

BOVINE ELECTRONIC IDENTIFICATION

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OIM17

Office for the Internal Market

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EXECUTIVE SUMMARY

1. This report sets out the findings from our review into potential effects on UK internal market trade from proposed legislation relating to electronic identification (EID) for cows and other bovine animals. This is our first short-form review, a targeted and timely analysis of potential regulatory differences to support effective policy making across the four nations. The review was launched on 17 July 2025.
2. We have drawn our evidence from two main sources: 51 in-depth interviews with industry and government stakeholders and datasets on cattle movements. We are grateful to all who participated in this review for their active engagement.

Background to the review

3. The UK Government and the three devolved governments are at different stages of the policy development cycle for bovine EID policies, and compulsory bovine EID has not yet been rolled out in any part of the UK. It is expected that Scotland will introduce compulsory bovine EID tags that use ultra-high frequency (UHF) technology, while England and Wales will introduce compulsory tags based on low frequency (LF) technology. Northern Ireland, if it introduces a system, is expected to align with practice in the European Union, where currently EID tags must use low frequency technology.
4. This means that two different technical standards for bovine EID will operate within the UK. The technologies are not interoperable with each other, in the sense that a LF reader cannot read an UHF tag and vice versa. This raises the prospect that some cattle keepers will be dealing with cattle that have both LF and UHF tags. If they wish to read these tags electronically, they will therefore need both LF and UHF tag readers. This could increase costs of moving cattle across national borders – particularly across the English/Scottish border - and potentially impact on trade within the UK.

How much trade could be affected?

5. We have looked at the volume of cross-border trade in cattle that could be affected. Approximately, 200,000 cattle per year cross the English/Scottish border, representing about 30% of all internal market cross-border trade in cattle and 4% and 12% of the cattle populations in England and Scotland respectively. Of these, around one quarter move to counties along the other side of the border indicating that while the impact in border counties could be particularly acute any trade effects will not be confined just to border regions. Trade in cattle across the

English/Scottish border has increased over the last five years in absolute terms and relative to other cross-border flows.

Main Findings

6. Most stakeholders told us that that they would prefer to have a single approach to bovine EID tagging across the UK. However, there was no consensus among market participants as to whether LF or UHF EID technology was superior. We recognise that this is a devolved matter and that the UK, Scottish and Welsh governments each has a domestic policy rationale for their proposed approach. Given this, we focused on the likely impact of having two standards operating within the UK and the extent to which any adverse trade effects could be mitigated.
7. Taking the evidence in the round, we have reached the view that the adoption of two technical standards for EID within the UK, if managed carefully, would have a limited impact on the overall *pattern and total volume* of internal market trade. The impact is, however, likely to be material for the businesses most directly affected.
8. Even if well managed, two technical standards will introduce additional *investment costs and trade friction*, relative to a situation in which a single standard was adopted. The costs include: the costs of additional EID readers; potential upgrades to software to allow data from both LF and UHF tags to be handled and transmitted to the relevant databases seamlessly; and perhaps changes to infrastructure to accommodate the extra equipment. These additional investment costs will most acutely affect larger livestock auction markets (hereafter 'markets' for brevity) and abattoirs and have the greatest impact in regions neighbouring the English/Scottish border but will not be confined to those businesses or regions. Absent a clear and coordinated approach to the management of cross-border trade, there is an increased risk that industry may make unnecessary investments or investments that prove redundant.
9. We have looked at the relative equipment costs of different approaches to supporting two technical standards over the first five years of the roll-out. We compare the hypothetical scenario (Scenario 1) in which only a single technical standard is used with two alternatives. The first alternative (Scenario 2) is the outcome that industry anticipates, specifically that some businesses will invest in both LF and UHF readers. The other alternative scenario (Scenario 3) – also hypothetical – is that cattle have dual frequency tags applied at birth and business only need to invest in either LF or UHF readers. We estimate Scenario 2 as being approximately 4% more expensive than Scenario 1 and that Scenario 3 is approximately 23% more costly than Scenario 1. We conclude that while it is more expensive under any scenario to support two technical standards than one, the approach that industry is expecting to adopt would appear to involve lower initial investment costs than the main alternative of using dual frequency tags. These

costs will mainly be borne by markets, abattoirs and larger farms, particularly near the English/Scottish border.

10. Operating two technical standards for EID within the UK is likely to introduce trade frictions that go beyond investment costs, including greater complexity and potential difficulties in identifying whether an animal is tagged with an LF or UHF tag. Unless they are carefully designed, any regulatory developments that mandate that where an EID read is used, even if voluntarily, that a particular type of bovine EID read must be used may create greater difficulties for internal market trade, especially once paper passports are phased out. Similarly, the overall approach to supporting two technical standards will need to be coordinated and sufficiently robust to meet the standards necessary to retain access to international markets.

Our recommendations

11. Given the importance of effective and coordinated implementation in mitigating the business costs and risks to the UK internal market of proposed regulatory differences, we make two recommendations to the UK and devolved governments:

Recommendation 1

12. We recommend that the Department for Environment, Food and Rural Affairs (Defra) and the Scottish and Welsh governments set up a cross-border trade working group involving representatives from the farming, livestock auction and abattoir/meat processing sectors to discuss how cross-border trade can be maintained and what investments would best support it. As the Department for Agriculture, Environment and Rural Affairs (DAERA) develops its EID policy, we recommend that it also join this group. This group could be established as a standalone working group, as a sub-group of the existing Common Framework Animal Health and Welfare working group or as part of another inter-governmental forum. We recommend that this is put in place before businesses start to invest in technological solutions necessary to support internal market trade.
13. The findings of this review, and the feedback we have received from industry participants, should help inform the work programme for this working group. As an initial step, we propose that the working group should consider our second recommendation as well as further developing the initial cost estimates we present in this report.

Recommendation 2

14. We recommend that Defra and the Scottish and Welsh governments work together to produce a clear, joint statement on the management of cross-border movements within Great Britain (GB) that use EID. In time, as DAERA develops its

policy for Northern Ireland, this could be complemented by a statement about the management of movements between Northern Ireland and GB that use EID. This would assist the industry by reducing uncertainty and limiting the risks associated with business investments becoming stranded by subsequent regulatory developments.

15. We recommend also that each of the UK, Scottish and Welsh governments, as early as is practicable, set out for industry participants the basis on which it will be acceptable to use an EID read for submitting information to the relevant national database. We recommend that the Welsh Government and Defra clarify whether it will be acceptable to submit data to their national databases that has been derived from a UHF tag. Similarly, we recommend that the Scottish Government sets out whether it will be acceptable to submit data to the ScotEID database that has been derived from an LF tag.

1. BACKGROUND

- 1.1 This report sets out the findings from our review into EID for cattle and other bovines. The review examined whether proposed new legislation on bovine EID to be introduced in Scotland, England and Wales (and under consideration in Northern Ireland) would have an effect on trade within the UK internal market.¹ The review was launched on 17 July 2025.
- 1.2 We have drawn our evidence primarily from interviews with the relevant governments and their consultants, trade bodies, farmers, markets, abattoirs, and EID equipment manufacturers throughout the UK.² We are grateful to all the stakeholders who helped us with our research. We have also reviewed evidence from various published and unpublished data sets that we have obtained from government agencies.
- 1.3 The report is laid out as follows:
- Section 1 sets out relevant background, including details of the proposed policies
 - Section 2 summarises the current patterns of trade within the internal market
 - Section 3 contains our main findings
 - Section 4 sets out our recommendations
 - Appendix A contains an overview of LF and UHF technology
 - Appendix B contains a summary of stakeholders' views

Legal basis for the review

- 1.4 The Office of the Internal Market (the OIM) has been established by the United Kingdom Internal Market Act 2020 (the Act) as part of the CMA.³ It supports the effective operation of the internal market in the UK through the application of economic and other technical expertise.⁴
- 1.5 The OIM's functions include monitoring and reporting on the operation of the UK internal market⁵ - ie the market for goods and services and the recognition of

¹ Where we refer to the UK internal market or internal market trade, we specifically mean trade that crosses an internal UK national border (such as that between England/Scotland).

