

A SPECIAL SUMMARY FOR IAgRM MEMBERS – FOR DEALS ON FULL SUBSCRIPTIONS SEE PAGE 2

Brexit negotiators seek to reboot talks fast

Politicians have been filling the gap between Brexit talks with soul-searching as to how a full deal might look. The EU is proposing a transition period from March 2019 to December 2020, where the UK will essentially remain a member, but have no say on future direction. The UK may agree to the proposal, although object to a proposal that it would have to abide by new rules that come into force during transition.

Defra has proposed that farm support will remain until 2024, but then there will be no direct payments, with farmers applying for environmental schemes or grants. Large farms may have to reform earlier than others, while extra support might remain for hill farmers after 2024.

The **Brexit Food & Farming Index** was at 101.2 in November. Revised Defra figures, suggest animal production is similar to June 2016, with rising milk output. Prices have risen by more than 15% since the Brexit vote, but the food trade deficit has widened, despite falling a little between October and November. Costs continue to rise, driven by higher fuel and fertiliser prices. The Index compares latest farm economic performance with June 2016 (the referendum date) and consists of key price, cost, production and trade components, and posts a positive score for higher prices and production and a reduced trade deficit, but a negative score for rising costs.

Your Brexit Food & Farming views

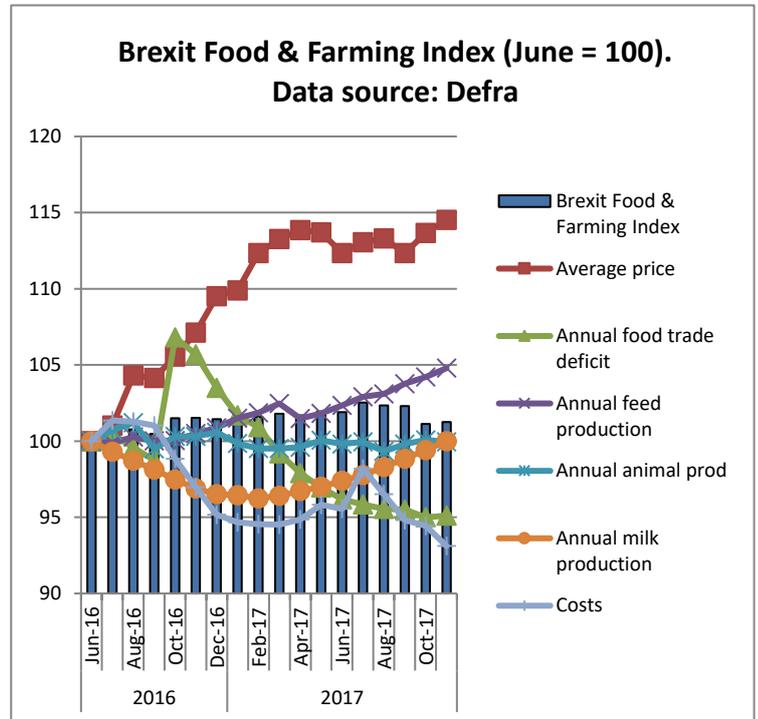
We welcome your views on **Brexit Food & Farming** and want you to help us shape the monthly publication.

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In the full February Brexit Food & Farming:

- **Brexit View**

Brexit vacuum throws a good deal off course.

- **Brexit Talks**

Details of the EU's Brexit transition proposals.

- **Brexit Policy**

Defra farm support and environment policies analysed, as the Government looks beyond the EU for trade deals and the USA lays out its Farm Bill principles.

Brexit Opinion

Michael Gove's commitment for support to continue to 2024 is welcomed but farming unions, but Scottish, Welsh and Ulster leaders want more details on how it will affect their members.

- **Brexit indicators**

Overall prices were at a post-Brexit high in November, but there are signs that the boom in food imports and exports after the June 2016 vote is running out of steam.

