BREXIT FOOD & FARMING
ESSENTIAL NEWS, VIEWS AND ANALYSIS AS THE UK LEAVES THE EUROPEAN UNION

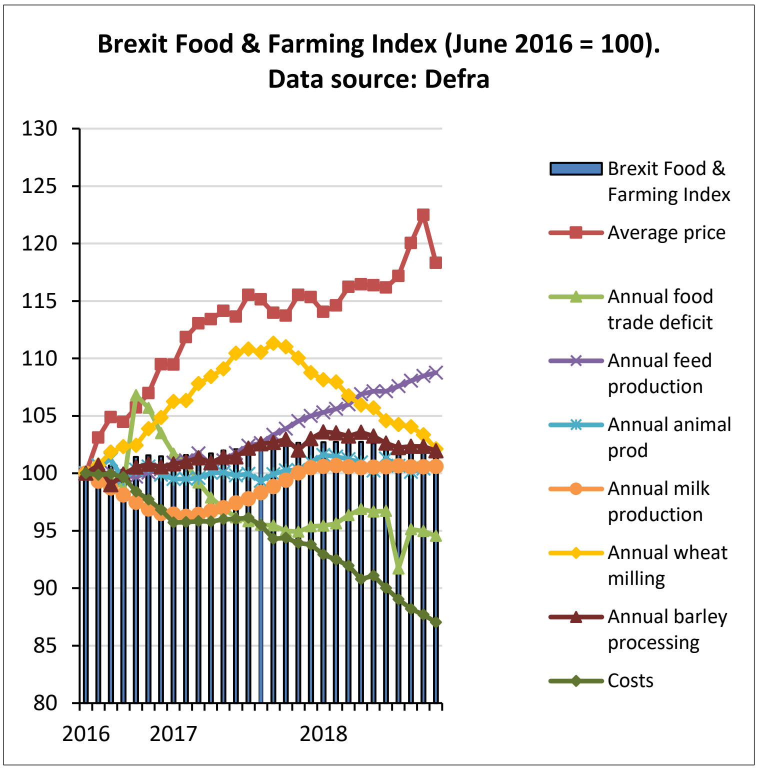
UK yearns for some Brexit clarity

The Christmas break did little to dampen Brexit uncertainty. Theresa May's Brexit deal could still squeak through, but a lot of thinking is turning to what might happen if she does lose the vote on 14 January. She could get a few more reassurances from the EU and get the vote through in a second attempt, or her Government could fall in a vote of no confidence. MPs now have more power to vote against a no-deal Brexit and Government ministers are saying that there could be managed exit rather than a cliff-edge Brexit if the vote is lost.

All the permutations are doing nothing to reassure business, many of whom have put contingency plans in place, which cannot be undone, inevitably adding cost and complexity to their operations.

There is now a definite feeling that the deal vote must not be delayed any further and that no progress can be made until it has been taken. If it is won Brexit will be largely back on track, if it is lost then businesses must prepare for more uncertainty and cost.

The latest **Brexit Food & Farming Index** for October slipped, driven by lower farm produce prices, higher prices and a widening food trade gap. The Index compares latest farm economic performance with June 2016 (the referendum date) and consists of key price, cost, production and trade components, posting 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 and on **Brexit Food & Farming**.

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In this issue of Brexit Food & Farming:

Brexit summary

A roundup of latest food and farming Brexit developments

- Whatever the next Brexit steps are, it will not be business as usual at the end of March, with companies already putting contingency plans in place. **Page 3.**
- A tight timetable even if May's Brexit deal is approved. **Page 3.**
- Government confirms it might temporarily drop EU import checks in event of no-deal. **Page 4.**
- EU gives limited no-deal assurances on financial services, transport, trade in goods and climate change co-operation. **Page 5.**
- Maintaining peace and co-operation across the Irish border will be an UK/Irish/EU priority in the event of a no-deal. **Page 6.**
- Food imports normally peak in March and early April, especially fruit and veg. **Page 6.**
- No date yet fixed for third reading of Agriculture Bill, when an amendment to standardise food import quality will be debated. **Page 8.**
- UK Government commits to ensure fairer fishing rights for British boats as part of Fisheries Bill. **Page 8.**
- Defra sets out environmental aims ahead of 2019 Environment Bill. **Page 9.**
- Migration Bill focuses on reducing restrictions on skilled immigration, but raises fears that food companies will; not be able to access enough foreign labour. **Page 9.**
- UK signs post-Brexit agreement with Switzerland and EEA/EFTA countries guaranteeing citizens' rights and aligning key areas of shared interest. **Page 10.**
- Gove sets out horrors of a no-deal Brexit at the Oxford Farming Conference, while his deputy George Eustice hints of a new policy if MPs vote the Brexit deal down. **Page 10.**
- NZ Politician Sir Lockwood Smith warns UK not to do a deal that gives it no say over the backstop. **Page 11.**
- How agricultural support funding will be shared among England, Scotland, Wales and Northern Ireland to be reviewed by new panel. **Page 11.**
- More fish quotas for the UK, but greater restrictions on disposing discards. **Page 11.**
- Farm regulation should be more supportive, flexible and incentives led, recommended in Stacey review of red tape. **Page 11.**
- EU and Japan sign trade deal creating the world's largest free trade area, but UK will be outside it after Brexit. Meanwhile, the Trans Pacific Partnership came into force on 1 January – opening up a trading area for 11 countries including Japan, Canada, Australia and Mexico. **Page 12.**
- The Brexit deal fails to offer clarity for the UK, says Parliament's Brexit committee, while MPs should have a greater role in approving future trade deals, says the trade committee. **Page 12.**
- Brexit should be delayed to allow a better deal to be agreed, says Scottish Government. **Page 13.**
- Wales would be particularly badly hit by a no-deal Brexit, says Welsh Government. **Page 13.**
- Northern Ireland would suffer from greater immigration restrictions, according to a Unionist MP. **Page 13.**
- European Commission bans unfair food chain practices to protect farms and small companies. **Page 13.**
- UK visitors will have to apply for a €7 three-year visa lasting three months a visit after full Brexit. **Page 14.**
- Food and farming groups warn of the disaster of a no-del Brexit and criticise UK Government immigration rules. **Page 14.**
- Prices start to fall, prompted by lower fruit and vegetable prices and pressure on cereal values. **Page 16.**
- UK cereal processing and livestock production comes under pressure. **Page 19.**
- The UK's food trade deficit reaches new high in October. **Page 19.**

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Days since referendum vote: 922. Days to Brexit Day:87.
Days to end of proposed transition: 731 (To & from 1 December 2018)

Brexit update

With no Brexit agreement in place, whatever happens now there will be an impact on the British economy, including the food and farming sectors, from any scenario.

Even if Prime Minister Theresa May's deal is passed by MPs on the proposed vote on 14 January it will be too late for many businesses to undo many Brexit plans, with reduced imports and exports on and around Brexit Day on 29 March are now inevitable. Companies that have planned for disruption might end up over-supplied and have to discount stocks to off load them, but at least they should not run too low on supplies and will be protected from some of the disruption if there is a no-deal Brexit.

The approval of the deal and the move to a transitional Brexit from 29 March with little change for 21-months would still be the least disruptive scenario. Mrs May will be hoping that the looming March deadline will focus minds in Brussels and Westminister leading to concessions by the EU or a change of heart by enough MPs, including those of the Democratic Unionists, for the vote to be passed. There was growing belief over the Christmas holidays that sceptical MPs were being won over and would back the bill, but there are still plenty of MPs on all sides who would find it difficult to change their views and vote for it.

Brussels remains adamant that it will not change its stance, convinced that if the vote is lost the next steps would be the emergence of a softer Brexit. That view is supported by the fact that British MPs now have the power to either suspend the Brexit process or vote against a no-deal scenario which would see the UK fall out of the EU with no trading or movement agreement.

Timetable

This is the Brexit tiemetable over the coming weeks.

January 7: MPs return to House of Commons
January 9: Debate on Withdrawal Bill begins
January 14: Scheduled date for vote on Government's Brexit deal

The vote is a legal obligation if the UK is to leave the EU as planned and must be taken before a European Parliament vote on the withdrawal takes place. If the deal is agreed then the UK Government will then put forward a new piece of legislation: *The EU Withdrawal Agreement Bill*. This will pass into UK law the agreement on citizens' rights, the financial settlement and the details of the transition. Because of the complexity of the bill, it might take Parliament a number of weeks to fully debate and approve it. The UK could ask for a short delay to Brexit beyond the planned 29 March date if more time is needed for approval.

Once the Withdrawal Bill is finally passed, the European Parliament will debate and vote on the final deal. It can refer any questionable elements to the European Court of Justice for their judgement. Ministers representing the 27 remaining EU states must also give their final approval at a Brussels meeting. Once that is given then Brexit can take place as planned on 29 March or a slightly later date if a delay has been asked for by the UK and agreed by the European Union.

If the planned Brexit takes place, there should be few significant changes during the transition period of at least 21 months (and possibly longer) although the UK will not have a say on any new EU legislation. The UK and EU will then also be able to start talks on the long-term agreement on trade and movement of people and services. Those negotiations could be just as fraught as the ones agreeing the withdrawal process. If no agreement is made by the end of a transition period, then the UK would enter into a 'backstop' which would keep it in 'temporary' customs union with the EU. The proposed closer union of Northern Ireland, the undefined 'temporary' period and the proposal that only the EU can say when that period has ended are the main objections among MPs opposed to the deal.

More uncertainty in store

If the vote on the deal on the 14 January is not won by the Government, then we will be in much more uncertain territory. The Government will have 21 days to report on its next steps. That could include the proposing of an amended deal, especially if concessions can be gained from the EU. If that deal is approved by UK MPs then Brexit would be back on track, although probably slightly delayed.

A Parliamentary vote in December gave MPs the power to amend the Government's Brexit proposals. This could take the form of ruling out a no-deal Brexit, calling for a second referendum or recommending a soft Norway-style Brexit where the UK remains in the EU's single market, its customs union and keeps the freedom of movement of EU citizens into the UK. Ultimately Parliament could revoke its Article 50 notification to leave the EU and cancel Brexit altogether. That would be very unlikely without the approval of the public through a second referendum or General Election where the newly elected Government had expressed its desire to stay in the EU during its election campaign.

The opposition Labour party can call a vote of no confidence in the current Government at any time. If it won that then there would be a General Election and possibly a delay to the Brexit process to allow the new Government to negotiate a new deal with the EU. A new Labour Government would probably propose a Norway-style Brexit or even call for a second referendum.

The loss of the vote on 14 January would not necessarily mean the loss of Theresa May as Prime Minister. She won the vote on her leadership among her own MPs in December and cannot be challenged again until next December. She would be unlikely to resign before she had attempted to gain concessions from the EU and put the new deal to Parliament.

If she lost that vote then she is likely to have to go. It is uncertain who would take over from her – anyone who tried to broker a harder Brexit with the EU would be unlikely to get that deal approved by Parliament, while they would also have to satisfy the DUP that their fears over Northern Ireland being treated separately to the rest of the UK were being addressed. If Mrs May were to resign, it is possible/likey that the opposition would call for a vote of no confidence in the Government and if it lost that a General Election would be called.

