

Time scale	Key Actions	Owners and partners
Short-term actions over the next year	Develop export information dissemination tools, such as a web portal – initially through a Defra/ Food and Drink Federation (FDF) research project to identify the most effective dissemination route to raise awareness of information regarding exporting for the farming, food and drink sector.	Defra and the FDF.
	Unlocking blockers in agri-food and drink trade barrier negotiations with other countries.	Defra working with UKTI, Foreign & Commonwealth Office (FCO), Department for Business, Innovation, and Skills (BIS) and industry bodies.
	Securing Protected Food Name status for UK products and build on their success, both in the EU and internationally.	Defra working with BIS and the Intellectual Property Office.
	Highlight opportunities for farming, food and drink in key markets by working closely with UKTI overseas commercial officers.	UKTI, Defra, and industry bodies.
Medium-term actions over the next two years	A cross-government strategy, in collaboration with industry, to remove barriers to trade for British animal and animal products into key overseas markets.	Defra working with UKTI, FCO, BIS, Department of Health, Food Standards Agency, and the Devolved Administrations.
	Overhauling export health certification for animal and animal products by April 2013, to improve service quality, open new markets and capitalise on existing ones, reduce costs for businesses, and decide whether a range of responsibilities might be transferred from government to industry.	Defra working with the Animal Health and Veterinary Laboratories Agency, the Devolved Administrations, businesses and trade associations.
Long-term action	Continued collaboration across Government (Defra/BIS) working to ensure UK policy of a more open trade regime, through multilateral and bilateral trade agreements is conducive to enhancing global food security, improving efficiency in agricultural production and boosting economic growth.	Defra working with BIS.

Case Study One: Belvoir Fruit Farms

Belvoir Fruit Farms, based in Lincolnshire with 42 employees, began in the kitchen of Mary Manners over 27 years ago. Mary spent hours with her children infusing wild elderflowers in a lemon and sugar syrup to create refreshing drinks for family and friends. Today, Mary's son Pev Manners now oversees production of cordials, pressée and fruit crushes selling to the best delicatessens, farm shops and supermarkets across the UK, and in 30 countries worldwide.

Like many other companies it was interest from an international customer at a UK trade show that started the export ball rolling. The export business was kept very simple, run as an extension of UK sales with no dedicated export sales person. "Today we have an exports sales manager and a small team in the office, factory and warehouse that have acquired the knowledge and experience to supply products to all corners of the world." What impact has the export business had on Belvoir Fruit Farms? "Well, we have changed from an inward UK focussed business to one that views Asia as one of its marketplaces as much as London.

It forces you to think differently and there is an osmosis of ideas that gives the brand an edge.

Yes there are complexities, labels, technical issues to overcome, forms that need completing, hurdles to jump, but the short-term pain of getting this done opens up numerous opportunities. Our export business is now a central part of our annual planning process, representing over 12% of total company turnover and growing at a rate of almost 25% to over £1 million. Needless to say, exports will be a key growth area for the future."



The Opportunity and Challenge

1. The food and farming sector is important to the UK economy, with the whole food chain contributing £85 billion per year to the economy and 3.5 million jobs¹.

2. The food and drink sector is the UK's largest manufacturing sector by both employment (382,000 people) and Gross Value Added (£23.9 billion)².

3. UK agri-food and drink exports grew by a healthy 12.2% in 2010 to £16.1 billion³.

Maximising the growth potential from overseas trade

International trade in the farming, food, and drink sector is key to boosting economic growth, improving productive efficiency, and enhancing global food security. The Government's core economic policy objective is to create the right conditions for strong, sustainable, and balanced growth. This goal is shared with the farming, food, and drink industry.

The domestic agri-food and drink grocery market is relatively mature and there are limits to the capacity for growth in sales. Increasing exports, therefore, is an important way of promoting growth in this sector. The sector has experienced healthy growth in exports over the last six years, partly supported by favourable exchange rates. Global growth in the coming decade will be driven by expansion in emerging markets. Population growth coupled with rising consumer spending in emerging economies is increasing demand for Western products associated with quality and value.

Table 1: Top 10 UK export destinations of agri-food and drink, by value in 2010

Country of destination	£ million
Republic of Ireland	2,692
France	1,925
USA	1,239
Germany	1,032
Spain	963
Netherlands	937
Italy	489
Belgium	422
Singapore	282
Hong Kong	268

Source: HMRC

¹ Defra (2011), Food Statistics Pocketbook 2011.

² Defra (2011), Food Statistics Pocketbook 2011.

³ FDF (2011), UK Food & Drink Export Performance: full year 2010.

However, the largest importers of British agri-food and drink products are those countries which are geographically close markets, those with a large number of British ex-pats, and those with historic cultural links to the UK. Whilst these, mainly European, markets are currently the most significant for UK exports, they are well established and provide limited growth opportunities. Established markets are probably more appropriate for new and inexperienced exporters, but trends in emerging economies suggest that it is these which present the best opportunities for substantial further growth.

“Exporting is not only good for the economy, it also makes business sense.”

From cross-sector research we know that firms that export see their productivity increase, achieve stronger financial performance, and are more likely to stay in business than those that do not. By engaging in a competitive global food system, companies are incentivised to deploy resources more efficiently and to innovate both processes and products to meet international customer needs and drive down costs.