² We spoke with 18 trade associations, 9 livestock market operators, 4 abattoir operators, 7 farmers, 4 technology providers, and 9 governments, government agencies and their consultants.

³ Section [32](#) of, and [Schedule 3](#) to, the Act.

⁴ Section [31\(2\)](#) of the Act. The OIM is not subject to the CMA's duty to promote competition (s [31\(5\)\(a\)](#) of the Act.

⁵ Section [33](#) of the Act.

professional and other qualifications in England, Northern Ireland, Scotland and Wales.⁶

- 1.6 The OIM has power under section [33\(1\)](#) of the Act to undertake a review of any matter that it considers relevant to assessing or promoting the effective operation of the internal market in the UK. The OIM may prepare a report on the matters considered in the review and may publish it in such a manner as the OIM considers appropriate.⁷ We have prepared this short-form review under these powers.
- 1.7 Further information on the OIM's functions and powers can be found in chapter 2 of the Guidance on the Operation of the CMA's UK Internal Market Functions.⁸

Legal context for bovine identification

- 1.8 The current system for identifying and tracing cattle in the UK derives from European Union (EU) law. It was introduced primarily to protect public and animal health following the BSE 'mad cow disease' epidemic. An additional consideration was that consumer confidence in the quality of beef and beef products would be improved, and lasting stability of the beef market would be reinforced.
- 1.9 The UK has withdrawn from the EU, but the relevant EU regulations have been retained in England, Scotland and Wales as assimilated direct legislation, with their legal effects and interpretation now defined by UK law. However, in Northern Ireland, in accordance with the Windsor Framework arrangements, the relevant EU regulations apply as they do in the EU member states, with post Brexit EU amendments. Such amendments will not be made to the regulations in England, Scotland and Wales unless adopted by national law.
- 1.10 This is a devolved policy area, and the administrations in England, Northern Ireland, Scotland and Wales have each used their devolved powers to supplement and enforce the EU regulations.

Industry and technical background

- 1.11 For the purposes of this review, we have focused on three key parts of the supply chain for dairy and beef products: farms, livestock markets and abattoirs. This is not the entire supply chain, but it represents the businesses most directly affected by the roll-out of EID for cattle. Each of these types of business are likely to be considered cattle keepers and will consequently have legal obligations to report the movement of cattle on and off their holdings. Bovine EID will provide an

⁶ The 'operation of the internal market in the United Kingdom' includes its operation in relation to a particular description of goods or in a particular area or region of the United Kingdom. Section [45\(3\)](#) of the Act.

⁷ Section [31\(4\)](#) of the Act.

⁸ [Guidance on the Operation of the CMA's UK Internal Market Functions - GOV.UK](#)

alternative to the current 'manual' system for identifying cattle for these reporting purposes.

- 1.12 EID works through a combination of a tag (which is attached to the animal) and a reader (which can either be handheld or fixed). Identification data on the tag can be transferred to the reader and onwards to a database. In this way EID can be used to help cattle keepers track and report the movements of cattle.
- 1.13 The UK, Scottish and Welsh governments have each run consultations in relation to the electronic identification of cattle which, amongst other things, have consulted upon the specific technology that will be used. The two principal technologies for EID are LF and UHF technologies. These come in different forms and LF and UHF technologies do not interoperate with each other, such that an LF reader will not read a UHF tag and a UHF reader will not read an LF tag. The proposed introduction of two differing technical standards across the UK therefore raises the question of how cattle will be moved around the UK internal market, while still taking advantage of the benefits of EID. Further details on the technologies are set out in Appendix A.
- 1.14 The current proposals are for EID to initially run alongside the current identification system. Cattle currently must have both a primary tag and a secondary tag (neither of which are required to be EID tags) which have the animal's identification number printed on the outside and which can be read by eye (sometimes referred to as a 'manual' read). Each animal will also have a passport (a paper document recording key information about the animal including the holdings it has been kept on) which contains a barcode that can be scanned to upload the information on the passport into management software. Once EID is rolled out it is proposed that (depending on jurisdiction) either the primary or secondary tag for all newly born calves will be an EID tag. Both primary tags and secondary tags will have the identification number printed on the outside, so manual reads will still be possible. Paper passports will remain in use for the immediate future, although eventually they will be phased out. Consequently, immediately after roll-out of EID cattle keepers will be able to identify animals using either a manual read or EID.

Outline of the current arrangements for cattle identification

- 1.15 All cattle have registered individual lifetime identity numbers and cannot enter the food chain without one. Any person keeping or intending to keep cattle must notify their name and address and the address of the holding where the cattle are held to the relevant agency and keep a register of the herd onsite at the holding.⁹ Any

⁹ In England, notification is made to the Animal and Plant Health Agency (APHA); in Wales notification is made to BCMS and Rural Payments Wales (RPW); in Scotland notification is made to APHA, ScotEID and the Rural Payments and Inspections Division (RPID); and in Northern Ireland notification is made to the DAERA and APHA.

person keeping cattle must notify all births and deaths of cattle in the herd and all movements of cattle away from the holding.¹⁰

- 1.16 Each herd of cattle is given an official herd number and all cattle are given an individual identification number at birth. All cattle on a holding must be identified by having an approved cattle ear tag in each ear (a primary tag and a secondary tag) and one other means of identification, as listed in Annex I of [Regulation \(EC\) 1760/2000](#). The primary tag must display in a prescribed manner (making the identification easily visible) an identification code showing the country of origin, herd number and the unique number of the animal.¹¹
- 1.17 The current rules permit, but do not require, animals to be identified through electronic data loaded onto the secondary ear tag, which can be read by a handheld or stationary EID reader.

Retagging

- 1.18 In most cases, each animal keeps its individual identification number and its approved ear tag for life. It is an offence to remove or replace an approved ear tag without competent authority permission and, if an approved ear tag is lost or becomes illegible, it is an offence to fail to replace it with an ear tag bearing the same number as the original tag.
- 1.19 Cattle moved within England, Scotland and Wales do not need replacement ear tags. As the UK is no longer part of the EU, in accordance with the Windsor Framework arrangements, when cattle are moved from England, Scotland or Wales to Northern Ireland they must be retagged with a pair of ear tags compliant with EU rules, at the import destination in Northern Ireland within 20 days of date of import with a tag with a new DAERA issued number and showing the country code as 'XI' instead of 'UK'.
- 1.20 Animals imported to the UK from outside the EU or Northern Ireland must be retagged with approved ear tags within 20 days of the animal passing the required veterinary checks and before the animal leaves its destination holding.¹² Cattle imported from the EU keep their original number and do not need to be retagged, but they will need to be issued with an animal passport.

Movement of cattle

- 1.21 Cattle in England, Scotland and Wales moved away from the holding - e.g. for slaughter within GB - must be correctly tagged with a primary and secondary tag

¹⁰ In England and Wales, notification is made to the British Cattle Movement Service; in Scotland to ScotMoves+ (operated by ScotEID); and in Northern Ireland to DAERA or to APHIS-on-line.

¹¹ Article 4.1 of [Regulation \(EC\) No 1760/2000](#) and article 3 of [Commission Regulation \(EC\) No 911/2004](#)

¹² [The Cattle Identification Regulations 2007](#) Sch 1 para 9

and have a correctly issued cattle passport.¹³ Cattle exported from GB to Northern Ireland or the EU must also have an export health certificate.

- 1.22 Cattle can be exported from Northern Ireland to GB for the purposes of breeding, production or slaughter.¹⁴ However, animal welfare legislation prevents the export of cattle from GB to Northern Ireland, the EU member states or third countries for slaughter or fattening for slaughter.¹⁵ (Cattle can be imported from the EU for slaughter, but will need health certificates and will go directly to the abattoir.)
- 1.23 If cattle are sold at market and moved to a new holding the market operator must give the animal passport for each animal to the new keeper, and the date of movement on to the new holding and the name and address of the new keeper must be marked on the passport.

