



FOOD SUPPLY CHAIN MANIFESTO

For a successful Brexit



Food is essential to us all. The UK food chain is passionate about providing a safe, affordable and secure supply of food for the country. However, Brexit presents an unprecedented challenge to the affordability, availability, and choice of food for UK consumers.

The UK's food and drink supply chain is highly diverse, supporting more than one in ten jobs and contributing £112 billion to the UK economy. It stretches from the farmers who produce the raw ingredients, through the businesses that supply them with seed, feed, inputs and advice, to the industries that purchase their goods and manufacture, process and sell them on to other businesses and ultimately to consumers.

All of these businesses will be deeply affected when our membership of the European Union ceases. Many currently rely on a high proportion of non-UK permanent and seasonal labour sourced from within the EU; many are part of highly sophisticated and integrated supply chains that rely on the free flow of goods between the UK and other EU member states, free of tariffs, veterinary and customs check, and subject only to necessary phytosanitary checks; and many operate under an array of regulations and programmes derived from Brussels and applicable to all EU businesses. It is clear that the effect of the decision to leave the EU is already being felt in the sector as uncertainty and lack of clarity impacts business confidence.

The UK food supply sector has come together to establish a common view of the objectives the UK Government should pursue as it negotiates the UK's withdrawal, establishes its future relationship with the EU, and puts in place domestic policies.

We urgently call on the government:

- to maintain free and frictionless trade with our major trading partner, the EU, and secure the benefits of existing EU preferential trade arrangements, at least until government can replace them with acceptable alternative arrangements;
- to ensure ongoing access to an adequate supply of permanent and seasonal labour;
- to continue to promote food production through agricultural policy alongside our existing high environmental, health and animal welfare standards; and
- to ensure businesses operate under an efficient and proportionate regulatory system that is centred on scientific evaluation and that incentivises innovation and competitiveness.

And sitting above all these, the government must be unqualified in its support for the UK's food supply chain and the business of food production, explicitly recognising their importance in post-Brexit Britain – in managing over 70% of the UK landmass that is farmed; in providing 3.8 million jobs in industries both pre- and post-farmgate; in contributing to two of the UK economy's big success stories: UK manufacturing and retail; and in providing a safe, secure and affordable supply of food to some of the highest health, welfare and environmental standards in the world.

We acknowledge our role in making Brexit a success – in improving productivity, competitiveness and driving growth in the economy, in creating jobs, and in achieving a more sustainable food supply system that minimises the impact our businesses have on the environment. But a Brexit that fails to champion UK food producers and the businesses that rely on them will be bad for the country's landscape, the economy and critically our society.

This manifesto sets out the key principles agreed by companies and organisations across the UK food supply chain. Collectively, the agri-food sector employs 3.8 million people and is worth £112 billion to the UK economy. On top of that farmers spend over £16 billion a year on inputs and services from companies that provide the UK economy with a significant proportion of jobs and growth, particularly outside major urban areas.

TRADE

Rules-based, international trade is vital in creating prosperity; in increasing choice, value, and quality for consumers; in sustaining employment in key UK economic sectors such as food production, farming and retail; and in enhancing the environment for future generations. The right trade policy for the UK food supply chain is one which strikes the appropriate balance between consumers, jobs and skills, environmental management and a productive agriculture sector.

The UK and the EU27 will continue to be each other's most important trading markets in food and drink. In 2016, 60% of UK exports and 70% of UK imports in food, feed and drink were with countries in the EU. Working towards a mutually beneficial trade agreement is a clear priority for the UK food supply chain, one which guarantees tariff-free trade and with as limited a number of non-tariff restrictions as possible. It is imperative that the EU and UK reach an agreement that maintains continuity in existing trade arrangements as

far as possible, including the avoidance of a hard border in Northern Ireland.

Future UK trade policy should reflect both the UK's potential for growth in food exports, as well as the role of food sourced from outside the UK in expanding consumer choice and value. UK traders must be able to secure the benefits of existing EU preferential trade agreements. Government must secure an agreement that retains the UK's current status amongst the EU's existing preferential international trading partners during the transition period and beyond as a prerequisite for a broader UK trade policy which realises the opportunities from other potential trade deals with the rest of the world.

The UK government should develop a comprehensive architecture for the management of future trade agreement negotiations, ensuring stakeholders' interests are fully considered and consulted upon. Moreover, it is a matter of priority for the government to be properly resourced, equipped and upskilled in order to be able to conduct technical and complex negotiations and the implementation of trade arrangements with trading partners across the world.

DOMESTIC AGRICULTURAL POLICY

The nation's future food supply needs farm businesses with the incentives, rewards and means to become more productive and resilient, and to better meet the expectations of society at large - both as food producers and custodians of the environment.

While farming will remain exposed to many conditions outside of its control - extreme weather, threats of animal diseases and plant pests, and volatile commodity markets - the right policy framework can help British farming deliver an even greater return to the country, for the benefit of the public, farmers and growers, and those businesses that rely on a profitable and productive domestic agricultural sector.