No-deal preparation

There is still the prospect of a no-deal Brexit, although many commentators say that the fact that MPs now have the power to vote against a no-deal mean it is less likely. The UK Government has been publishing its advice on what might happen in a no-deal and giving businesses advice since August. This can be found at: https://www.gov.uk/government/collections/how-to-prepare-if-the-uk-leaves-the-eu-with-no-deal

The UK Government defines a no-deal as: "A no deal scenario is one where the UK leaves the EU and becomes a third country at 11pm GMT on 29 March 2019 without a Withdrawal Agreement and framework for a future relationship in place between the UK and the EU."

As well as publishing guidance and giving advise to 145,000 businesses who trade with the EU telling them to prepare for no-deal customs arrangements, the Government has been giving specific advice to businesses who will be most affected such as ports, traders and pharmaceutical firms. Since the Brexit vote more than 15,000 civil servants have been working on Brexi, with Defra recruiting an extra 1,300 in 2017/18.

In some situations, the UK has said it will act unilaterally to provide continuity for a temporary period in a no deal scenario to protect and minimise disruption for UK citizens and businesses, irrespective of whether the EU reciprocates.

Explaining its thinking, the UK Government said: "This approach underpins many of our no deal plans that are already public. For instance, the EU Withdrawal Act 2018 ensures that in all scenarios the same rules and laws will apply the day before and after exit, with changes agreed over time by the UK Parliament. We want businesses to be reassured that, even in a no deal scenario in March 2019, the Government will seek to do what it can to make the transition as smooth as possible and allow time to make significant changes."

UK and EU businesses will welcome efforts to minimise Brexit disruption, but there is likely to be disquiet from UK businesses who could see EU goods come into the UK without detailed customs checks and without tariffs, while similar UK goods are subject to checks and duties as they enter the EU.

UK contingency planning to fly medicines into the UK and to charter ferries to sail to ports across the UK to ease possible congestion at Dover and the Channel Tunnel have attracted publicity and some criticism and have done little to dampen a heightened atmosphere of perceived chaos and uncertainty.

EU no-deal planning

The EU announced a no-deal contingency plan on 19 December. In it they ask member states to take a generous approach to maintaining the rights of UK citizens in EU countries – unlike the deal brokered between the EU and UK, member states will not be obliged to maintain existing UK citizens' rights. Italy was the first country to guarantee these rights. The full details can be found here: http://europa.eu/rapid/press-release_IP-18-6851_en.htm

There were also sector-specific guarantees. The text from those guarantees is below:

Financial services

After a thorough examination of the risks linked to a no deal scenario in the financial sector, the Commission has found that only a limited number of contingency measures is necessary to safeguard financial stability in the EU27. The Commission has therefore adopted the following acts:

- A temporary and conditional equivalence decision for a fixed, limited period of 12 months to ensure that there will be no immediate disruption in the central clearing of derivatives.
- A temporary and conditional equivalence decision for a fixed, limited period of 24 months to ensure that there will be no disruption in central depositaries services for EU operators currently using UK operators.
- Two Delegated Regulations facilitating novation, for a fixed period of 12 months, of certain over-the-counter derivatives contracts, where a contract is transferred from a UK to an EU27 counterparty.

Transport

The Commission has adopted two measures that will avoid full interruption of air traffic between the EU and the UK in the event of no deal. These measures will only ensure basic connectivity and in no means replicate the significant advantages of membership of the Single European Sky. This is subject to the UK conferring equivalent rights to EU air carriers, as well as the UK ensuring conditions of fair competition.

- A proposal for a Regulation to ensure temporarily (for 12 months) the provision of certain air services between the UK and the EU.
- A proposal for a Regulation to extend temporarily (for 9 months) the validity of certain aviation safety licences.

The Commission has also adopted a proposal for a Regulation to allow UK operators to temporarily (nine months) carry goods into the EU, provided the UK confers equivalent rights to EU road haulage operators and subject to fair competition conditions.

Customs and the export of goods

In a no deal scenario, all relevant EU legislation on the importation and exportation of goods will apply to goods moving between the EU and the UK. The Commission has adopted the following technical measures:

- A Delegated Regulation to include the seas surrounding the UK in the provisions on time-limits within which entry summary declarations and pre-departure declarations have to be lodged prior to leaving or entering the Union's customs territory.

- A proposal for a Regulation to add the UK to the list of countries for which a general authorisation to export dual use items is valid throughout the EU.

It is essential, however, that Member States take all the necessary steps to be in a position to apply the Union Customs Code and the relevant rules regarding indirect taxation in relation to the United Kingdom.

EU climate policy

The Commission has adopted the following acts in the area of EU climate legislation in order to ensure that a "no-deal" scenario does not affect the smooth functioning and the environmental integrity of the Emissions Trading System.

- A Commission Decision to suspend temporarily for the UK the free allocation of emissions allowances, auctioning, and the exchange of international credits with effect from 1 January 2019.
- An Implementing Decision to allow an appropriate annual quota allocation to UK companies for accessing the EU27 market (until 31 December 2020).
- An Implementing Regulation to ensure that the reporting by companies differentiates between the EU market and the UK market to allow a correct allocation of quotas in the future.

To see the EU's no-deal plans go to this link: http://europa.eu/rapid/press-release_IP-18-6851_en.htm

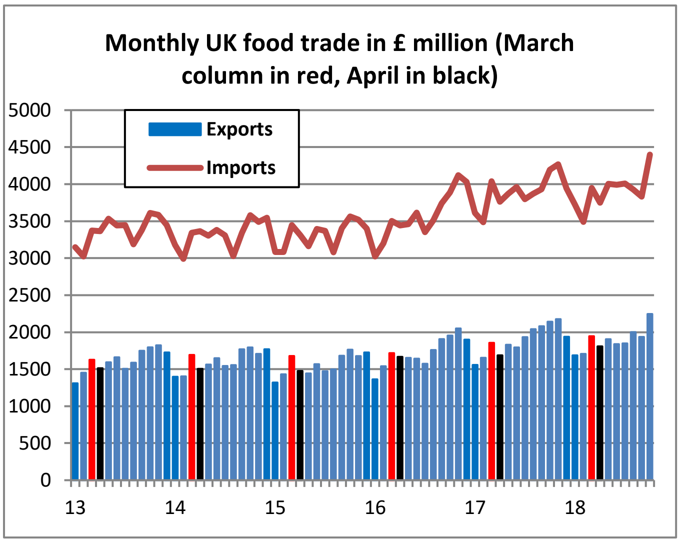
Irish commitment

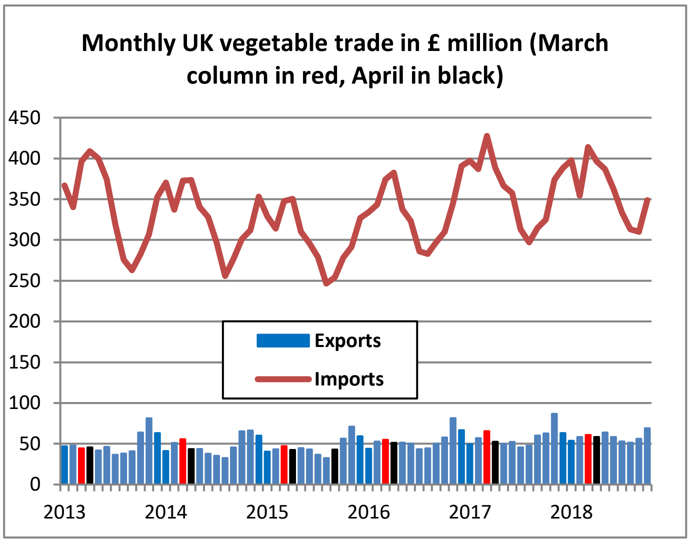
The EU has committed to continue funding and give support to the Ireland/Northern Ireland Peace programme until the end of 2020 whatever type of Brexit there is. As part of the Brexit deal, it has committed to continue to support the programme beyond 2020, but that could be under threat in the case of a no-deal Brexit.

On Irish border no-deal arrangements between the EU and UK, the UK Government said:

"The Irish government has indicated it would need to discuss arrangements in the event of no deal with the European Commission and EU Member States. The UK stands ready in this scenario to engage constructively to meet our commitments and act in the best interests of the people of Northern Ireland, recognising the very significant challenges that the lack of a UK-EU legal agreement would pose in this unique and highly sensitive context. It remains, though, the responsibility of the UK government, as the sovereign government in Northern Ireland, to continue preparations for the full range of potential outcomes, including no deal. As we do, and as decisions are made, we will take full account of the unique circumstances of Northern Ireland."

No-deal priorities





March and April are traditionally high food import months as stocks of UK grown crops produced in the previous harvest decline and consumer demand picks up around Easter. In 2016 and 2017 March and April imports were near a monthly peak for the season, as shown in the chart. The UK is particularly dependent on imported fruit and vegetables in early Spring. Although there is still a determination that UK and EU trade will have to be done on WTO terms come the end of March, it is worth considering the implications if it is. Below is a table of key agricultural products and the tariffs that could be placed on EU imports after 29 March.

Tariff rates for selected products traded between the UK and EU

Product	HS Code	Tariff rate
Meat		
Fresh/chilled cattle carcases	02011000	12.8% +€176/100kg
Frexh/chilled beef boneless	02013000	12.8% +€303.4/100kg
Frozen beef boneless	02203090	12.8% +€304.1/100kg
Fresh/chilled pig carcases	02031955	€53.6/100kg
Fresh/chilled pork boneless	02031955	€86.9/100kg
Fresh/chilled lamb carcases	02042100	12.8% +€171.3/100kg
Fresh/chilled sheep carcases	02042100	12.8% +€171.3/100kg
Fresh/chilled chicken, boneless	02071310	€102.4/100kg
Frozen bone-in chicken legs	02071460	€46.3/100kg
Processed Meat		
Cooked sausages	016010099	€100.5/100kg
Uncooked processed chicken	016023211	€276.5/100kg
Cooked chicken (>=57% meat)	016023219	€102.4/100kg
Processed chicken (25-57% meat)	016023290	€276.5/100kg
Processed chicken (<25% meat)	016023929	€276.5/100kg
Processed ham	016024950	€156.8/100kg
Processed pig meat (<40% meat)	016024950	€54.3/100kg
Uncooked processed beef	016025010	€303.4/100kg
Cooked beef (excl. corned beef)	016025095	16.60%
Dairy		
Milk & cream (3-6% fat)	04012099	€21.8/100kg
Milk & cream (21-45% fat)	04015039	€109.1/100kg
Milk & cream in solid form, unsweetened with fat content <=1.5%	04021019	€118.8/100kg
Milk & cream in solid form, sweetened, fat content 1.5-27%	04022919	€1.31/kg of lactic material + €16.8/100kg
Whey in solid forms, unsweetened, protein content <=1.5%	04041002	€7.0/100kg
Natural butter, fat content <=85% in pack of >1kg	04051019	€189.6/100kg
Fats & oils derived from milk, fat content>=99.3%	04059010	€231.3/100kg
Fresh mozarella	04061030	€185.2/100kg
Unripened or uncured cheese - fat content >40%	04061080	€221.2/100kg
Cheddar cheese (not grated or for processing)	04069021	€167.1/100kg

	HS Code	Tariff rate
Vegetables		
Seed potatoes	07011000	4.5%
Fresh/chilled potatoes for human consumption	07019090	11.5%
Fresh/chilled garlic	07032000	9.6%+€120 /100kg
Fresh/chilled cauliflowers/ brocoli	07041000	9.6 - 13.6%
Frexh/chilled lettuce	07051900	10.40%
Fresh/chilled carrots & turnips	07061000	13.6%
Frozen potatoes	07101000	14.4%
Frozen peas	07102100	14.4%
Various frozen vegetables	07108095	14.4%
Whole fresh sweet pots.	07142010	3.8%
Processed fruit & vegetables		
Frozen cooked potatoes	20041010	14.4%
Other frozen potato products	20041099	17.6%
Crisped potaotes	20052020	14.1%
Other non-frozen potato products	20052080	14.1%
Processed non-frozen beans	20055100	17.6%
Processed non-frozen mixed veg	20059950	17.6%
Jams, jellies/marmalades	20079997	24.0%
Peanut butter	20081110	12.8%
Orange juice	20091200	12.2
Cereals		
Durum wheat	10011900	€148/t
Seed of wheat	10019120	€95/t
Wheat	10019900	€95/t
Seed of barley	10031000	€93/t
Barley	10039000	€93/t
Seed of oats	10041000	€89/t
Oast	10049000	€89/t
Maize	10059000	€94/t
Milled long-grain rice	10063607	€175/t

Source: WTO & AHDB

Agriculture & Fisheries Bills

Agriculture Bill

The Agriculture Bill will return to the House of Commons after Parliament resumes on 7 January. The next stage of the bill is the Report Stage where MPs will consider further amendments to the bill, which has already been examined by a committee of MPs. No date has been announced for the Report Stage.