Current state of policy development across the four nations

- 1.24 The current system for identification and traceability of cattle already permits the use of EID on a voluntary basis.¹⁶ The UK Government, the Scottish Government, the Welsh Government and the EU Commission have each consulted on updating aspects of the system.¹⁷ England, Scotland and Wales are proposing to introduce a requirement that all newly born cattle must be fitted with ear tags that incorporate electronic identification technology. Current proposals anticipate that animals born before the policies take effect would be retagged at a point in the future, most probably once their prevalence in the national herds has fallen to relatively low levels. The proposals envisage that initially cattle keepers will not be required to identify animals and report their movements using EID technology, although they will continue to have the option to do so. It is envisaged that paper passports will initially be retained but will be phased out at some point in the future.
- 1.25 A new cattle numbering format would be required in order to use EID ear tags in the UK. In addition, as a consequence of the UK leaving the EU, the country code

¹³ Schedule 3 to the Cattle Identification Regulations

¹⁴ In accordance with [The Welfare of Animals \(Transport\) Regulations \(Northern Ireland\) 2006](#) which supplement and enforce Council Regulation (EC) No. 1/2005 (on the protection of animals during transport and related operations). Each animal needs an Export Health Certificate, an MC2L movement licence and its animal Passport.

¹⁵ Section 1 of the [Animal Welfare \(Livestock Exports\) Act 2024](#)

¹⁶ Electronic ear tags are already in use on a voluntary basis, authorised by [Regulation \(EU\) No 653/2014 of the European Parliament and of the Council amending Regulation \(EC\) No 1760/2000](#) as from July 2019. The European Commission noted that: *Making EID mandatory throughout the Union could have economically adverse effects on certain operators. It is therefore appropriate that, once EID becomes an official means of identification, its use by keepers should be voluntary. Under such a voluntary regime, EID would be chosen by keepers who are likely to benefit economically from it, while it should be possible for other keepers to continue to identify their animals with two conventional ear tags.* [Recital 14] However, a mandatory EID system (using LF technology) is in use throughout the UK and EU for sheep and goats.

¹⁷ (England) [Summary of responses and government response - GOV.UK](#); (Scotland) [Cattle identification and traceability: consultation analysis - gov.scot](#); (Wales) [Implementation of Bovine Electronic Identification \(Bovine EID\) in Wales \[HTML\] GOV.WALES](#); (Northern Ireland) [Consultation on the numbering format for Bovine EID](#) (EU) [Commission Report to the European Parliament and the Council.docx](#)

prefix used for cattle in GB will be changed from UK to GB. There would not be a requirement initially to retag the existing herd but further consultations on retagging may be undertaken later.

- 1.26 The primary ear tag can be put in either ear but must be a distance-readable, large or medium sized tag. The secondary tag must have the same identification information as the primary tag but could also contain management information.¹⁸

England

- 1.27 Defra held a consultation 'Changes to bovine Identification, registration and movement in England' for 8 weeks ending in November 2023.¹⁹ The responses showed that although a clear majority responses described the current system positively, there was greater support to make digital or online reporting the primary method for reporting births, movements, and deaths of cattle.
- 1.28 Defra has therefore announced that it will introduce changes to the current system of cattle identification, registration and reporting. From 2027, it will be compulsory for a newborn calf to have an LF EID tag showing the animal's individual ID number. This will allow cattle to be scanned electronically when they are moved although it will still be possible to read the ear tags read visually.²⁰
- 1.29 A new central database and movement reporting system for cattle in England is planned to be introduced in 2026.²¹
- 1.30 Defra is working with the devolved governments to understand the impact EID technology may have on issues, such as the removal of paper cattle passports, in order to find solutions that work for government and industry.

Scotland

- 1.31 The Scottish Government's consultation on introducing a legal requirement for newborn cattle to be identified with electronic ear tags ended in June 2024.²² It received strong support from stakeholders for using UHF technology.²³ UHF technology was considered to offer greater practicality than LF tags, including the possibility of using the technology for cattle management purposes, in addition to identification and traceability purposes.

¹⁸ Such information could be recording milk volume data for each dairy cow, growth and weight data, feed and other data which can then be transferred and integrated with other farm management software.

¹⁹ [Defra - Consultation document](#)

²⁰ [Electronic ID for Cattle mandatory in step forward for UK biosecurity - GOV.UK](#)

²¹ [Electronic ID for Cattle mandatory in step forward for UK biosecurity - GOV.UK](#)

²² [Cattle identification and traceability: consultation - gov.scot](#)

²³ [Cattle identification and traceability: consultation analysis - gov.scot](#);

- 1.32 There was a mixed response to the consultation question of whether EID tags should be required only for newborn calves, or whether the existing herd must be retagged if EID was introduced. The majority view favoured retagging by a specified date.²⁴
- 1.33 On 7 February 2025, the Scottish Government announced its commitment to delivering UHF EID for cattle to improve traceability.²⁵ Implementation would start with it being compulsory for the primary ear tag of a newborn calf showing the animal's EID to be a UHF ear tag, with retagging of the rest of the herd implemented at a later (as yet undecided) date. Other aspects of the proposed new arrangements are still being considered.

Wales

- 1.34 From June to August 2025, the Welsh Government consulted on its proposed implementation of bovine EID in Wales.²⁶ The consultation noted that bovine EID tags are currently available for use as secondary or management tags applied for dairy parlour and farm management purposes. It was proposed that after implementation, it would be compulsory for the primary ear tag of a newborn calf showing the animal's individual ID number to be a LF ear tag. The Welsh Government is not currently proposing to retag the existing herd with bovine EID tags, as bovine EID microchips cannot accommodate the existing cattle numbering format. Its intention is to allow bovine EID to be implemented for newborn calves from a set date and then revisit the options available to retag the existing herd. Further consultations may be undertaken later.

Northern Ireland

- 1.35 As a result of the Windsor Framework arrangements, Northern Ireland is now aligned to EU law relating to the European single market for goods, including EU legislation on animal and plant health rules, and rules on agricultural production.²⁷ Under current EU rules LF ear tags²⁸ may be used for cattle but are not compulsory.
- 1.36 The only ear tag numbering change introduced recently in Northern Ireland has been the requirement under EU law for all new cattle tags issued in Northern Ireland to begin with the country code 'XI', replacing the former 'UK'. This new country code would allow the whole tag number to be encoded on ISO standard

²⁴ [Cattle identification and traceability: consultation analysis - gov.scot](#) Questions 6 and 7

²⁵ [New Deal for Agriculture: First Minister's speech - 7 February 2025 - gov.scot](#)

²⁶ [Implementation of Bovine Electronic Identification \(Bovine EID\) in Wales \[HTML\] | GOV.WALES](#)

²⁷ [Revised Protocol to the Withdrawal Agreement.pdf](#)

²⁸ Strictly, Regulation (EU) 2021/520 Annex 1 point 2 requires conformance with ISO standards 11784 and 11785 in accordance with the method referred to in point 7 of ISO standard 24631-1 but in effect this means LF technology.

electronic identification devices in future, if electronic tagging was adopted in Northern Ireland.

