

The British Egg Industry - preparing for Brexit

Presentation to Irish Egg and Poultry
Conference 2018,
Monaghan,
6th November 2018

Mark Williams



British Egg Industry Council

Brexit - key areas



Challenges and opportunities

- Continued access to labour
- International trade
- Legislation



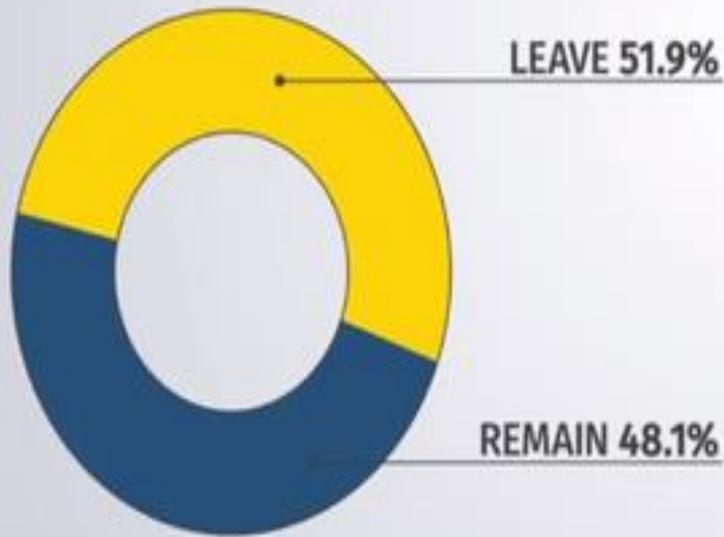
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Brexit - the referendum (23 June 2016)



EU REFERENDUM HOW THE UK VOTED

TURNOUT 72.2%



Brexit



Labour

- Approx. 30% of workers in egg packing centres and on farms are EU migrants
- Many companies struggling to retain staff
- Need to retain existing staff and attract new
 - Businesses actively promoting career opportunities to UK workers
 - farm, packing, managerial
 - Lion Training Passport launched
 - Government's role
 - allow businesses access to labour from outside UK, year round



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Brexit (2)



Trade

- Need to avoid 'cheap food' policy
- Must not allow imports of eggs / egg products produced to lower standards
- If no deal - default to WTO MFN tariffs → Food prices would increase
- For shell eggs = +10p / dozen (in quota)



Competitiveness of the UK egg sector,
base year 2016

International comparison of production costs

P.L. M. van Hone, H. Boud

BEIC commissioned report on
'Competitiveness of UK egg sector'

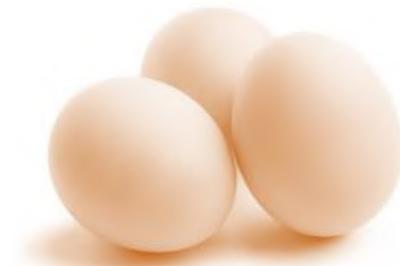
- Produced by Agricultural Economics Research Institute (LEI), The Netherlands

Compares UK with same EU member states and same third countries as EUWEP report



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The Overview



House of Lords EU Committee on food prices and availability post Brexit

- 30% of food eaten in UK comes from EU
- Another 11% comes from third countries, under trade deals negotiated by EU
- EU food imports cannot be replaced by either producing more in UK or importing from third countries



Brexit - the timetable



- Article 50 served on 29th March 2017
- 2 year process of withdrawal
- 1st nine months to discuss areas of;
 - financial settlement, EU citizens rights, Irish border



Brexit - the timetable - 2



- 9 months from January 2018 to scope out future relationships and any transition
 - But timetable slipping
- Then need for both European and UK parliament approval
- UK will leave EU at 23.00 hours on 29th March 2019
- Transition Period - to end December 2020
 - Dependent on Withdrawal Agreement being concluded and ratified
- Will there be an extension of Transition period - to end of 2021?
 - More time to negotiate
 - UK would continue to pay into EU
- **No one has done this before**



What if there is no deal?