A relatively low level of small and medium-sized agri-food and drink companies, which account for 98% of the sector, are engaged in exporting. Our research indicates that fewer agri-food companies in England are export active than the UK average across all sectors (21%)⁴. Also from our research, those that do export are more likely to do so reactively – responding to an external customer enquiry – and of those that do not export, almost half of the companies surveyed said that they were not interested in exporting or that their business was too small⁵. Tackling this apathy amongst companies is key to unlocking export potential.

Table 2: Top 10 UK exports of agri-food and drink, by value in 2010.

Description	£ million
Whisky	3,514
Misc. food preps	613
Beer	536
Un-milled wheat	452
Wine	424
Chocolate/cocoa	376
Breakfast cereals	367
Soft drinks	327
Lamb	321
Gin	288

Source: HMRC

4. China, USA, India, Russia and Brazil are expected to be the top five retail grocery markets by 2015, accounting for almost €3,037 billion⁶.

5. Despite the increase in exports, the UK still imports more agri-food and drink products than it exports – with a trade gap of £18.5 billion in 2009⁷.

4 EIM Business and Policy Research (2010), Internationalisation of European SMEs; Directorate General for Enterprise and Industry, p124.

5 SERIO (2011), Obstacles to Export Growth for Agri-food Small and Medium Enterprises

6 IGD Research.

7 SERIO (2011), Obstacles to Export Growth for Agri-food Small and Medium Enterprises. SME in this case is measured by those who employ under 250 people.

6. The USA, France, Germany, Spain and Ireland together account for over half of all UK agri-food and drink exports – so the UK remains largely reliant on the performance of countries significantly impacted by the economic downturn.

7. The combined value of UK agri-food and drink exports to Brazil, Russia, India, China and Mexico, which together account for 44% of the world's population, is less than the UK exports to Belgium (£422 million in 2010).

8. Fewer than one in ten SMEs in England in the agri-food sector currently export, breaking down to 3% for crops and animal production, 17% for manufactured food products, and 20% for beverages.

This Action Plan has been developed by the Department for Environment, Food and Rural Affairs (Defra), UK Trade & Investment (UKTI), and the farming, food, and drink industry. It sets out a shared vision for government and industry to drive export growth in the agri-food and drink sector by:

- opening markets and removing trade barriers
- building a business mindset of exporting as a key route to growth
- encouraging more SMEs to explore overseas opportunities and supporting those who already export to do more
- shifting the focus of the sector towards the opportunities of emerging economies where there is the greatest future growth potential.

The Action Plan has been developed, with stakeholders, from a largely English perspective, though the benefits will in many cases be UK-wide and the plan does identify key actions around reserved matters such as trade policy. In taking the plan forward, Defra and UKTI will also work in collaboration with the Devolved Administrations of Scotland, Wales and Northern Ireland.

Development of the specific actions has been overseen and challenged by an Agri-food and Drink Exports Forum, a group of top exporting companies of different sizes across a range of agri-food products, co-chaired by the Minister of State for Farming and Food and Paul Grimwood, Chairman and CEO of Nestlé UK and Ireland. The Plan is based on the work of a Project Steering Group (comprising Defra, UKTI, Agriculture and Horticulture Development Board, the Food and Drink Federation, the Food and Drink Exporters Association, and the Scotch Whisky Association) and consultations with other Government Departments and bodies.

“Many multinational food companies manufacture in the UK, for both the domestic market and for export. It is therefore vital for UK exports that the UK remains a competitive and attractive market for inward investment. In November 2011, Nestlé UK announced the investment of £110 million to extend our Nescafé Dolce Gusto plant in Tutbury, Derbyshire, trebling production and creating 300 new jobs.

We export about 90% of the Nescafé Dolce Gusto pods manufactured in Tutbury to 38 countries including Germany, Switzerland, Japan, Mexico, USA and Russia. Improving UK competitiveness and skills in manufacturing, and retaining and attracting inward investment in UK manufacturing, helps to drive further export growth in the food and drink sector.”

Paul Grimwood, Chairman & CEO, Nestlé UK & Ireland

We spoke to over one hundred companies, industry organisations, and trade associations to identify the obstacles to export growth. In total we collected over 70 issues – ranging from specific concerns to overarching problems. Drawing on this evidence gathering we have identified three key areas to unlock our export potential:

- **Export certificate services for agri-food and drink products, and other trade barriers.** To exploit international market opportunities the right trading framework needs to be in place. Almost a third of exporting companies in our research identified dealing with tax or legal restrictions as a barrier⁸. More specifically, our consultations highlighted the importance of negotiating and administering export certificates, relating to animal, human, and plant health to third countries, as a challenge for this sector.
- **Coordination and dissemination of exporting information.** The majority of companies in the farming, food, and drink sector do not export, and there is reluctance amongst the sector to devote management resources to break into international markets. Better communication to companies of the tools and resources available to them across government and industry that can help them to build their export strategy, is required.
- **Export support from government and industry, and the presence at international trade shows.** There is significant export support activity aimed at the agri-food and drink sector, but it is fragmented across a number of bodies and focused at different targets. The industry also emphasised the importance of international trade shows as a key mechanism for facilitating contact with overseas customers and the need to ensure that these are targeted to maximum benefit.