Contextual factors

- 1.37 In this section we set out some contextual factors that we have taken into consideration.
- 1.38 There was widespread support for the use of EID across the stakeholders we spoke to. This included farmers, markets and abattoirs where there was wide agreement that EID would have many benefits including improved safety for people working with cattle, better animal welfare, efficiency gains and fewer errors when copying the tag number to a database.
- 1.39 Notwithstanding this strong support, views as to whether LF or UHF is the best technological standard varied widely amongst stakeholders. Sometimes this reflected different opinions as to how the two technologies performed. However, it also reflected the view that LF might be better in some situations and UHF better in others. A minority observed that dual frequency technology²⁹ would be the preferred option, with businesses then able to choose whether LF or UHF best suited their needs.
- 1.40 It is not part of the OIM's remit, or expertise, to evaluate the technological standards chosen by governments. Our analysis focuses on whether the use of different technologies will lead to an effect on trade on the UK internal market. However, it is relevant that the implementation of new EID policies will take place against a backdrop of differing opinions as to which technology is the 'right' choice.
- 1.41 The OIM's focus on internal market trade means that there are many factors important to bovine EID which we do not consider, other than as background context. These include environmental, animal welfare, health and safety and international trade considerations. Our narrower focus, however, allows us to focus on matters that arise across the UK's internal borders. In the case of bovine EID specifically, this means we have been able to consider how trade is affected across the English/Scottish border in particular, given that i) those two nations share a physical border and ii) they propose to adopt different EID standards. It follows that many of the findings in this report are most pronounced in relation to England and Scotland.
- 1.42 We also observed uncertainty amongst some stakeholders about how the proposed legislation would work in practice. This reflected a mix of unfamiliarity with the proposals and/or confusion as to how the differing requirements could be

²⁹ Dual frequency technology combines both UHF and LF frequency capability in a single tag or reader. While dual frequency tags are available, dual frequency readers that have been toughened for use in agriculture are less widely available.

complied with from either a technical or practical perspective. Not all of the stakeholders we spoke to had first-hand experience of EID and many of those with such experience had mostly used it with sheep. We have borne this in mind when interpreting evidence and reaching our conclusions.

Our evidence base

- 1.43 The OIM's statutory objective of supporting the effective operation of the UK internal market through the application of economic and other technical expertise can be achieved by providing this analysis at a point when legislation is still under development. This allows policy, where appropriate, to reflect any recommendations we have made.
- 1.44 Our study has been conducted at a time when legislation is still under development. This means that the stakeholders we consulted were basing their views on:
- (a) what they currently understand the policy position would be once the legislation was finalised; and
 - (b) how they thought they would respond to that situation.
- 1.45 We acknowledge that both factors are potentially subject to change. There are three main reasons why this could arise:
- (a) First, some nations (Wales) are yet to conclude their consultation processes, while others are yet to consult on a policy position (Northern Ireland). Furthermore, some aspects of policy in the longer term (such as when paper passports will be phased out and the arrangements that will follow) are yet to be fully determined.
 - (b) Second, we understand that the current EU-UK negotiations over a Sanitary and Phyto-Sanitary (SPS) agreement could involve bovine EID and, if so, could require as yet unknown standards to be met (we note that it is possible this could allow for different approaches applying in different parts of the UK).³⁰
 - (c) Third, businesses' familiarity with the legislation and its practical implications will likely increase over time (including through practical day-to-day experience) and this may prompt some businesses to revise their plans about how they will respond to the introduction of the legislation.

³⁰ The EU Commission issued a Report to the European Parliament and the Council in 2023 on the technical and economic feasibility of introducing mandatory electronic identification for bovine animals in the EU, but no formal proposal for legislation has yet been made.

- 1.46 We have borne these factors in mind when making our findings and, where possible, we have tried to indicate how our findings might change if stakeholder views were to evolve in one of the ways described above. However, for the most part we have focused on what stakeholders currently anticipate they will do.

2. CURRENT TRADE PATTERNS

- 2.1 The starting point for our assessment of the likely impacts on trade across the internal market of any anticipated regulatory divergence are current trade patterns.
- 2.2 Beef and dairy cattle are widely traded within the UK and in particular across GB. This trade in turn supports the way in which agriculture has developed within the UK over decades. For example:
- (a) Many cattle keepers specialise in one or two parts of the production chain for milk or beef.³¹ For these specialists to thrive it is essential that they can trade freely with each other.
 - (b) Agriculture is affected by factors of topography and climate. This means that some parts of the country tend to produce a 'surplus' of cattle at particular stages of their life cycle which are then traded into other parts of the country. This trade will often move across national borders, particularly as between England, Scotland and Wales but also to a lesser extent with Northern Ireland.
 - (c) Markets in border areas (and especially those with large throughputs) attract buyers and sellers from a wide geographic area including across internal market borders. Similarly, large abattoir facilities will need to purchase cattle from an extended geographic area, which can also cross internal market borders, to support their operations.
- 2.3 In short, trade within the UK internal market underpins economic efficiency in both the dairy and beef sectors.

Annual cattle movements

- 2.4 Figure 2.1 shows average³² annual cattle movements for the previous five calendar years across each national border. For the purposes of these figures the Scotland/Wales 'border' represents all cattle movements between vendors/purchasers in Scotland and purchasers/vendors in Wales.
- 2.5 Total average annual cross-border movements within the UK are around 667,000 of which movements within GB account for 99.5%. At the national level total movements in and out of Wales are equivalent to 42% of the Welsh national herd of 1.09 million.³³ For Scotland and England the equivalent figures are,

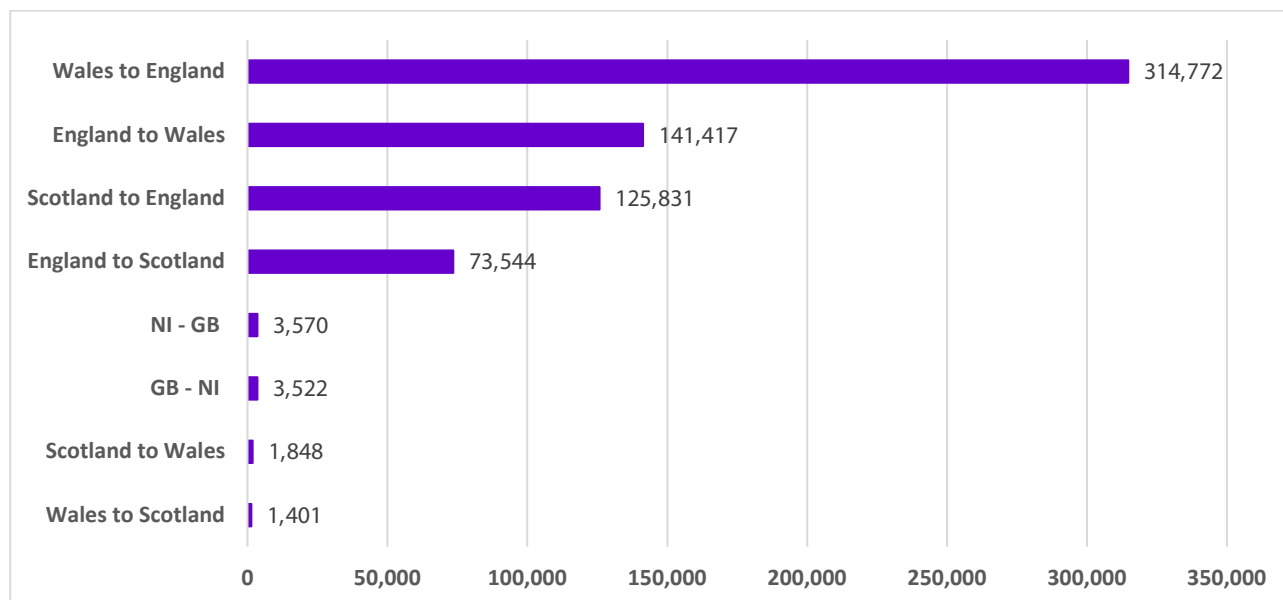
³¹ Including, for example, dairy farms, rearing farms, finishing farms, markets and abattoirs.

³² We have averaged over five years to smooth out short-run annual effects, such as the impact of the bluetongue virus outbreak.