- Default to WTO tariffs ...
- BRC claim that average tariff on third country imports is 22%
 - which means that falling back on WTO MFN tariffs would have same level apply to EU produce
- 'Which' (consumer organisation) says 22% translates into +8% in food prices to consumers
 - In-quota +4%
- Govt could introduce Autonomous Tariff Quotas
- TRQs agreed between EU and UK, but a number of third countries not happy



Tariffs and TRQs



Group No	Order Number	CN Code	Product	Customs duty applicable, Euro/tonne product weight	Full tariff Euro/tonne	Annual tariff quota (tonnes)
E1	09.4015	0407 00 30	Birds' eggs, in shell, fresh, preserved or cooked	152	304	135,000
E2	09.4401	0408 11 80	Egg yolks, dried, for human consumption, whether or not containing added sugar or other sweetening matter	711	1422	total of 7,000 in E2*
		0408 19 81	Egg yolks, liquid, suitable for human consumption, whether or not containing added sugar or other sweetening matter	310	620	
		0408 19 89	Egg yolks (other than liquid), frozen or otherwise preserved, suitable for human consumption, whether or not containing added sugar or other sweetening matter (excl. dried)	331	662	
		0408 91 80	Dried birds' eggs, not in shell, whether or not containing added sugar or other sweetening matter, suitable for human consumption (excl. egg yolks)	687	1374	
		0408 99 80	Birds' eggs, not in shell, fresh, cooked by steaming or by boiling in water, moulded, frozen or otherwise preserved, whether or not containing added sugar or other sweetening matter, suitable for human consumption (excl. dried and egg yolks)	176	352	
E3	09.4402	3502 11 90	Egg albumin, dried "e.g. in sheets, scales, flakes, powder", fit for human	617	1234	Total of 15,500 in E3
		3502 19 90	Egg albumin, fit for human consumption (excl. dried [e.g. in sheets, flakes, crystals, powder])	83	166	As above

* shell egg equivalent. Conversion according to the rates of yield fixed in Annex 69 to Regulation No 2454/93 (OJ L 253, 11.10.1993, p.1)



Legislation



- European Union (Withdrawal) Act 2018 - Received Royal Assent on 26th June 2018
- Trade Bill
- Agriculture Bill

Key concerns from industry:

- Must be no weakening of standards of animal welfare and environmental protection
 - Otherwise cannot trade with EU
- Must avoid 'gold-plating' legislation
 - Important to base animal welfare policy on evidence



Legislation - 2



- (House of Lords Energy and Environment Sub-Committee inquiry into Brexit: farm animal welfare) - July 2017
- "Government will have to choose between 2 approaches post Brexit"
 - either to become a low-tariff, competitive New Zealand-style economy, open to free trade in order to bring down food prices accepting that high-quality food and welfare standards will be difficult to enforce
 - or to continue to be a country that demands high welfare standards, high-quality food and looks to protect our hill farmers



Reality check



- UK Financial services sector contributed €80.8 bn in tax in 2017
- Accounted for 11% of the UK's total tax receipts
- Agriculture contributed around €28 billion of tax revenues
- So who is going to come first?



The unknowns



- Deal or no deal?
- UK politics - General election in 2022 (or earlier!)
- Scotland and N. Ireland?
- The Irish border issue!
- Backstop plan?
- Single market / Customs Union
 - No, according to Prime Minister
- Japan ready to conclude FTA with UK
 - Want UK to stay regulatory aligned with EU



Effects on food industry



- Single market has allowed 'Just in time' deliveries
- Aligned food safety legislation, HACCP - no border checks



The future?