Our future agricultural policy should seek to ensure those farming the UK's land – both farmers and contractors - can continue to produce safe, quality, affordable food within the market place, to deliver environmental goods and to maintain our high animal welfare standards. It must also recognise the interconnectedness of these outcomes – if farms are not operating as productive and resilient food producers they will fail to deliver the environmental and other public goods society benefits from.

The policy should support innovation and Research & Development, provide the infrastructure to ensure new technologies and techniques are adopted effectively, improve productivity in the sector and help farm businesses manage volatility. This is a vital foundation on which the whole food sector will be based.

The food and farming sectors are enthusiastic about the opportunity to reform agricultural policy once we leave the EU. In the short- to medium-term, while there remains considerable uncertainty about the trading environment in which farm businesses will operate post-Brexit, it's crucial that the government ensures stability and certainty for farmers, their suppliers and customers. Government must work closely with the devolved administrations to ensure the right policy and financial frameworks are in place to support the priorities of the differing farming systems across the UK.

In view of the detailed policy proposals that Defra has now published for reforming the support system in England, any changes to the level or allocation of funding available to farming should be phased in appropriately while ensuring that farm businesses are given the support they need to adapt and become more productive and resilient. Government must ensure that any redistribution of funds currently available through the existing framework is directed towards alternative programmes and schemes that have been properly tested and can be shown to support productive, innovative and sustainable agriculture.

We welcome the government's commitment to continue providing the same cash total in funds for farm support until the end of this Parliament. In the longer term, we believe that levels of public investment in agriculture should be maintained at a sufficient level to achieve policy objectives that support domestic food production alongside the delivery of public goods.

LABOUR

With a significant proportion of EU nationals working in the UK agri-food sector, it is vital that the government ensures a continuing, adequate supply of permanent and seasonal labour for the industry before and after the UK leaves the EU.

The UK food supply chain acknowledges the role it can play in attracting more of our domestic workforce and in developing the necessary skills. However, with UK unemployment at historic lows and much of the supply

REGULATION

chain operating in low-unemployment rural areas, alongside the devaluation of our currency, many of our businesses are experiencing difficulties in recruiting staff from within the UK. Government must ensure that in the short- to medium-term the industry has access to the overseas labour market to help meet its recruitment needs

Whilst innovation and automation are likely to reduce labour requirements in future, it will take time for much of the necessary technology to be developed and implemented. That means there will remain a constant if not growing need for labour across all sectors in the short- to medium-term. Even in the longer term, automation will not be able to replace all roles and it will represent a cost-challenge for many businesses given the high level of initial investment required. Where the prospect of greater automation exists, ways of providing support to help those businesses innovate should be identified.

Government policy should seek to maintain the permanent labour on which some sectors rely. In relation to the existing workforce, a simple, low-cost registration system to provide settled status for current EU workers must be established quickly, and a registration system for workers who arrive during transition must be ready before transition begins. Government policy should also, as a matter of urgency, address the significant shortages in seasonal labour that already exists in some sectors of the food supply chain, including the introduction of a new scheme which allows access for seasonal workers.

In relation to our future recruitment needs, the industry and the government should work in partnership to promote the many skilled and highly-specialised roles available, whilst addressing the misconception of the food and farming sectors being low-skilled and low-pay. To this end, the government must ensure our future immigration system accommodates the requirements across the food industry sector for the breadth of skills required.

The government should publish an Immigration White Paper as a matter of priority. This must acknowledge that food and drink is a critical part of national infrastructure and set out a future immigration policy (post-transition) that prevents workforce shortages in food and drink businesses.

Once the UK leaves the EU, government must ensure regulations are properly designed and implemented to achieve policy aims while allowing the food industry to continue to do what it does best – provide a safe and affordable supply of British food to the UK and the world.

We must ensure that in the future UK regulations do not diverge from those of our key trading partners in a way that makes frictionless trade impossible or reduces the competitiveness of the UK food supply sector. The UK should continue to actively engage with those international organisations that are responsible for setting international standards. Nevertheless, industry and government should work together to identify those areas of regulation that can be reformed without jeopardising our objectives on trade and that respect the high standards the British public expect of the food they consume.

The future UK regulatory regime should be about better regulation and not deregulation, establishing a positive, streamlined framework that minimises red-tape and provides consistency for those who are regulated, while achieving clearly defined aims. The UK regulatory regime under which the food supply chain operates should be consistent across the UK and the government should firmly establish the principle that all regulation is centred on risk-based scientific evaluation that incentivises innovation. In order to do so, the government needs to ensure that adequate domestic resources are devoted to producing risk assessments.

The government must take a practical approach to achieving its regulatory aims, making compliance easier and avoiding the complexity that can act as a barrier to entry and hinder innovation. While government should examine novel and light-touch approaches to ensuring regulatory compliance, this must not come at the expense of retaining standards and maintaining confidence in the food supply chain.



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