Case Study Two: Hawkshead Relish

The Hawkshead Relish Company was set up in 1999 making a few chutneys and preserves to serve alongside dishes in their busy Lakeland cafe. However, in 2001 when the region was struck by the foot and mouth epidemic, trade vanished and the business was facing a grim future.

Not being people to sit back and accept their fate, Hawkshead looked to their assets, namely the empty kitchen and spare time, and set about making a small, succinct range of relishes, pickles and preserves which they then took out to shops, markets and fairs to sell. Within a few years the brand took off and by 2005 they were holders of a host of Great Taste Awards and the significant Producer of the Year Award. The decision was made fairly early that the company would stay true to its founding ethics – remaining a small local producer, providing jobs and sustainability within a rural environment. The products were always made by hand in traditional open pans, the same way you would do at home.

Having done this and spent time talking to others businesses that had been there and done it, Hawkshead took the first step by exporting to the US. The US is not the easiest market for foodstuffs, but once they were clear on core exporting procedures, they were able to apply them to other countries. Having guidance available from a number of sources was a vital ingredient for exporting success.

Today the company employs over 20 people, selling to over 500 stores in the UK and exporting to 24 countries across the globe. Whilst this sounds large scale it is important to stress that it is very much a small business, Mark Whitehead manages the day to day production and logistics, and Maria Whitehead looks after the finance, sales and marketing team.

From 2008, when Hawkshead started exporting, to the last financial year, overseas sales have increased to 10% of turnover and are predicted to double becoming the company's largest growth area. In 2011, Mark and Maria received joint MBEs in the Queen's Birthday Honours list for services to the food industry in Cumbria.



The Action Plan

Defra, UKTI and industry have together agreed a six point plan to drive export growth in the farming, food and drink sector. Success is dependent on commitment from all parties – government, trade associations, and businesses.

Point 1: Government and industry to work together to open international markets for the farming, food and drink sector.

“As a result of work by industry and government, the beef sector has gone from having no access to non-EU markets in 2006 to over 37 new markets. These markets have seen the most rapid growth, increasing by 150% over the last two years. ”

“The Free Trade Agreement between the EU and South Korea, which came into force in 2011, eliminated the 20% import tariff on spirits and provided legal protection for products with a Geographical Indication. ”

Taking advantage of exporting opportunities relies on the openness of other countries' markets to foreign goods. Trade barriers can take a wide variety of different forms from regulatory issues to labelling, intellectual property to prohibitive administrative processes.

The Government is committed to promoting trade liberalisation through comprehensive multilateral and bilateral free trade agreements, and addressing specific market obstacles – working closely with the European Commission for both. The farming, food and drink industry also plays an important role in removing obstacles. Trade barriers can be diverse and complex, and take a significant and sustained effort on the part of government and industry to resolve. Where barriers can be unlocked there is significant potential for UK exporters in the food and farming sector. Future actions to unlock barriers for exporting companies include:

- a. Negotiating in Europe to press for **genuine and ambitious reform of the Common Agricultural Policy and Common Fisheries Policy** for 2014-2020.
- b. Continuing to collaborate across Government (Defra, Department for Business, Innovation and Skills (BIS) and Foreign and Commonwealth Office (FCO)) **to ensure UK policy of a more open trade regime, through multilateral and bilateral free trade agreements**, such as EU-India and EU-Mercosur, is conducive to:
 - enhancing global food security
 - improving efficiency in agricultural production
 - boosting economic growth through increased trade.

- c. Working to **remove animal health barriers to trade for British products in key overseas markets** starting with the development of a cross-Government strategy. Building on examples such as the UK Export Certification Partnership for red meat, to ensure the food and farming industries will play their part.
- d. Building the evidence base, Defra and industry experts will **map and target trade barriers in key markets** for the farming, food and drink sector.
- e. Unlocking blockers in farming, food and drink trade barrier negotiations with other countries through **Ministerial and senior official interventions in trade barrier discussions** with other countries.
 - Maximising opportunities of **Defra Ministerial overseas visits to incorporate food and farming trade briefing**, working with UKTI and FCO. Defra also supporting Ministers from other Government Departments in raising issues on behalf of the sector.
 - **Better coordination of lobbying efforts** on key farming, food and drink issues that impact companies across the Devolved Administrations.
- f. Raising the profile of the process by which **companies can flag market access issues and the help and support available** to address these – Defra, BIS, FCO and industry working together through stakeholder networks.
- g. Maximising use of the **international commercial skills and knowledge** of Defra officials through FCO Commercial Diplomacy training.



Case Study Three: work by Agriculture and Horticulture Development Board to tackle trade barriers

BPEX and EBLEX: non-EU markets

Home and EU markets offer limited opportunities to sell the full range of products that are derived from the meat production process. They tend to demand higher value meat and not so-called 5th quarter products, such as offals, resulting in poor cost recovery, lower profitability, and food waste. Most of the markets that consume 5th quarter products are outside the EU and require bilaterally agreed export health certification for trade.

In order to open access to these markets and provide more export opportunities, a partnership between industry, including BPEX and EBLEX, and Defra has been established to create the UK Export Certification Partnership (UKECP). The UKECP works to address trade barriers for livestock genetics and livestock products in general in the cattle, sheep and pig sectors. As part of the partnership, industry has committed to providing funding to support the group's activities – around £100,000 per annum.