- Expect there to be a deal on trade
 - Otherwise ... chaos
- Port of Dover handles 1.2 million trucks a year
 - Car park?
- Food prices up
 - Not politically acceptable

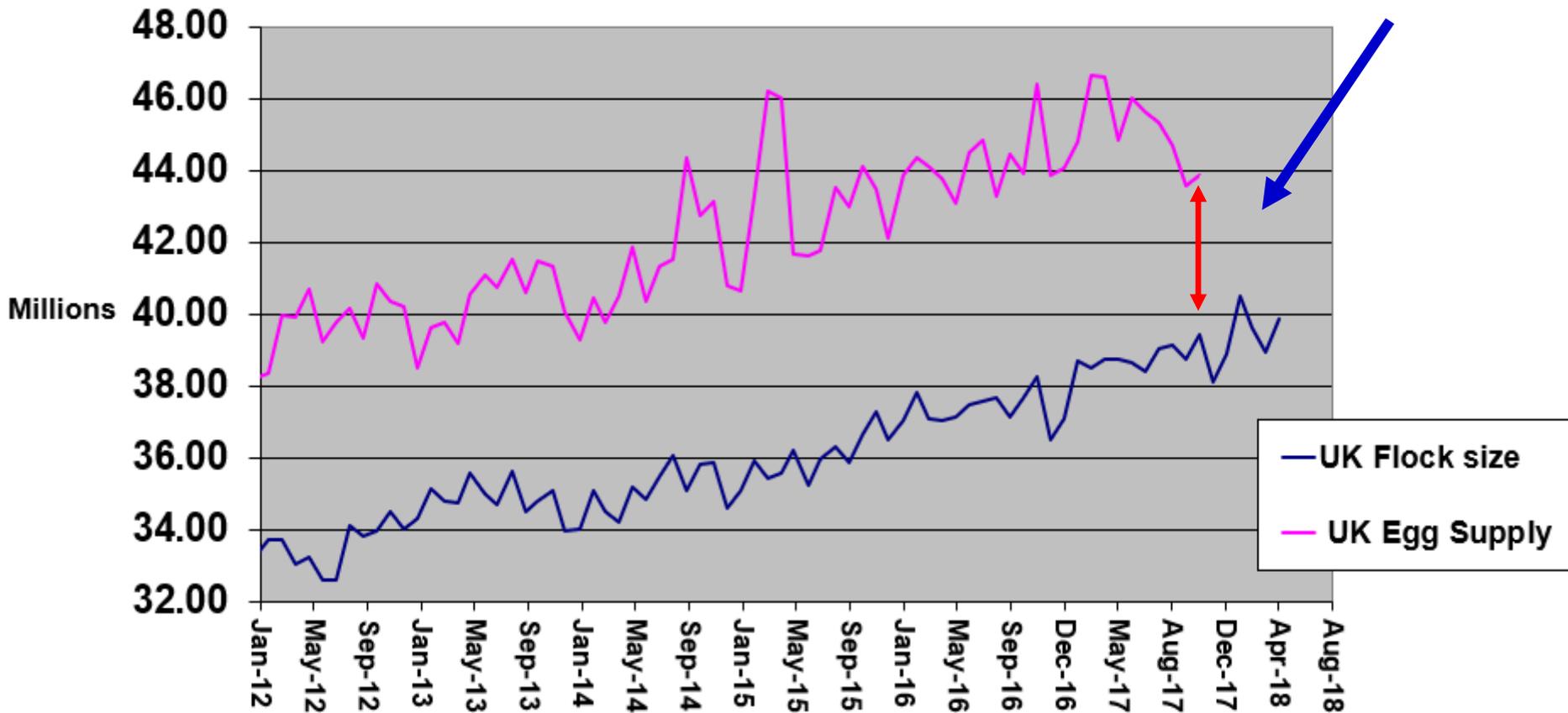


Room for expansion?



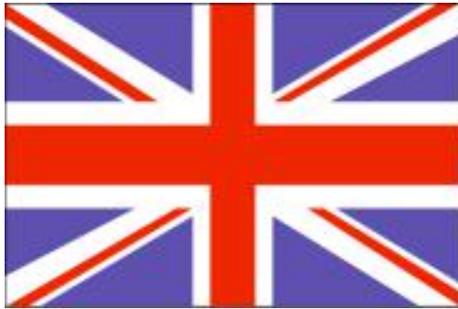
**Opportunity for
4 - 5 million birds?**

UK Flock Size & Total UK Egg Supply



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Better together!



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