Brexit summary

A roundup of latest food and farming Brexit developments

- Brexit vacuum leads to confusion and speculation, by little illumination.
- EU comes up with a 'little change' 21-month transition, but UK would like assurances that it will not have to sign up to new rules in the period.
- Defra Secretary Michael Gove has set out his vision for a new agricultural policy, which will see the end of direct support in 2024 and a move to public money for public goods.
- The environment is key to future Government policy as set out in a new 25-year plan that will see reduced plastics use, a single environmental body holding Government and business to account and protection for sensitive areas.
- The EU Withdrawal Bill has been approved by MPs and is being scrutinised in the House of Lords. It is expected to be finally approved after minor amendments.
- Brexit Secretary David Davis has sought to reassure German business leaders that there will be more opportunities for co-operation after Brexit.
- China has been a focus for the Prime Minister and trade ministers, seeking a post-Brexit deal.
- Parliamentary committees have called for reassurances on the free movement of waste after Brexit and expressed concern over the UK's ability to control post-exit migration.
- The Scottish Government is preparing its own EU continuation bill, because it says that the UK EU Withdrawal Bill does not properly protect devolved Scottish rights. Meanwhile, the Welsh Government has established a Brexit transition fund to support businesses
- Despite being key to the first-phase Brexit deal, leaders either side of the Irish border have expressed their concerns about the impact of Brexit on the food and farming industries.
- The EU's Brexit negotiator Michel Barnier has said that while the UK's position means it cannot enjoy the benefits of single market membership, it could negotiate a free trade agreement, but will have to have regulations in line with the EU if it wants to trade freely.
- US Agriculture Secretary Sonny Perdue has set out principles for a new Farm Bill that will provide a safety net for farmers and use insurance schemes as a support. There will be a stronger focus on using science to prove the safety of food at home and abroad.
- Farming unions have largely welcomed Michael Gove's farm policy proposals, although Scottish, Welsh and Ulster bodies want more details of how the policy will work in devolved countries.
- Business leaders have welcomed the idea of a long and smooth transition period from March 2019, but urged the UK and EU to formalize the transition before the end of March this year to allow businesses to plan. Meanwhile, union leaders want the UK to implement any workers' rights legislation passed by the EU in the 21-month transition.
- Fishing could be one of the most impacted sectors from a 'no-deal' Brexit, but farming and food processing at less at risk, according to research from the UK in a Changing Europe group.
- Ending food poverty and enhanced animal protection after Brexit are two aims of environmental and welfare groups who are part of the Sustain network.
- UK cattle and pigmeat production continues to come under pressure, but there have been increase in sheep and milk output. Prices are stabilising, but remain way above pre-Brexit levels.
- There are signs that the post-Brexit boom in UK food trade is coming to an end.

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Days since referendum vote: 588. Days to Brexit Day: 421.
Days to end of possible transition: 1,064-1,151 (To & from 1 February 2018)

Brexit view

Brexit vacuum sucks sense out of the debate

“Politics hates a vacuum. If it isn’t filled by hope, someone will fill it with fear.”

The maxim of political activist Naomi Klein has been well and truly proved over the last month as the UK and EU position themselves before the next round of Brexit talks resume in March. We had become quickly used to monthly talks between the two parties and even when there was not much concrete progress, there was a feeling that something was being done and that we were inching towards a lasting Brexit deal. But the lack of talks over the last month, has led everyone to ask questions that perhaps should have been answered a long time ago.

EU bigwigs Donald Tusk and Jean-Claude Juncker say that it is not too late for the UK to reconsider its Brexit decision and come back into the EU-fold, with nothing further said about its little indiscretion. UK Government ministers have been going public about how a post-Brexit Britain should look, without checking with colleagues and the Prime Minister first, including a Boris Brexit Bonanza of £100 million a week for the NHS, which was soon slapped down by the keeper of the Government’s purse Philip Hammond. However, Mr Hammond came in for his own criticism when he tried to reassure businesses that Brexit would mean modest changes in how they operate. In response to his view, Brexiteers coined a new word: Bino – Brexit In Name Only.

Until the Brexit talks start again in earnest, there will be plenty of speculation as to what a deal will look like, with fundamental divisions in the UK between those who never supported Brexit in the first place, those who think it is a once-in-a-generation opportunity to break free from the EU and the Government who has the tricky task of actually doing the deal. The problem for the Government is that it is not negotiating from a position of strength because of its small Parliamentary majority. It will want to keep hardline Brexiteers on-board (including partners in the Democratic Unionist Party) but also know that it will have to win a Parliamentary vote in a Parliament where a majority favours a ‘soft’ Brexit or no Brexit at all.

Defra gives some direction

At least we have had some clarity from the UK Government department that impacts on the food and farming industries the most – Defra. Michael Gove’s plans for farm support up until 2024 give farmers time to adapt, but it is time they must use wisely. Support will be significantly different after 2024 and anyone who does not have a plan for how they can access funding for environmental schemes could find a significant hole in their finances. There will be some that can thrive under the new regime, but there will be those that have not planned will be sunk by them. 2024 will be a cliff-edge that we know is coming, we must use the next six years wisely and fully.

The view of **Brexit Food & Farming** has not changed. The best Brexit has to be one that is well-planned for, with a transition period that allows both the UK and EU to bed -down changes and then develop a unique relationship that takes into account their mutual ties, history and common goals, but gives each the flexibility to make the most of opportunities around the world, which will be increasingly away from Europe.

So, roll on March when we can get back to the serious business of Brexit negotiations and do away with the vacuum that is sucking the sense out of the debate of the most important issue facing Britain for generations.

Cedric Porter, Editor, Brexit Food & Farming