

# BREXIT & AGRICULTURE

EXECUTIVE SUMMARY



Farmer Scientist  
Network

## WHAT HAPPENS AFTER BREXIT

- The impact of BREXIT on the UK economy generally and agriculture specifically will be greatly influenced by what happens in the two year (at least) negotiation period after a referendum vote.
- There are five broad options. Of these, the Norwegian and Swiss models are more similar than is sometimes thought, but would involve the UK signing up to single market rules without having a say in making them.
- A free trade agreement would be optimal from a UK perspective, but will not be easy to secure and would require some conformity to EU rules.

## DEVOLVED ADMINISTRATIONS

- If BREXIT becomes a reality, differentiation in agricultural policy and administration across the four territories of the UK can be expected to continue, if not increase. This is also likely to produce debates about 'level playing fields' within the UK.

## FARM SUPPORT AND BUDGETARY ISSUES

- It might be thought that, given that the UK is a net contributor to the EU budget (and to the CAP), it would be possible for Pillar 1 and Pillar 2 support to farm businesses to be continued at their existing level after exit from the EU.
- However, the Treasury could in all likelihood see BREXIT as an opportunity to reduce the overall cost of payments to farmers, and/or to ask the devolved administrations to assume part of the burden. Its view is that Pillar 1 payments in particular are market distorting and an unnecessary charge on the public purse and we think that Pillar 1 is more vulnerable than Pillar 2.

## AGRICULTURE AND THE ENVIRONMENT

- The legal position in relation to environmental regulations post-BREXIT is complex. It cannot be assumed that all delegated environmental legislation that applies to agriculture will cease to apply in the event of BREXIT and repeal of the 1972 European Communities Act.
- In any event, political pressures for continuing regulation will continue to be felt from environmental and conservation lobbies, which are highly influential domestically.

## ANIMAL HEALTH AND WELFARE

- Day-to-day enforcement of EU animal welfare directives is patchy and varies greatly across countries. This is an issue that is of considerable concern to British farmers, as they consider that there is not a 'level playing field', for example on the treatment of laying hens.
- Post-BREXIT, robust action on animal health issues such as the prevention of diseases including foot-and-mouth and Bovine TB will remain very important, irrespective of the UK's relationship with the EU. It is not likely that the current dispensation on animal welfare will change substantially in the event of British withdrawal.

## PLANT PROTECTION

- Plant protection has been an area of particular concern for farmers in recent years. The number of available synthetic products has reduced, in part for commercial reasons, in part because of regulatory interventions. Recent restrictions on three neonicotinoids by the EU, without what is regarded as sufficient field trial evidence to back the decision, has posed difficulties for farmers growing oil seed rape.
- The UK had its own system of plant protection regulation before it joined the EU. The current agency, the Chemicals Regulation Directorate (CRD), could become a purely domestic agency, but it would have to be guided by approvals of active ingredients by the EU. Firms would be reluctant to develop distinctive products purely for the UK market. Products that have been restricted by the EU could, in principle, be used by the UK, but there would be substantial political pressure to oppose this by a strong domestic environmental lobby.

## GENETICALLY MODIFIED ORGANISMS (GMOs)

- Within the overall pre-BREXIT legislative framework, this is remarkable as an area of regulation where there has been considerable 'repatriation' of competence to the Member States. Post-BREXIT, the differing approaches already apparent within the UK are likely to be enhanced.
- A major issue post-BREXIT is likely to be finding a harmonious way of operating differing GM regimes within the UK, with this being especially acute on the borders between the various administrations.

## GEOGRAPHICAL INDICATIONS (GIs)

- The EU has been favourably disposed to GIs because it sees them as a means of encouraging high quality, value added food production in the EU which will increase returns to farmers. Given the EU's support for GIs, it is likely that they would insist on the UK recognising EU GIs in any future trade agreement. This could well become a contentious issue in any trade negotiations between the EU and UK post-BREXIT.
- If BREXIT does occur, our view is that it is likely that the WTO rules will require the UK to offer a minimum standard of protection for products protected by EU GIs, although the form and level of that protection remains unclear.

## MIGRANT LABOUR

- Depending on any subsequent agreement with the EU, BREXIT would place limits on the availability and use of labour from the EU. Not all of this labour is unskilled and seasonal, although it might be possible to restore a version of the Seasonal Agricultural Workers Scheme.
- It is almost certain that, outside the EU, policy for migrant labour will be at least as restrictive as it is at present, where agriculture is now not treated differently from other economic sectors.

## WORLD TRADE ORGANIZATION RULES AND BREXIT

- Because of the rather high tariffs that the EU currently imposes on many agricultural and food products coming from outside the EU the post-BREXIT tariff regime is of particular interest to British agriculture.
- At present the EU negotiates in the World Trade Organization on behalf of the UK and other member states. There are a number of scenarios in terms of what might happen after BREXIT. It is probable that post-BREXIT, the UK would remain an individual member of the WTO, negotiating in its own right.
- UK farm policy would not be able to return to the unfettered use of high levels of domestic support, export subsidies and import tariffs that insulate agricultural production from changes in world prices. Some limits and restrictions will be imposed by the WTO rules on use of: (i) tariffs and other import management practices; (ii) non-tariff measures; and (iii) domestic support and export subsidies.

## CONCLUSIONS

- The impact of BREXIT on the agricultural sector is very dependent on the negotiations between the UK and the EU after a referendum vote to leave, and subsequent policy decisions taken by the UK Government. The outcome of these negotiations is unpredictable. All sectors of the economy will be impacted by the post-BREXIT trade regime, and consequently it is very unlikely that agri-food interests will be a decisive factor in determining its form.
- The regulatory burden might not be reduced as much as farmers might hope.
- It should be borne in mind that British farmers do benefit to some extent from the CAP due to the fact that other member states derive a greater proportion of their GDP from Agriculture or have a strong cultural attachment to farming and food.
- It is difficult to see exit as beneficial to the UK farming sector, or to the UK food and drink industry more generally, but we would emphasise that any voting decision has to take account of a much wider range of considerations.

A copy of the full report 'The Implications of BREXIT for UK agriculture' can be found at:

<http://yas.co.uk/charitable-activities/farmer-scientist-network/brexit>



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