6. The export of live cattle, beef, and bovine semen and embryos

6.1 In this chapter we will examine the impact of BSE on the export from the UK of live cattle, beef and other cattle-related products.

Live cattle

Exports to EU Member States

6.2 In January 1988 the British Embassy in Portugal reported to MAFF that it had learned of the reluctance on the part of at least one local farmer to purchase British dairy cattle because of fears about BSE. Later, in July 1988, the Dutch delegation to the Standing Veterinary Committee expressed concern about importing cattle from Great Britain. The British delegation offered an assurance that the UK would not export to the Netherlands any bovine animal from a herd in which BSE had been officially confirmed. This led to the establishment of a bilateral agreement intended to ensure that no animals from herds in which BSE had been confirmed were exported from the UK to the Netherlands. Similar arrangements were later introduced for exports to Germany, the Republic of Ireland and Denmark.

6.3 The first EU legislation passed directly in response to BSE was Commission Decision 89/469/EEC. It was agreed at a meeting of the SVC on 18 and 19 July 1989 and adopted on 28 July. The Decision banned the export from the UK of live cattle born before 18 July 1988 or born to dams in which BSE was suspected or officially confirmed. In reporting the Decision to Ministers, Mr Alan Lawrence of MAFF’s Animal Health Division said:

This is a more satisfactory outcome than might have been; on the second day [of the SVC meeting] a number of Member States seemed inclined towards a ban on cattle from herds in which BSE has occurred which, incidentally, four Member States (Germany, Netherlands, ROI and Denmark) currently require under bilateral arrangements. However, the UK, with support from the Commission, managed to persuade them that there was no veterinary logic in this approach.

One other potentially serious problem emerged. The Minister’s announcement about a ban on the use of specific bovine offal has clearly had a major impact on the Community’s interest in BSE. This being so, a number
of Member States, including Germany, indicated that if we go ahead as planned they will take action to avoid ‘political problems’. The difficulty is to avoid this. Live cattle will continue to be exported from the UK under the new Commission decision. When these animals are slaughtered in other Member States the offals will be available for human consumption, unlike in the UK where such material is banned. Thus the Community reaction could be to stop all cattle exports from this country . . .

6.4 Responding to this concern in October 1989 Mr John Cowan, Head of the Beef Division in MAFF, provided a briefing to Mr David Curry, the Parliamentary Secretary, assessing the consequences for the UK beef and dairy industries of a total ban on the export of live cattle from the UK. The briefing noted that there was likely to be a difficulty in identifying animals originating in the UK which were slaughtered at abattoirs in mainland Europe. Given the perceived risk from the offal of such livestock, it was thought that the EU might prohibit all UK exports of live cattle and calves.

6.5 The briefing identified three categories of UK exports which would be affected by such a prohibition: live cattle for slaughter, breeding cattle and calves. In each case, Mr Cowan’s paper argued that ‘the broad thrust’ of the effect on UK exports would be to divert livestock exports to the UK market, thereby increasing supply and tending to depress prices for calves, cattle and meat.

6.6 In the case of the export of live cattle for slaughter, the paper concluded that the economic impact of an export ban on the industry as a whole would be small. In 1988 approximately 10,000 head of cattle – more than twice the number in each of the previous two years – had been exported at a value of £5 million. The paper concluded that this was ‘equivalent to some 3,000 tonnes of beef, which could easily be absorbed on the home market’.

6.7 Similarly, exports of purebred breeding cattle were approximately 7,000 head in 1988, with a value of £5.5 million. Exports to third countries (ie, outside the EU) accounted for £1 million of the total. The paper concluded:

While it is possible that the third country trade could continue, or possibly expand, it seems certain that UK prices for pure-bred cattle would fall. The impact would be borne by a small number of specialist breeders and UK buyers would benefit from cheaper breeding stock and the economic impact on the industry as a whole would be small.

6.8 The impact of a ban on the export of calves was considered to be far more substantial, with an overall decrease of returns to producers of about £120 million. The greatest projected losses were forecast for the dairy and suckler herds. It was estimated that dairy enterprises would suffer a loss in the region of £68 million, and the suckler herds approximately £35 million. However, in proportionate terms the loss to the dairy sector would be less significant, representing only 3–4 per cent of gross profit margin per cow, and it was suggested that in practice this would probably be more than offset by expected growth in returns from milk sales. By

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216 YB89/7.20/7.2
217 YB89/10.17/1.1–1.6
218 For a description of suckler and dairy herds, see vol. 12: Livestock Farming
contrast, suckler cow producers were expected to experience a reduction of 10–15 per cent in gross margins.\textsuperscript{219}

6.9 In the event a total ban on the export of cattle from the UK was not imposed by the EU until after March 1996. However, the scope of the ban introduced in July 1989 was increased as a result of the adoption on 7 February 1990 of Decision 90/59/EEC,\textsuperscript{220} amending Decision 89/469/EEC.\textsuperscript{221} The Decision banned the export of ‘live cattle other than those aged under 6 months and bearing a special mark’ and ‘live cattle born to females in which bovine spongiform encephalopathy is suspected or is officially confirmed’.\textsuperscript{222} It also required that the importing Member State ensure that all imported animals were slaughtered before reaching the age of six months. This Decision came into force on 1 March 1990.

