

# The Food Industry Post-Brexit



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# The Food and Drink Federation

fdf

**Mondelēz**  
International

**FERRERO**

**apetito**

**BirdsEye**



Unilever

**Relish**  
the hawthhead relish company

A FAMILY COMPANY  
FOUNDED  
1953  
**MACSWEEN**

**McCain**

**Morning**  
FOODS

**BRITVIC**  
soft drinks

**HARIBO**



**Associated  
British Foods**  
plc

**DAILYCER**  
GROUP



**PEPSICO**

**Typhoo**  
Great British Tea since 1963

**BETTYS & TAYLORS GROUP**  
A GREAT YORKSHIRE FAMILY BUSINESS

**Total**

**MARS**  
food



**Kellogg's**



**GENERAL MILLS**



**dorset**  
cereals

**Coca-Cola** Great Britain

**PREMIER**  
FOODS

**Warburtons**  
Family Bakers

**Rachel's**

**Nestlé**

**pladis**

**DANONE**

“If you can't feed a country then you haven't got a country.”



Ian Wright CBE  
Director-General, FDF

# What food and drink must get from Brexit



- ✓ Access to EU workers
- ✓ Easy future trade with the EU
- ✓ Certainty over food regulation
- ✓ Same safety and quality standards for consumers
- ✓ An open border in Ireland
- ✓ Clarity – soon – over transitional arrangements
- ✓ New opportunities for growth



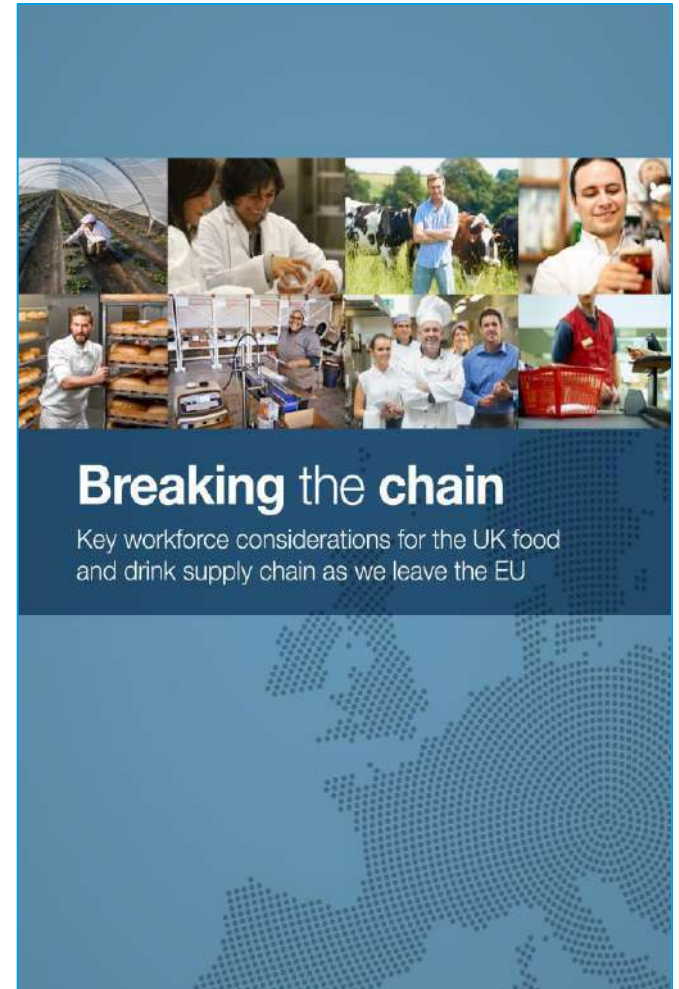
# Access to workers

- 400,000 employed in UK food manufacture;
- 30% of whom are EU nationals; at all skill levels
- 31% of companies report that some of their EU nationals have already left
- 33% of companies report difficulty in filling vacancies

What would be the effect on your business of no longer having access to EU workers?

