

BREXIT AND UK AGRICULTURE – IMPLICATIONS FOR IRELAND

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MSD

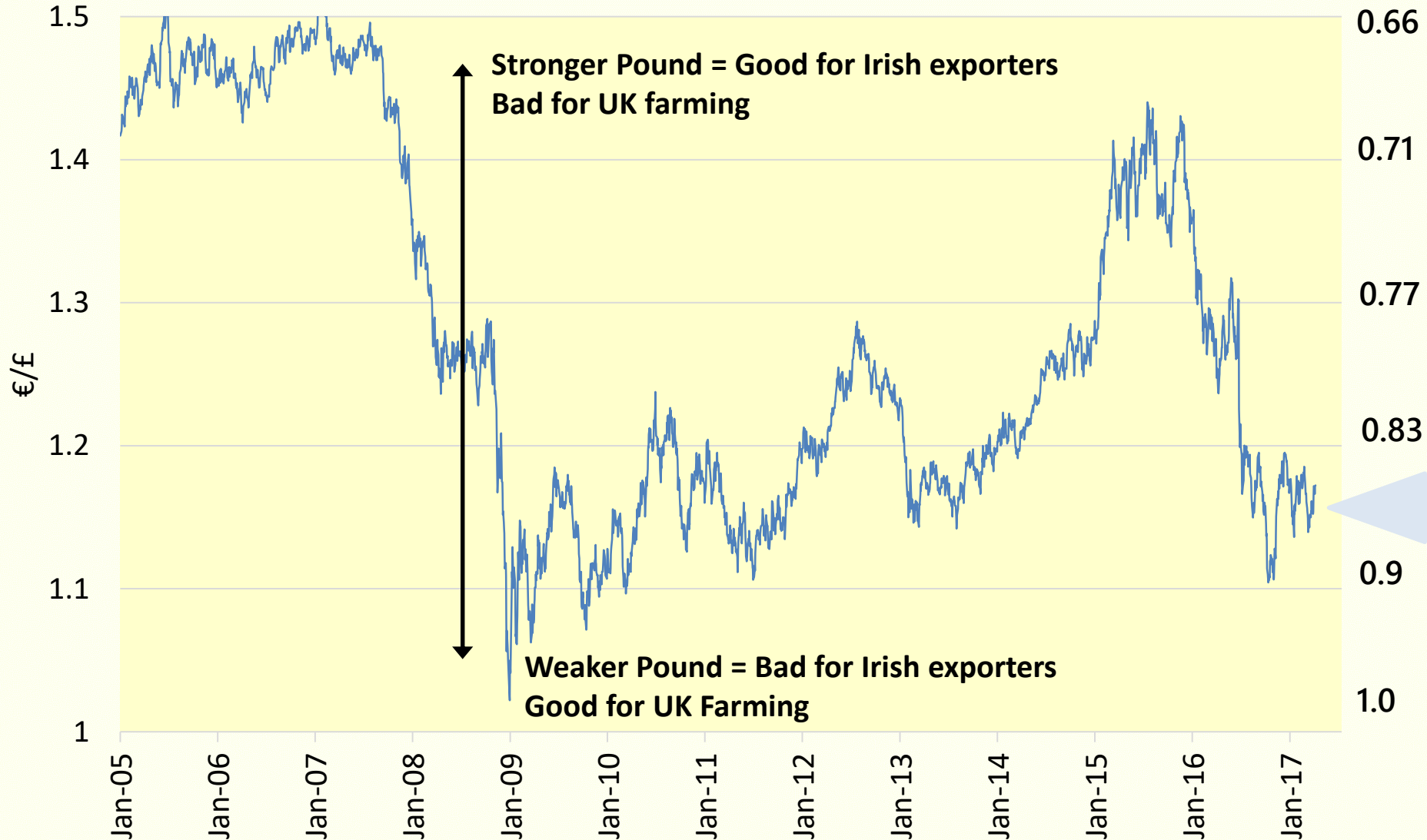
Animal Health

ANDERSONS

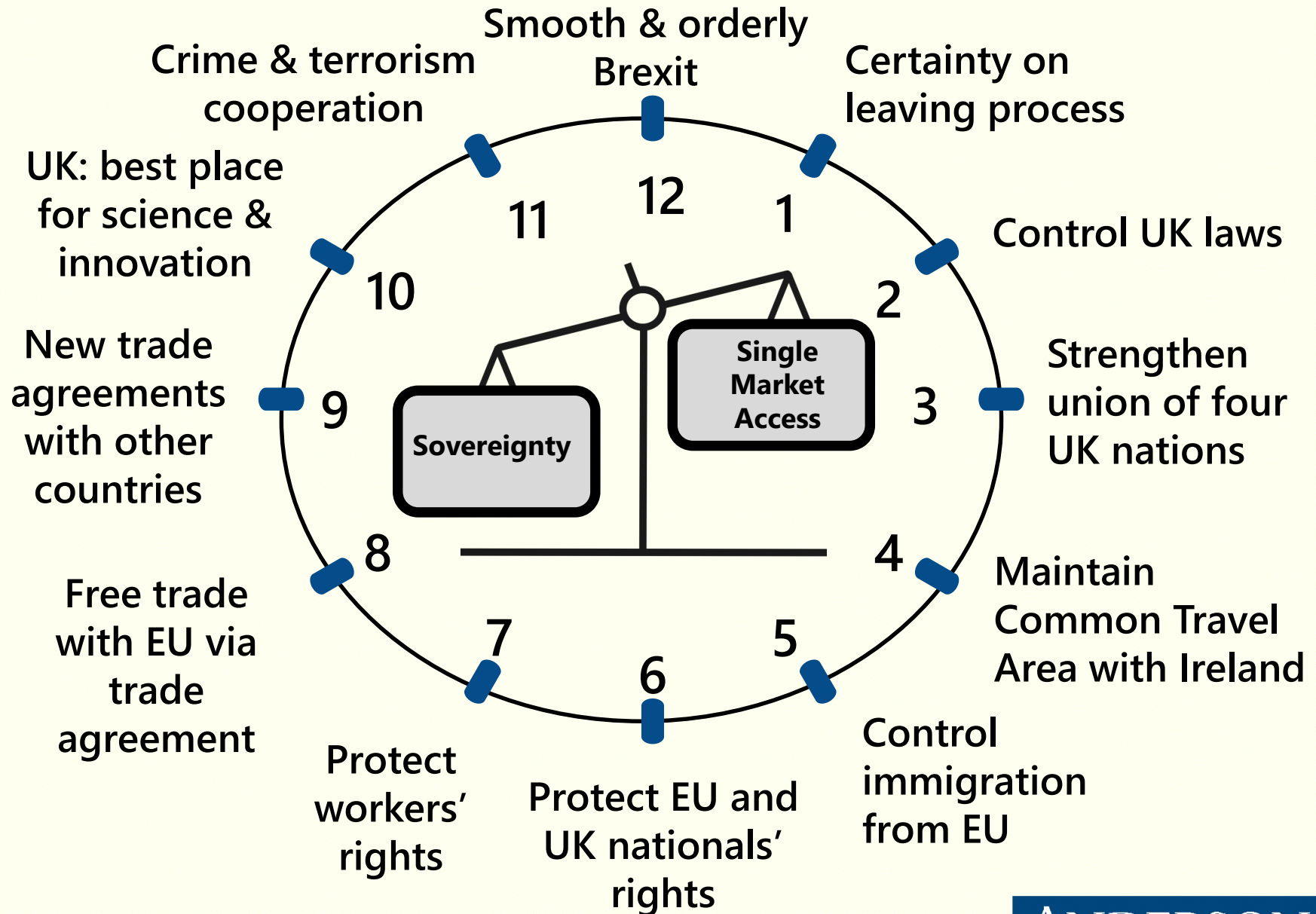
THE ANDERSONS CENTRE

SHORT TERM BREXIT UPSIDE

€uro and Pound– 2005 to 2017



UK PLAN: 12 NEGOTIATING OBJECTIVES



EU POSITION

'Exit' Talks

- EU requires 'sufficient progress' on this before trade talks start
- Covers areas such as;
 - **Money:** UK's obligations to EU – i.e. £££s