6.10 Decision 90/59/EEC does not appear to have had any significant overall impact on exports of live cattle from the UK after its introduction in March 1990. As MAFF noted in a press release, had the same Decision been in place in 1988, when the UK exported 266,000 live cattle, 94 per cent (249,000) would have met the new, under-six-month, export criterion.\textsuperscript{223} In large part this was due to the fact that the vast majority of the live cattle exports were young calves destined for veal production in the Netherlands and France.\textsuperscript{224} However, the requirement that importing Member States ensure that all imported animals were slaughtered before reaching the age of six months will have ended the export to the EU of UK cattle for breeding.

6.11 Overall, however, the impact of EU action to restrict the export of cattle from the UK appears to have been limited in the period up to March 1996. Figure 6.1 below shows that the value of live cattle exports to EU countries actually rose pretty steadily between 1988 and 1995.

\textbf{Figure 6.1: Exports of live cattle to the EU, 1986–96}

Source: HM Customs and Excise (M11G tab 5)
Exports to non-EU countries

6.12 Israel was the first country to take action, in the light of BSE, to prevent imports from the UK. Ministers were informed in June 1988 that:

[Israel has] stopped imports of live cattle from this country. Unfortunately they have also stopped imports from other Member States, on the basis that cattle can move from here to the rest of the Community. This may trigger possible Community discussion on the subject. In addition the Australian and Northern Irish authorities are showing some concern about trade in cattle and the Netherlands on the export of meat and bone meal. 225

6.13 By July 1988 Australia had suspended all imports of live cattle, semen and embryos and it was reported that ‘it looked increasingly as though other countries would follow suit’. 226 In July 1989 Sir Richard Southwood was informed that New Zealand, Sweden and the USA had joined Israel and Australia in imposing a ban on all imports from the UK of live cattle. In addition, Japan, Morocco, Canada and South Africa had all introduced requirements that live cattle imported from the UK be from herds certified as free of BSE. 227

6.14 The overall impact of the closure of these export markets for live cattle was small. In 1986, 1987 and 1988 exports of live cattle to non-EU countries did not exceed 5 per cent of the total value. As the various bans on exports implemented by the countries mentioned above began to come into force, the small market for the export of cattle to non-EU countries gradually disappeared. As shown in Figure 6.2 below, the value of exports to non-EU countries was approximately £1.7 million in 1987, but had fallen to £21,000 by 1995. However, as we have noted, exports to EU countries steadily increased after 1989. Overall this increase will have more than offset the loss caused by the closure of markets further afield. The impact on those who produced breeding stock for export will nevertheless have been significant.

Figure 6.2: Exports of live cattle to non-EU countries, 1986–95

Source: HM Customs and Excise

225 YB88/6.23/2.3
226 YB88/7.14/2.1
227 YB89/7.27/4.1
Beef

Exports to EU Member States

6.15 A number of the measures introduced by the EU in response to BSE up to March 1996 were designed to restrict the export of beef from the UK. The first of these was Commission Decision 90/261/EEC. This Decision required that exports of bone-in beef from the UK carry additional certification that the meat in question did not come from cattle from holdings in which BSE had been confirmed within the previous two years. In addition, all bone-out (boneless) beef was required to carry certification that all ‘obvious nervous and lymphatic tissue’ had been removed.

6.16 In May 1990 the number of herds affected with BSE had risen to 7,102. This represented approximately 6 per cent of the total holdings of beef and dairy cattle at that time. As a consequence of Decision 90/261/EEC, none of the affected holdings was permitted to provide bone-in fresh meat for the EU export market. This would have had a significant impact on BSE-affected holdings that had previously exploited this market.

6.17 Overall it appears that Decision 90/261/EEC did have a detrimental effect on exports of UK beef to the EU. Total exports of bone-in beef and bone-out beef were significantly lower in 1990 and 1991 than they had been in 1989. However, as shown in Figure 6.3 and 6.4, exports in both categories eventually recovered so that in 1994 they were more than double their value in 1989.