³³ Figures for national herds are for 2024: [Livestock populations in England at 1 June 2025 - GOV.UK](#); [Results from the Scottish Agricultural Census: June 2024 - gov.scot](#); [Survey of agriculture and horticulture: June 2024 \[HTML\]](#) | [GOV.WALES](#); [Agricultural Census in Northern Ireland 2024 - Data Tables 0.ods](#)

respectively, 12% of the national herd of Scotland of 1.67 million and 13% of the national herd of England of 5 million. For Northern Ireland, the equivalent figure is 0.2% of the national herd of 1.67 million. These figures give an indication of the relative importance of UK internal market trade to the cattle industry in each of these nations. They also identify the volume of cattle flows most likely to be affected – approximately 200,000 cattle move across the English/Scottish border each year, representing about 30% of all internal market trade in cattle and 4% and 12% of the cattle populations in England and Scotland respectively.

Figure 2.1 Average annual cross border cattle movements by nation, 2020-2024

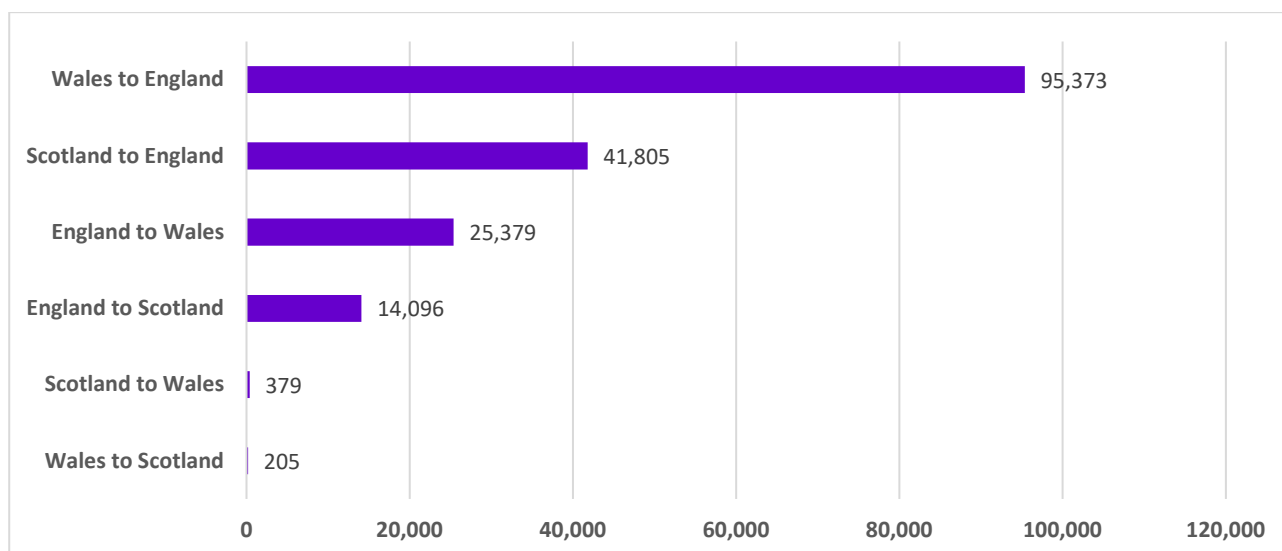


Source: British Cattle Movement Service (BCMS) and Northern Ireland Food Animal Information System (NIFAIS).³⁴

2.6 These national totals mask a regional picture. A significant number of cross-border cattle movements are to regions directly adjacent to the border. Figure 2.2 sets out the relevant statistics for cross-border cattle movements into border areas. For the purposes of this analysis a border area is any county that touches the relevant national border (e.g. for England this is Northumberland and Cumbria). Across GB, 27% of cross-border movements end in a border area. But we also note that 73% of movements are further afield, so any trade effects will not be confined to a small geographic area.

³⁴ Figures for NI-GB cover only 2020-2023.

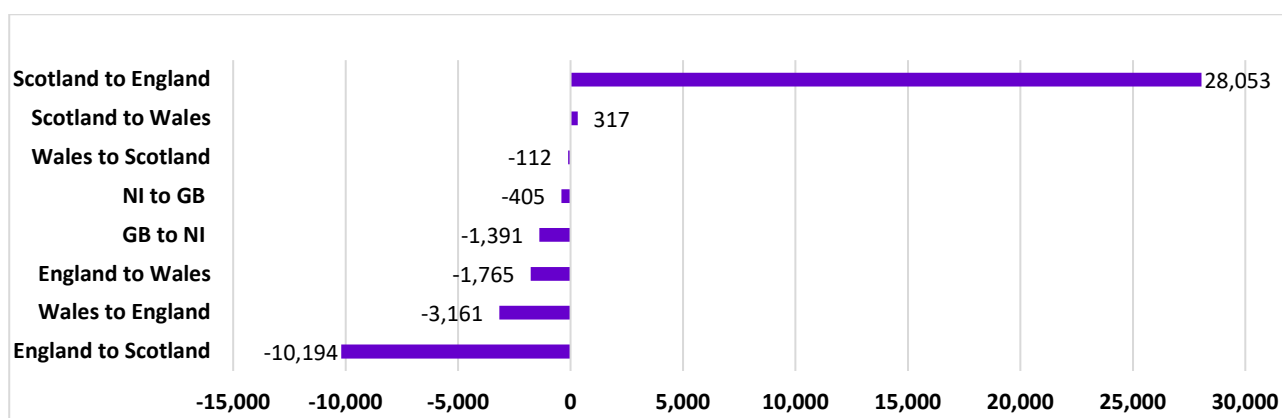
Figure 2.2 Average annual cross border cattle movements to border areas by nation, 2020-2024



Source: BCMS

2.7 Figure 2.3 shows changes in cross border cattle movements over the period 2020-2023.³⁵ Between 2020 and 2023 total annual cross border cattle movements increased by nearly 15,000 or approximately 2.3%. The increase in total cross border cattle movements is almost entirely accounted for by exports from Scotland to England (with a very small increase in exports from Scotland to Wales). All other cross-border movements, including imports into Scotland, have fallen. Internal market trade has therefore become more important as between Scotland and England over this period.

Figure 2.3 Changes in cross border cattle movements, 2020-2023



Source: BCMS and NIFAIS.

Figures exclude 2024 to avoid the impact of restrictions on cattle movements due to bluetongue virus.

2.8 To summarise, cross border trade affects a significant proportion of the GB herd in any given year, and this proportion varies significantly as between Wales, Scotland and England. While the absolute and proportional volumes of cross

³⁵ We have used the period 2020-2023 to avoid the effects on total movements caused by bluetongue virus during 2024.

border movements between England and Wales have been fairly stable over the recent past, exports from Scotland to the rest of GB have substantially increased with the imports into Scotland falling significantly. Over time, this has made Scotland a more significant contributor to the GB (and by extension UK) internal market in cattle. Trade between Northern Ireland and GB is small by comparison with the flows within GB.

3. MAIN FINDINGS

- 3.1 In this section we set out our findings based upon the evidence we have gathered. In particular, our findings draw on evidence provided to us by industry stakeholders. A summary of these views is set out in Appendix B. Our findings cover the following themes:
- (a) Stakeholders' attitudes towards regulatory differences and their accommodation
 - (b) Overall effects on aggregate trade
 - (c) Specific geographic patterns of trade within the overall picture
 - (d) The types of investment required for accommodating two EID standards and who will make them
 - (e) Our assessment of the costs implicit to regulatory differences and whether these can be mitigated

Stakeholders' attitudes towards regulatory differences and their accommodation

- 3.2 There was a widespread view amongst industry stakeholders that a single EID standard would have been preferable to two different standards being adopted as between England/Wales and Scotland. There was, however, no consensus on which standard should be adopted. Views ranged from the position that either LF or UHF was preferable, to the opinion that dual tagging would offer flexibility, and the view that industry participants should be given the freedom to choose the standard that best suited their needs. A number of stakeholders said they held no strong view as to the technical standard that should be adopted, but there were also a substantial proportion who held a clear view. Even amongst the latter, there was generally a recognition that LF and UHF had different strengths and weaknesses and that the ideal technology might vary depending on the use case and the specific business deploying it. Despite these differences, support for EID was universal. Farmers, markets and abattoirs all recognised its benefits, and many businesses were keen to start using EID at the earliest opportunity.
- 3.3 Notwithstanding the general preference for a single EID standard, stakeholders were cautiously optimistic that the challenges of maintaining two different technical standards could be overcome. Stakeholders expressed a high level of confidence in an industry that was seen as resilient, resourceful and determined. Stakeholders pointed to the fact that for many businesses the costs of implementing EID were modest compared with the benefits, but that supporting two systems was obviously more costly than supporting one.

