

Brexit: The risks for the Irish meat industry, and what you can do about it

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Brexit: Six months later

- UK political institutions still coming to terms with shock of referendum result
- Remain had no Plan B, Leave had no Plan A
- Still no agreement on negotiating objectives
- Prime Minister has no less than 10 deals she needs to strike – scale of task is enormous
- Govt suffering decision paralysis

Deal 1: A deal within the Conservative Party

The “Global Britain” Brexiteers (Davis/Fox/Johnson)

- Exaggerated sense of unilateral British power
- Economic liberals (but only seem to understand trade in goods)
- Sovereignty, not immigration (ECJ, not borders)
- Insufficient attention/understanding of politics in continental Europe
- Overestimate ‘rational economic actor Vs irrational political actor’ theory

The “Local Britain” Brexiteers (May & No.10 team)

- Economic nationalism- Govt picking winners (Nissan)
- Elements of political populism – smash UKIP and Labour
- Border controls before trade

ALBINOs (Hammond & Clark, majority of Conservative Party)

- A Little Brexit in Name Only
- Wish to avoid WTO cliff edge

Deal 2: A deal with Parliament

- Bluff called by High Court judgment
- Govt now needs to bring Brexit strategy to Parliament
- Reluctance is not about negotiating tactics
- Govt still undecided on objectives
- Parliament will not block Article 50
- Will Supreme Court rule that Devolved Assemblies need to approve A50?

Deal 3: Article 50

The Divorce Settlement

- Article 50: “By end of March 2017” – courts permitting
- Two year deadline unlikely to be extended (2019 EU elections & 2020 EU budget)
- Will only cover the basics:
 - EU/UK citizen reciprocal rights
 - budget contributions
 - EU institutions in UK, staff, pensions
 - No formal talks on long term deal until out

Deal 4: Interim UK/EU Deal? (2019-2025?)

- Likely 8-10 years between exiting EU & new trade agreement
- What does UK do for the 2020s? WTO terms?
- Or ‘transitional cover’ with an interim deal?
- To be negotiated simultaneously with Article 50
- Prevent a *cliff-edge Brexit* in 2019
- Will require political compromise on both sides
- Budget contributions? CAP/CFP? ECJ rulings?
Free movement restrictions?

This is where your industry & Irish Govt have an important role to play

Deal 5: Future UK/EU trade deal

		Access to the Single Market in goods and services									
		Votes on EU law	Tariff-free trade	Customs Union and external trade	Level playing field for business	'Ever closer union'	Justice and Home Affairs (JHA)	Free Movement of People	Schengen border-free area	Contribution to EU financing	Eurozone membership
UK membership of the EU								a)		b)	
Standard EU membership											
Norway (non-EU EEA)											
Bilateral Agreements	Switzerland										
	Canada										
	Turkey										
WTO membership			c)		d)						

Expect ratification 2026-2030

Deal 6: WTO Deal

- UK already a member of WTO, but unable to submit own schedule until UK portions agreed with EU
- First agree with EU MS on UK schedule (tariffs/quotas/subsidies)
- Then need approval of 162 members. Each *theoretically* has a veto
- No trade deals until schedule agreed – timeline & process as yet unclear

Deal 7: Bilateral Trade Deals

- 53 trade deals UK currently enjoys via EU
- Cannot sign any deals until exited EU
- Who will strike comprehensive UK deal while EU trade relationship unclear?
- Beware quick & dirty trade deals
- Comprehensive deals will take 8-10 years
- Risks to Irish agri-food sector of new trade deals

Deal 8: Co-operation on CFSP/J&HA

- UK in strong bargaining position – stronger since Trump win & insecurity over NATO

Deals 9 & 10: Scotland and Northern Ireland

- Economic & social relationship between NI & RoI
- Brexit in breach of Belfast Agreement?
- Second Scottish independence referendum?

What does this mean for Irish meat industry?

If UK has a “hard” exit from the EU:

- WTO agri tariffs can be as high as 60-70%
- Risk of unilateral agri free trade
- Risks of UK bilateral trade deals with agri economies reducing import tariffs
- Border complications between NI & ROI
- Non tariff barriers to smooth trade
- Macro economic threat to UK & ROI economies

What can you do about it?

- Ireland will suffer economically & politically from a cliff-edge Brexit
- Irish Agri food sector needs UK/EU to agree an interim deal for maximum business certainty
- A “Brexit Bridge” to future UK/EU trade deal, prevents UK & ROI falling off hard Brexit cliff onto WTO terms in 2019
- There is a political bargain to be struck
- Requires facing down hardliners in UK & EU in order to create political space & confidence to strike a deal
- Irish government has vital role as deal broker
- Your business needs to take clear message to Irish Govt that you want to see an interim deal
- Need to use your commercial influence in UK to make case to UK MPs: No interim deal = investment down, jobs lost in UK.
- A new constitutional settlement will take time. Interim deal buys us that time for calm heads to prevail & disruption between ROI & UK minimised

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