6.18 On 27 July 1994 Commission Decision 94/474/EEC introduced further restrictions on UK exports of bone-in beef. It required that export bone-in beef come only from cattle certified not to have been on holdings where BSE had been confirmed in the preceding six years. For bone-out beef it required the removal of adherent tissues including obvious nervous or lymphatic tissues.

6.19 Decision 94/474/EEC was relaxed a few months later in respect of bone-in beef. Commission Decision 94/794, adopted on 14 December 1994, provided a new exemption so as to exclude from the ban beef from cattle born after 1 January 1992. On 18 July 1995 Commission Decision 95/287 was introduced. The exemption of cattle born before 1 January 1992 was modified so that it applied to beef from cattle less than 30 months old at the time of slaughter.

6.20 By 1994 BSE had affected 28,819 farms out of a total 112,600 holdings in the UK – roughly 25 per cent of UK herds. However, it appears that neither the changes in July 1994 nor those in December and the following July had any measurable impact on the volume of bone-in beef exports. As can be seen in Figure 6.3 below, bone-in beef exports to the EU in 1994 were substantially up on those in 1993 and this upward trend continued in 1995.

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228 OJ L 146/29 of 9.6.90 (L18 tab 8)
229 M28 tab 1 p. 5 (this is a contemporary figure, rather than a revised one)
230 LA tab 3
231 M28 tab 7 para. 3 (contemporary figure)
232 M18B tab 7 p. 13
6.21 The other feature of Decision 94/474/EEC, which provoked substantial export concern and controversy at the time, was the requirement that all adherent tissue including that which might conceal nervous or lymphatic tissues be removed from cuts of bone-out beef. The Commission’s interpretation of this provision was that it required the removal of all external fat from the meat. Had that interpretation prevailed, the market value of the beef would have been substantially diminished. MAFF’s interpretation was that it required removing only those tissues which would prevent a Member State from checking that all obvious lymphatic tissue had been removed. This interpretation was communicated to State Veterinary Staff field staff and to the CVOs of Member States.

6.22 The Commission’s interpretation might have caused problems for the beef trade, especially in relation to intervention stocks. However, no Member State insisted on the interpretation being applied and the trade in bone-less beef continued without interruption. The cutting procedures used in UK abattoirs and plants were specifically endorsed by the ScVC in November 1994, and the issue was resolved by Commission Decision 95/287/EC. This specified in detail the lymphatic tissue which had to be removed and did not require the removal of surface fat from the meat.

6.23 Again, the new requirements governing the export of bone-out beef appear to have had no adverse impact on the level of exports. The statistics set out in Figure 6.4 show that bone-out beef exports to EU countries more than doubled in 1994, compared with 1993, and continued to rise in 1995.

Source: HM Customs and Excise

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233 YB94/8.5/3.1–3.3
234 YB94/8.29/1.1
235 YB94/7.25/4.1–4.2
236 YB94/11.9/2.2
237 YB94/11.4/8.1–8.4
238 L4A tab 6, article 2
Exports to non-EU countries

6.24 By February 1991 the following countries had imposed a ban on UK beef exports: Algeria, Bahrain, Brazil, China, Iran, Iraq, Jordan, Morocco, Saudi Arabia, Syria, Tunisia, Turkey, United Arab Emirates, the USSR, Egypt and Canada.\(^{239}\)

6.25 Other non-EU countries imposed certification conditions on UK beef exports. Cyprus, Hong Kong and the Ivory Coast required certification that the bovine meat was not from holdings in which BSE had been confirmed in the previous three years, and that during the cutting process for bone-in beef, obvious nervous and lymphatic tissues had been removed. Austria prohibited frozen and chilled meat which was not free from bones and obvious lymph and nerve tissues. Mexico and Malta also imposed restrictions concerning nervous and lymphatic tissue, and required certification that the bovine meat was not from holdings where there had been a suspect or confirmed case of BSE.\(^{240}\)

6.26 Some of the non-EU countries that had placed bans on imports began to relax the restrictions by 1993. In 1986 Brazil and Egypt had been the largest importers of bone-out beef from the UK. Such imports were banned entirely in 1991. After 1993, however, they started importing again from the UK, albeit at significantly lower levels than previously.

6.27 Figure 6.5 and 6.6 below show that, even before the emergence of BSE, exports of bone-in beef to non-EU countries were small. In 1987 the UK exported approximately 15,000 tonnes of bone-in beef to non-EU countries. After the emergence of BSE, this market almost entirely disappeared. The level of exports of bone-out beef to non-EU countries appears already to have been falling before the emergence of BSE. There was a considerable drop in exports between 1986 and 1987 and exports fell further in 1988, the first year in which BSE was likely to have had an impact. However, exports began to recover in 1993 and by 1995 had reached 1986 levels.

