

Adrian Gahan

# Brexit Update

British Frozen Food Federation  
22 February 2018

# Brexit is going to happen

- A50 triggered 29 March 2017- two year countdown
- Possible to revoke or extend A50 – no current sign that either is likely
- Brexit Day: 29 March 2019

**Prudent for your business planning to assume that Brexit will happen**

Brexit is going  
to happen...  
or is it?

- Second Referendum? Possible but not probable
- Miller decision: Only parliament can take away rights conferred by parliament
- Grieve Amendment: Any Brexit deal must be approved by a separate Act of Parliament
- Parliament could vote to put final decision on EU deal back to the people
- Remember: Britain does not do revolutions, we do gradualism
- While leadership of both major parties captured by populism, parliament remains moderate

**Nevertheless – still prudent for your business planning to assume that Brexit will happen**

# What kind of Brexit will there be?

- 20 months after referendum, 11 months after A50 triggered
- UK still negotiating with itself
- Still no agreement in Cabinet
- Stalemate in Conservative Party:
- Tory Remainer MPs in majority but don't control Party – will not remove PM for fear of hard-Brexit replacement
- Tory Brexiter MPs don't control Parliament – will not remove PM for fear of hardening Tory Remain caucus
- PM has checkmated herself by making mutually irreconcilable promises to different groups at different times
- Makes business planning difficult