- 3.4 Our conversations with industry stakeholders left us with the view that the strong industry capability, combined with the desire of some significant players to use EID as soon as practicable, mitigated some of the risks to internal market trade while exacerbating some others:
- (a) On the one hand, a number of capable, motivated industry players making an early start on addressing the practicalities of running two EID standards side by side will help ease the roll-out more generally.
 - (b) However, these pioneer businesses need clarity with respect to the specific investments that will allow them to maintain legal compliance as they continue to move cattle cross-border. Without such clarity, by acting promptly, they are exposed to the risk of making investments which ultimately prove redundant. We return to this theme in our recommendations.

Aggregate effects on trading behaviour

- 3.5 With respect to trade effects, based on the evidence summarised at paragraph B.4 we found that abattoirs are very unlikely to change from whom and where they purchase their cattle. For many, their demand for cattle is sufficiently large that attempting to source cattle that are only tagged with a particular technology would be a hindrance to their operations. Many of these businesses also wish to retain agility in their purchasing to allow them to respond rapidly to disease outbreak – this will also require them to be able to handle cattle with both LF and UHF tags. We would expect such businesses to have strong incentives to make whatever investment was necessary to be able to achieve this. We note that approximately 18,000 animals or 28% of the cattle that moved from England to Scotland in 2024 moved directly to slaughter, with the equivalent figure for Scotland to England being approximately 53,000 animals or 39%.³⁶
- 3.6 Some farmers are likely to be sensitive to the type of tag used and may adjust their purchasing behaviour accordingly (see paragraphs B.5 and B.6). From our stakeholder discussions, we have identified three main categories of farmer.
- (a) Large farms will have strong incentives to invest in EID systems for farm management purposes – this may mean that in some circumstances (particularly in England and Wales) they will have UHF for farm management and would therefore also be able to work with UHF cattle arriving from Scotland without the need for any additional investment. We define a large farm as any holding with more than 150 cattle: this is approximately 39% of all farms, or 38,000 farms.

³⁶ BCMS figures.

- (b) Many small farms, at least initially, may not invest in EID readers as there will be little efficiency saving over a manual read when cattle are handled in small numbers – especially if the technology would only be used for reporting movements (as opposed to farm management). As these farms will not use EID readers they might be expected to be largely agnostic about the type of tag applied as it will not affect their day-to-day operations. We define a small farm as any holding with 50 cattle or less: this is approximately 39% of all farms, or 38,000 farms.
- (c) There are farms that might see efficiencies from using one system - which can be expected to be the mandated system in their home nation - but for whom a second system would not be justified by the number of cattle it would be used upon. This cohort of farmers is most likely to take the type of tag into account in their purchasing decisions. We define these medium sized farms as farms with between 51 and 150 cattle. They comprise approximately 22% of all farms, or 22,000 farms, but we note that of these only a proportion will be early adopters of EID and of those only a proportion will be in the most acutely affected border areas.

3.7 Overall, we consider this combination of effects will have some, but limited, impact on cross-border trade at an aggregate level.

Localised trade effects

3.8 The finding that the aggregate levels of trade will only be affected to a limited extent masks a more complex regional picture. Two factors are at work:

- (a) there are likely to be some subtle shifts in the pattern of who buys from whom; and
- (b) providers in English/Scottish border counties are likely to be affected more than other parts of the UK.

3.9 The prospect that farmers who use EID on their farm will favour buying cattle tagged with their preferred EID standard will not affect a significant proportion of the total volume of cross-border traded cattle (because of the comparatively small number of farmers expected to use EID for tracing initially³⁷). Nevertheless, we consider it will have some geographic effects. We take the view, that the most likely outcome is that this subset of farmers will tend to move some of their purchases away from cattle from other UK nations and towards domestically

³⁷ We note that the speed at which farms adopt EID for tracing purposes is difficult to predict with any certainty and that it is likely to be influenced by the exact arrangements that will be in place once paper passports are phased out. In addition, whether dual-frequency readers suitable for use in agriculture become available and their relative cost compared with single frequency readers is also likely to have a strong influence on how farmers perceive the challenges of dealing with consignments of cattle with mixed tags.

produced cattle (see for example, B.3(c) and B.5 (a) and (b)). In this sense, for a subset of farmers, trade continues but it becomes more national in nature.

- 3.10 Cattle involved in these transactions may still, however, cross national borders.³⁸ This is because the markets at which these transactions take place will likely stay the same (see B.5(a)). Farmers value the critical mass that large markets bring and so we anticipate that they will continue to use these markets even if their preferences shift at the margin towards purchasing cattle tagged with a particular EID standard. The large markets will be able to offer farmers a wide range of cattle, including cattle with different EID standards (and none).³⁹ Markets on both sides of the English/Scottish border deal in both English and Scottish cattle, but there is a particularly strong participation in markets in English border counties by Scottish farmers. We therefore anticipate there will be a small increase in Scottish farmers buying stock from other Scottish farmers through markets in England. This currently already happens, but for the reasons stated above we think it will increase with a corresponding decrease in transactions between Scottish farmers and English farmers through the same markets. We considered the possibility that if some Scottish purchasers will only purchase UHF tagged cattle (most likely from Scottish vendors) they might prefer to buy at Scottish markets. However, we think this effect will be weak for two reasons. First, as we have already observed, critical mass at markets is an important consideration for both purchasers and vendors and this will act as a strong incentive for Scottish farmers to continue to use the English border markets, particularly as Scottish stock (which will be UHF-tagged) can constitute as much as 40% of the throughput of these markets. Second, Scottish vendors are likely to be less sensitive to location than Scottish purchasers. Vendors will be able to sell to a population of purchasers who are not sensitive to the type of tag (for the reasons already discussed) and they will have little incentive to change the market through which they sell.
- 3.11 A second localised effect is that businesses (particularly markets but also abattoirs and farms) in English/Scottish border areas are likely to need to make greater investments to accommodate regulatory differences than businesses further away from the border. This reflects the limits on the distance cattle can be transported and the historic development of several large markets in border areas.

³⁸ We have included these transactions in our analysis even though the cattle involved are not bought and sold between different nations because (i) infrastructure in a different nation is required to support the transactions; (ii) the animals physically cross a national border (and hence are hypothetically subject to the effects of regulatory differences as between nations); and (iii) the payments to markets in England for the services rendered to Scottish vendors and purchasers represents internal market trade (albeit in services rather than cattle).

³⁹ Although we note that the practicalities of doing so are not straightforward.