After the Report Stage the Third Reading gives MPs the last opportunity to debate the bill. The Third Reading normally takes place straight after the Report Stage. Once the bill has been approved after the Third Reading it will go to the House of Lords to go through a similar process of First Reading, Second Reading, Committee Stage, Report Stage and Third Reading. The bill then returns to the House of Commons where MPs consider any amendments proposed by the Lords before voting on it. Once the bill has finally passed it is then given Royal Asent by the Queen and passes into law. The progress of the Agriculture Bill can be found here: https://www.parliament.uk/about/how/laws/passage-bill/commons/coms-commons-third-reading/

The committe recommended 39 amendments to the Agriculture Bill. The headlines to those amendments can be found in an appendix on page 23 of this issue. The link to the amended bill is here: https://publications.parliament.uk/pa/bills/cbill/2017-2019/0292/cbill_2017-20190292_en_1.htm

An amendment to ensure that all imported food meets or exceeds UK food standards is being proposed by Neil Parish MP, the chairman of the Environment Food & Rural Affiars committee.

Fisheries Bill

The Fisheries Bill is also at the Report Stage having gone through a committee of MPs, with no date yet set for the Report Stage. The amended bill was published on 18 December. The bill will:

- Make provision about UK policy objectives in relation to fisheries, fishing and aquaculture;
- Make provision about access to British fisheries;
- Make provision about the licensing of fishing boats;
- Make provision about the determination and distribution of fishing opportunities;
- Make provision enabling schemes to be established for charging for unauthorised catches of sea fish;
- Make provision about grants in connection with fishing, aquaculture or marine conservation;
- Make provision about the recovery of costs in respect of the exercise of public functions relating to fish or fishing;
- Confer powers to make further provision in connection with fisheries, aquaculture or aquatic animals;
- Make provision about byelaws and orders relating to the exploitation of sea fisheries; and for connected purposes.

The Government itself tabled an amendment to the bill which would place a legal obligation on the Secretary of State in negotiations with the EU to pursue a fairer share of fishing opportunities than the UK currently receives under the Common Fisheries Policy. Defra said currently EU vessels land catches caught in UK waters of around 760,000 tonnes worth £540 million a year, while the UK lands catches from other EU waters of 90,000 tonnes worth £110 million.

The committee rejected a proposed amendment by nine to eight from Alistair Carmichael, a Lib Dem MP for the Scottish Northern Isles that would have enshrined in law that the UK would be out of the Commons Fisheries Policy by 31 Decmber 2020 at the very latest. However, the Government argued that while the intention is to have an agreement on a new policy with the EU long before the end of 2020, the proposed amendement would not have given any flexibility in extending the exit from the CFP.

The progress of the Fisheries Bill can be followed here: https://services.parliament.uk/bills/2017-19/fisheries.html

Environment Bill

Defra has published three draft clauses setting out the intentions for its full Environment Bill, which will be introduced later in the year. The draft clauses on environmental principles and governance are:

Environmental principles

- The environmental principles – such as the "polluter pays" principle or that the public should be able to participate in environmental decision-making – are fundamental to achieving environmental ambitions. These will act as guiding principles to help protect the environment from damage and will encourage decision-makers to further consider the environment in the development of government policy.

The Office for Environmental Protection

- A world-leading, green governance body will be established – the Office for Environmental Protection (OEP) – to uphold environmental legislation. The OEP will be an independent, statutory environmental body that will hold government and public bodies to account on environmental standards, including taking legal action to enforce the implementation of environmental law where necessary, once the UK leaves the EU, replacing the current oversight of the European Commission.

25 Year Environment Plan

- The 25 Year Environment Plan sets out how the UK Government will recover nature, replenish depleted soils, rid seas and rivers of the rubbish damaging our planet, cut greenhouse gas emissions, cleanse our air of toxic pollutants, and develop cleaner, more sustainable energy sources.
- The draft Bill proposes making it a legal requirement for Government to have a plan for improving the environment, to monitor and report annually to Parliament on progress and update it at least every five years. The 25 Year Environment Plan, published in January, would become the first such plan, giving it the status and permanence to deliver our ambitious goals.

Launching the clauses, Defra Secretary of State Michael Gove said: "Our ambition is to be the first generation to leave the environment in a better state than that in which we found it. We will keep building on our successes by enhancing our environmental standards and delivering a Green Brexit."

Full details can be found at: https://www.gov.uk/government/news/new-environment-protections-set-out-in-flagship-bill--2

Resources & Waste Strategy

Mr Gove has also announced a Resources & Waste Strategy. Under the proposals households will have a weekly collection of food waste, which will be used in anaerobic digestors to produce energy and soil improvers. Clear and consistent labelling on packaging will be required to show what can be recycled and where.

Companies could be charged a fee to help cover the cost of disposing and recycling the products they make. Meanwhile, a returnable deposit on bottles, cans and disposable cups could be introduced. It is proposed that food companies will be required to report on food surpluses and waste and possibly be set mandatory food waste prevention targets, which they could be penalised for if they do not meet. Details of the proposals can be found here: https://www.gov.uk/government/publications/resources-and-waste-strategy-for-england

Immigration White Paper

Much anticipated plans on post-Brexit immigration rules have been proposed by the UK Govenmment. They include:

- The removal of the annual cap on the number of work visas issued
- The widening of the skills threshold to include people with qualifications equivalent of A levels
- A consultation on a minimum salary requirement of £30,000 for skilled migrants seeking five-year visas
- The ending of the requirements for labour market tests by employers wanting to sponsor a worker.
- The introduction of a 12-month work visa for low-skilled workers

Also proposed were border contral measures, including:

- Creating a single, consistent approach to criminality by aligning both EU and non-EU criminality thresholds

- Ending the use of national ID cards as a form of travel documentation for EU citizens as soon as is practicable, given these documents are more insecure and open to abuse than passports
- Introducing an Electronic Travel Authorisation (ETA) scheme to allow vital information to be collected at an earlier stage before visitors, who do not require a visa, travel. This will give visitors greater certainty that they will be able to enter the UK on arrival
- Allowing citizens from Australia, Canada, Japan, New Zealand, USA, Singapore and South Korea to use e-gates to pass through the border on arrival, alongside EU and UK citizens

There was no mention of the Government's previously stated long-term goal of limiting net immigration into the UK at less than 100,000 people a year. It has been criticised as undeliverable, with the latest figure at 273,000 a year. Of that figure net migration from non-EU citizens is 248,000.
The white paper can accessed here: https://www.gov.uk/government/news/home-secretary-announces-new-skills-based-immigration-system

UK, Swiss and EEA/EFTA agreement

As part of the EU, the UK has an agreement on citizens' rights and trading arrangement with Switzerland and the three countries of the EEA/EFTA (European Economic Area/European Free Trade Association) – Norway, Iceland Liechtenstein. But that agreement will lapse once the UK has left the EU. In its place the four countries and the UK have come to an agreement, which will protect citizens' rights in all relevant territories and ensure continued co-operation in trade, intellectual property, police and judicial activity, data protection and public procurement contracts.

There are 40,000 UK nationals living in Switzerland and 14,000 Swiss living in the UK. There are also 17,000 UK nationals living in EEA/EFTA countries and 15,000 EEA/EFTA citizens living in the UK.

A joint UK, Swiss, Norwegian, Icelandic and Liechtenstein statement said: "We are pleased to have reached this agreement. It will protect the rights of our citizens as the UK leaves the EU, and it will provide certainty to businesses. We want to put in place new arrangements from the end of the Brexit implementation period to protect our historic relationships, including in the area of trade."

Norway's relationship with the EU has been suggested as a blueprint for Brexit by advocates of a 'soft Brexit.' However, politicians in Norway have said that entry into the EEA/EFTA for the UK would not be automatic and that the country makes a significant contribution to the EU in returnd for the freedom of trade and movement of citizens, which many oppose in the UK.

Brexit policy

Defra at Oxford Farming Conference

A no-deal Brexit would be devastating for British food and farming, Defra Secretary Michael Gove told the Oxford Farming Conference, with tariffs and customs checks hitting the livestock sector in particular. He said:

"A no-deal Brexit means we would face overall tariff rates of around 11% on agricultural products. But some sectors would be much more severely affected. The effective tariffs on beef and sheep meat would be above 40% - in some cases well above that.

"Tariffs are not the only issue. While the EU have pledged to accelerate the process whereby the UK is recognised as a third country and we can continue to export food to their markets freely, all products of animal origin will have to go through border inspection posts and, at the moment, the EU have said 100% of products will face sanitary and phytosanitary checks."

Mr Gove said that unlike the doom-laden pre-Brexit 'project fear' predictions, the impact of no-deal would be quick and great.

When asked about what would happen if Mrs May deal is rejected by MPs, Agriculture Minister George Eustice said that he expected an amended deal would be passed or there would be a managed exit.

Mr Gove promoted his Agriculture Bill as allowing a smooth transition away from direct supports after Brexit, with support for innovation and the most vulnerable farm businesses, including small livestock farms. However, shadow agriculture minister David Drew suggested that Mr Gove and the farming industry is underestimating the impact of the changes within just two years of the new policy.

Both Mr Gove and Mr Eustice sought to reassure delegates that trade negotiations with partners such as the US or Brazil would not lead to the import of lower standard products. Mr Gove criticised the destruction of rainforests to produce soyabeans and beef, saying: "The argument that we can lower the cost of food by importing from countries that have pursued deforestation policies ignores the fact that we all have to pay for the environmental damage in other ways."