The rapid opening of markets as a result of UKECP's work has seen non-EU exports of pig and sheep meat increase by 73% and beef by 66% in 2011. Over 190 new certificates have been made available to exporters since the inception of UKECP, including markets in West, Central and Southern Africa, the Far East, the Balkans, Caribbean, and North America. Most of these exports have been in products which are of relatively low value and previously represented a waste cost to processors. In the beef sector the value of these products has moved from being a cost to industry to having a value in excess of £100 per animal.

Potato Council: Seed Potatoes to Egypt

Seed export growers and companies are creating demand in many non-EU countries, but are sometimes unable to influence plant health and ministry of agriculture officials in these countries. The Potato Council works proactively to identify key officials overseas to increase their knowledge and confidence in British seed potatoes and to negotiate improvements to import conditions. This is done through inward and outward missions.

Egypt, for example, is by far the largest destination for seed exports, with 40,000 tonnes (40% of all seed exports), but has some of the strictest import conditions. The Potato Council has worked hard to build closer ties with key Egyptian officials, facilitating three inward missions, and two outward missions to discuss improvements to trade. As a result of closer ties with Egyptian officials market access problems are resolved more efficiently.

HGCA: UK Wheat to Morocco

Morocco has been identified by HGCA as a key market for cereals exports, with import requirements of c. 3 million tonnes of milling wheat of which the UK is becoming a growing supplier. HGCA conducted research into the main players in Morocco and facilitated contact on behalf of the industry to introduce the UK as a potential supplier. In these early stages, the independent aspect of HGCA was key in developing relationships without the confrontation associated with sales.

In third countries cereal purchases are normally dominated by state buying agencies. In Morocco ONICL is the state agency responsible for the majority of imports and it is not until they are content that the private sector will import directly. In 2002 a Memorandum of Understanding was signed between ONICL and HGCA to facilitate the exchange of information and identify opportunities for increased trade between the UK and Morocco.

Subsequently, HGCA and ONICL have undertaken a number of initiatives and visits under the protocol. For example, British expertise was used to assess the current storage facilities in Morocco and recommend improvements. Exports of UK wheat to Morocco started in 2001 and in recent years, the UK has supplied between 1% and 3% of Morocco's requirements.

Point 2: Sharing Information and Knowledge – getting the right support for companies to succeed overseas

Once a market is open to trade, it is up to companies to research and identify the best opportunities for their products. Different markets will be appropriate for different products, and companies, through market research and testing, will know where is best to target their products. Trade associations and other industry bodies play an important part in providing expertise and insight into appropriate international markets. Government also has a role in supporting companies to explore exporting. UKTI has regionally based trade teams who can help businesses build export capability through the Passport to Export and Gateway to Global Growth programmes, and UKTI commercial staff overseas deliver tailored support to individual companies through the Overseas Market Introduction Service. UKTI's Tradeshow Access Programme, delivered through accredited trade organisations, assists companies to exhibit at overseas exhibitions.

But there is more we can do collectively to ensure effective coordination and dissemination of exporting information for the farming, food and drink sector. We plan to do this by:

- a. **Developing export information dissemination tools**, such as a web portal – initially through a Defra and Food and Drink Federation research project to identify the most effective dissemination route to raise awareness of exporting information for the farming, food, and drink sector.
- b. Encouraging more companies to sell overseas through **Explore Exporting regional road shows for new and inexperienced exporters**, to begin in March 2012 with:
 - an event aimed at companies in London and the South East
 - a workshop at Foodex at the NEC Birmingham, where there will also be a meet the buyer event with UKTI commercial staff and overseas visitors.
- c. **Highlighting the opportunities for farming, food and drink in key markets** by working closely with UKTI overseas commercial officers.
- d. Exporting networking events run by **industry organisations to facilitate business-to-business exporting learning** exchange (see annex A for details).

Point 3: Export Finance and Insurance

Our research has indicated that ensuring payment and enforcing contracts is a key barrier for both non-exporters and exporters – with 66% and 48% respectively identifying it as an obstacle to selling overseas. UK Export Finance (formerly Export Credit Guarantee Department) has a new range of products which provide support for SMEs where there are gaps in the private insurance and credit markets. However, awareness of these new products is low amongst companies.

- a. **Raising awareness of new products available to companies for export credit insurance and export working capital finance** – by UK Export Finance, UKTI and Defra working with the farming, food and drink industry sector associations and organisations through their networks and events.

Case Study Four: Gordon & MacPhail

Family-owned firm Gordon & MacPhail is one of Scotland's leading independent whisky specialists bottling over 300 whiskies under brands such as Connoisseurs Choice, Private Collection, Distillery Labels, Rare Old and Generations. Founded in 1895, they've been exporting for over 90 years and its whiskies are enjoyed throughout the UK and in over 50 markets worldwide. The company is also a distiller, owning Benromach Distillery and a portfolio of Benromach whiskies exported to 35 markets.

Michael Urquhart, Joint Managing Director, who has responsibility for the export side of the business explains, "We have a sound base throughout Europe and North America and strong growth potential in emerging markets in the Far East. One of our strategic objectives is to open two new markets a year. Indeed we are currently developing links with an importer in Brazil with the aim of opening this market in 2012."

