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Counting the Cost of Brexit

Ian Wright, Director General at the Food and Drink Federation (FDF), talks to Mary-Anne Baldwin about how Brexit may impact the food and drink industry, and his recommendations to Government

According to Ian Wright, Director General at the Food and Drink Federation (FDF), Brexit has created “the biggest peacetime challenge in the history of this country”. Ian has called on Government to address the impact of Brexit on his sector, which contributes £21.9 billion to the UK economy.

We spoke to Ian about his industry's post-sector concerns and his recommendations.

What was your personal and professional reaction to the UK's decision to leave the European Union?

I've been involved in politics since 1974 and one of the issues that made me

politically active was the question of Britain's membership in the European Union. In many ways it's been the defining political issue of my life.

I believe passionately in the importance of the EU both for economic and social reasons, so the referendum and its result were both really serious blows for me.

For the FDF it's also very disappointing because 75 per cent of our members expressed their wish to stay in the EU and the Union is essential to the effective and successful function of the British food and drink industry.

We have a significant problem on our hands now.

The FDF represents companies within the UK food and drink sector, what concerns are they coming to you with?

In the immediate future the concerns are about currency fluctuations and labour.

Less urgent, but no less serious, is Britain's waning influence in the EU and the amount of resource available to the Government to undertake the task ahead.

Currency depreciation is massively important because 30-50 per cent of the UK's food ingredients are sourced from abroad, a large chunk of which is from



the EU. Since the currency fell, anyone buying those ingredients had to pay > increased import prices. Some may have hedged their currency but our small and medium-sized manufacturers have less capacity to do so.

Some are already seeing an 18 per cent increase in prices and some are locked into customer deals that last until 2017, so that is a really big concern for them.

The longer term issues are tariff barriers and access to the single market. Big financial organisations,

institutions and leaders don't think of themselves as citizens of specific countries; they simply aren't.

How might Brexit affect the industry's access to labour?

A quarter of our workforce is not from the UK or Republic of Ireland and they've spent quite a lot of time over the last few months feeling very abused. Now they face an uncertain and insecure future and it's very important that we get certainty for them as quickly as possible, otherwise they will look for prospects elsewhere.

People don't understand that while the food and drink industry in this country is successful it's extremely tight on margin.

The same issue is faced by other industries; it's not just factory workers, it's at all levels. Most manufacturing industries will also have similar issues with tariffs and regulations.

What impact do you expect new UK legislation will have on your industry?

The process of exit might take two years but the legislative administration will take anywhere between six and twenty years. In twenty years we'll probably still be revising the least contentious back-end legislation.

Now, every piece of legislation will be up for grabs with each UK business taking a view. Every company with resources is hiring a lawyer and accountant to look at costs and the benefit of changing certain laws.

Meanwhile our influence in Brussels has declined to zero so any regulations

imposed on the EU and enforced before Brexit will inevitably hit us as we'll have no influence on them.

I think part of the Brexit negotiations – and I have written to David Davis [Secretary State for Brexit] on this – should include a concession from the EU that all new regulation has a differential sunrise clause for the UK. It wouldn't benefit the EU to chase non-compliant UK cases after Brexit either. ■

How will Brexit impact your industry? [Get in touch](#) if you have something to say!

FDF RECOMMENDATIONS TO GOVERNMENT:

Access to a Skilled Workforce

Reassurance for its EU employees and a new UK migration policy.

Tariff-Free Market Access

Tariff-free customs union with the EU, including access to tariff-free raw material imports and EU free trade agreements. It also wants UK market access and public sector procurement.

Appropriate Regulatory Framework

A roadmap for future legislation that will maintain confidence in the UK food and drink industry. It also wants UK-EU co-operation through the ongoing regulatory developments.

A Focused Business Environment

Minimal disruption caused by new UK legislation, which should include a solid UK food and agriculture policy. It's called for currency volatility to be addressed, clarification on innovation subsidies, an industrial strategy to support manufacturing and incentives to support growth.



Ian Wright
Director General
Food and Drink Federation
(FDF)

Ian was appointed to the role of Director General of the Food and Drink Federation (FDF) in March 2015. The FDF represents the largest manufacturing sector in the UK.

Until recently, Ian headed a global team of 200 professionals at Diageo.

Ian was appointed as a Non-executive Director on the board of communications agency Champollion in Oct 2015. He is also NED at Mass1, a member of the advisory board of The Work Crowd and a trustee of both The WAVE Trust and Children on the Edge.

Ian was appointed CBE in August 2015.

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