

## **IGD (Supplementary) (ABR0043)**

- 1. Could reduced trade in agriculture and food with the EU be offset by increasing trade with other non-EU countries or regions?*

Reduced trade in agriculture and food with the EU might be offset, at least in part, by increasing trade elsewhere but there is no single country or trading bloc that could be a like-for-like substitute. Any new trade deals would shape the UK's trade flows in a different way. For instance, a free trade deal with New Zealand would provide a major source of lower-cost lamb with huge implications for the UK's lamb industry. However, it would not provide a substitute for European citrus fruit.

All new trade deals are complicated. The UK's food production interests are narrower than the EU as a whole, so this could remove some stumbling blocks to trade deals with some non-EU countries. However, food related issues tend to take centre stage in most trade deals negotiations and are often the trickiest and most sensitive elements to negotiate.

- 2. Do tariff rate quotas present particular challenges after Brexit?*

Changing tariff rates could have a major impact on UK food producers. This might reduce trade in both directions with Europe and affect trade flows in various ways with the rest of the world.

However, non-tariff barriers can be even more significant, e.g. certain food items are banned in the US because of their content or the way the product has been processed, as are certain US produced items in the UK.

- 3. The Prime Minister has indicated the UK will seek a comprehensive free trade agreement with the EU and a bespoke agreement regarding the Customs Union. What impact would this have on the agriculture and food supply chains?*

A comprehensive free trade agreement, if successfully negotiated, would minimise change to the status quo.

The impact of leaving the Customs Union is difficult to determine at this stage because everything depends on the degree of change in the final arrangements. Current arrangements allow for the swift movement of low risk products, with limited intervention by customs authorities. If the UK moves outside this union, there will be new procedures but these could range anywhere between 'light touch' and 'almost impossible to navigate'.

The food industry would hope for a system that distinguishes between short and long life products. Consider the cut flower supply chain for

instance: supply from across the world is currently consolidated in the Netherlands before being transported at high speed to British retailers. If major delays are introduced in that process, then the whole system would have to be redesigned incurring substantial extra costs.

*4. Will official controls, inspections and paperwork be needed each time a product is moved or shipped between the UK and an EU country?*

All European countries have an interest in avoiding bureaucracy and the extra cost this would involve. However, much will depend on whether UK standards remain largely aligned with Europe. We may diverge increasingly over time, for instance, in securing new trade deals with the rest of the world or by approving new technologies ahead of the EU.

*5. What impact would new or more comprehensive customs checks, certification requirements and other non-tariff barriers to trade have on your members or sectors?*

Many supply chains in the food and grocery sector are global and operate on short lead times. Practices have evolved, for instance, to get vegetables from Africa rapidly to UK retail shelves.

The system will doubtless adapt to any new procedures, provided they are manageable but at some cost in terms of price, freshness and adaptability.

At the extreme end of the spectrum, non-tariff barriers could completely block business, e.g. if the UK allows the use of certain agri-chemicals that are banned for safety reasons elsewhere in Europe.

*6. Can you explain the practicalities of monitoring and demonstrating equivalent standards, e.g. the resource and timescales involved, and the impact this would have on your sector?*

This is a specialist area that IGD is not familiar with.

*7. During the session, Jon said that: "In terms of which parts of the chain are most heavily reliant on imported labour, they are obviously horticulture, which was discussed at length in the previous session, and some particular parts of food processing, and meat processing, sugar refining, for instance, which spring to mind." Could you provide any statistics about the reliance of the different sectors and stages of the agri-food supply chain on labour from the EU?*

We do not have any original statistics on migrant labour.

The Migration Observatory at the University of Oxford provides a useful digest of data, showing that manufacture of food products is the sector of the economy with the highest share of foreign born labour, and with foodservice at number 4 in the list<sup>1</sup>:

We are also aware that the Food and Drink Federation has been seeking to collate information and may be able to provide additional data.

**6 March 2017**

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<http://www.migrationobservatory.ox.ac.uk/resources/briefings/migrants-in-the-uk-labour-market-an-overview/>