Shadow International Trade Secretary Barry Gardiner said that remaining in a customs union with the EU is essential to protect exports with Europe and give the UK some say in future trade deals. However, former New Zealand High Commissoner to the UK and trade negotiator Sir Lockwood Smith said that remaining in a customs union with the EU would be the worst of all worlds and that amending the current Brexit deal to give the UK more say in ending any future temporary 'backstop' position, but giving the UK the freedom to do its own trade deals would be a good outcome. He urges the UK to 'step up' and recognise that the power of being the world's fifth largest economy and its heritage of political and trade leadership gives it.

Policy

- A review of how UK Government funding for agriculture is shared between England, Scotland, Wales and Northern Ireland has been launched by the Government. An independent panel, led by non-partisan Peer Lord Bew of Donegore, will consider each country's individual circumstances, including environmental, agricultural and socio-economic factors. Farm numbers and farm sizes will also be taken into account to make sure all parts of the UK are treated fairly. The terms of reference of the review are here: https://www.gov.uk/government/publications/domestic-farm-support-funding-reviewing-distribution-across-the-uk-from-2020-to-the-end-of-the-parliament
- 2019 EU fishing quotas were decided at a two-day meeting In Brussels in December. The UK will see a 25% increase in the quotas fro West of Scotland monkfish, a 28% increase for Western hake and a 10% increase for Skates and ray in the English Channel. As part of the Common Fishries Policy, the UK has to abide by the Landing Obligation, which bans the discard of certain juvenile fish back into the sea.
- A consultation on how developers will be required to ensure that there is a 'biodiversity net gain' from their developments has been launched. Running until 10 February 2019, it can be found here: https://consult.defra.gov.uk/land-use/net-gain/
- A deal to allow the export of British sheepmeat to India has been brokered between the UK and India. The deal is expected to be worth £6 million a year to the UK sheep industry within five years and followed negotiations and health reassurances that involved the Agricultural & Horticultural Development Board and the UK Export Certification Partnership.
- A more supportive, flexible and incentives-led approach to farming regulation has been recommended by Dame Glenys Stacey in her review of post-Brexit farm rules and regulations. Dame Glenys concludes that current regulation of the farming sector – with its one-size-fits-all rules-based approach – is far too inflexible and leaving the EU provides the opportunity to do things differently. The report recommends a new independent regulator that would be supportive of farmers' individual circumstances, offering them practical advice, guidance and helping to incentivise good practice. It would include advisers visiting farms to discuss issues such as biosecurity, soil quality and animal welfare rather than the imposition of automatic sanctions. The report can be found here: https://www.gov.uk/government/publications/farm-inspection-and-regulation-review

Responding to the publication of the review, NFU President Minette Batters said: "The primary recommendation is to establish a single regulator in place of five Defra bodies and local authorities. This would be a major change in how regulation is delivered. A new regulator should be able to incentivise a new domestic farm policy. While we applaud the aspiration it must not be rushed; time is needed to detail how this system would look, how it is funded, its governance and what the impact would be on farm."

- A ban on the outdoor use of metaldehyde, a pesticide used to control slugs in a range of crops and in gardens, is to be introduced across Great Britain from Spring 2020.

Department of International Trade

- The UK government and the Swiss Federal Council have approved the transition of a trade agreement, allowing businesses to continue trading freely after the UK leaves the European Union. The agreement replicates the existing EU-Switzerland arrangements as far as possible and will come into effect as soon as the implementation period ends in January 2021, or on 29 March 2019 if the UK leaves the EU without a deal. The UK had exports of £19.04 billion in 2017, up 41% over the last five years. The Swiss/UK deal is the first to be signed replicating existing arrangements with the UK, which are currently covered by EU membership. There are 40 such arrangements in total.
- The UK could benefit by up to £3 billion from a trade agreement signed between the EU and Japan, says the DIT. The EU-Japan Economic Partnership Agreement (EPA) was signed on 13 December. It is expected to come into force in early 2019 and will be the world's largest free trade area, eliminating more than 97% of export duties currently in place between the two territories. Tariffs on EU processed foods, agricultural products, beer, wine and whisky will be reduced. The UK approved the agreement in June 2018 and welcomed its signing. The UK would be outside the agreement after Brexit, but Japan has said it would support British membership of the Comprehensive & Progressive Agreement for Trans Pacific Partnership (CPTPP), which is made up of 11 countries including Japan, Canada, Austrlai, Mexico and Chile.
- The CPTPP came into force on 30 December. Its birth was welcomed by DIT Secretary Liam Fox who confirmed that the UK is considering seeking membership of the agreement and currently studying responses to a 14-week consultation on membership.
- UK trade with Canada has increased by 13.7% to £6.5 billion, according to UK Government figures since the start of an EU/Canada trade agreement in September 2017. Tariffs on food and drink products between the two territories previously averaged 11%, but in many cases have been reduced to zero. UK meat exports to Canada increased by 36.3% over the last year to £2.8 million, with a 16.6% increase in wine exports to £1.75 million. The UK and Canada Prime Ministers have committed to a seamless transition to a bilateral trade deal that will ensure as free and frictionless trade between the two after Brexit.

Parliamentary Committees

See http://www.parliament.uk/business/news/parliament-government-and-politics/parliament/committee-news/ for all Parliamentary Committee news.

- The International Trade Committee has published its report on future trade negotiations after Brexit. Drawing upon successes and failures from past trade negotiations around the globe, the report calls for a meaningful role for parliament before, during and after trade agreements. It demands a presumption of transparency in relation to negotiating documents, and for greater representation of business, civil society, devolved administration, and local government interests in the formulation of trade policy.
- The Northern Ireland Affairs Committee has written to Michael Gove, Secretary of State for Environment, Food and Rural Affairs seeking more detail on crucial elements of strategy, after Government response to Committee's report fails to match urgency of crisis facing NI's fisheries.
- The Committee on Exiting the EU unanimously agreed that the Prime Minister's Brexit deal fails to offer sufficient certainty or clarity for the UK. Chair of the Committee Hilary Benn MP said: "It is because the Government has refused to face up to the hard choices confronting us that this deal would represent a huge step into the unknown. The Political Declaration falls far short of the 'detailed and substantive' document promised by former Secretaries of State and by the EU Chief Negotiator, Michel Barnier. It does not give the British people or our businesses the clarity and the certainty they need about our future trading

relationship with the EU in five- or ten-years' time. And with these negotiations having not even having started yet, this could take years to sort out.

Scotland

- The UK Government should move to extend the Article 50 process, to allow time for alternatives to be found to the Prime Minister's proposed Brexit deal and a no-deal outcome, First Minister Nicola Sturgeon said after a meeting of UK first ministers.
- The Scottish Parliament has backed calls for the UK Government to scrap the fees EU citizens will have to pay to retain the citizenship rights they have after Brexit. The fees will come in after the proposed transition period and are set at £65 for adults and £32.50 for children. An advice service delivered to EU citizens through the Scottish Citizens Advice service will go live in March and provide information on rights and entitlements of EU citizens.
- The Scottish Government has put plans into place to lessen the impact of severe disruption at ports in the event of a no-deal Brexit. Food security and the ability of Scottish food and drink exporters to ship their goods to the EU have been prioritised. There are also plans to ensure the supply of medicines and medical devices, with protection for EU staff working in Scottish health and social care. Brexit preparation has been included in the Scottish 2019/20 budget.
- Fisheries Secretary Fergus Ewing has written to the UK Government to highlight the potential damage to Scotland's aquaculture and seafood interests, in the current withdrawal agreement. The Cabinet Secretary raised serious concerns at the failure of the UK Government to ensure tariff-free access to the European market for Scottish seafood exports and warned that non-tariff barriers Like customs delays at ports could be catastrophic for an industry that relies on frictionless passage across borders, particularly for fresh and live products.
- In a non-binding vote, Scottish MPs voted by a margin of 92 to 29 to reject the Prime Minister's Brexit deal.

Wales

- In a New Year message, the new Welsh First Minister Mark Drakeford said: "With less than 100 days until the UK leaves the EU, we are heading into the new year with a no deal scenario - which would have a particularly severe impact on Wales - firmly on the table and with Parliament and the UK government at deadlock. Against this background of uncertainty, the Welsh Government will continue to do everything we can to protect Welsh jobs, support our economy and safeguard public services through these difficult times."
- Extra funding of £62.9 million has been promised by the Welsh Government to extend the EU's Glastir rural development scheme to the end of 2021. All current Glastir agreements will be protected, with another round of small Glastir grants promised. In addition, another £16 million has been allocated to help farmers adapt to new water protection regulations.

Ireland/Northern Ireland

- A £30,000 salary requirement for immigrants after Brexit has been described as disastrous by Ulster Unionist NI assembly member Steve Aiken. He said: "The White Paper on migration could have disastrous consequences for Northern Ireland, as it has the potential to severely impact on many of our vital sectors including health, manufacturing, agriculture, fishing, hospitality industries and higher and further education."
- Irish Agriculture and Fisheries Minister Michael Creed called the Irish settlement in EU fishing negotiations as 'balanced.' He said that the increase in quotas to €260 million as protecting the livelihoods of fishermen and fish stocks.

European Commission/Union

- A raft of unfair practices in the food chain have been banned by the European Commission. All farms and food companies of up to €350 million a year turnover will be protected by the six measures, which include late payments for perishable food products; last minute order cancellations; unilateral or retroactive changes to contracts; forcing the supplier to pay for wasted products and refusing written contracts. Practices such as buyer returning unsold food products to a supplier; a buyer charging a supplier payment to secure or maintain a supply agreement on food products; a supplier paying for a buyer's promotion, advertising or marketing campaign, will only be permitted if an unambiguous upfront agreement between affected parties. The measures can be found here: http://europa.eu/rapid/press-release_IP-18-6790_en.htm

- The European Commission has said that UK visitors will have to pay €7.00 for a three-year vistor's visa, which will allow travel for up to 90 days. The visa is planned to come into force from the beginning of 2021. Other non-EU countries will also be subject to the visa.
- EU cereal production (figures include the EU) is expected to increase by 14.4% by 2030 to 325 million tonnes, but a 5% decline in sugar consumption is expected, according to the European Commission's EU agricultural outlook 2018-2030 - https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/medium-term-outlook-2018-report_en.pdf An extra 900,000 toonnes of milk is needed to keep up with EU demand, the report predicts, while meat consumption is expected to decline per head, with poultry showing the only meat market growth. Fruit and vegetable production is expected to remain stable at 12.4 million tonnes, with a 1.3% a year growth in olive oil output. Farm incomes are not expected to rise significantly, with higher energy and labour costs outweighing many price gains.
- The CAP is helping reduce rural poverty, claims the EC with agricultural incomes rising from 32% of the overall average in the 2000 to 2010 period to 47% in 2016. The commission welcomed a reduction in greenhouse gas emissions from EU agriculture of 22% since 1990, but said more needs to be done.
- An assessment of the EU's forestry strategy said that progress is being made in the key areas of supporting rural communities; fostering sustainability and competitiveness in the EU's forestry sector; forestry and climate change; protecting forests and enhancing ecosystem services and the development of new and innovative forestry products. The report can be found here: https://ec.europa.eu/transparency/regdoc/rep/1/2018/EN/COM-2018-811-F1-EN-MAIN-PART-1.PDF
- An agreement between the EU and Colombia means nine specific Colombian products including coffee, cheese and flowers will be protected in the EU by geographical indicator rules, with 116 EU products gaining protection in Colombia.