\(^{239}\) YB91/01.29/6.2–6.8
\(^{240}\) YB91/01.29/6.2–6.8.
Bovine semen and embryos

Exports to EU Member States

6.28 The Scientific Veterinary Committee Sub-Group, chaired by Mr Raymond Bradley, met in Brussels on 17 January 1992. It considered the risks from trade in certain products including semen and embryos. Given that in transmission studies to susceptible mice no detectable infectivity was found in semen from a BSE-affected bull, the Sub-Group concluded that additional guarantees were not required for trade in bovine semen as there was ‘negligible’ risk.

6.29 However, they concluded that safeguards were necessary for trade in bovine embryos. The Sub-Group’s report stated:

Maternal transmission occurs in sheep with scrapie. At the present time, and with current knowledge of BSE, we cannot be sure that maternal transmission will not occur at all. However, the epidemiological data...
suggests that it is most unlikely to occur at more than a trivial level. Taking 
into account the information reported for sheep embryos . . . and despite 
there being no evidence to positively demonstrate infectivity in bovine 
embryos, as a precautionary measure the recommendations below provide 
extra safeguards to reduce any hypothetical risks from bovine embryo 
transfer to a negligible level and bring embryos under the same regulations 
(other than age) as govern trade in live calves . . .

The risk of transmitting disease via the embryo may be slightly more than 
negligible. To reduce this slight risk to negligible it is recommended that 
trade in embryos from countries with a high annual incidence of BSE should 
be restricted to those derived from:

female donors born after the introduction of a prohibition on the feeding of 
ruminant protein to cattle and which are not the progeny of affected 
females.242

6.30 This led to Commission Decision 92/290/EEC of 14 May 1992 which required 
that the UK should not send to other Member States embryos of ‘the domestic 
bovine species’:

i. derived from females in which, at the time of sending, BSE was suspected or 
confirmed; or

ii. derived from females born before 18 July 1988.

6.31 In addition to the measures specifically relating to exports from the UK, the 
Decision likewise banned the trade between any Member States of bovine embryos 
derived from females in which, at the time of sending, BSE was suspected or 
confirmed.

6.32 Article 3 of the Decision required that the embryos leaving the UK must be 
certified as complying with the Decision. In Great Britain MAFF checked the BSE 
status of the female donor and her grandmother via the central database before 
certifying her as an eligible donor. The decision required the Government to make 
full use of such records to guarantee the identification of donors and embryos.243

6.33 Figure 6.7 below shows that exports of bovine semen to EU countries 
fluctuated quite considerably over the period for which we have records. There were 
no measures adopted by the EU to restrict UK exports of bovine semen before 
March 1996. The value of exports of bovine semen grew steadily between 1986 and 
1990 before falling to negligible levels in 1993. However, the level of exports in 
1994 and 1995 was considerably higher than at any time between 1986 and 1996.

6.34 The Inquiry has been unable to obtain figures for exports of bovine embryos 
in the years prior to 1993. This is because before then export data on bovine 
embryos were recorded as ‘Animal products not elsewhere specified’. It was only 
in 1993 that embryos received their own commodity classification for the purposes of 
HM Customs and Excise records.

242 YB 92.01.17/6.1–18
243 L18 tab 22. See vol. 2. Science for discussion on the Embryo Transfer experiment and infectivity of embryos from BSE-
affected cows
6.35 The statistics that we do have for bovine embryos indicate that were no particularly significant exports to EU Member States in the years 1993–96. Figure 6.8 below shows the total exports of embryos during that period.

**Figure 6.7: Bovine semen exports, 1986–96**

![Graph showing bovine semen exports, 1986–96](image)

Source: HM Customs and Excise (M11G tab 4)

**Figure 6.8: Bovine embryo exports, 1993–96**

![Graph showing bovine embryo exports, 1993–96](image)

Source: HM Customs and Excise (M11G tab 3)

**Exports to non-EU countries**

6.36 As we have seen, Australia had suspended all imports of live cattle, semen and embryos by July 1988. By July 1989 a similar embargo had been introduced by New Zealand. The United States had introduced a requirement that all bovine semen and embryos imported from the UK should come from BSE-free herds and that the dam and sire of the donor should not be confirmed BSE cases. South Africa had imposed a similar restriction in respect of embryos. Sweden had introduced an embargo on importation of bovine semen from the UK.

6.37 Exports of bovine semen to non-EU countries declined steadily after peaking in 1988, as Figure 6.7 shows.