Additional investments and costs required to accommodate two EID standards, and the businesses most likely to be impacted

- 3.12 Although we consider the overall effect on cross-border trade will be limited, businesses will need to make specific investments to accommodate two EID standards and to keep trade flowing across the English/Scottish border.
- 3.13 We anticipate that this will mostly take the form of investment in additional readers (or perhaps dual frequency readers). Only a small number of stakeholders thought that they would invest in dual frequency tags (or apply separate LF and UHF tags to the same animal). This may reflect that the decision on whether to use dual frequency tags would be taken by farmers, who it was expected would adopt EID-driven practices in their businesses more slowly than would markets and abattoirs. If markets and abattoirs become capable of handling cattle with either LF or UHF tags early on in the roll-out of EID then the incentive for farmers to use a dual-frequency tag compared to either an LF tag or a UHF tag is reduced or removed.
- 3.14 The extent to which businesses will make such investments will vary. Based on our assessment of trade flows, and the feedback from stakeholders (see B.7-B.13), we consider it likely that:
- (a) Markets in the English and Scottish border counties will make the investments needed to support two EID standards (see B.9(c) and B.12).
 - (b) Initially, only the very largest farms are likely to invest in two sets of readers (see B.13).
 - (c) Similar considerations apply to large abattoirs who source cattle from a large geographic area and who need to be ready to source cattle from a range of locations, for example in the event of disease outbreak (see B.9(a) and (b) and B.11).
 - (d) Smaller abattoirs that source only locally or regionally – and are not located close to the England-Scotland border will have weaker incentives to incur costs to enable them to support two EID standards (see for example, B.10(b)).
- 3.15 Although the sites described at (a) – (c) above are a small proportion of the total number of farms, markets and abattoirs they account for a disproportionately large amount of cross-border trade.
- 3.16 As well as investments in tags and readers, some stakeholders identified additional investments that could be required. In certain circumstances accommodating two EID standards could require cattle pens and other infrastructure such as races to be redesigned to fit the new equipment (see B.12).

Investment costs under different scenarios

- 3.17 To understand how the costs of accommodating two technical standards could vary under different scenarios we have undertaken some modelling of potential costs over the first five years of the roll out of EID. To simplify the analysis, we have focused on the costs of EID tags and readers, although we recognise that, as we discuss above, for some businesses there may be some additional costs beyond the EID equipment itself. We have also made assumptions about the equipment that will be required and its costs, which we have based predominantly on information provided to us by stakeholders. A description of the assumptions underlying our calculations, and the caveats we have applied to them, is set out in Appendix C.
- 3.18 Our calculations focus on the *difference* between the costs of a scenario where a single technical standard is introduced and a scenario where two technical standards are used. We identify 3 scenarios:
- (a) Scenario 1: A single technical standard (either LF or UHF) is introduced everywhere. This is the hypothetical baseline.
 - (b) Scenario 2: UHF technology is introduced for cattle tagged in Scotland and LF technology is introduced for cattle tagged in England and Wales. This is currently expected to be the final legislative position.
 - (c) Scenario 3: EID tags must be dual frequency. In this scenario UHF reads are mandated in Scotland and LF reads are mandated in England and Wales. This is a hypothetical scenario, used as a comparator with scenario 2. We consider it a helpful comparator because it would create a situation in which cattle could move freely on the internal market but each government could mandate the type of read (LF or UHF) that it preferred and businesses in each nation would only need to invest in one type of reader technology.
- 3.19 Under our modelling assumptions, over five years, the equipment investment costs of Scenario 2 are approximately 4% (£0.86m) more expensive than Scenario 1 in total, due to the costs of additional readers to enable some participants to read both kinds of cattle. Scenario 3 is approximately 23% (£5.2m) more expensive in total than Scenario 1, due to the higher cost of dual frequency tags.
- 3.20 We have also attempted to model the costs under a high investment and low investment cases. These make different modelling assumptions that imply a greater or lesser requirement for equipment. Those calculations indicate that under a high investment case Scenario 2 is approximately 6% (£1.6m) more expensive than scenario 1. Under the same high investment case Scenario 3 is approximately 18% (£5.2m) more expensive than Scenario 1. Under a low investment case, the difference between Scenario 2 and Scenario 1 falls to much

less than 1% whereas the difference between Scenario 3 and Scenario 1 is approximately 33% (£5.2m). The distribution of the costs varies as between the scenarios. Under Scenario 2, most of the *additional* costs are concentrated on a relatively small number of farms, markets and abattoirs, and will disproportionately affect businesses, particularly markets, in border areas. By contrast, under Scenario 3 the additional costs are spread across a larger number of businesses (specifically the farms that produce calves).

Table 3.1 EID equipment investment costs, £million (total costs, absolute and percentage differences)

	Low investment case		Central investment case		High investment case	
Totals						
Scenario 1	£	15.96	£	22.26	£	28.98
Scenario 2	£	16.01	£	23.12	£	30.60
Scenario 3	£	21.15	£	27.45	£	34.18
Difference from Scenario 1						
Scenario 1	£	-	£	-	£	-
Scenario 2	£	0.05 0.32%	£	0.86 3.85%	£	1.62 5.60%
Scenario 3	£	5.19 32.5%	£	5.19 23.34%	£	5.19 17.9%

Source: OIM calculations

- 3.21 We acknowledge that these estimates are subject to a number of assumptions. As industry experience of using EID grows, they can be refined to provide better estimates. Similarly, as the costs of toughened UHF and dual frequency equipment suitable for use in agriculture become more certain, the cost estimates can be updated. It should also be borne in mind, that the estimates represent only the costs of supporting two technical standards over the first five years. We also emphasise that we have only modelled the equipment costs – if the costs of, for example, additional training or the restructuring of physical infrastructure to accommodate two systems were to exceed £4.3m in total then, on these assumptions, Scenario 3 would be cheaper than Scenario 2 over the first five years.
- 3.22 Notwithstanding these caveats, we conclude that while it is more expensive under any scenario to support two technical standards than one, the approach that industry is expecting to adopt would appear to involve lower initial investment costs than the main alternative of using dual-frequency tags. These costs will mainly be borne by markets, abattoirs and larger farms, particularly near the English/Scottish border.

Other trade frictions

- 3.23 In addition to these investment costs, some stakeholders identified other trade frictions that could affect their businesses. Several stakeholders mentioned the additional complexity associated with running two systems and that this could increase training costs or require more staff to manage (see B.15). Some stakeholders observed that it would make handling consignments of cattle with mixed LF and UHF tags easier, if LF and UHF tags could be readily distinguished from each other (see B.16). Other stakeholders raised concerns about how the use of two EID standards would be perceived by other countries and whether that would undermine the ability to export products abroad (if those countries held concerns about food-chain traceability). In particular, some stakeholders noted the importance of being able to sell so-called ‘fifth quarter’ products overseas (see B.18). Any loss of export markets would likely then have spillover effects on the internal market. We conclude, therefore, that to avoid any such effects the overall approach to supporting two technical standards for EID will need to be coordinated and robust enough to continue to meet the necessary standards to retain access to export markets.

Risks to trade from uncoordinated future policy developments

- 3.24 By combining information given to us by industry stakeholders in relation to their investment plans with discussions with policy makers we have been able to assess whether there are any longer-term risks to trade from the current proposals. In this respect, much of the longer-term risk relates to the potential for future regulatory developments in relation to EID.
- 3.25 While some of this is speculative – and therefore of limited value for a report of this nature – there is one potential longer-term risk that we consider is worth consideration now. Specifically, we are concerned that if one or more governments mandates that:
- (a) where EID reads are used, only EID reads from the mandated technology in that jurisdiction are a legitimate basis for submitting data to the national database; and
 - (b) retagging of cattle once they have been tagged as a calf remains unlawful (as it is today, unless permission is granted)

then there is likely to be a disruption to the use of EID technology which will add additional friction to internal market trade. The scenario above would result in a situation in which some businesses would be unable to use EID across all the electronically tagged animals that they handle and would have to rely on manual

reads for some of them, which would undermine the benefits of EID.⁴⁰ In the short term, such a scenario would frustrate businesses that rapidly adopt EID.

Moreover, over the longer term when paper passports are phased out, it would create difficulties for a wider group of businesses who, up until that point, will have relied on manual reads to accommodate dealing with both LF and UHF tagged cattle.

- 3.26 We stress that this is not the outcome industry is expecting. Rather, stakeholders anticipate that they will be able to use a combination of LF and UHF reads to submit the necessary information. Nonetheless we consider it important to clarify the position at an early stage to promote business certainty.