**17%: “would relocate overseas”**

**36%: “business would become unviable”**



# Future trade with the EU



- 61% of our food and drink **exports** go to the EU.
- UK is only 60% self-sufficient in food; 70% of what we import comes from the EU.
- WTO agricultural tariffs **average 22%**.
- There are 13,608 separate tariffs on biscuits, chocolate, bakery goods and confectionery alone.
- Food is part of our critical national infrastructure. Just in Time (JIT) supply chains mean **empty shelves in four days or fewer** if supply is delayed or interrupted.
- Most food has a **limited shelf life** and some is highly perishable. Retailers expect a guaranteed minimum shelf life from suppliers.



# The 'oranges' example

EU import duties on oranges are designed to reduce imports at harvest time and avoid prices falling as Mediterranean orange growers put their produce on the market.

- they have two components: a percentage of the price plus an amount in euros per tonne
- they change every few weeks or months
- oranges also have a tariff quota

The list of orange tariffs in an internal EU regulation from 2001 covers almost seven pages.

From February to April, part of the period with the highest normal duty: a tariff quota allowing 20,000 tonnes of “high quality” sweet oranges to be charged only 10% duty.

After April 2019, the UK will need to agree what tariffs if any it applies to EU orange imports and what access, if any, it grants to non-EU orange producers. EU orange-producing countries will of course want to see their producers protected.

*Along with oranges, the EU has seasonal tariffs on cut flowers, potatoes, tomatoes, cauliflowers and broccoli, lettuce, celeriac, cucumbers, peas, beans, artichokes, avocados, mandarins (including tangerines, satsumas, etc), grapefruit, grapes, apples, pears, apricots, cherries, peaches, plums, strawberries, kiwi fruit, and sub-categories among them*

For oranges, the combination of EU tariffs and a tariff quota is really complicated. Will the UK transpose this EU tariff to its own 'schedule' of commitments? Will other countries (including the EU) let it?

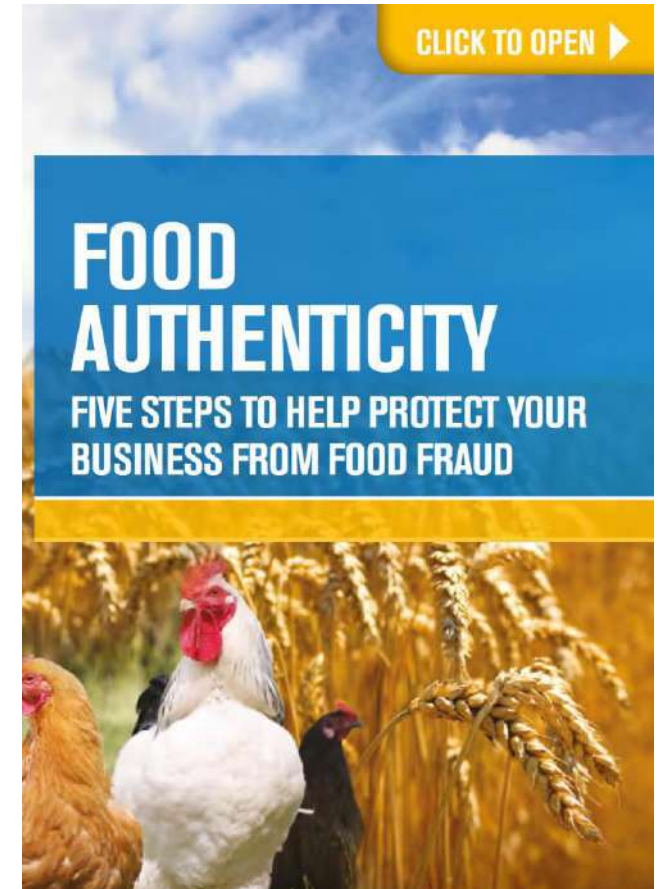
The out-of-quota (MFN) tariff varies six times per year, peaking in winter and dropping to only 3.2% in summer.

