

Food and Drink Industry Round Table on the Future UK-EU Relationship Wednesday 26 September 2018

1. Introduction from David Rutley MP

David Rutley MP recently joined Defra as their new Parliamentary Under Secretary of State and he informed members of his [role and responsibilities](#). He was keen to hear of industry's views and priorities on a no deal scenario. The aim of [the no deal technical notices](#) is to support and inform business planning. Government is beginning a deeper engagement process with industry to ensure businesses are prepared for all Brexit scenarios.

Industry is concerned by the ongoing lack of clarity on no deal UK import tariffs. This is hindering the ability of companies to prepare and where feasible stockpile ahead of 29 March 2019. In general, members would favour maintaining the status quo for a period after the date of exit. A no deal scenario would result in prohibitively high EU MFN tariffs applying to imports of UK food and drink. For example, cheese exports to the EU would no longer be uncompetitive. Government would also need to put in place a system to authorise imports of cheese and milk-based products.

There is concern that no deal will see severe disruption to imports of ingredients and packaging from the EU. Government may intend to allow imports to arrive from the EU with no new checks or inspections taking place, however the EU is unlikely to do the same for products exported from the UK. Expectations are that delays in Calais will have knock-on effects for goods destined for the UK.

Industry needs confirmation of no deal at the earliest opportunity to prepare. There is an EU summit in October, with a special summit pencilled in for November. These should provide industry with further insight. Government has a good idea of what needs to be done to facilitate continued trade. The Customs Bill will allow Government to determine UK applied tariffs and this will be done before 29 March 2019 if no deal is agreed with the EU.

To reassure businesses and their supply chains, clarity is required from Government on which of the EU's existing preferential trade agreements Government will be able to roll over with no loss of market access and which could present problems for trading businesses.

There is limited capacity in the transport and logistics sector and it is anticipated this will come under increasing pressure ahead of March 2019 as stockpiling increases. Government should be aware that industry anticipates a spike in food prices in the autumn.

The technology that enables free circulation of alcohol within the EU was identified as a useful model to ensure movement of goods, but there is concern the UK will lose access.

Access to workers remains a key priority and companies can't plan for a no deal scenario. 90% of workers in hospitality would not qualify under the recent MAC proposals.

2. No Deal Technical Notices

Businesses should look at the UK and EU technical notices for information on no deal implications. There will be two effects of changes, on the regulatory side and on the economics of supply and demand and there is a risk that some may take advantage of increased demand for transport and logistics.

Dave Suttie (Defra) is leading on the UK's replacement for TRACES and this is beginning to be rolled out to business. The greatest disruption is expected at Dover/Calais and the Channel Tunnel. Lengthy queues and delays at the border will deter tourists. There are

concerns around potential cash flow issues stemming from delays to exports. Government may need to step in and encourage banks to provide ‘lifeboat’ finance. There is also a potential risk around the future viability of ferry companies if lorries are delayed at borders.

3. Update from Industry

Ian Rayson (Food and Drink Sector Council Secretariat) shared the latest from the Sector Council. The group includes trade associations, business representatives (both large and SME) and trade union representation is in progress. The Council is co-chaired by Sally Warren (Defra) and industry representative Iain Ferguson.

The Council is recognition of the intention to start a formal partnership between Government and industry, with representation from the entire farm-to-fork supply chain. The Council has seven priority workstreams; i) workforce ii) exports iii) agricultural productivity iv) packaging v) innovation vi) nutrition vii) logistics. These will seek to identify industry-led solutions that boost growth and productivity, with Government helping to facilitate the removal of barriers where appropriate. The Council is keen to ensure all of industry can feed in to this work and members should contact FDF if they wish to become more engaged with its work.

4. Update from Government

The Agricultural Bill is now in Parliament and will provide the Secretary of State powers to provide financial assistance to farmers and land users. The Bill can be split into four main parts i) allocating new powers to the Secretary of State over land, waters, access, and environmental change; ii) phasing out the Common Agricultural Policy (CAP) with a 7-year transition; iii) measures to help land users and growers further down the supply chain, including data sharing within the supply chain; iv) ensuring the UK abides by its WTO obligations. Payments would still be made to farmers in a no deal scenario. The bill aims to provide a framework for the future use of land and further details will follow.

Government aims to ensure continuity for existing EU preferential trade agreements by 29 March 2019. Concerns were voiced on the possibility of ensuring continuity with Turkey, Norway and South Africa. DIT is also currently [consulting](#) on four potential future UK trade deals (USA, Australia, New Zealand and Trans-Pacific Partnership) and is seeking input from industry by the end of October. Industry voiced concerns around Government’s plans for Rules of Origin with suggestions that they plan to sign up for the Pan-Euro-Mediterranean (PEM) Convention which doesn’t work for many parts of food and drink manufacturing.

Actions:

1. Members send in lead time required for things to progress after date of EU-Exit.
2. FDF to invite guest speaker from the Road Haulage Association to a future meeting.
3. Defra to confirm when the new Import Notification System will be available for industry.

Future meeting dates

Date	Time	Location	Focus
Mon 22 October	14:00-16:00	FDF	Workforce (MAC Report) Customs
Mon 26 November	14:00-16:00	FDF	TBC
Tues 18 December	14:00-16:00	FDF	TBC