

# Sector briefing

## | Agri-Food



### **Sector Briefing – Agri-Food**

As a sector that could be heavily impacted by any tariffs and trade regulation changes the agri-food sector has much to consider in preparation for Brexit.

#### **Trading with Europe**

Many listening to the [speech](#) by Secretary of State for Environment, Food and Rural Affairs, Michael Gove, at the [Oxford Farming Conference](#) were keen to know what will happen to accessing the EU post Brexit.

While Gove was unable to detail the final outcome of the trade negotiations which are about to get underway, he said the Government was “confident of building a new economic partnership with the EU that guarantees tariff-free access for agri-food goods across each other’s borders.”

For Northern Ireland businesses this is especially important. Ireland is the largest market for Northern Ireland agri-food exports, and there is an ‘all-island’ approach to food processing, with movement of produce both north and south. It is unsurprising therefore, that minimising border disruption is a key priority for the sector.

On the flip side, as the only part of the UK that will have a land border with the EU, those companies with assets in both Northern Ireland and Ireland could, in the medium term, benefit from being able to service trade deals either side of the border depending on which jurisdiction had the best export trade deal.

#### **Imports**

The [Institute for Fiscal Studies](#) reports that around [30 per cent of all food purchased in the UK is imported with 70 per cent of this amount coming from the EU](#). Any changes to the cost of EU imports will have a big impact on consumer prices and food buying decisions.

If the UK does not secure a free trade deal with the remaining EU members then it is likely that tariffs to the UK would be imposed, at varying rates, on this substantial volume of food imports.

This may present a market opportunity for Northern Ireland food producers and growers to target import substitution of food products previously sourced from the EU.

#### **Regulatory compliance**

The agri-food sector is highly regulated. Supported by the work of the [Institute for Global Food Security](#), the ability to trace the journey of NI produce from ‘field to fork’ is a strong sales message for the industry,

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Being able to adapt to the future regulatory environment will be crucial to a business's ability to remain competitive on a global scale. For example, regulations that add time and cost to the movement of goods will mean businesses here will need to carefully review how they can continue to access markets where they need to ensure the product has the same number of days' shelf life as their competitors when delivered.

### **Supply Chain**

Managing third party suppliers is another consideration for food producers sourcing supplies from outside the UK, and for growers supplying EU customers. For some businesses existing supply chain relationships will be strategic to their business. It is therefore advisable that full risk assessments take place early.

Many UK produced products also use imported ingredients and there is an opportunity for NI companies to focus and target import substitution where relevant.

### **Subsidies**

A Command Paper to be published later this spring will give more details of the Government's plans for regulatory change and a replacement for the Common Agricultural Policy (CAP). As this is a devolved matter, without a functioning NI Executive and Assembly it is not quite as clear cut for NI farmers but it would be expected that a similar guarantee on farming support, up until the end of this Parliament in 2022, would be agreed.

### **Labour**

The NI agri-food sector (both farming and processing) is heavily dependent on a non-UK workforce. There has already been an impact on the available labour pool here, partly attributed to the devaluation of Sterling in the aftermath of the Brexit vote, and partly due to the uncertainty around rights to work in the UK post-Brexit.

For an industry that has a large seasonal workforce, there remain questions on how contract labour needs can be met post Brexit if future policy restricts accessing this workforce.

The UK Government is due to publish proposals for an EU migration framework which should provide some insight into the extent to which agri-food companies will be able to readily employ EU nationals. That said, it is unlikely to be a straightforward as it is currently so it is essential that firms look closely at their recruitment practices and processes to see how they can remain competitive.

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## Conclusion

Food industry bodies are actively engaging with government to raise awareness of the challenges and concerns facing businesses in this sector. However, with so many elements of the post-Brexit future still to be clarified scenario planning is the only way a business can prepare, helping identify potential risks and new opportunities which may arise post Brexit.