Tariff item number	Description of products	Normal rate of duty	Special tariff grade
080500	Oranges		
08050010	Sweet oranges, fresh		
08050010	From 1 to 31 April	10.4% + 71 Euro/T	590
08050010	From 1 to 15 July	4.8% + 71 Euro/T	590
08050010	From 16 to 31 July	3.2% + 71 Euro/T	590
08050010	From 1 June to 15 October	3.2%	
08050010	From 16 October to 31 September	16.8%	
08050010	From 1 December to 31 March	16.5% + 71 Euro/T	590

# Future food safety and security regulation



- Michael Jackson, FSA, speaking later!
- Our food regulation – covering production, safety, security, movements, labelling etc – has come from Europe for 40 years.
- FDF has called for:
  - [Continuity](#) at the point of departure
  - [Carefully planned divergence](#) – where appropriate - taking into account the effect on trade
  - Caution about [intra-UK divergence](#)
- Government has committed to no reduction in food safety/quality standards for consumers, or in animal welfare standards.





- The UK is the destination for **37% of all Irish food and drink exports**.
- Ireland is also a significant importer of food, with almost €2.8 billion sourced from the UK. **45% of all UK live exports go to Ireland**.
- Most UK food businesses treat the island of Ireland as a single territory. Workers, raw materials, part-finished and finished goods cross the border, sometimes several times.
- Ireland is a critical test case for future trade arrangements.
- We have offered to facilitate an industry / government task force to resolve these issues

**THE IRISH TIMES** Tue, Aug 22, 2017

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## Brexit could have ‘frightening’ impact on Irish agri-food sector

UK should stay in Customs Union, farming and food bodies tell Seanad committee

© Thu, May 18, 2017, 17:02 | Updated: Thu, May 18, 2017, 17:03

Elaine Edwards



The UK was the market for 50 per cent, or 270,000 tonnes, of Irish beef exports - a loss of access due to Brexit would destabilise the overall dairy sector in Ireland, Irish Farmers' Association president Joe Healy said. File photograph: iStockPhoto

# Transition

- We just need to know precisely what happens on 30<sup>th</sup> March 2019.
- We need to know for how long any interim arrangements will last.
- We need to be sure there will only be ONE change of circumstances to adapt to.
- And we need to know NOW!



# Important Truths about Brexit



1. This will be a political, not an economic, negotiation. There are deeply-held principles - and some deep distrust of compromise - on both sides.
  - Some in the UK think it is worth some bearing economic pain to be free of the EU
  - Some in the EU think it is worth bearing some economic pain to show that leaving the EU is not a desirable thing for other members states to do
2. The government will struggle to get its Brexit legislation passed, particularly in the House of Lords (no majority and no standing orders).
3. Resolving future trade with the EU – particularly around food and agriculture - is 100 times more complicated than most people realise. Not insoluble... just very difficult.

# Important Truths about Brexit



4. Stating a desired outcome from the negotiations is not the same as securing that outcome (for both sides).
5. We have just over a year to agree **everything** before any deal goes to the EU27 member states for ratification (and possibly to their regional assemblies too).
6. This will be an **asymmetric** negotiation ('you don't get a deal on cars unless I get a deal on free movement'...)
7. Nothing is agreed until **everything** is agreed. There will be bumps in the road.

# Causes for optimism



- We can surely design a better system of agricultural support than CAP.
- The UK is a significant economic player and many countries will want to strike trade deals with us.
- Many EU businesses sell to the UK and will want that to continue unhindered.
- Business people are resilient and adaptable and will always make the best of prevailing circumstances.
- Brexit has brought the UK food chain closer together and raised its profile.

# Causes for pessimism

- Time is very short.
- Agriculture is different from cars. Higher tariffs and more fragile, time-sensitive supply chains.
- The customs issue must be resolved very very soon if we are to avoid very bad consequences.
- The political dimension means that common sense may not always prevail.

# The food industry after Brexit... hopefully



- Still seamlessly connected to its biggest export/import markets.
- New opportunities to access high quality ingredients / raw materials.
- The UK still a beacon for providing consumers with a wide range of high quality, safe, affordable food at all price points.
- Driven by talented people from wherever, operating at all skill levels.
- Fantastic local and regional specialties from across the UK are being sold across the world under appropriate IP protection.
- Free to operate and innovate without undue regulatory burdens.



United Kingdom Association for  
**Food Protection**

**fdf** food & drink  
federation  
passionate about food & drink