Recent trading results revealed exports increased 58% over the financial year 2010-11. "Our results were partly because the global economy was moving out of recession, and partly because we've launched innovative products such as Mortlach 70 Years Old, the world's oldest whisky, helping to increase awareness of Gordon & MacPhail and our full portfolio of whiskies."

In 2009 Gordon & MacPhail was awarded the Queen's Award for Enterprise for International Trade following a 94% increase in export value over a five year period. "We aim to have a balanced sales profile across the globe. World market conditions are continually evolving and developing sales from different countries ensures we don't develop an overreliance on certain markets."

So what does the future hold? Michael says, "Developing our staff, investing in marketing and growing sales around the world remain high priorities. We will continue to invest in new fillings to develop the Gordon & MacPhail portfolio. Whiskies we lay down today may not be bottled by my generation or the generation after, or indeed the generation after that!"

Point 4: Export Health Certification in Partnership – getting the paperwork right

Various government bodies are involved in providing export facilitation services, in the form of official certificates and advice to companies in the food and farming sector who export to non-EU countries. Export certificate requirements are stipulated by the importing third country and vary depending on that country's assessment of risk to animal, plant, and human health.

With increasingly globalised food supply chains, certification requests from non-EU countries can be complex and often evolving as risk assessments change. Both the government bodies responsible for the administration of export certification for the food and farming sector and industry have a role in meeting the paperwork requirements of other countries and negotiating simplifications where possible. We need to continue to work across industry and government both to ensure export certification services provide customers with what they need as cost effectively as possible, and also to ensure the costs of meeting that service are correctly balanced between industry and taxpayer. We will work in partnership to deliver export certification services in a coordinated and cost effective manner by:

- a. **Enhancing the coordination of export trade facilitation services** by establishing a cross-government farming and food certification group. This will comprise agencies such as the Animal Health and Veterinary Laboratories Agency, Food and Environment Research Agency, Rural Payments Agency, the Food Standards Agency, Centre for Environment, Fisheries & Aquaculture Science working to improve customer service by:
 - ensuring **greater coordination** between bodies;
 - **improving the external communications** around export certification services, including the better interchange between websites and telephone help lines; and
 - **promoting and disseminating best practice** in the administration of export certification services.
- b. **Improving the services offered by those who provide export certification** to the food and farming sector for non-EU country markets:
 - **overhauling export health certification for animal and animal product exports to non-EU countries** by April 2013. To improve service quality, open new markets and capitalise on existing ones, reduce costs for businesses, and decide whether a range of responsibilities might be transferred from government to industry. Defra with others plan to:
 - i. improve the service provision to exporters by **reviewing and revising who does what on export certification and market access work**. Recommendations for changes within the Defra family will be identified by March 2012, but we will also be considering with industry a more radical solution to transfer a range of responsibilities to industry. This work will redefine the roles of central government, the Animal Health and Veterinary Laboratories Agency and industry to strip out inefficiencies and consolidate functions where it makes sense to do so.

- ii. **Replace the existing export certification IT with an internet based interface** for exporters to access directly as much certification material as possible. This will significantly reduce certification costs and speed up the process. A Business Case will be developed and submitted by early 2012 with a view to rolling out the new system no later than March 2013.
- iii. Develop propositions for a **consistent approach to charging for all non-policy related export health certification work** – consulting stakeholders by September 2012 and introducing any new arrangements by March 2013.
- **Food Standards Agency: establish a dedicated team** by the end of March 2012 to coordinate the export health certification site inspection for products of animal origin.
- **Rural Payments Agency: simplify the paperwork requirements** of Certificates of Free Sale for farming and food products in early 2012 with a view to reducing paperwork and saving exporters' time.
- **Food and Environment Research Agency: identify options for streamlining services to drive down costs** in the context of reviewing charges for plant health export certification services working in partnership with industry.
- **Fish Health Inspectorate in Centre for Environment, Fisheries and Aquaculture Science: to review the non-EU export health certificate regime** by April 2012, and in particular the application of fees and charges to deliver a cost effective service.

Case Study Five: Westaways Sausages Ltd

Westaways Sausages Ltd is a family owned pork sausage manufacturer in the heart of Devon producing Authentic British Sausages that are minced, rather than bowl chopped, and filled into natural casings.

In 2001 the company launched its website to help support and generate enquires from all over the world. Without a dedicated sales team, Westaways spend a minimal amount on advertising and marketing by taking advantage of search engines such as Google. As result the company started exporting in 2005 after a web enquiry from Portugal. Westaways responded quickly and spent three days with the customer visiting markets which presented an opportunity for their sausages. Charles Baughan, owner of Westaways, explains, "We learnt a lot very quickly and had a number of near misses on everything from pack design, information on pack, excess ice, local distribution and getting paid for the goods!" On our return we went on a UKTI Passport to Export course which was a great forum to hear experiences from fellow manufacturers and helped us put more structure on our export plans.

Since then Westaways has grown markets in many countries including Spain, France, the Falklands, Malta, Cyprus, Turkey, Greece, Hong Kong and Malaysia. Charles says, "This has helped the company in many ways: it provides great public relations material, we have learnt a lot more about our products and how we can compete better, and we have diversified into other products that we can sell alongside our sausages. This in turn has enabled us to invest in extra production facilities, take on more staff, and to add value to our UK customers."