Brexit opinion

Food & farming organisations

- **The NFU has published a report on the farmed environment. Its main points are:**
    1. Better data on wider biodiversity delivery, like insects, and more data about the quality of our soils and emissions to air such as ammonia. Access to good data is a recurring theme.
    2. Future environmental policies with food production at the heart because farmers are in the best position to manage land for future environmental benefit.
    3. A future environmental land management scheme needs to be voluntary, open to all farmers, simple to apply for and administer, and offer a fair reward.
    4. Improvements to the delivery of current agri-environment schemes in the short to medium term to make them workable and attractive.
    5. Support for farm infrastructure projects, new technologies and innovative tools to help improve productivity while reducing environmental footprint.
    6. Science, research and innovation to help increase resource efficiency and further reduce environmental impact.

The report can be downloaded from here: https://www.nfuonline.com/news/latest-news-must-read/new-nfu-report-united-by-our-environment-our-food-our-future/

- **Responding to the Government's Immigration White Paper, the NFU said:** "We are concerned that the government's immigration proposals, particularly the emphasis on so called 'high-skilled' workers, will exacerbate a situation with farm businesses already struggling to recruit and retain staff. The proposed 12-month visa system for 'low skilled' workers would also be highly disruptive to many businesses. As currently proposed, it would cause massive problems for businesses which employ non-UK workers on a permanent basis and we urge government to recognise the need for continued access to this workforce."

- On the publication of key elements of the draft Environment Bill, the **NFU** said: "We do need to ensure that the environmental principles are workable in a UK context and are applied in a proportionate manner and considered alongside other factors, such as socio-economic costs and benefits, as part of a pragmatic, risk-based regulatory system. The new governance body, the Office for Environmental Protection, must not duplicate the roles of existing scrutiny bodies and any powers to "hold government to account" for non-compliance must apply to central government only."
- The **Food and Drink Federation** expressed its concerns over Brexit uncertainty when Theresa May cancelled the vote on the deal on 11 December. Its Chief Executive Ian Wright said: "FDF members will be dismayed by the political and economic chaos provoked by a further delay to the Brexit process. Every political decision takes us closer to the catastrophe of no-deal. Each extra day of uncertainty diverts time, effort and investment. It undermines growth and employment. And as we have seen from the weakness of Sterling, constrains businesses ability to plan and export. The confidence of the business community in political decision-makers is hanging by a thread."
- Mr Wright's words were echoed by a joint statement by the five main business organisations – the **British Chambers of Commerce**, the **Confederation of British Industry**, **EFF** (the manufacturers organisation), the **Federation of Small Businesses** and the **Institute of Directors**. They said: "Businesses have been watching in horror as politicians have focused on factional disputes rather than practical steps that business needs to move forward. The lack of progress in Westminster means that the risk of a 'no-deal' Brexit is rising. Businesses of all sizes are reaching the point of no return, with many now putting in place contingency plans that are a significant drain of time and money. Firms are pausing or diverting investment that should be boosting productivity, innovation, jobs and pay, into stockpiling goods or materials, diverting cross border trade and moving offices, factories and therefore jobs and tax revenues out of the UK. While many companies are actively preparing for a 'no deal' scenario, there are also hundreds of thousands who have yet to start – and cannot be expected to be ready in such a short space of time."
- The **Trades Union Congress** said that Brexit uncertainty is hurting workers. Its General Secretary Frances O'Grady said: "The biggest threat to living standards right now is not inflation, it's the Prime Minister holding the country to ransom over Brexit. Her 'my deal or no deal' demand is not a real choice and it will harm jobs, livelihoods and rights at work. With chaos in Westminster and signs of the economy getting weaker, the Bank of England should not raise rates again. The government must bring Britain back from the brink of a no deal disaster by suspending Article 50."
- Commenting on the Government's Immigration White Paper, **UKHospitality** Chief Executive Kate Nicholls said: "The central plank of Government's immigration policy, to cut off lower-skilled migration with a salary threshold, is fundamentally flawed and will damage the hospitality sector and the wider UK economy. It also does little to build bridges with our European friends. We need the Government to keep to its word, listen to business over the next 12 months and realise that these proposals will be crippling for business, and Britain's high streets in particular. An immigration policy that recognises the contributions of migrants of all skill levels is one that works for Britain."

The UK in a Changing Europe

The UK in a Changing Europe is an independent project that publishes academic work on the impacts of Brexit. Its website is here: http://ukandeu.ac.uk/

Green Alliance/Greener UK

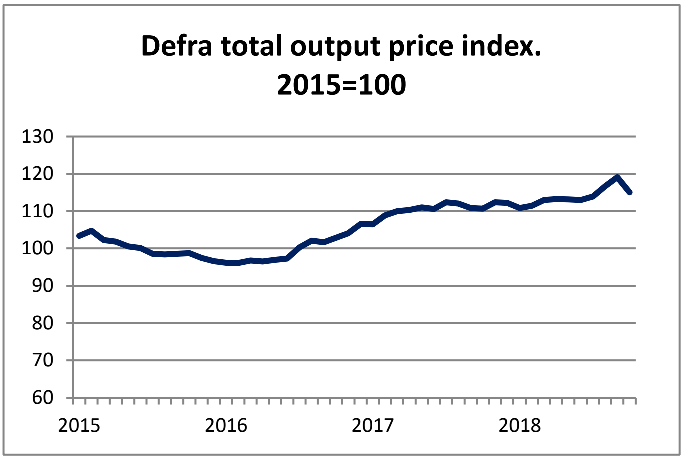
The Green Alliance is a group of environmental charities who share ideas and present joint proposals and comments on a range of issues. Its website is here: http://www.green-alliance.org.uk/

- Greener UK has come up with a Brexit risk Tracker. It has eight categories and three levels of risk – green for low, amber for medium and red for high. The current tracker for the period Aug 2018 to Nov 2018 is **Air pollution, Chemicals, Climate & Energy, Farming & Land Use, Fisheries, Nature protection, Waste & resources** and **Water.** That is unchanged on the May 2018 to July 2018 period. The tracker can be accessed here: http://greeneruk.org/RiskTracker.php

Brexit Price

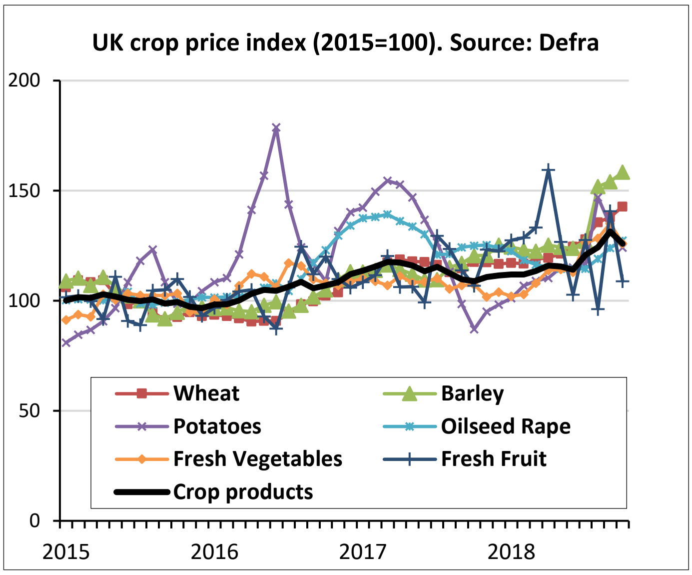
Figures are based on Defra statistics.

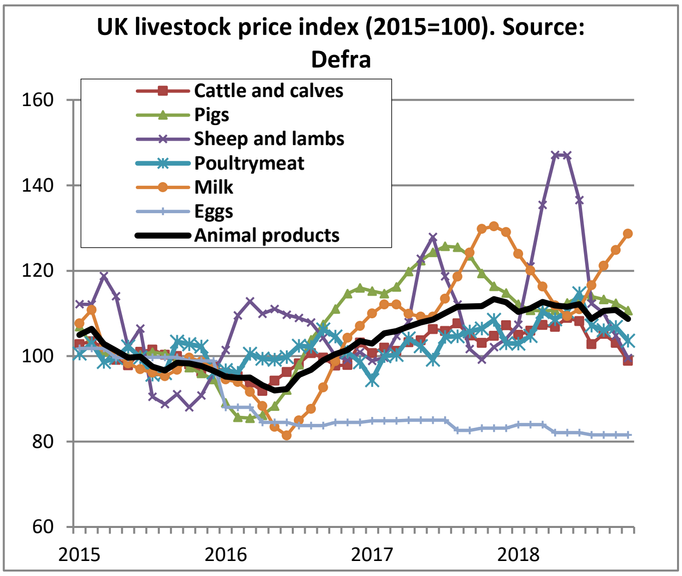
Lower fruit and vegetable prices and continued pressure on livestock values pushed down Defra's price index in October. The index, which measures values against the average 2015 price, was at 115.03, 3.4% lower than it was in September, although still 4.0% higher than in October 2017 and 18.2% up on the price in June 2016 at the time of the Brexit referendum.



The October crop price index was at 125.8, 4.3% down on the month before, but 15.6% higher than in October 2017. Fruit prices were down 22.6% on the month, with a 6.8% drop in vegetable prices. Potato prices were down too, but they have since risen. Cereal prices are up by more than fifth on last year, but there has been a subsequent weakening in wheat values as more Russian grain comes onto the market.

The average livestock price was down 1.9% in October to an index value of 108.7, the lowest level since June 2017. Cattle and calf prices were down 4.1% in the month, with a 5.1% drop in sheep and lamb prices in the month. Poultry and pig values were down too.

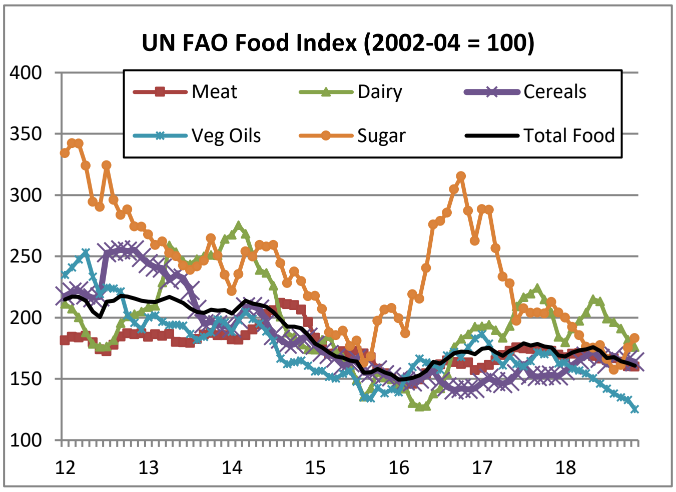




Global agricultural prices continue to slip, with the UN FAO's price index falling 1.3% in October and by 8.5% over the year. The index is now at its lowest level since May 2016.

Cereal prices were down 1.1% in the month, but still up 7.1% over the year. Sugar prices rose in the month, but were down by nearly 14% over the year. Vegetable oil prices have fallen by more than a quarter over the last year and were down again in October.