Conclusion

- 3.27 Taking the evidence in the round, we reach the view that the adoption of two technical standards for EID within the UK, if managed carefully, is likely to have a limited impact on the pattern and total volume of internal market trade (albeit still of importance to the businesses affected).
- 3.28 However, even if well managed, two technical standards will introduce additional investment costs relative to a situation in which a single standard was adopted. Additional investment costs will most likely affect those providers (larger markets and abattoirs) whose business model is most likely to compel them to make additional investments, and to have the greatest impact in regions neighbouring the English/Scottish border which account for approximately a quarter of all cattle movements between England and Scotland (in either direction).
- 3.29 We therefore conclude that while some additional investment costs are likely to be unavoidable if two technical standards are adopted, careful consideration needs to be given to whether the current proposals minimise these costs as far as practicable.
- 3.30 Similarly, we conclude that there is a risk that industry may make unnecessary investments or investments that prove redundant if there is not a clear, and preferably, coordinated approach to the management of cross-border trade.
- 3.31 Two technical standards for EID will also introduce trade frictions over and above additional investments particularly in the form of additional complexity. Some stakeholders also raised concerns about how supporting two technical standards might affect the ability to export products abroad. While foreign exports are beyond

⁴⁰ For example, a calf, tagged in nation A on that nation's mandated technology could no longer be traced using EID if it moved to nation B if nation B's mandated technology is different to nation A's mandated technology and nation B pursues the two principles at (a) and (b) above.

the remit of the OIM, we note that any impact on international trade could have spillover effects into the UK that could affect trade on the internal market.

- 3.32 We also conclude that, unless they are well designed, any further regulatory developments in relation to bovine EID that mandate a particular type of EID read, could create greater difficulties for internal market trade, especially once paper passports are phased out.

4. RECOMMENDATIONS

- 4.1 This section sets out our recommendations in relation to the implementation of bovine EID legislation across the UK. These apply principally to GB given the more extensive cross-border trade and integrated nature of the supply chains within GB. However, some of the general principles we identify may be applicable to any new legislation that might be introduced in Northern Ireland in the future.
- 4.2 In developing our recommendations, we have drawn on the views of business and farming stakeholders, and we have had regard to our analysis of the available data on the movement of animals. Necessarily, we have paid close attention to the policy positions of the governments but in doing so we have recognised that:
- (a) at the time of writing, none of the policies to be introduced anywhere in the UK are fully finalised legislation and could potentially be subject to change; and
 - (b) each of the governments in the UK is at a different point in the policy development lifecycle.
- 4.3 We note that the current proposals to mandate different technology standards in different nations of the UK arises not from a collective decision to have different standards but from independent decision-making processes that have reached different conclusions. Consequently, no single government has a responsibility for what happens at each border crossing; they control only what happens within their jurisdiction. While this is in line with powers of the UK Government and the devolved governments under the devolution arrangements, an uncoordinated approach to cross-border trading arrangements increases the risk that the interactions between different legislative approaches creates implementation challenges for businesses. To help address this, Common Frameworks provide a mechanism for inter-governmental coordination.
- 4.4 The OIM's remit is to examine the consequences of differing policy choices for internal market trade. The introduction of EID both offers potential benefits to trade and creates risks. EID offers the prospect of enhanced efficiencies in animal tracing both in terms of time saved and greater accuracy. This could facilitate intra-UK trade as well as bringing other benefits in terms of improved health and safety and animal welfare. Notwithstanding this, we have concerns that – as things stand today – there are potential risks to internal market trade from the anticipated legislative arrangements. Nevertheless, we consider that with forward planning and constructive dialogue between all four governments and industry, these risks can be effectively mitigated.
- 4.5 We agree with the position of most of the stakeholders we consulted that a single technical standard for EID across the UK would ease trade more effectively than

two technical standards. We also note that the volume of internal market trade potentially affected is material at both a national and sub-national level (especially border counties) and that policy makers have options in terms of how to support trade in a scenario where two technical standards are adopted.

- 4.6 Against this background, we make the following recommendations to support internal market trade, while respecting devolved powers, by reducing policy uncertainty and supporting efficient investment.

Recommendation 1: establish a working group involving industry stakeholders to identify ways to support internal market trade

- 4.7 We recommend that Defra and the Scottish and Welsh governments set up a working group involving representatives from the farming, livestock auction and abattoir sectors to discuss how cross-border trade can be maintained and what investments would best support it. As DAERA develops its EID policy, we recommend that it also join this working group. This could be established as a standalone working group, or as a sub-group of the existing Common Framework Animal Health and Welfare working group or as part of another inter-governmental forum.
- 4.8 We recommend that this is put in place before businesses start to invest in technological solutions to support internal market trade. We recognise that Defra has committed to developing guidance and an implementation plan in consultation with industry and stakeholders⁴¹ and we would encourage this to be done in conjunction with the other governments and to explicitly consider how cross-border trade can be supported. Notwithstanding this, we consider a closer dialogue with industry on the specific investments needed would be helpful for industry.
- 4.9 An inter-government-industry (IGI) working group of this type could be used to address the further recommendations set out below, as well as other issues that may emerge through the policy development and implementation process. In particular, the IGI working group could address our second recommendation. In addition, it could build on the initial cost estimation work we present in this report. This will allow the various options in relation to managing internal market trade under two technical systems to be assessed from an efficiency perspective (see our conclusion at paragraph 3.29). We note that the scenarios we have costed include a hypothetical option that would maintain internal market trade while also allowing individual governments to mandate that when information is submitted to a national database via an EID read (ie even if on a voluntary basis) it is only derived from a read of a particular technology. Costing this more precisely should

⁴¹ See: [Summary of responses and government response - GOV.UK](#)

therefore provide a basis for considering whether any of these options is a cost-effective alternative to the default scenario.

- 4.10 The working group could also consider how to ensure that UHF tags and LF tags can be easily identified by eye. We understand that on current proposals UHF tags are likely to be pink, while LF tags are likely to be yellow. However, to ensure this outcome, the UK, Welsh and Scottish governments will need to coordinate (see our conclusion at paragraph 3.31).

Recommendation 2: provide a joint statement on the legal position regarding internal market cross-border movements, including the legal position on EID reads

- 4.11 We recommend that Defra and the Scottish and Welsh governments work together to produce a clear, joint statement on the management of cross-border movements within GB that use EID. In time, as DAERA develops its policy for Northern Ireland, this could be complemented by a statement about the management of movements between Northern Ireland and GB that use EID. This would assist the industry by reducing uncertainty and limiting the risks associated with business investments becoming stranded by subsequent regulatory developments.
- 4.12 Currently industry expectations are that trade will be kept flowing by a combination of:
- (a) no requirement to retag cattle when they cross national borders within GB and
 - (b) investment by certain stakeholders (see paragraph 3.28) in both LF and UHF readers to support the two types of tags.
- 4.13 However, we recognise that legislation is still under development and, that when it comes to investment decisions, legislative detail often matters. If the final legislation does not create an environment in which industry's current expectations will be met (see recommendation 3) then there is a risk that investments made in preparation for the roll out of the policies become redundant. A joint statement by the governments regarding the legal position for cattle crossing a border would mitigate this risk (see our conclusion at paragraph 3.30).
- 4.14 We also recommend that each of the UK, Scottish and Welsh governments, as early as is practicable, set out for industry the basis on which it will be acceptable to use an EID read for submitting information to the relevant national database. Specifically, we recommend that the Welsh Government and Defra clarify whether it will be acceptable to submit data to their national databases that has been derived from a UHF tag. Similarly, we recommend that the Scottish Government

set out whether it will be acceptable to submit data to the ScotEID database that has been derived from an LF tag.

- 4.15 As we discuss at paragraphs 3.25 and 3.26, in the absence of clarity as to the status of information derived from reads of different types of tag, there is some risk that the industry will make investments that prove redundant.
- 4.16 We therefore recommend that Defra and the Scottish and Welsh governments, at the earliest opportunity, issue a clear statement about the status of data derived from EID reads from technology other than their respective mandated national standards. This will help industry decide on the best investments to make in both the short term and the long term and minimise the risk of redundant investments.