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.