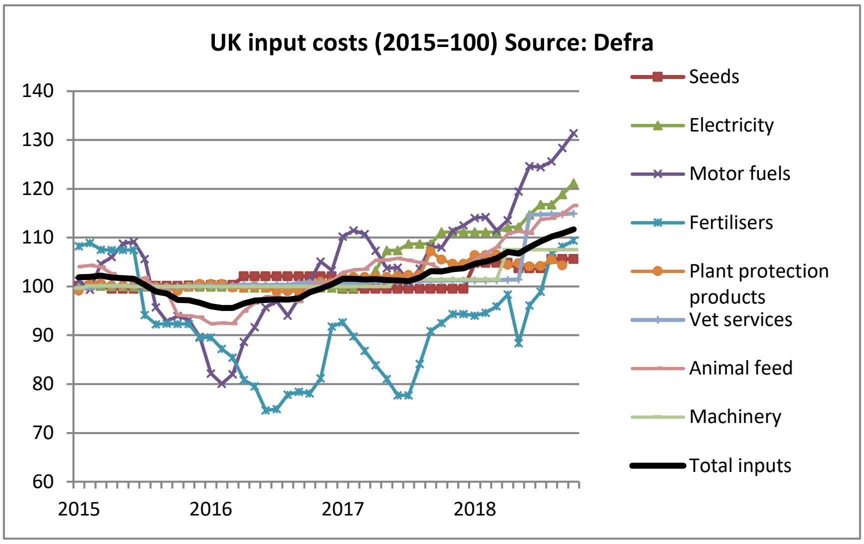
Dairy prices fell 3.3% in the month and were down 13.9% over the year. Meat prices are also weaker, falling 7.4% over the year.



Brexit Cost

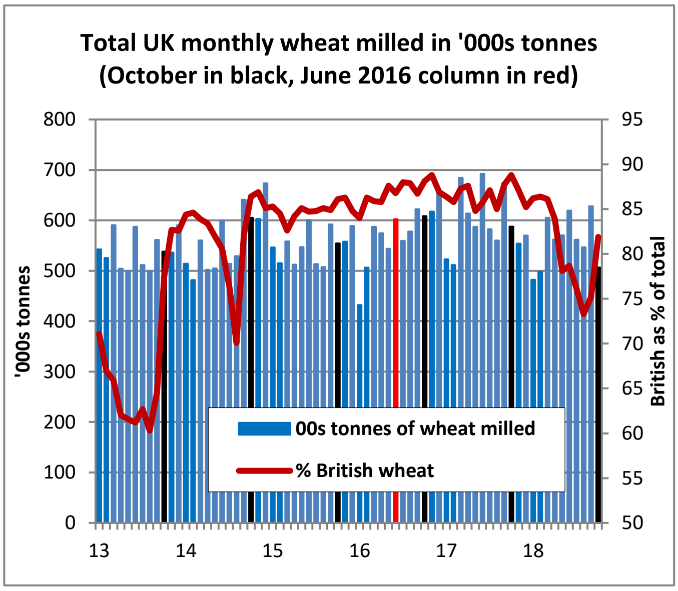
Figures are based on Defra statistics.
Input costs reached their highest post-Brexit level in October, with Defra's input index up 0.6% in the month, 7.5% higher over the year and 14.0% since the Brexit vote in June 2016.

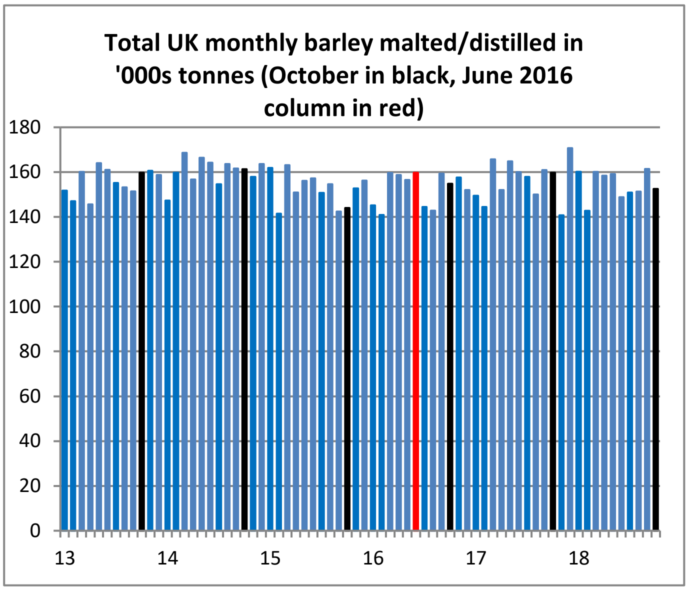
The fastest rising costs have been fertilisers and fuels – up 45.0% and 34.1% respectively since the Brexit vote. Electricity costs also continue to rise and there has been a near double-digit increase in animal feed costs over the last year driven by higher cereal prices.



Brexit Output

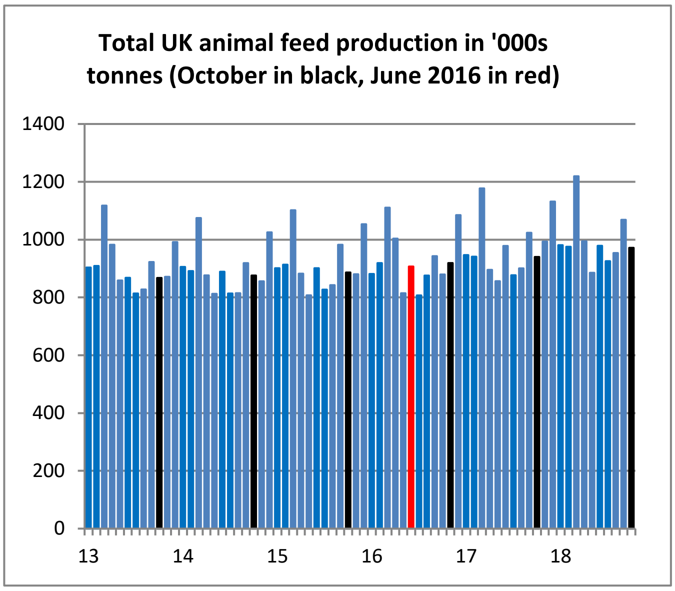
Figures are based on Defra statistics.
UK wheat processing was 2.4% lower in October than in October 2017, with annual output down 5.9% to 6.702 million tonnes, the lowest figure since February 2017. The smaller 2018 UK harvest is a reason behind the decline. After five months where less than 80% of the wheat milled in the UK was home-produced, the rate crept up t
o 81.9%. Barley processing was at 152,500 tonnes in October 4.5% less than in October 2017, with annual production down 0.2% to 1.857 million tonnes.

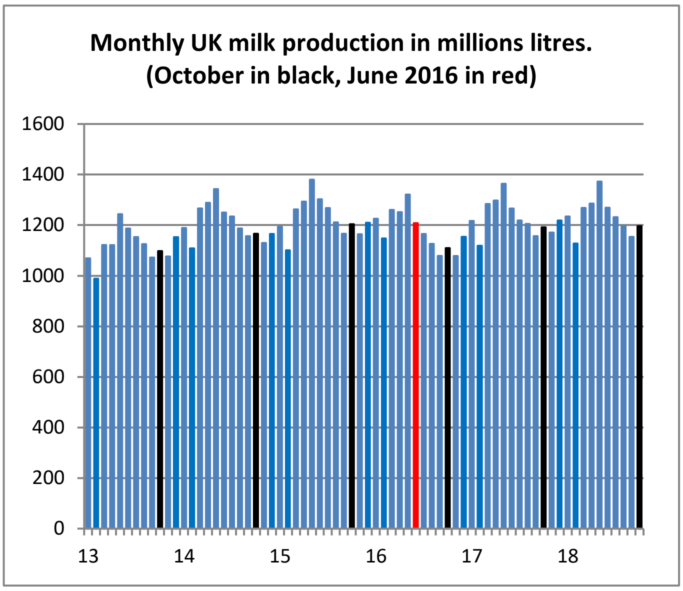




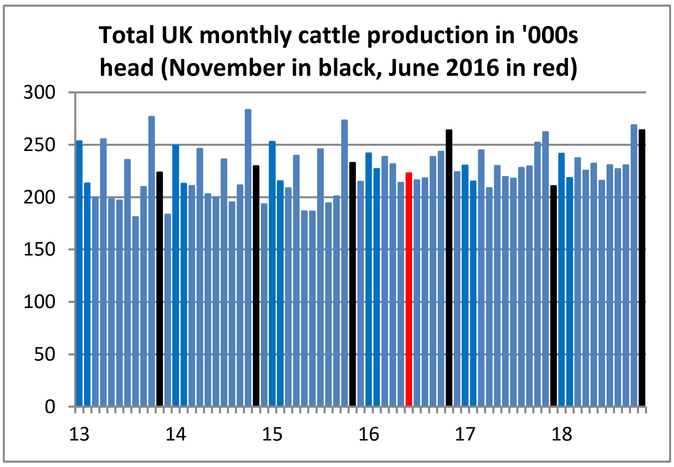
Animal feed production continues to hit record levels, driven by increased poultry production. In October 971,500 tonnes were processed, which was 3.4% more than in October 2017. Annual production was at a new high of 12.078 million tonnes, 4.7% more than the year before and up 15.8% since the beginning of 2013.

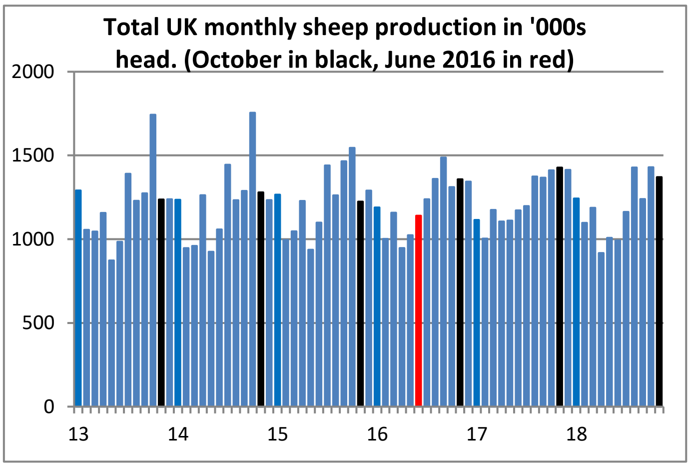
Milk production continues to increase, despite the lack of forage from the drought-affected 2018 summer. During October 2018 1.196 billion litres of milk was produced in the UK – 0.3% down on the October 2017 total, but 43 million litres more than in September 2018. Annual milk production has increased by 1.7% to 14.721 million litres. This high production is continuing to put pressure on farmgate prices.