 - **Migration:** status of EU citizens in UK and UK citizens in EU
 - **Ireland:** protect achievements of Good Friday Agreement
- Deal needs a majority of Member States + EP

Trade Talks

- More complex (and lengthy) than exit talks
- Deal requires unanimous agreement by Member States
- **What is the UK's capacity for negotiation?**

FUTURE TRADE: UK AND EUROPE

'Soft
Brexit'

~~Single
Market~~

- + least disruptive to trade
- EU migration, regulation & budget

~~Customs
Union~~

- + assists trade, migration control
- prevents trade deals with RoW



Free Trade
Agreement

- + bespoke, allows UK 'control'
- time to negotiate, goodwill?

'Hard
Brexit'

WTO
Rules

- + 'no deal better than a bad deal?'
- tariffs on EU trade, not simple

- Agriculture is *not* automatically covered by these
 - excluded from EEA and Turkish Customs Union
 - could have limited coverage as part of FTA

THE WTO OPTION

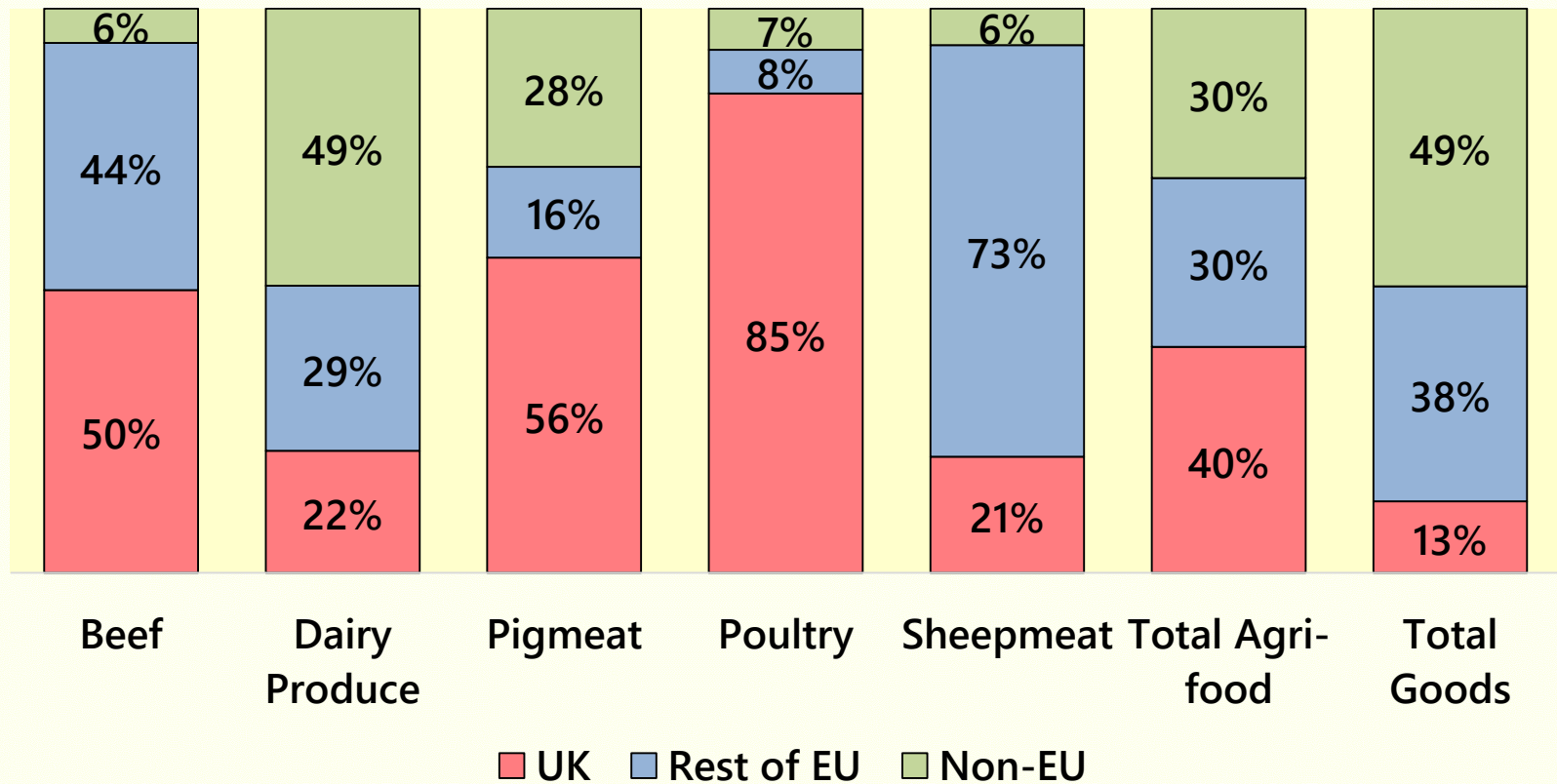
EU Agricultural Tariffs – Selected Commodities