Westaways still does not have a dedicated sales team as such but are growing at a rate of 18% per year.

Point 5: Getting out into Markets – targeting to greatest impact

“ At their November 2010 summit the Prime Minister and Premier Wen agreed to a target of doubling the value of bilateral trade to \$100 billion a year by 2015. ”

“ The UK will work towards doubling trade with India by 2015.⁹ ”

Different products will be best suited to certain markets, but to have the greatest impact Government and industry need to target collective efforts at the most significant long-term growth opportunities. China and India, for example, are expected to be the first and third largest grocery markets by 2015. However, for new and inexperienced exporters nearer EU countries, where there is greater regulatory harmonisation and closer cultural ties, may be more appropriate to develop the skills needed to export. There is also a range of intermediate markets beyond the EU that provide good opportunities for exports as they are relatively open and growing.

- a. UKTI and Defra in consultation with business partners will take a twofold approach to **prioritise markets for trade promotion activities** – near EU markets for new and inexperienced exporters, and high-growth more challenging markets for experienced exporting companies.
- b. Defra, UKTI and FCO to work together to give particular focus to **enhanced trade relations with China** in the area of farming, food and drink in 2012.

Table 3: Top 5 Retail Grocery Markets

2006 (EUR Billion)		2010 (EUR Billion)		2015 (EUR Billion)	
US	612	US	666	China	1,042
China	328	China	597	US	843
Japan	210	Japan	272	India	428
France	206	India	265	Russia	394
India	190	Brazil	219	Brazil	330

Source: IGD Research & estimates (2011)

9 (Trade White Paper 2011).

International tradeshows are an important platform, particularly for smaller companies, to identify trade contacts. A significant part of the support UKTI provides to the farming, food and drink sector is targeted at financial support for companies to attend tradeshows under the Tradeshow Access Programme. Ensuring that these resources are deployed flexibly at key events will help inexperienced SME exporters access international markets. Industry bodies also play an important role in supporting their members at international shows. Beyond tradeshows, UKTI also help companies make contact with international customers through UK meet-the-buyer events and overseas trade missions. In 2012, we plan to do the following:

- a. **Support through the Tradeshow Access Programme** for Food and Hotel Asia in Singapore, European Seafood Expo in Brussels, China Animal Husbandry Exhibition in Beijing, and the Craft Brewers' Conference in San Diego in the first quarter of the financial year 2012/2013.
- b. Enable more SMEs to take advantage of overseas events through, for example, the **UKTI introducing flexibilities for visitor missions as well as exhibitor groups** to some trade fairs. In addition to overseas activity UKTI, Defra and business partners will begin planning for a UK-based agri-food programme for 2012/2013.
- c. **Champion of the best of British produce by Defra Ministers** at key international food and farming tradeshows to provide high-level support and profile.

Point 6: Celebrating the Best of British – promoting farming, food and drink overseas

The UK has a unique heritage, character, and reputation. The 2012 Olympics will bring unprecedented levels of international attention and provides an opportunity to showcase the world-class capabilities of the sector. We plan to do this by:

- a. A **new Business Trade Ambassador** to promote the excellence of the farming, food and drink sector internationally and highlight trade opportunities.
- b. **Showcasing British food and drink as part of the Olympics 2012 Global Business Summit** at the British Business Embassy, Lancaster House. This will provide UK companies with the opportunity to promote their talents and products to key overseas CEOs, international buyers, and influencers.
- c. **Securing Protected Food Name status** for UK products and build on their success, both in the EU and internationally, to protect and promote locally produced food and drink.
 - At EU level **providing advice to producers and liaising with the European Commission** to secure protected food name status through the registration of 14 new food and drink products under the EU scheme.
 - Within the **UK providing guidance and support in relation to 24 new applications** seeking protection under the EU scheme.
 - Working with BIS and the Intellectual Property Office, to **ensure that UK protected food names (Geographical Indicators) are included in lists of EU GIs** which will be protected in 3rd countries under international trade agreements.

Next Steps

Government and industry jointly own this Action Plan. As activities progress, priorities change, and we learn from experience, we plan to develop and refresh the actions set out in the plan. The Agri-food and Drink Exports Forum will review progress and we will report back in a year's time on the results of our work. The Economic Affairs Trade and Investment cabinet sub-committee chaired by Lord Green, Minister of State for Trade and Investment will also be kept updated.

Case Study Six – Long Clawson Dairy

When 12 farmers from the Vale of Belvoir in Leicestershire formed a co-operative to produce Stilton Cheese the Long Clawson Dairy was born. Founded in 1911 they have been exporting products for over 25 years, with 16% of sales now coming from North America and Australia.

Martin Harris, Export Manager, explains, "We have over the last 10 years become more pro-active in European markets with the appointment of a French export manager who represents Wyke Farm Cheddar as well as ourselves. This allows us to offer a comprehensive range of English cheese to the overseas customer as well as being able to manage the distribution costs effectively."

