

Paper 5.5
EU Exit Update (June 2020)

Summary

This paper provides a review of the work undertaken by the working group *EU Exit* and the rationale for dissolving the group. This paper is for information.

Background

In order to ensure that there will be a proportionate and effective regulatory regime in place after the UK leaves the EU, the FSA needs a robust evidence-base to understand (i) the economic impact of EU Exit on industry at the micro and macro levels, including compliance costs, trade flows and changes to production costs and technologies; and (ii) how these impacts might affect consumers and public health. The ACSS EU Exit Working Group was formed to help support this.

Working Group

The EU Exit Working Group was asked to:

1. Provide guidance on the dynamics and scope of expected change on the food and feed industry as a result of EU Exit and the potential regulatory consequences for the FSA;
2. Identify research gaps that the FSA should fill and to provide advice on strategic priorities that emerge for the FSA, including approaches how the FSA can mitigate expected risks;
3. Advise on quantitative and qualitative methodologies that might be used to assess the likely impacts of EU exit on industry and consumers in the UK. These impacts include:
 - Impacts on businesses in the food and feed industry;
 - Pass-through of costs from industry to consumers as a result of changes in, for example, production costs, trade patterns, agricultural and food prices, etc.
 - Developments in the food and feed industry that will likely have a direct or indirect impact on consumer health or other consumer interests in relation to food (for example, expected changes in dietary patterns as a result of changing product availability or prices).

Members

The Working Group is comprised of the following members:

- Professor Spencer Henson (Chair)
- Dr Hannah Lambie-Mumford
- Professor Dan Rigby
- Dr Seda Erdem

Review of work

The ACSS EU Exit Working Group was asked to provide feedback on research that the FSA commissions, including contributions to evidence specifications and provision of feedback on intermediate and final outputs. The WG has contributed to two proposed research projects over the course of the last year.

The FSA is commissioning research to compare international food safety regulatory regimes and SPS chapters in trade agreements to better understand how public health can be protected under different trading regimes. All WG Members contributed to the evidence specification and provided guidance on the methods that could be deployed to ensure the project delivers valuable outputs. In particular, they suggested commissioning the work in two phases where the empirical model would be preceded by a systematic review of the current global food regulatory landscape, potential areas for divergence and precedents for diverging from specific trading blocs. The FSA has fully incorporated the advice provided by the WG and has now commissioned the first phase of the project, which focusses on the regulatory aspects of the research question. The economic impact of international regulatory differences will likely be explored in more depth in a second phase of the project, which is not to be launched until 2021.

The FSA is also planning to commission research to assess how trade patterns of high-risk food could change after the transition period and asked the WG for suggestions how the research questions could best be approached. The WG has advised that some preparatory work should be completed internally before commissioning this work. In particular, the FSA should define some reasonable scenarios and link this project to models that have been developed within the FSA's Strategic Surveillance Team to make best use of available knowledge. They have also suggested to consider postponing the project until the outcomes of new trade negotiations are more certain. The FSA has now decided to postpone the project to allow more time to shape the research question and to mitigate the underlying uncertainty.

Finally, the WG brought some external research to the FSA's attention which has relevance for the FSA's areas of responsibility, including research on the impact of EU Exit on food supply to vulnerable people.

Future of the Working Group

The Working Group has now been running for a year, as set out in the Terms of Reference, and has successfully delivered the set objectives as explained above.

In line with advice from the WG, the research that the group was asked to contribute to has either been commissioned or postponed. At the same time, and partially due to the impact that the current coronavirus pandemic has on FSA resources and our stakeholders, the FSA needs to re-prioritise some of their work, including new research projects.

Since the UK left the EU on 31 January 2020, most of our resources are now dedicated to preparing for, and delivering, the new responsibilities the FSA will have after the transition period. These operational preparations are unlikely to require external input from an academic sub-group dedicated to EU Exit. We have, therefore, unanimously agreed to dissolve the group and to continue the work-relationship with individual members of the group on a bespoke basis as and when required.

Finally, the FSA would like to thank all members of the Working Group for their valuable contributions to the group and the FSA's EU Exit Programme as a whole.

Discussion

This paper is for information.

Professor Spencer Henson, ACSS WG Chair

Lea Milanovic, FSA