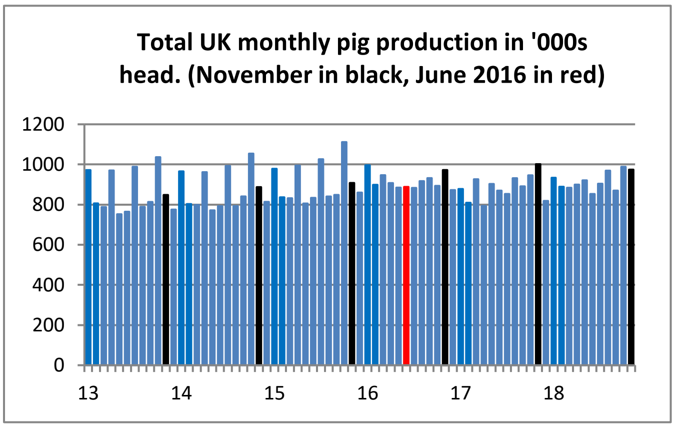


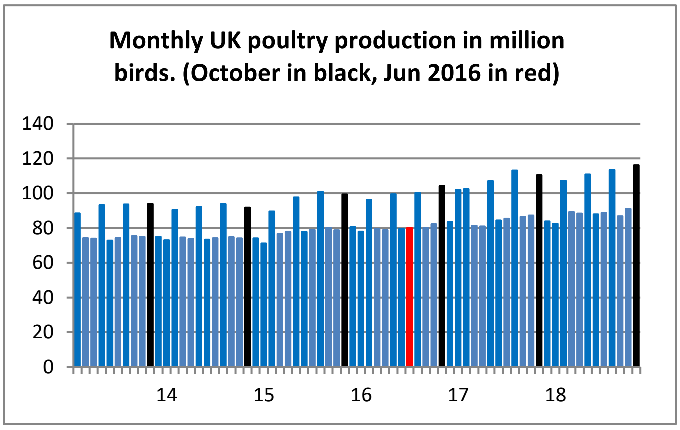


UK sheep production has fallen over the last year, while cattle output has edged up by 1.5% over the year to 2.800 million head, with November production up 0.7% to 263,800 head. Sheep production fell by 4.0% in November, with annual production down 2.1% to 14.488 million tonnes.







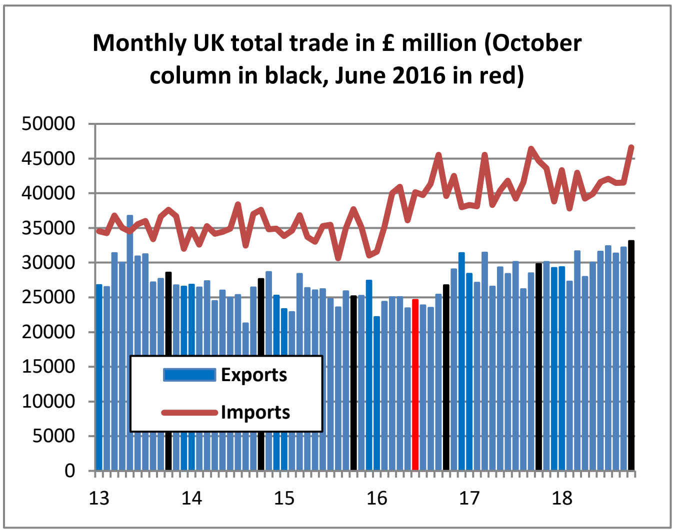


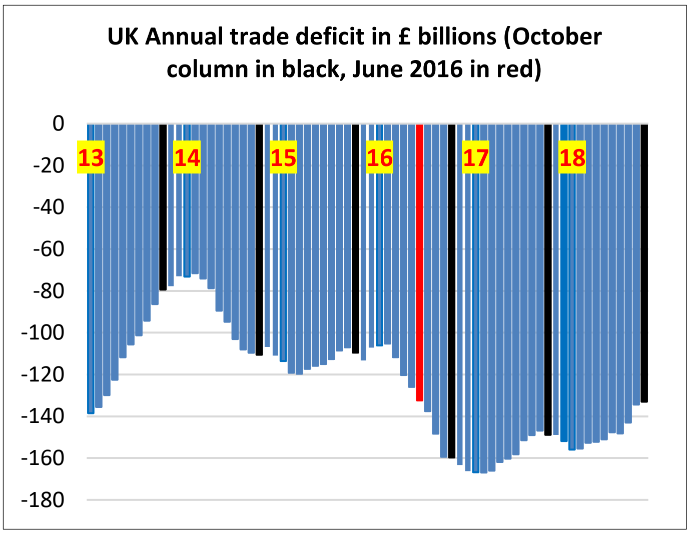
Pig production fell by 2.7% in November, but increased by the same proportion in the year ending November at 10.930 million head. Poultry production continues to reach record levels. October production of 116.1 million head was 4.4% more than in October 2017, with annual production up 2.0% to 1.145 billion head.

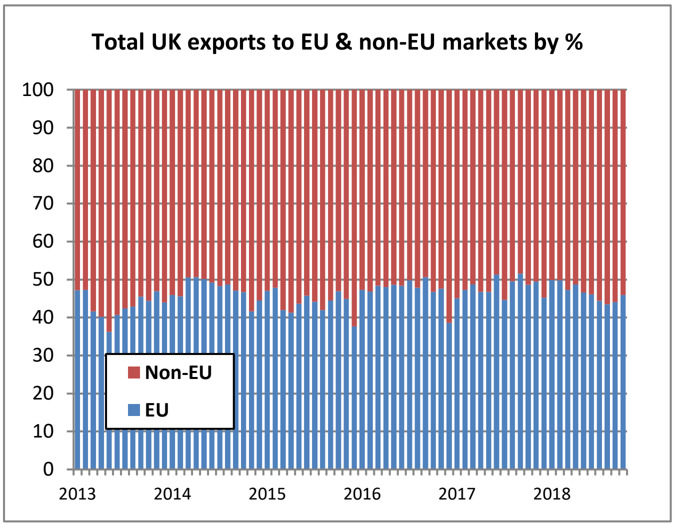
Brexit Trade

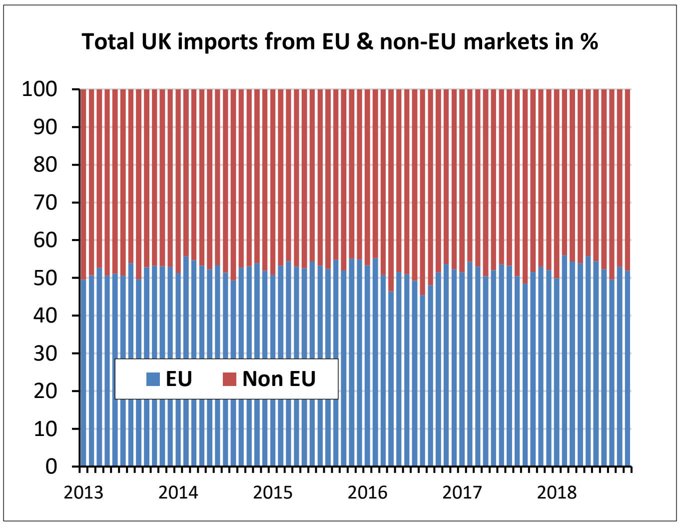
Figures are based on HMRC statistics.

UK exports and imports jumped in October, with total exports 11.2% higher in the month than in October 2017 at £33.1 billion. In the month 45.9% of exports were shipped to EU. Annual exports have increased by 5.8% to £366.1 billion. Annual imports are up 0.8% to £499.1 billion, which means the UK's annual trade deficit has fallen by 8.5% to £133.0 billion. October imports were at a new monthly high of £46.6 billion, which was 4.4% higher than in October 2017.

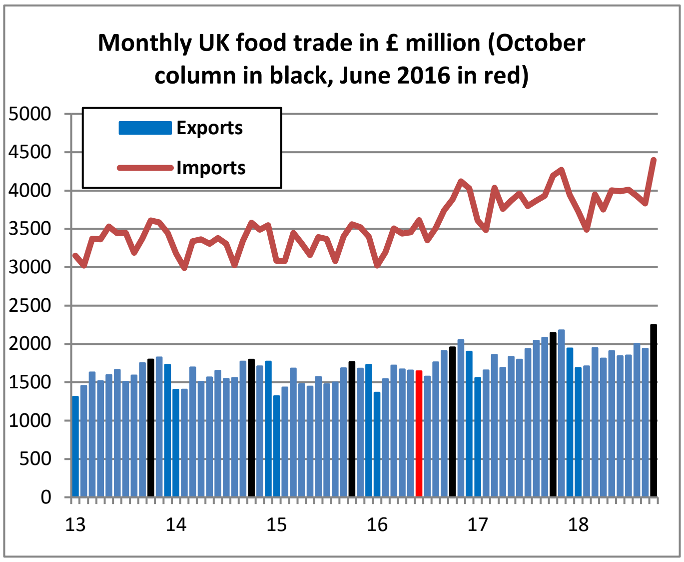


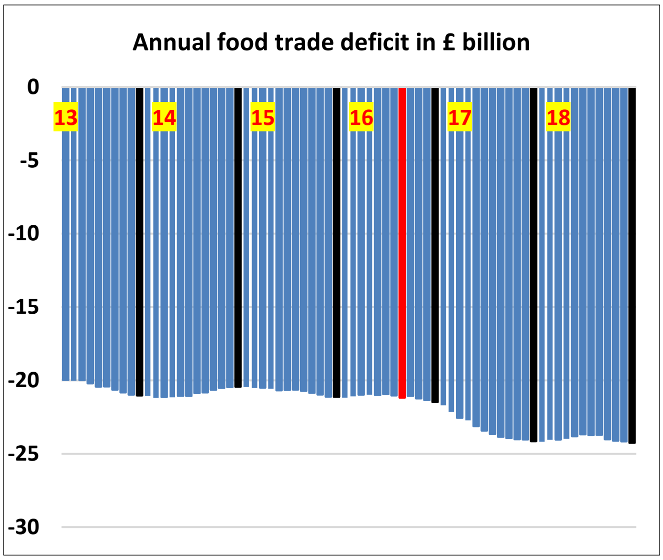


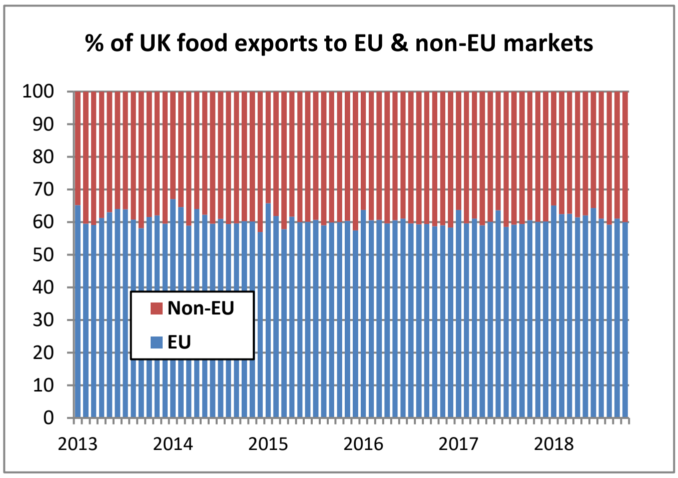


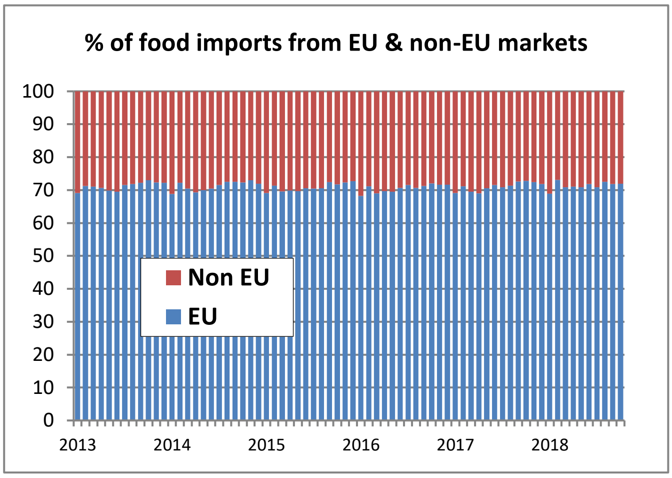


UK food imports and exports were also at a record level in October 2018, with the country's annual food trade deficit at a record £24.3 billion. Exports have increased by 2.3% to £23.0 billion over the last year, with October exports 4.9% higher at £2.2 billion – 60% of those exports were shipped to the EU. October imports were also 4.9% higher at £4.4 billion, while annual imports were 1.3% higher at a record of £47.3 billion, with 71.9% of imports from the EU.



