

## STATEMENT

<b>Subject</b>	BREXIT Statement
<b>Author</b>	Richard Hopkins
<b>Updated</b>	14-Jan-19
<b>Circulation</b>	Fargro Customers and Suppliers

Fargro have been tracking the Brexit developments closely since the referendum and working with industry bodies to make representations to the Government on behalf of the horticultural industry. This "Brexit Statement" is periodically updated to reflect the status and expected impact on Fargro for our customers and our suppliers.

We recognise that the negotiations concerning the availability of labour are paramount to many of our customers. Although we have made industry representations on this subject, this document does not address the issue as Fargro are not a significant employer of non-nationals.

## POLITICAL DECLARATION ON FUTURE TRADE ARRANGEMENTS

The political declaration document published on 22nd November 2018 sets out the intentions for future negotiations which aim to conclude with a deep and comprehensive free trade agreement. Whether this can be achieved before the end of the transition period remains a significant challenge.

Whilst the published document has already been challenged in terms of its language and, particularly, the aspirational tone, it would seem both parties have reached a significant level of agreement on what a final outcome should look like. In many ways the agreement will resemble many of the Free Trade Agreements the EU has reached over the last few years. Not least because the opening paragraphs set out the need to respect the integrity of both Single Market and Customs Union as well as the four fundamental freedoms which have been EU red lines from the outset. There are however a few interesting statements pertinent to the horticultural sector:

### OBJECTIVES

The focus is on as close a trading relationship as possible to facilitate trade but there is a clear recognition that the UK and EU will be separate markets and border checks by customs and others form a part of the protection of those markets. Notwithstanding that there is a stated aim of having deep and comprehensive regulatory and customs cooperation.

### TARIFFS

The document sets out the view there should be no tariffs, charges or quantitative restrictions. Coupled with the customs objectives this would remove the need to deal with Rules of Origin – a particularly difficult area for agriculture and horticulture.

### REGULATIONS

The focus appears to be on minimising the issues surrounding non-technical barriers to trade which may often be associated with sanitary and phytosanitary (SPS) measures. This would aim to deal with issues such as standards, labelling and market surveillance with both parties seeing each other as single entities for SPS measures (this would mean a common approach being required across the UK

and the UK treating EU 27 as a single entity – something which is not yet that common in trade deals the EU has struck with other third countries).

There is also an aspiration to investigate UK cooperation with EU agencies such as European Chemicals Agency (ECHA). This could have significant advantages for UK access in areas such as crop protection products.

## CUSTOMS

The language used is deliberately vague but does reference the need to make full use of technology, mutual recognition of trusted trade programmes and administrative cooperation to reduce the opportunity for fraud. The drive is towards a future partnership which is as cooperative as possible in terms of trade in goods. The document does however indicate one of the drivers for reduced controls will be the continued regulatory alignment.

## PLANT PROTECTION PRODUCTS (PPP)

During an implementation period there will be little change to the process of product registration, other than the fact that the UK cannot act as a Rapporteur state. The policy of mutual recognition will continue.

In the event of a “no-deal” arrangement, mutual recognition would not automatically persist, though there would not be anything preventing the UK from unilaterally recognising authorisations from EU states. It is believed that the UK authorisation process would accelerate and other Anglo-sphere countries would be approached as partner states. We understand that the Expert Committee on Pesticides (ECP) will assume oversight for sustainable use currently managed by the European Commission.

## WORLD TRADE TERMS SCENARIO

In the event that the UK adopts WTO terms in the event of a “no-deal”, on or after 29-Mar-19, then it’s possible that there will be delays in receiving goods into the UK from (or via) EU countries.

The extent of these potential delays is strongly disputed by Jean-Marc Puissesseau, the chief exec of Calais port, who said the UK Government’s warnings over a crisis at the border are “shocking” and “disrespectful”. Speaking on BBC Radio 4’s Today programme on 09-Jan-19, he repeatedly said Calais “will be ready for no deal” after preparing and updating its systems for a year and developing the necessary infrastructure. Warnings of traffic jams and delays are “wrong” and “not true”, Mr Puissesseau said, adding France will not carry out extra checks on goods crossing the Channel.

The UK Major Ports Group (UKMPG) is similarly confident in its members’ abilities to handle all sea freight in the event of “no-deal”. However, the UKMPG does not include Dover, which has unique constraints and handles about 17% of the 14,000 lorries crossing the EU-UK border each day.

It must be recognised that every actor in this drama has his own agenda. Just as Mr Puissesseau seeks to defend his port against competition from Ostend, the UK Government’s position is to predict chaos. It’s up to UK and EU businesses to close this gap when the situation is known.

Neighbouring authorities appear to be planning and implementing outside the hysterical bubbles of Westminster and Brussels.

France: an additional 700 customs officials by 2020 – largely concentrated in UK-facing ports, such as Le Havre, Calais, Dunkirk and the Channel Tunnel;

---

Ireland: an additional 1,000 staff: up to 700 staff for customs controls, 200 veterinarians for sanitary and phytosanitary checks and 120 additional officials for export certification.

The Netherlands: over 900 customs officials and an additional 145 veterinarians for the Port of Rotterdam.

([www.instituteforgovernment.org.uk](http://www.instituteforgovernment.org.uk))

## FARGRO PREPARATIONS FOR WTO BREXIT

---

Fargro endeavour to smooth exchange rate shocks by forward buying currency. It's no different this year, except that some short-term shock is guaranteed, irrespective of deal or no-deal.

The critical question is how Fargro can mitigate delays in the supply chain for our customers.

Fargro are large importers from non-EU countries operating under WTO terms, so are highly experienced in managing customs and tariffs. Each member of the purchasing team is capable of managing imports and international transport from non-EU countries.

We are in close contact with all our key suppliers and expect them to make every endeavour to mitigate delays and ensure continuity of supply.

Chemicals (other than PPPs) used in horticulture are currently registered under REACH. The Government's position is that they would carry across existing REACH registrations held by UK-based companies directly into the UK's replacement for REACH, legally 'grandfathering' the registrations into the UK regime.

---

## STOCK-PILING

Where Fargro hold the UK repository of Plant Protection Products, in our capacity as exclusive distributor, we will time our replenishment ahead of 29-Mar to ensure uninterrupted supply in April and May. Subsequent replenishment may be brought forward as circumstances demand.

Fargro are wholesalers of thousands of other products and it's not practicable to increase stocks of all lines. We will ensure that our yard stocks of fast selling (imported) lines are at maximum at the end of March, but this is not much different from the normal seasonal cycle.

**Our ASMs and technical advisers are recommending that customers who take bulk deliveries of growing media, fertilisers and pots, place their order and receive delivery several weeks in advance of their production schedules until such time the situation become predictable.**

end