Commodity	Standard Tariff (€ per tonne)	Within TRQ Tariff (€ per tonne; %)
Skim Milk Powder	€1,254	€475
Cheese (<i>cheddar</i>)	€1,671	€210
Lamb (<i>fresh/chill</i>)	12.8% + €1,710	€0
Beef (<i>fresh/chill</i>)	12.8% + €1,770	20% (frozen)
Pigmeat	€536	€268
Poultry cuts (<i>fresh/chill</i>)	€512	€0

- Also non-tariff barriers – regulations, customs etc.
- Less visible but potentially more trade-inhibiting
- Cascading tariffs: (e.g. boneless beef 12.8% + €3,034/t)

IRISH REPUBLIC'S TRADE WITH UK & EU

Export Destinations from Irish Republic – 2016

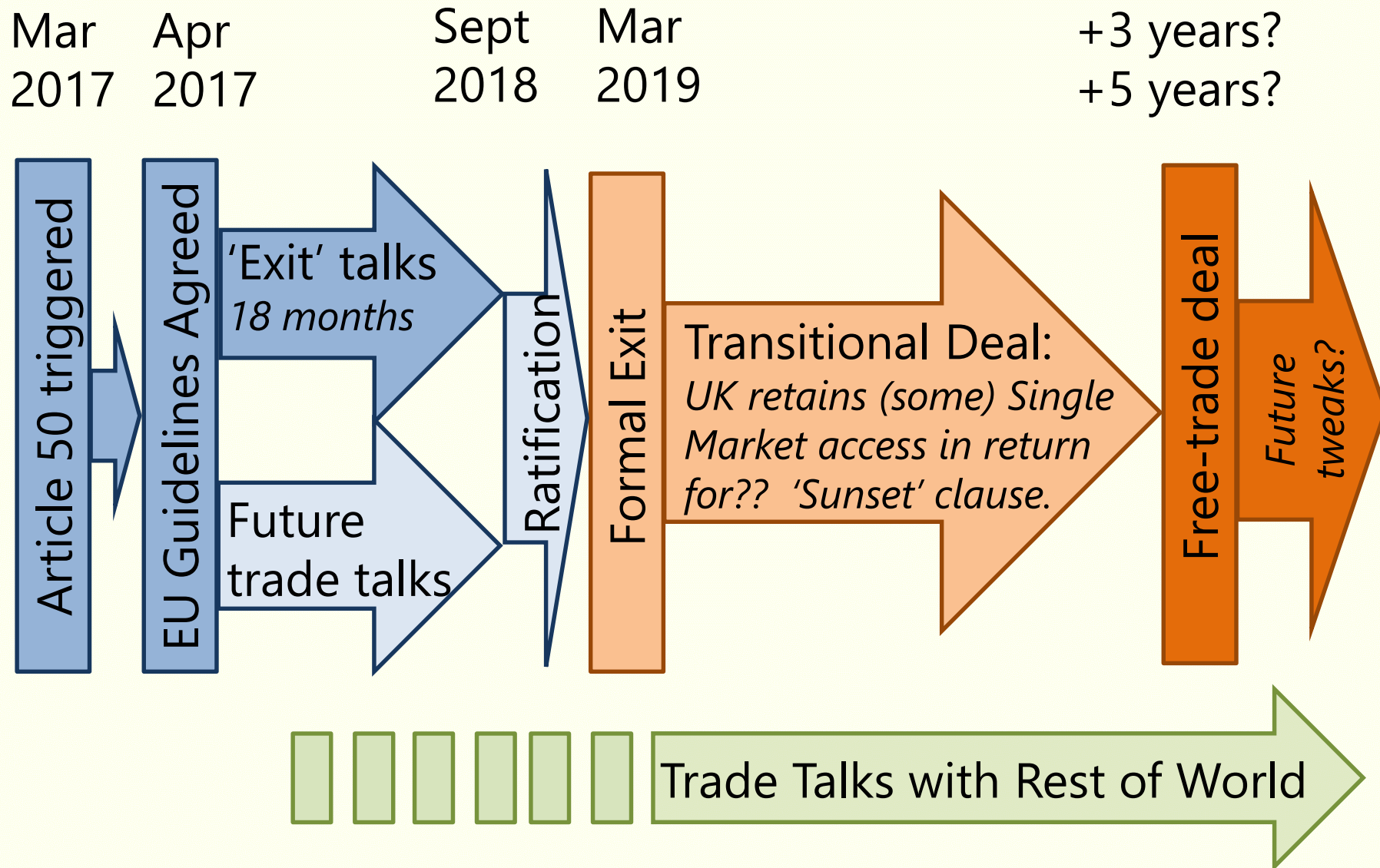


Exp (€m)	2,262	3,951	731	256	275	12,199	117,608
Imp (€m)	111	692	301	448	20	8,170	72,087

BORDERS AND REGULATIONS

- Northern Ireland: €2.7 billion of trade; substantial live cattle movements (e.g. 389,000 lambs (N→S)).
- How will 'frictionless border' be achieved?
- EU Official Controls Regulations Article 44 (3) – official controls... “performed at appropriate place” including:
 - point of Entry; border inspection post
 - point of release for free circulation
 - warehouses/premises of operator
 - place of destination
- Could checks take place at operators' slaughterhouses to facilitate ante and post mortem inspection?
- Could veterinary equivalence agreement reduce physical checks (i.e. from 20% to 1%)?

OUR OPINION: THREE-STAGE BREXIT?



FINAL COMMENTS

- **UK and EU heavily inter-connected – deal will be done**
- **Not going to be concluded within two years**
 - 'transitional' (Customs Union) leading to a free-trade deal
 - special arrangements with Ireland.
 - a period where the UK is trading without an agreement?
- **Ireland must ensure agriculture is adequately addressed**
 - encourage UK to continue to uphold EU standards?
- **If WTO, set-up TRQs to permit “free-ish” trade**
 - base on historic average plus popn. growth allowance
- **Border arrangements based on Norway/Sweden model**
 - minimise impact on Irish trade when transiting to continent
- **Trade with UK to continue; more competitive pressures**

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