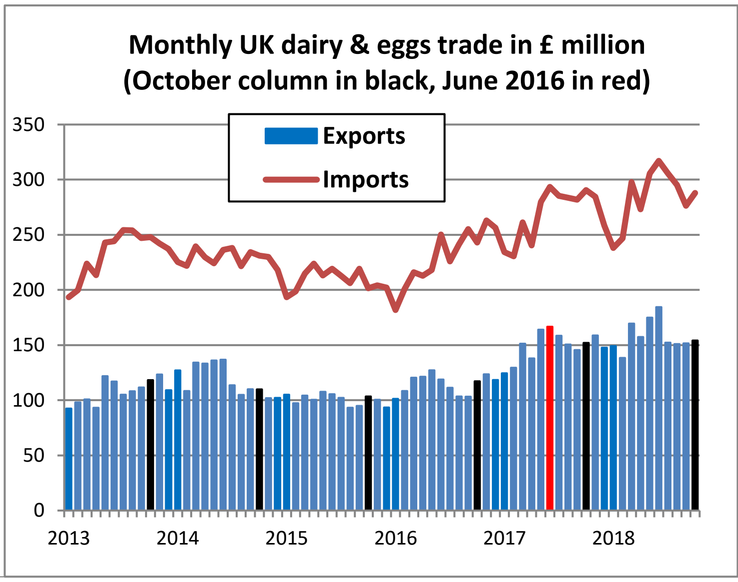






Over the last year the growth in cereal imports has outstripped that of exports, with the UK's cereal trade deficit up 12.0% to £1.916 billion, the highest level ever. Annual exports were up 0.7% to £2.1 billion, with annual imports up 5.8% to £4.1 billion. The EU was the destination for 72.0% of UK cereal exports in October and the sources of 79.9% of imports.

Annual UK vegetable exports have reached a new high of £731.8 million in the year ending October, with annual imports also at a record of £4.380 billion. Annual UK fruit exports have increased by 6.2% to £236.1 million, while annual imports are down 1.4% to £4.587 billion. UK sugar exports have reached a new annual high of £459.2 million, 16.2% up on the previous 12 months. In contrast, imports have dropped by 6.1% to £1.205 billion. Three quarters of UK sugar exports are to the EU, with 70% of imports from the EU.



UK dairy and egg exports are also at record levels, with annual trade in the year ending October up 9.7% to £1.888 billion, with around 75% of exports shipped to the EU. Similarly, annual dairy and egg imports were at a record of £3.387 billion, 5.8% higher than in the previous 12 months. Other records have been set in beef trade – annual imports were at £1.061 billion in October – 7.3% more than the year before and highest total for more than five years. The EU supplies 90% of beef imports and is a customer for 92% of UK exports. Annual exports were up 8.9% in October 2018 at £433.1 billion.

Annual sheepmeat exports have fallen by 0.9% to £368.4 million, with the EU responsible for more than 90% of sales. Annual imports have increased by 3.9% to £359.5 million, with the EU responsible for around 15% of that total. The UK still has a sheepmeat trade surplus, but the annual surplus of £8.9 million is down 65.3% on the figure 12-months ago.

Annual UK pigmeat exports were unchanged in October at £289.6 million. In October 39.6% of the UK's pigmeat exports were to non-EU markets, which compares to just 29.5% in October 2017. Annual pigmeat imports are down 10.9% to £769.9 million, which means the UK's pigmeat deficit was £507.3 million over the year, down 15.9% on the year before. The import of poultrymeat is increasing at more than 10% a year, with trade in the year ending October a record £1.154 billion. Annual exports were up 4.3% to October at £283.2 billion.

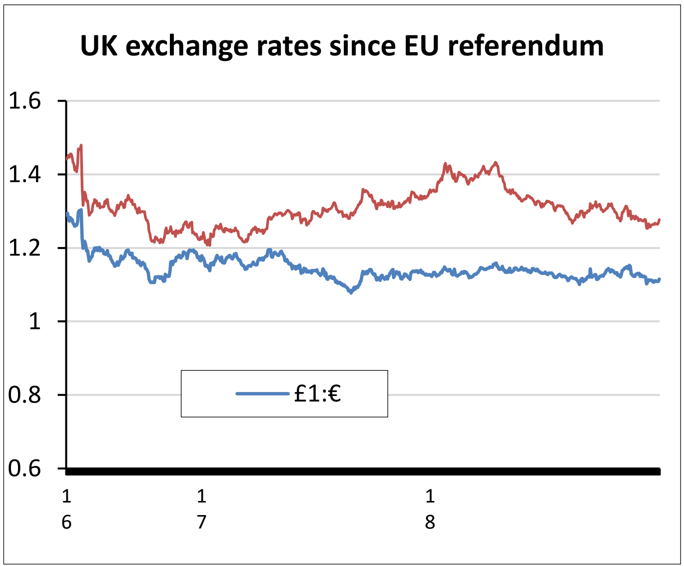
UK fertiliser exports have fallen by 1.7% to £260.8 million over the last year, while imports are up 13.2% to £815.6 million, which has widened the UK's fertiliser trade deficit by 21.9% to £554.8 million. In contrast, UK agrochemical exports were at a record £776.6 million in the year ending October 1.6% more than the year before. Annual imports have slipped by 0.6% to £617.4 million.

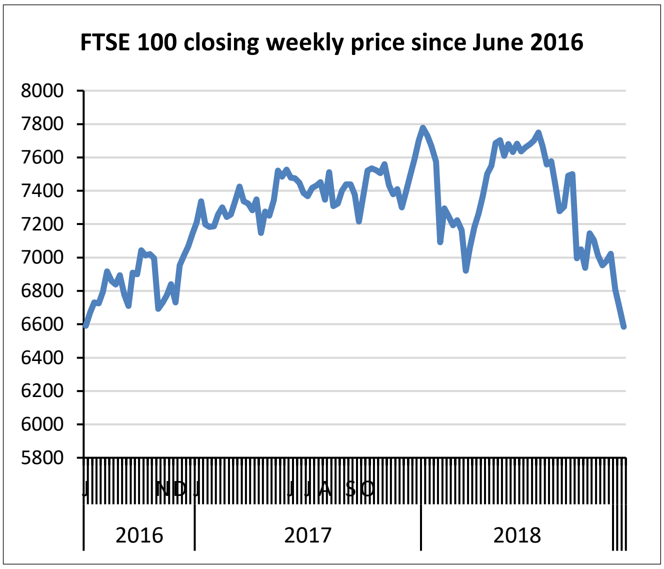
UK tractor exports have risen by 5.7% over the last year to £1.145 billion, while imports have jumped by 23.4% to £794.8 million, resulting in a 20.2% narrowing of the UK's tractor trade surplus to £350.7 million. The annual export of other farm machinery was 4.1% higher in the year ending October 2018 at £639.0 million, while imports fell by 3.9% to £985.5 million, with the UK's farm machinery trade deficit down 15.9% over the last year to £346.5 million.

Brexit Economy

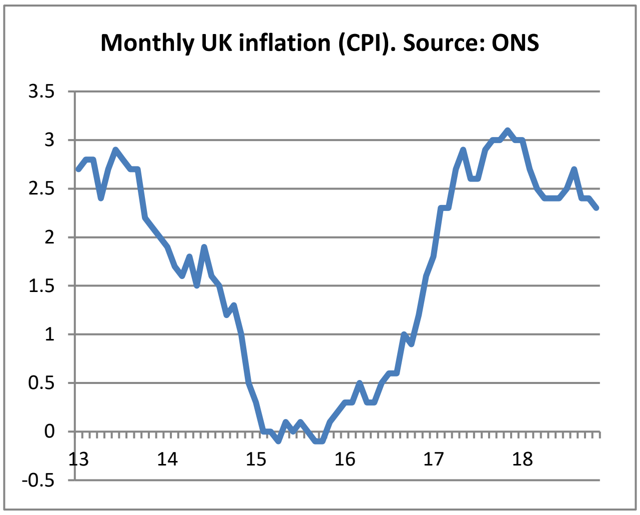
Brexit uncertainty has impacted on the value of the pound over the last month. During December the pound fell by 1.4% to a low of £1=€1.068 or €1=£90.35, with a 1.6% drop in the value of the pound against the dollar to £1=US$1.2527.

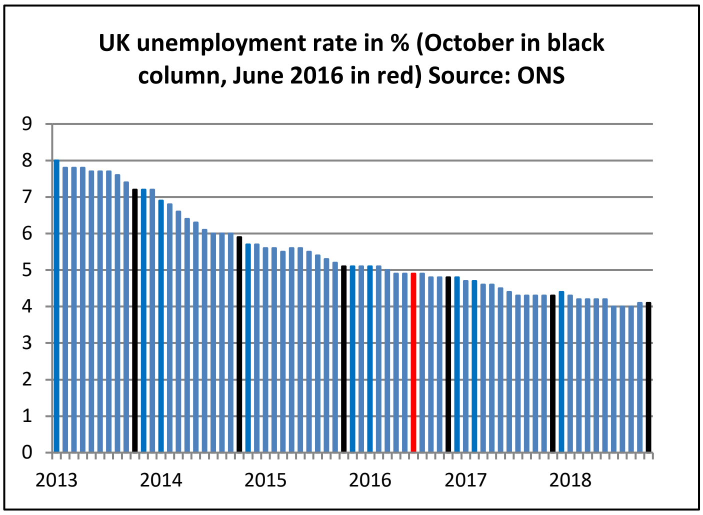
Fears over the health of the global economy have also had an impact over the last month, with the FTSE 100 share index at the lowest levels since the Brexit vote. This fall reflects declines in other markets including in the US and across Asia.





Inflation edged down to 2.3% in October to its lowest level since late 2016 and interest rates remained at 0.75%. Meanwhile, unemployment remains low at 4.1%.





Brexit Food & Farming

Brexit Food & Farming is compiled by Cedric Porter, managing director of Supply Intelligence Ltd. It provides food chain information and support for a range of clients. Cedric is also co-editor of World Potato Markets – www.worldpotatomarkets.com, a Trustee of Linking Environment And Farming (LEAF), a Governor at Hadlow College in Kent and a non-executive director of a Norfolk farming company.

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Appendix

Headlines to amended Agriculture Bill. For full document see: https://publications.parliament.uk/pa/bills/cbill/2017-2019/0292/cbill_2017-20190292_en_1.htm

CONTENTS