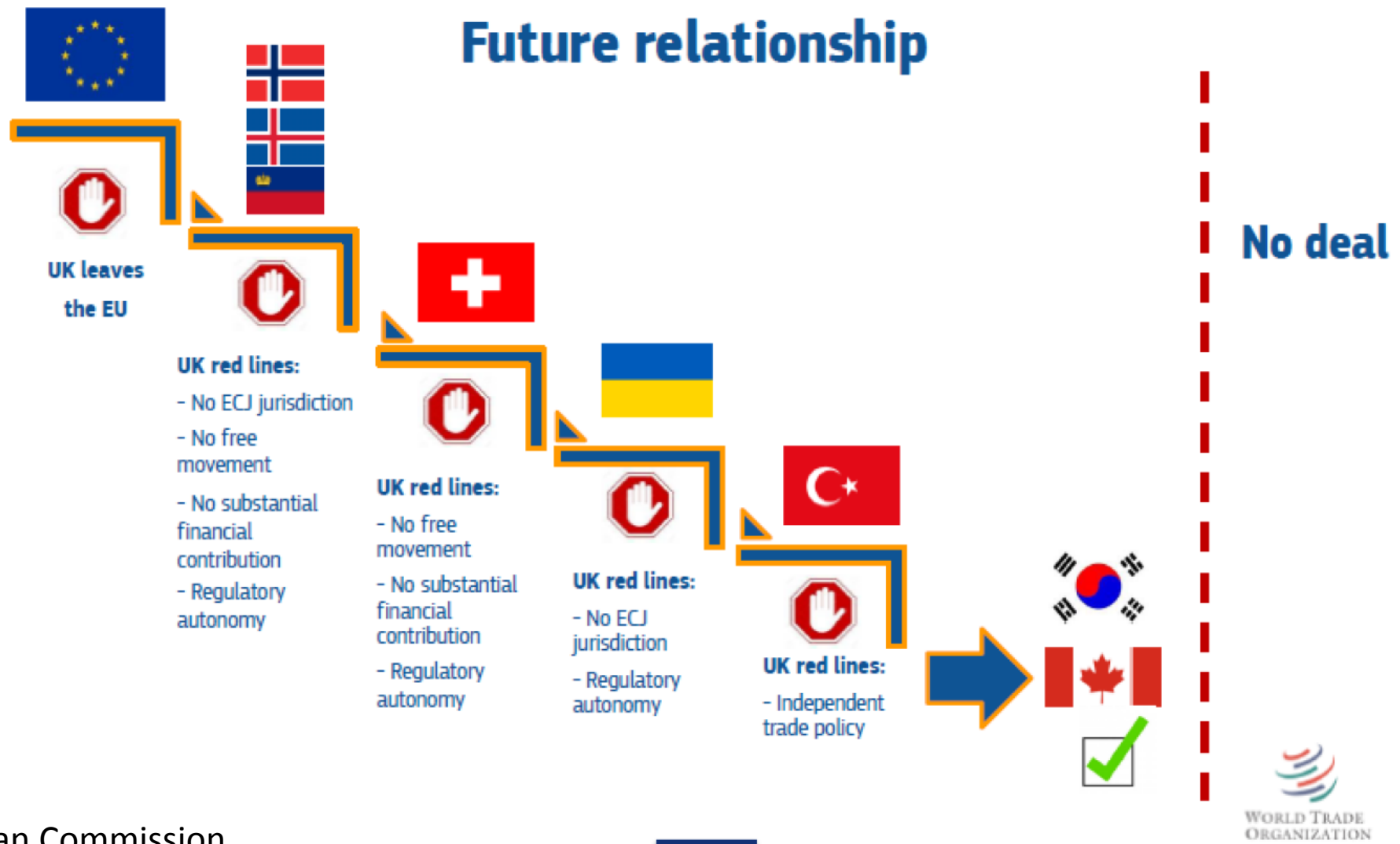
# Lancaster House Red Lines

(Jan 2017)

1. No ECJ jurisdiction
2. No Free Movement of Labour
3. No substantial contributions to EU Budget
4. Regulatory autonomy (Single Market)
5. Independent trade policy (Customs Union)

# Most likely Brexit scenarios

- Soft (Norway)
- Hard (Canada)
- Boutique
- No Deal



# Brexit Unicorns

➤ **The ‘deep & special’ unicorn** – privileges of Norway, responsibilities of Canada  
(does not exist)

If UK wants a ‘deep & special’ deal it needs to start rubbing out current red lines

➤ **The Irish border unicorn** – high tech, invisible  
(does not exist)

HMG can either leave CU & SM or maintain UK as currently configured – but cannot do both



# Transition period 2019-2025?

- March 2019: UK will be *de jure* out, *de facto* still in EU
- Rule taker not rule maker
- Both sides currently pretending this will be “around two years” and “strictly time limited”
- Soft Brexit: Likely 2-3 year transition
- Hard Brexit: Likely 5-6 year transition
- CETA took 7 years + ratification in 27MS + EP + UK

What does  
this mean for  
BFFF  
members?

- Accept that UK Govt does not know what it is doing
- They have no plan, no strategy, no vision
- They have no idea how this will turn out
- Just trying to stay in office one day to the next
- Do not allow your business to be a passive recipient of whatever comes out at the end