Long Clawson is extending sales to additional countries and overseas visits, particularly in conjunction with EU and UKTI. The recent European Commission mission to China, with 10 Protected Food Names was a good example of such a visit. Martin says, "In most markets an imported product has to have a degree of difference. If you can explain to the consumer its provenance, like having our own farms that produce milk for us to make into cheese, this not only makes for a lovely story but also means we have complete traceability. Something that is so important these days."





Annex A – Food, Drink, and Agriculture exports events calendar

At an exports workshop in November 2011 hosted at Defra, industry and government mapped the export related events which are scheduled to take place in 2012. We collectively identified over 70 events ranging from workshops and seminars, to international trade shows and missions. This is designed to be a tool to communicate what activity is currently happening in the sector, as well as to help identify opportunities for greater collaboration.

Contact details for each event are available below.

UK Trade and Investment – UKTI – www.ukti.gov.uk

UKTI – East of England – info@uktieast.org.uk

UKTI – Yorkshire – info@uktiyorkshire.co.uk

UKTI – South East – info@uktisoutheast.com

UKTI – North West – info@uktinorthwest.co.uk

UKTI – East Midlands – info@uktiem.co.uk

UKTI – London – info@uktilondon.org.uk

UKTI – North East – enquiries@ukti.rito.co.uk

Agriculture and Horticulture Development Board – www.ahdb.org.uk

EBLEX English Beef and Lamb – susana.morris@ahdb.org.uk

BPEX English Pigs – helen.strider@ahdb.org.uk

HGCA Cereals and oilseeds – admin@hgca.ahdb.org.uk

Potato Council – sophie.lock@potato.ahdb.org.uk

Food and Drink Exporters Association – enquiries@UKFDEA.com – www.ukfdea.com

The UK India Business Council – events@ukibc.com – www.ukibc.com

Brewing Food and Beverage Industry Suppliers Association – info.bfbi@gmail.com – www.bfbi.org.uk

Wine and Spirit Trade Association – louise@wsta.co.uk – www.wsta.co.uk

British Pig Association – bpa@britishpigs.org – www.britishpigs.org

Food and Drink Federation – selga.speakman-brown@fdf.org.uk – www.fdf.org.uk

Fresh Produce Consortium – angie@freshproduce.org.uk – www.freshproduce.org.uk

Association of Port Health Authorities – office@porthealth.co.uk – www.porthealth.co.uk

KEY

Tradeshows, Workshops, seminars, & conferences, **Networking event**, Inward or overseas mission, **other**

February 2012
UKTI Tradeshaw ISM, Germany, 1 February
UKTI Tradeshaw, India International Seafood Show, Chennai, 2 February 2012
UKTI East Midlands/East of England Market visit (multi-sector), Mexico, 2 February 2012
Agriculture and Horticulture Development Board, EBLEX, Identita Golose, Italy, 5-7 February 2012
Agriculture and Horticulture Development Board. EBLEX/BPEX Beef and Pork Mission, South Africa, 6 -10 February 2012
British Pig Association INAHGEN Livestock and genetic tradeshaw, Philippines 8-10 February 2012
Agriculture and Horticulture Development Board, EBLEX, Agrofarm, International exhibition for animal husbandry and animal breeding, Moscow, 7 -9 February 2012
UKTI Tradeshaw, Fruit Logistica, Germany, 8-12 February 2012
Agriculture and Horticulture Development Board, Potato Council, Fruit Logistica, Germany, 8-10 February 2012
UKTI Tradeshaw, ILDEX Thailand, International Livestock Expo, Thailand, 8-9 February 2012
UKTI Yorkshire, Workshop (multi-sector) Managing Agents and Distributors, UK, 8 February 2012
UKTI South East, Seminar (multi-sector), Your Export Strategy and the internet, UK, 9 February 2012
UKTI Tradeshaw, Salon du Vegetal 2012, Angers, 14-16 February 2012
UKTI Tradeshaw, Biofach, Nuremberg, 15-18 February 2012
UKTI Tradeshaw, Sandwich Show, Paris, 15-16 February 2012
UKTI North West Market Visit (multi-sector), Vietnam, 18 February 2012
UKTI Tradeshaw, Gulf Food, Dubai, 19-21 February
UKTI East Midlands Market Visit (multi-sector) Mexico, 19 February 2012
UKTI East of England Market Visit (multi-sector) Mexico, 20 February 2012
UKTI Tradeshaw, VIV India, Bangalore, 22-24 February 2012
Agriculture and Horticulture Development Board, EBLEX, SIA, Paris, 25 February - 5 March 2012
UKTI South East Workshop (multi-sector) Agents and Distributors & other international partners, UK, 29 February 2012
March 2012
UKTI Tradeshaw, North Atlantic Seafood, Oslo, 1 March 2012
UKTI Yorkshire Workshop (multi-sector), Intellectual Property Rights, 3 March 2012
UKTI North East Market Visit (multi-sector), India, 3 March 2012
Wine and Spirits Trade Association Prowein, International Trade Fair Wines and Spirits Dusseldorf, Germany, 4-6 March 2012
UKTI South East Market visit (multi-sector), Mexico, Mexico City and Guadalaajara, 9 March 2012
Agriculture and Horticulture Development Board, EBLEX Internorga, Hamburg, 9-14 March 2012
UKTI East Midlands Market visit (multi-sector), India, New Delhi, 10 March 2012
UKTI East Midlands Market visit (multi-sector) Brazil, 11 March 2012
Agriculture and Horticulture Development Board, EBLEX Tavola Kortrijk, 11-13 March 2012
UKTI London, Tradeshaw, ANTAD, Mexico, 14-16 March 2012

