



**Joint Committee on Agriculture & the Marine
Tuesday 8 December 2020
Brexit and its impact on the Agri-Food Industry
Conor Mulvihill, Director, Dairy Industry Ireland**

Thank you, Chair, and thank you to the members of the Committee for this opportunity to set out the views and concerns our members on the crucial issue of readiness of the all island Irish Dairy & Specialised Nutrition Industry for the coming into effect of the UK's full, economic and political, departure from the EU on 1 January.

Dairy Industry Ireland represents primary and secondary dairy manufacturers including the specialised nutrition sector in Ireland. In April of this year we conducted a report with EY showing the value of dairy in the 26 countries to be worth 11.3 billion euro per year supporting over 60,000 jobs, making the sector by far the largest agrifood industry on the island.

As the trade association representing the complete primary and secondary processing sector, since the UK referendum on 23 June 2016 we have been working intensively to support member companies as they manage ongoing uncertainty and plan for known and potential disruption when the current transition period ends. The central priority of our Brexit campaign has been and continues to be, to provide members with clear and actionable guidance in preparation for 1 January 2021. We have delivered this through a specific industry task forces on various aspects of Brexit processing industry issues, the development comprehensive suite of planning documents, working with colleagues in Ibec and Food Drink Ireland on a broad range of technical and political seminars and events as well as huge work with our fellow associations in the North, London and Brussels.

Here in Dublin, as well as dealing with the Department of Agriculture, Bord Bia, FSAI and Enterprise Ireland, we have dealt with Revenue Commissioners, the Department of Transport, the Department of Enterprise, Trade and Employment, the Data Protection Commission, the Department of Foreign Affairs to put forward the case for Irish Dairy and Specialised Nutrition processing.

We must remind ourselves that earlier this year, on 31 January, only the political Brexit took place. The economic Brexit will take place on 1 January. The transition period will end in just over 3 weeks. The UK will depart the EU Single Market and Customs Union. As of today, dairy and specialised nutrition business still does not have clear information on the trading conditions which will apply for goods between Ireland and Britain and for services between Ireland and the UK as of 1 January 2021.

While we welcome that the EU and the UK continue to engage positively in difficult negotiations on their future relationship, including on a basic trade agreement. Our concern is that now there is insufficient time for dairy and specialised nutrition businesses to adjust to the outcomes of a prospective agreement, if indeed it is reached. This 'transition period' was presented to business as a period for accustoming to the known changes of Brexit but in effect it has rather been a negotiation period. It has our businesses with no lead time to implement significant changes and continued uncertainty rather than the promised clarity.

Through the UK Government's introduction of the Internal Market Bill, we have seen that the full implementation of the Withdrawal Agreement and Protocol on Ireland / Northern Ireland cannot yet be taken for granted. The members of the Committee will know of the vital importance of it in avoiding a hard border on the island of Ireland to protect the all island dairy economy, while also safeguarding the integrity of the EU Single Market. The Protocol is critical for dairy by ensuring the continuation of the Common Travel Area and protecting North-South cooperation of our industry.

Despite the best efforts of the dairy and specialised nutrition processing industry, successfully adjusting, in a short timeframe when so many specifics are still not known, to a radically new trading and economic relationship with one of our closest trading partners is neither possible nor realistic, particularly for companies in the most exposed sectors. What we do know is that the imposition of very high WTO tariffs on certain products, combined with additional customs and regulatory barriers, would cause major trade and economic disruption.

While Dairy Industry Ireland's work to support contingency planning will continue, it must be stressed that very significant Government and EU intervention will be required to protect jobs and the success of the Irish dairy industry should an agreement not be reached. Government needs to bear the ensuing uncertainty in mind and ensure that adequate and agile supports are available to business in early January and beyond as the practical consequences of Brexit become apparent. These supports must prioritise and be quickly available to the worst effected sectors to offset the economic consequences of Brexit. The economic hit will be immediate, so too must be the response.

We are at the 11th hour so our message to the committee is to support us in controlling what we can from the Irish side, these include;

- In the event of a no deal, the implementation of an immediate tariff rebate scheme to protect our route to the key UK market. Use of all available funding for support at processing and primary level.
- An immediate opening of an Export Credit Insurance scheme to help companies aggressively seek new markets. Ireland currently is a complete outlier in the EU with no state scheme despite Irish dairy exporting 95% of its product.
- Confirmation that the term 'Irish' applies to Irish dairy and SN product from the entire island.
- Access of all Irish product from the island to existing EU Free Trade Agreements
- Access to EU market intervention tools for all product from the island of Ireland such as Private Storage Aid and Intervention.
- Continued support and investment by the Irish state in alternatives to the British land bridge.
- Immediate implementation of a properly Capex scheme, ran by EI, to support diversification and other added value investments to mitigate Brexit.
- Irish officials to simplify export certs to the UK for products of animal origin- using the example of the EU/NZ veterinary agreement would be a start.

Irish dairy and specialised nutrition remains one of the most exposed business sectors in the EU to Brexit. Whether a future relationship agreement is reached or not, the consequences of the new trading relationship with the UK will be severe.

Thank you for your time and attention. I look forward to answering your questions.