



Rt Hon Theresa May MP,
Prime Minister,
10 Downing Street,
London
SW1A 2AA

Mr Michel Barnier,
Chief Negotiator,
Taskforce on Article 50 negotiations
with the United Kingdom,
Rue de la Loi 200,
1049 Bruxelles,
Belgium

Richard Pennycook
Chairman

Helen Dickinson OBE
Chief Executive

4th July 2018

Dear Prime Minister, Mr Barnier,

It is time for a reality check on the damaging consequences for millions of UK consumers and tens of thousands of EU-based producers if we fail to reach an agreement in the Brexit negotiations that protects the free flow of goods between the EU and the UK from 29 March 2019.

50% of Britain's food is imported, and of that 60% comes from the EU-27. In other words, nearly one third of the food eaten by 65m people in the UK comes from EU farms and factories. These well-established, just in time, supply chains are vital for providing choice and value to UK consumers, as well as protecting the livelihoods of tens of thousands of farmers and food producers in the EU.

To bring in a third of the food that the country eats requires a vast, complex and interconnected supply chain. To give a sense of the scale, according to the latest UK government figures, in 2016 3.6 million containers from the EU passed through UK ports, just under 10,000 per day. This equates to over 50,000 tonnes per day of food passing through our ports. These goods can currently enter the UK with minimal delay, which allows for truly frictionless trade. This means that salad leaves, for example, can be loaded onto lorries in Spain on a Monday, delivered to stores in the UK on a Thursday, and still have 5 days' shelf life.

But this supply chain is fragile. Failure to reach a deal – the cliff edge scenario – will mean new border controls and multiple 'non-tariff barriers', through regulatory checks, that will create delays, waste and failed deliveries.

The consequences of this will be dramatic for UK consumers. It is likely that we will see food rotting at ports, reducing the choice and quality of what is available to consumers.

4th Floor, 2 London Bridge, London SE1 9RA

+44 (0)20 7854 8900

info@brc.org.uk brc.org.uk

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The latest BRC analysis finds that food and beverage products would face an average increase in the cost of importing from the EU of up to 29% from non-tariff barriers alone, under a no deal scenario. Much of these increases will end up passed to consumers in higher prices. And the impact on SME retailers in the UK will be devastating. Our figures estimate that more than 12,500 small retail businesses will be at high risk of going bust in the event of no deal.

The consequences for EU producers and the countries from which they export will be also be severe. EU-27 businesses face losing £21 billion of agri-food exports to the UK.

Failure to achieve a smooth transition will create a lose-lose scenario for UK consumers and EU producers alike. Time is running out as we are fast approaching the point where the food supply chain can prepare for a no-deal Brexit at all, as EU farmers will want to know who their customers will be before planting their crops or raising their animals this autumn, for delivery to UK consumers next spring.

We must avoid the cliff edge on 29 March 2019 at all costs, so we call on the UK government to focus on proposing a workable solution to the backstop that gets the Withdrawal Agreement over the line and preserves frictionless trade during the transition period, and on the EU to be flexible and creative in the negotiations and recognise what is at stake for exports to the UK.

Yours sincerely,



Richard Pennycook
Chairman
British Retail Consortium



Helen Dickinson OBE
Chief Executive
British Retail Consortium