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## Prospect of a “No Deal” Brexit – impact on British agriculture

We are writing to you on behalf of farmers and growers throughout the United Kingdom to express our grave concern at the current impasse that exists with regard to the terms of our departure from the EU, and the impact this is already having and will increasingly have on the UK's food and farming sectors. We are particularly concerned that, with less than 3 months until the scheduled day of departure, the chance of a “No Deal” Brexit becomes ever greater. This is something that we simply cannot countenance. It is very clear to us that such a disorderly Brexit would have severe impacts, not just on farm businesses and fragile rural economies, but on the wider food industry and the entire UK public who enjoy and rely on a safe and affordable domestic supply of high quality food.

While there appears to be a majority in Parliament in favour of avoiding a “No Deal” departure in March 2019, the absence of an alternative means that “No Deal” – as the default scenario mandated by statute – remains a real, and perhaps the most likely, possibility. Furthermore, there are those who believe that “No Deal” would be the price worth paying to secure our departure from the EU in the shortest timeframe, and that the potential negative impact is being overplayed and could be overcome fairly easily. We categorically do not share such a view.

While the precise impact can never be predicted with complete accuracy, it is clear to us that for food and farming, and more broadly for our natural environment and rural communities, there are serious implications of a No Deal Brexit. They include:

- Exports: In a No Deal scenario, EU legislation relating to trade with third countries would effectively result in a trade embargo on the export of UK animals and animal based products (meat, eggs, dairy, etc) to the EU. This is because the EU requires third countries to be listed as an approved country for export to the EU. This is not currently the case for the UK, and it could take months after Brexit for such status to be granted. In 2017 the total value of agri-food exports in animal and animal products was £3.15 billion. The lamb industry would be particularly impacted given that in 2017, 31% of domestic sheep meat production was exported and 94% was destined for the EU.

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- **Import tariffs:** In a No Deal scenario, there would be a strong incentive for the UK Government to avoid charging tariffs on goods from the EU27 which currently enter our market tariff free, in order to reduce consumer price increases. Under WTO rules the reduction or elimination of tariffs on any product would have to be applied to all imports, regardless of where they come from. Numerous economic models show that such unilateral trade liberalisation results in a downward impact on UK production across all commodities. This impact is especially pronounced in the beef and sheep sectors and causes the UK beef price to fall by 45% by 2025.
  - **Export tariffs:** In 2017 60% of UK food, feed and drink exports were to countries within the EU. In a No Deal scenario, UK exports to the EU would face the same tariffs as goods entering the EU from third countries without a preferential trade agreement. Those EU tariffs are set out in the EU's Common Customs Tariff (CCT) and are particularly high in relation to many agricultural products. For instance, the equivalent ad valorem tariff is 27% on chicken, 46% on lamb, and 65% on beef. The impact on these sectors and many others, all of whom export substantial quantities of product to the EU, would be devastating.
  - **Inputs:** Many farm inputs and supplies are distributed via closely integrated and fast moving European supply chains, including fertilisers, plant protection products, machinery parts and animal feed. For example, we import over 90% of our animal vaccines and medicines and it has been estimated that 20% of veterinary medicine products could face shortages, especially vaccines and biological products. For many of these products it is simply not possible to stockpile, as products have strict sell by dates and often require refrigerated storage.
  - **Organic produce:** In a No Deal scenario, the EU will no longer recognise UK organic certification bodies, and so we will not be able to export organic products to the EU. The process for applying for approval can only commence after we leave and can take up to nine months. The overall export value of organic products in 2016 was around £188 million. Organic exports are particularly important for the dairy industry, accounting for around 20% of total organic sales.
  - **Jobs, prosperity & the economy:** Agriculture is the bedrock of the UK's largest manufacturing industry, food and drink, worth £108 billion. Volatile farm prices and interrupted supplies risks the jobs of the 4 million people employed in the supply chain. The agricultural implications of a "No Deal" go well beyond the farmgate and the rural economy.

This is not an exhaustive list, but even in the event that some of these impacts were mitigated, collectively they would still represent a fundamental threat to the future of our food and farming sectors. The impact would go well beyond just the members we represent – important as they are to us – affecting the safety, choice and affordability of the food available to the British public, as well as the ongoing management and upkeep of our precious farmed landscapes which covers over 75% of the UK's landmass. These are not scare stories, but real possibilities.

Brexit will mean that, for the first time in a generation, UK politicians will have direct responsibility for ensuring our nation is properly fed. Yet, in the face of this fundamental responsibility, there is a very real risk that a disorderly Brexit will lead to an immediate reliance on overseas imports, produced to lower standards, while many UK farms struggle to survive. The implications, not only for domestic food supply but for the careful management of our cherished countryside, would represent an historic political failure.

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Our organisations remain committed to playing their part in managing Brexit in the best interests of farmers and the UK public in the years ahead, but we believe that leaving without a deal on March 29<sup>th</sup> will lead, very quickly, to the opposite outcome. We urge you, in light of the central role Parliament will play in the coming days in resolving this impasse, to recognise the severe impact No Deal will have and to take all steps necessary to avoid such a departure coming to pass.

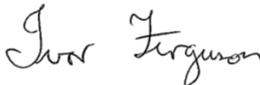
Yours sincerely



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