

By John Giles, a Divisional Director of Promar International

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After four years of Brexit talk, one might be forgiven for thinking that we have had enough of discussing the pros and cons of trade deals for British fruit and vegetable businesses.

While probably ending up with the best deal possible from Brexit, the early days of our new trading arrangements have seen the use of non-tariff barriers slow down UK agri-food exports to and imports from the Continent. As several key supply chain players have commented: “tariff-free does not always feel like tariff-free when you read the fine print”.

Brexit might not be over just yet.

While the UK has continued to allow EU imports to enter the market with minimal checks at the point of entry, the other way around has been a different story. UK exports have been held up at the border points due to a number of reasons, not least the new administration work required. For the UK, we have had 40 years of being able to trade with the EU with no non-tariff barriers (NTBs) in place - all part of the benefit of being in a single European market - but now there is a raft of NTBs to overcome. Well - this is what we voted for, I guess? Out of the EU and out of Europe. Every action has a consequence, as they say.

While it seemed likely that adapting to a new way of trading with the rest of the EU after a period of some 40 years was always going to cause some problems, surely this will be resolved before too long. We are only 3 months into these new arrangements. Of course, none of this was helped by the fact that the final details of what the Brexit arrangement would look like were not agreed upon until a week or so before the end of the so-called transition period, let alone some of the fine detail. This explains some of the issues incurred to date - but the fact is, we are readjusting to a new way of trading - and this takes time.

It seems that the Brexit experience though has not dampened our enthusiasm for new trade deals in the UK - far from it. At the moment, we can't seem to get enough of them. This will be a decade for the UK dominated by trade deals and their ramifications. Future UK priorities will include the development of Free Trade Agreements (FTAs) with the US

(population of 331 million) and Oceania countries (30 million), but we must recognise that these sorts of trade deals are very much a “two-way street”.

The UK market, for many who are both inside and outside of Europe, is still a very attractive one. US, NZ and Australian farmers and exporters will no doubt be eyeing up the opportunities for products such as top fruit, grapes, citrus, berries, nuts and wine. Other trade deals with the likes of Canada (38 million), Mexico (128 million) and Japan (126 million) are, in effect, almost “rollover” agreements based on what we had when still in the EU.

The UK is also keen to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). This is an FTA between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam. There are some potentially very interesting markets amongst these for UK exporters, but NZ and Australia will be influential over the terms in which we might be allowed to participate.

Ironically, when the rest of the world seems to be getting together into bigger and more consolidated trade blocs, we have chosen to take a step back from one of the biggest - the EU - to then join up with others of a smaller nature on a one by one basis. India and China maybe still remain the biggest prizes of all - but also maybe the most challenging.

Gaining tariff access to new markets is one thing; building a market presence is another thing altogether. Unless you are in the highly fortunate position of being in the right place at the right time (this doesn't happen that often) building exports takes just four things - time, effort, expertise and investment. Only the best prepared, best informed and those with a well-developed export plan will eventually be successful.

So - 100 days after Brexit:

- has there been trade disruption at the UK/EU borders? Yes, but logically, this was to be expected
- have exports and imports slowed down? Yes - to some extent, in some cases there have been large falls, but if this is due to Brexit or the ongoing issues with COVID, it is not always easy to say
- has East European farm and packhouse labor left the UK in droves? No
- has the currency collapsed against the €? No
- have supply chains been disrupted? Yes, in some cases
- are UK consumers still more worried maybe about COVID than Brexit? We suspect yes - but the vaccination program has been rolled out very effectively and now over 32

million have been vaccinated with at least one dose and almost 6 million people have had both doses

Of course, in relative terms, it's all still early days of "life after Brexit".

UK consumers are still also concerned about the potential for rising food prices but don't always readily seem to make the connection between this and the increased transaction costs that might be incurred due to the knock-on impacts of Brexit per se. What is clear though is that consumers in the UK are increasingly interested in the provenance of their food, the sustainability of how it has been produced - but value for money is still seen as a big driver of purchase. Most industry commentators are suggesting we still need to do more to switch the focus from price to the quality of our food.

In the horticultural sector, the UK has traditionally been a large-scale net importer with significant volumes of produce sourced from the EU, Central America, Turkey, Egypt, Chile and South Africa. Most of these and others have already secured their market access to the UK post-Brexit. It is hard to see a situation turned around into one where we start large-scale exports of fresh produce to international markets. There could be niche opportunities for high-quality produce to markets where UK-based retailers are active. Parts of the Gulf and SE Asia might foot the bill here.

It will often come down to the resolve and appetite of UK producers, packers and exporters to do business in what can be demanding international markets up and be up against the "best of the rest". This will include the leading players from the likes of the US, the Oceania countries, South Africa, Chile and Peru - to name a few.

Yet the recent announcement by the likes of Marks & Spencer (the leading high-end retailer in the UK) to open online shopping activity in 46 countries around the world could be the start of the niche opportunity for horticultural producers and UK exporters that we have been waiting for. So - welcome to the decade of trade deals, but let's always remember, securing trade access is one thing; market presence is another thing altogether.

They always say Rome wasn't built in a day - but neither has the full impact of Brexit been seen in the UK after 100 - yet.

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John is a Divisional Director of Promar International, the value chain consulting arm of Genus plc. He has worked on fresh produce assignments in some 60 countries around the

world. He is also the current chair of the annual City Food Lecture held in London. He can be contacted at [john.giles@genusplc.com](mailto:john.giles@genusplc.com)