

One month to go: FoodDrinkEurope warns of dramatic implications of a no-deal Brexit

(Brussels, 28 February 2019) The food and drink industry, the leading employer in the EU manufacturing sector, has stressed that it is particularly vulnerable in the case of a no-deal Brexit, and warns that the United Kingdom crashing out of the EU would have a devastating impact on the industry.

An internal FoodDrinkEurope report has shown that a no-deal Brexit would result in a substantial decrease in EU-UK trade and production of food and drink products. This would in turn have an impact on the revenue of manufacturing companies, threatening thousands of jobs across all Member States.

EU27 food and drink exports to the UK amount to €32 billion, representing 70% of the UK's total imports. Should the UK leave the EU without a deal, the WTO Most Favoured National (MFN) tariffs could apply to traded goods. For agri-food products, these tariffs are notoriously high; this will have a knock-on effect on the whole food supply chain, from producer to exporter to consumer.

The report shows that this disruption to the food supply chain could potentially result in:

- **A high decrease in export volumes from the EU27 to the UK** – Some particular sectors could be dramatically affected - Belgian chocolate industry exports to the UK, for example, could decrease by 31%, German bread exports by 34%, Italian pasta exports by 59%, and Irish cheese and beef exports as well as French cheeses by 89%;
- **A significant fall in revenue** – in the Irish beef sector, a fall in revenue is estimated in the region of €732 million, a €178 million loss in revenue for the Dutch vegetable sector, while revenue in the French wine sector could see a €181 million decrease;
- **A loss of jobs as a result of these declines in exports and revenue** – in the worst-case scenario, the German confectionary sector could lose 3,200 jobs, the Irish cheese and meat sectors 3,600 jobs, and the French cheese sector some 400 jobs. These figures refer to direct job loss – this will be coupled with additional indirect job loss;
- **A hugely detrimental impact on small and medium sized businesses** – which represent 99% of our food and drink companies. For many of these companies, trade with the UK post Brexit will be the first time they export to a “third country”. This brings with it many challenges, particularly for SMEs, as they often lack the human or financial resources necessary to adequately prepare;
- **The consumer losing out** – European consumers will lose out as prices are expected to rise substantially and access to their preferred products will be limited¹.

The EU food and drink industry is resilient. This resilience, however, may not be enough to combat the sudden economic disruption of a no-deal Brexit. It is for this reason that FoodDrinkEurope reiterates that the Withdrawal Agreement, as negotiated, represents the best way forward for our sector. Failing acceptance of this agreement, FoodDrinkEurope would like to underline its request to the European Commission to adopt unilateral contingency measures, [as outlined in our letter of last month](#), to help our sector mitigate the devastating effect of a no-deal.

¹ These estimates are based on current currency valuations. It is presumed that the fall-out of a “no-deal Brexit” would be considerably worse should the value of our currencies fluctuate.

-ENDS-

Note to the editors:

FoodDrinkEurope is the organisation of Europe's food and drink industry, the largest manufacturing sector and leading employer in the EU and a key contributor to its economy (294,000 companies, 99% SMEs, 4.6 million employees).

It is estimated that a 1% increase in the price of food exported to the UK would reduce the volume of exports by 4.85%.