

## Food and Drink Industry Round Table on the Future UK-EU Relationship Monday 26 November 2018

### 1. Update from DExEU, and other departments

The [Withdrawal Agreement](#) has now been published, accompanied by the [Political Deceleration](#) for the future relationship between the EU and UK. There was call for industry to inform MPs on what is in the deal and the effects of a no deal EU-Exit.

HMRC has published a [Partnership Pack](#) to help industry prepare for a no deal exit – there is due to be an updated version of this released shortly. Government is preparing a series of public messages to get the public prepared for a no deal exit. There has already been one on [pet passports](#) and a call on plant exporters is planned next. The next two weeks will focus on the passing of the Withdrawal Agreement, after that attention will re-shift to no deal preparedness. The cross-over between Food Chain Emergency Liaison Group (FCELG) and F4 meetings between industry and senior government officials was raised. There was a concern that the two meetings may be overlapping and there is work needed to be done so as not to reproduce the same outputs. The Chair noted to the group that whilst a select number of trade associations attend the F4 meetings, the attendees are approaching other trade associations when their input is needed to ensure a wider food chain response. The Industry Roundtable will be a conduit for sharing requests for information from Government. Whilst members are keen to avoid survey overload, it was felt that industry cannot ignore the requests for information due to the scale of the task. The F4 meetings will continue until the Withdrawal Agreement has been given royal assent.

### 2. DExEU Parliamentary Under Secretary of State Chris Heaton-Harris MP

The meaningful vote on the Withdrawal Agreement can be expected within the next two weeks (11 December). The Political Declaration on the future relationship between the UK and EU is required because the EU cannot negotiate the future relationship of a member whilst it is still a member state. The declaration can only set out the aspirations for such a deal. Preparatory talks about the future relationship are ongoing – during the election of a new European Commission and the talks would continue with the current Commission. The Political Declaration allows for minimal friction on the movement of goods, tariff free trade and ending freedom of movement. The declaration creates a level playing between the two parties, with a non-regression commitment to not reduce standards.

The discussion moved to tariffs in the event of no deal. There was a concern about the UK lowering tariffs on imports, but still facing tariffs for exports to the EU, creating an unlevel playing field at the expense of UK producers. A decision on the UK's applied Most Favoured Nation (MFN) tariffs will be made shortly. Visibility on what the tariffs will be for industry is as important to how much they are – industry needs clarity to prepare. A decision on the rolling over of EU-FTAs is also thought to be close on a number of the agreements. Whilst removing tariffs would remove some friction at the border, the Sanitary and Phyto-Sanitary checks as a non-member are much more severe than the light-touch checks currently in place for high-risk goods for member states. Further, if the rules of origin requirements are not appropriate for the food and drink sector, then zero tariffs would be meaningless, as exports would be barred from accessing any preferential tariffs. There was some confusion about whether the fisheries agreement would form part of the future trade talks. The Minister agreed to write to the group clarifying this.

For some, the ending of freedom of movement and access to labour were their main concerns stemming from the Withdrawal Agreement. With much of the Government's current

messaging and communications centring on freedom of movement ending being a positive, this was making it hard for industry to support and sell the deal to their members.

Government is working for to get the deal across the line and needs industry's help to make the case for the Withdrawal Agreement. Government has created material to help industry in their discussions on the Agreement. If the deal is voted down, then Government needs to present plans for how it would leave without a deal, following the amendment to the Withdrawal Bill by late January 2019.

### **3. Update from Industry**

Angela Coleshill update the group on the future workforce and skills survey FDF are leading on. The survey forms part of the Food and Drink Sector Council's work on workforce and skills led by Dame Fiona Kendrick, FDF are bringing together the views of the entire food chain for the very first time, by looking at both official Government data and business insights, to create a research report which will provide a clearer understanding of the labour force across the whole food and drink supply chain. FDF have [created a survey](#) which has been sent to companies and the findings will provide the evidence the Sector Council needs to work in partnership with Government to tackle the skills shortage in our industry both now and in the future, and to influence government policy direction on workforce and skills.

There was a concern that further down supply chains and in SMEs that there is a real lack of understanding on how to prepare for a no deal scenario, or what guidance is out there to help them prepare. Whilst the Government's Partnership Pack and [technical notices](#) are useful, some SMEs may struggle to allocate the resource to it, as larger companies are. The Chair informed the group that he was looking to identify a number of individuals in business to user test the communications Government has plans for.

Whilst it is welcome that the UK is planning to have a grace period for products entering the UK with an EU address, there is a concern that currently there is no plans for the EU to reciprocate – this could block UK goods entering into the EU. In the event of no deal, it would be welcome if the [good on the market paper](#) could be agreed as this would help companies somewhat. Companies preparing for no deal had seen a significant impact on their cashflow, with one SME reporting that they had spent 10 percent of their turnover on preparing - it was felt this was about average across the industry. There is currently no Border Inspection Post (BIP) that can manage the flow of trade required for the UK, and that if no agreement has been passed by late December, the UK needs to engage with the French Government to come to some sort of arrangement. One member reported that a company in their trade association had applied and been approved as an approved establishment in the EU. It was thought that the UK had to be outside of the EU before companies could apply, this had caused confusion on whether UK companies could apply or not.

The discussion moved onto packaging availability and keeping costs of importing packaging down must become a priority as most of the packaging in the UK is imported from the EU. A no deal scenario could lose the UK its favoured nation status, which would increase prices for UK importers. There was a call to put a figure on the cost of this to help reinforce the message to stakeholders.

Andrew Kuyk provided an update on the sub-group meeting of the industry roundtable for no deal preparations. A note of the meeting can be found accompanied to this note. It was agreed the sub-group should continue to meet to discuss how the industry roundtable can support companies in a no deal scenario.

There was also a discussion on tariffs and how industry would deal with the added costs to imports. It was felt that an increase in prices on the shop floor would not be felt immediately, due to existing contracts in place.

#### 4. Future Meetings

Date	Time	Location	Focus
Tues 18 December	14:00-16:00	FDF	1hr meeting followed by a drinks reception
Thurs 31 January	13:00-15:00	FDF	TBC
February	TBC	TBC	TBC
Thurs 28 March	14:00-16:00	FDF	TBC
Tues 23 April	14:00-16:00	FDF	TBC
Tues 28 May	14:00-16:00	FDF	TBC
Monday 24 June	14:00-16:00	FDF	TBC
Tues 23 July	14:00-16:00	FDF	TBC
Tues 27 August	14:00-16:00	FDF	TBC
Monday 7 October	14:00-16:00	FDF	TBC
Monday 28 October	14:00-16:00	FDF	TBC
Weds 20 November	14:00-16:00	FDF	TBC
Tues 17 December	14:00-16:00	FDF	TBC

#### Actions

1. Call for industry to inform MPs on what is in the deal and the effects of no deal.
2. Ian Wright and James Quinault to work on how to link the FCELG and F4 meetings to work more effectively.
3. DExEU to share information packs on the Withdrawal Agreements and Political Declaration.
4. Members to contact FDF if they have individuals in business to user test the no deal communication tools.
5. DExEU to write to group on whether fisheries will form part of the future trade talks.
6. DExEU to look into if companies can apply for approved establishment before the UK leaves the EU.
7. Dick Searle to work on calculating cost of losing favoured nation status on packaging imports.
8. No deal subgroup to continue meeting and provide an update at the next meeting.

