

# A Plague on Vague – start giving precise advice!

*With new prime minister Boris Johnson claiming to be committed to honouring Brexit on 31 October, **CIB Chairman Edward Spalton** calls on the government to end uncertainty, and start offering clear and prompt advice to all UK firms exporting to the EU. They will need it very quickly indeed if the UK is to be ready for independence on 31 October.*

I had the experience of entering the EEC in 1973 from a small business perspective. We were well-prepared, with first rate government information and advice a year beforehand. It is therefore dispiriting to see today's muddle – over three years after the referendum decision to leave. I was in the animal feed milling industry, so will start with the problems faced by farmers today.

As the government knew it intended to be outside the EU Common Agricultural Policy, preparations could have started smartly in early 2017. But they didn't.

Cereal farmers have generally been thought to do well out of the EU system. But with only four months to go to Brexit, it is said that they will have to manage without subsidies or import tariffs. Wheat is the largest crop and the ABC Book (Agricultural Budgeting and Costing) estimates the current average cost of production at £152 per tonne. The 2019 harvest price is estimated at £140 per tonne. So at a yield of 3.5 tonnes per acre, the loss now will be around £42 per acre. Crops like barley, oats and peas are generally less profitable.

At present, the EU Basic Payment Scheme pays a subsidy of £80 per acre. Mr Gove planned to phase that out. If import tariffs

are phased out, then the price of wheat is likely to drop to around £100 per tonne. The EU, United States and Canada will be aggressive, subsidised exporters of grain to the UK. Countries like Brazil and Argentina will eagerly await the opening of the UK market.

Before the EU, we imported grain and food without tariffs whilst supporting home production with what were called 'deficiency payments' to ensure food security. This was a policy which suited us very well. Unfortunately, it is not permitted under the rules of the World Trade Organisation.

So, arable farmers are in a fix. Livestock farmers face similar problems: some 40% of our sheep production goes to the EU, but will not be viable if it faces the EU tariff. British standards of livestock production are high in terms of animal welfare but could face undercutting from America and other countries which use methods which are not legal here, and include chemicals and feed additives which are not permitted here either.

The government has neglected advance planning and advice which would have enabled farmers (and other firms) to adjust their enterprises in time to suit the new situation. On top of that, British food exports will face inspections at the EU border which will delay deliveries. We will always have a deficit in our food balance of trade but it can only grow until the farmers have clear guidelines of what is expected of them.

On 4 July Stephen Barclay, the Brexit Secretary, told Sky News that he was "very keen to ramp up preparations now" for a no-deal Brexit, adding:

"We've already extended twice and we've had additional time... One thing I've been very clear with the Treasury and other departments within government about is that we need to speed up our preparations. We do need to drive those plans forward and ensure we are ready, because I think your

viewers would quite rightly ask the question three years after they voted to leave, if the government were not ready to do so."

There are only three months to go.

Because of the uncertainty created by our politicians, British exporters have been reluctant to invest in the systems and staff needed to cope with the new situation. Only around 40% of businesses which need to have EORI (Economic Operators' Registration and Identification ) Numbers have, so far, applied. This means that they are not familiar with the new documentation, so cannot yet have trained their staff to use it.

Mr Barclay's urgency is welcome, even if it is very late in the day. There is an extraordinary ignorance of how EU border controls affect third countries (i.e. countries outside the EU, as we will be).

There is also a chronic lack of customs and forwarding agents. Under EU law, it is the first importer on the EU side who takes responsibility to the EU authorities for every aspect of a shipment, including the payment of tariff, inspection fees, testing and any charges for demurrage if goods are delayed before being allowed into circulation in the Single Market. These agents must be EU residents or companies with the necessary expertise and finance to satisfy the EU authorities of their competence.

We would urge Mr Barclay and his colleagues to offer prompt assistance to all UK firms exporting to the EU. They are going to need it very quickly indeed, if the UK is to be ready for independence of 31 October. How can our new prime minister convince the EU that he is in earnest, if the government has not done so?

While it is impossible to put a price on our country's sovereignty and independence, there is no such thing as an

ideal Brexit, and there may well be business failures as a result of a no-deal Brexit. It is up to the government to see that firms are fully prepared in order to keep any such casualties to a minimum.