UK India Business Council Networking Summit Manchester, 14 March 2012
UKTI Tradeshow, Hortec Kenya 2012, Nairobi, 16–18 March 2012
UKTI Tradeshow, ILDEX Vietnam, International Livestock Expo, Ho Chi Minh City, Vietnam, 22–24 March 2012
UKTI Tradeshow, Alimentaria, Barcelona, 26–29 March 2012
UKTI and Food and Drink Exporters Association, Meet the Buyer Event at Food and Drink Expo, Birmingham, 26 March 2012
Agriculture and Horticulture Development Board, EBLEX Export Awards Birmingham, 26 March 2012
UKTI Yorkshire workshop (multi-sector), Import/exporting what you need to know about customs, UK, 27 March 2012
April 2012
Agriculture and Horticulture Development Board, HGCA, Dasagri, Algeria, April 2012
Food and Drink Exporters Association, Northern Networking Event, Yorkshire, April 2012
Agriculture and Horticulture Development Board, HGCA – SIAM, Meknes, Morocco, April 2012
Agriculture and Horticulture Development Board, EBLEX, Halal Expo, Paris, 3-4 April 2012
Food and Drink Exporters Association, Food and Hotel Asia, Singapore, 17-20 April 2012
Food and Drink Exporters Association, European Seafood Exposition, Brussels, 24–26 April 2012
May 2012
British Pig Association, Korean Seminar Livestock Genetics, May 2012
Brewing, Food & Beverage Industry Suppliers Association, Craft Brewers Conference and Brew Expo-San Diego, California-2-5 May 2012
Agriculture and Horticulture Development Board, EBLEX, CIBUS, Parma, Italy-7-10 May 2012
Agriculture and Horticulture Development Board, EBLEX, Canadian Lamb Mission and SIAL, Canada-7-13 May 2012
Food and Drink Federation, All-Party Parliamentary Food and Drink Manufacturing Group, exports reception, 15 May 2012
Agriculture and Horticulture Development Board, BPEX, China Animal Husbandry Expo, Nanjing, China, 18-20 May 2012
Food and Drink Exporters Association, PLIMA, Amsterdam, 22–23 May 2012
Wine and Spirits Trade Association, London International Wine Fair and Distil, London, 22-24 May 2012
Agriculture and Horticulture Development Board, EBLEX, Beef Event Malvern, UK, 24 May 2012
Agriculture and Horticulture Development Board, Potato Council, World Potato Congress, Edinburgh, 27–30 May 2012
June 2012
Food and Drink Exporters Association, Meet the Export Consolidator Event, June 2012
British Pig Association, Indolivestock, Indonesia, June 2012
British Pig Association, World Pork Expo, June 2012
Fresh Produce Consortium Delegation, China, June 2012
Food and Drink Exporters Association, Summer Fancy Food Show, Washington DC 17- 19 June 2012
Agriculture and Horticulture Development Board, EBLEX, Lamb Export Event, UK, 20 June 2012
Agriculture and Horticulture Development Board, EBLEX, Export Conference, Stoneleigh, UK, 27 June 2012

KEY

Tradeshows, Workshops, seminars, & conferences, **Networking event**, Inward or overseas mission, **other**

July 2012
Food and Drink Exporters Association, Midlands Networking Event, Stoneleigh, Warwickshire, July 2012 UK India Business Council, Seminar on opportunities to export/manufacture, UK, July 2012
August 2012
British Pig Association, China inward mission on pig genetics, August 2012 British Pig Association, Expo International Brazil, August 2012 British Pig Association, Golden Autumn Tradeshow, Russia, August 2012
September 2012
Food and Drink Exporters Association, Southern Networking Event, London, 3 September 2012 Association of Port Health Authorities, Conference, Douglas, 11-13 September 2012 Agriculture and Horticulture Development Board, Potato Council, Potato Europe, 12 to 13 September UK India Business Council, Seminar on food and drink exporting, UK, September 2012 Wine and Spirit Trade Association Annual Conference, London, 26 September 2012
October 2012
British Pig Association, Salone Del Gusto, Italy, October 2012 UK India Business Council, Training workshop on doing business in India, UK, October 2012 Wine and Spirit Trade Association, The Restaurant Show, Earls Court, London-8-10 October 2012 Food and Drink Exporters Association, SIAL, Paris, 21-25 October 2012
November 2012
UK India Business Council, Networking retail seminar selling and sourcing from India, UK, November 2012 Wine and Spirit Trade Association, The Wine Show, London-9-12 November 2012 Food and Drink Exporters Association, FHC Shanghai/Taste of Britain, China, Shanghai, 12-16 November 2012 Brewing, Food & Beverage Industry Suppliers Association, Brau Beviale, Nuremberg, 13-15 November 2012
December 2012
Agriculture and Horticulture Development Board, HGCA, European Commodities Exchange, Edinburgh, December 2012 Food and Drink Exporters Association, Network Forum, London, December 2012

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a plan of action.

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