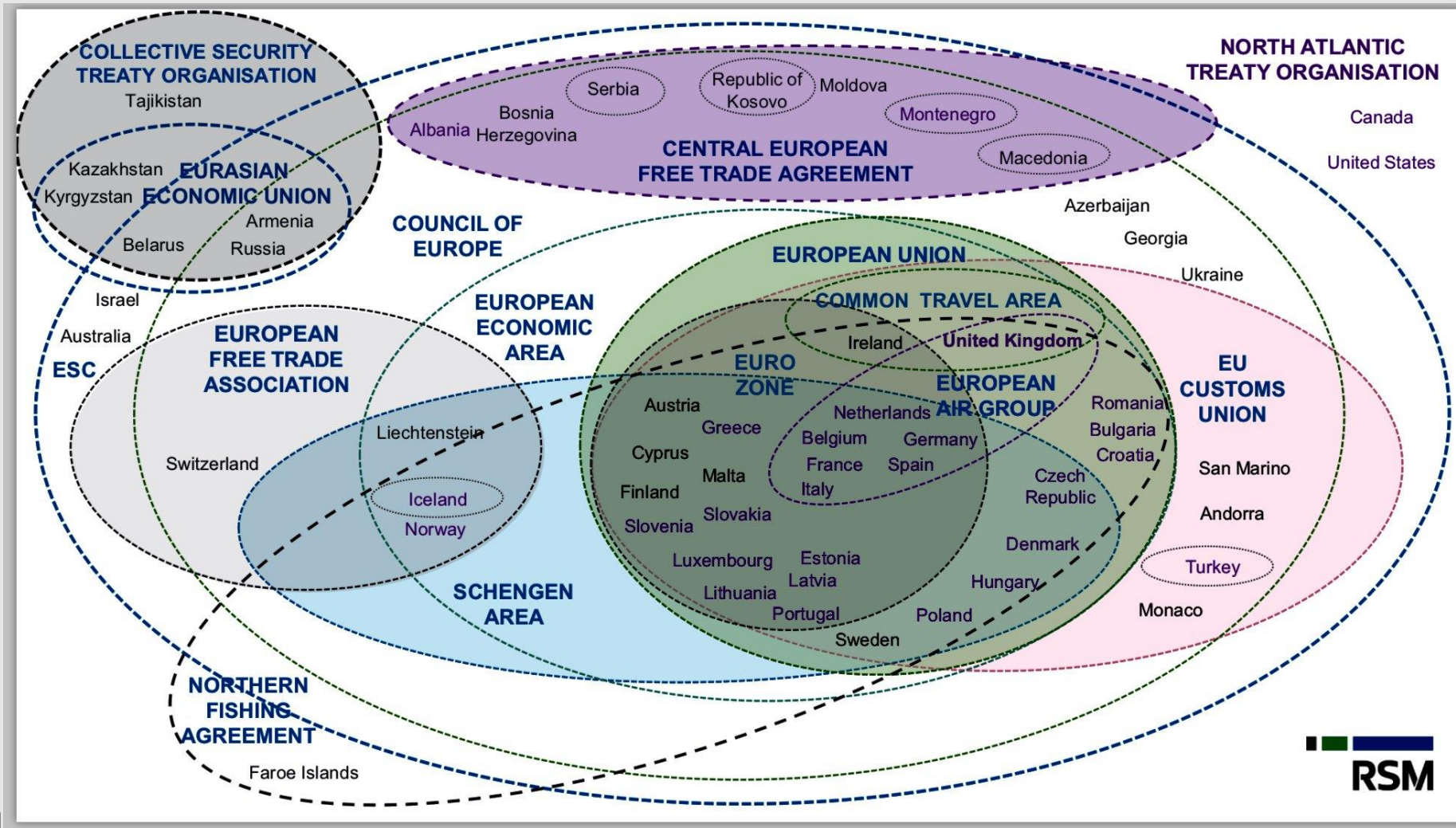
# What does this mean for BFFF members?

- Do not assume Transition deal will happen just because it is rational (remember the unicorns)
- If Withdrawal & Transition deals secured nothing substantial should change for your business until circa 2025
- After that, expect considerable change
- Most likely Third Country FTA relationship
- Built, human & electronic infrastructure, new Govt regulatory agencies, new rules of origin & VAT procedures for your business
- Expect supply chain complications at all UK ports
- You should have 5+ years to prepare

# What does this mean for BFFF members?

- Transition is not without its own complications
- UK hopes to replicate Third Country Trade deals during Transition
- Not necessarily business as usual
- Potential labour supply concerns
- Check EU Commission's Notice to Stakeholders re Food Law
- Have you measured your exposure to these risks?

“Brexit is like trying to get the egg out of an omelette”  
 Pascal Lamy (Director General WTO 2005-2013)



Britain does not do revolutions.

Britain does stability, which means gradual, incremental developments in our institutions and relationships

## FT *Breaking News*

### **UK asks world to treat it as an EU member after Brexit**

Britain has called on the rest of the world to consider it still an EU member after Brexit, in a U-turn intended to ensure the country remains covered by hundreds of international treaties.

A “technical note” prepared by the UK government calls on non-EU nations to treat the UK during its post-Brexit transition period after March 2019 as if it still covered by more than 700 treaties Brussels has struck with third countries on everything from fishing rights to data sharing.



# What should BFFF members do?

- Contact your MP – go and see them
- Contact Michael Gove (DEFRA) & David Davis (DExEU)
- Ask to meet with them – don't just write
- Make the case for stability & gradualism
- No Deal cliff edge is not acceptable
- Govt must secure Withdrawal & Transition deals
- Only one change of rules is acceptable – Transition must last right up to introduction of new trade deal
- If HMG is serious about leaving CU & SM it must start preparing physical & human infrastructure now
- Why have preparations not started yet?
- If you want “Deep & Special” then ask Govt to reconsider its red lines
- Fantasy trade deal with all of the privileges and none of the responsibilities does not exist

Please get in  
touch

Tel: 07906 634399

[adrian.gahan@brexitanalytics.com](mailto:adrian.gahan@brexitanalytics.com)

[www.brexitanalytics.com](http://www.brexitanalytics.com)

@adriangahan