

Paper 3.7

EU Exit (Proposition Paper)

Summary

This paper is for information and discussion. It sets out some of the questions that we are currently asking ourselves regarding the economic impacts of EU Exit on the food and feed industry and their regulatory consequences. The Committee is invited to discuss options to best support and inform the FSA's future work.

Background

While the exact consequences of EU Exit remain uncertain, it is possible that there may be an economic impact on Food Business Operators (FBOs). Depending on the negotiated outcome, additional border checks and new compliance requirements might be introduced to ensure that food is traded safely. However, EU Exit could open up new trade opportunities with third countries and might enable further innovation in the food and feed industry.

From day one after the UK's departure from the EU, we will have in place a proportionate and effective regulatory regime. For most food businesses, there will be no change in how they are regulated and how they are run. But in the context of EU Exit, we will need to develop a regulatory system that is both flexible and resilient within a rapidly evolving global food system. In order to do so, we need a robust evidence-base to understand (i) the economic impact of EU Exit on industry, including compliance costs, trade flows and production changes and (ii) how these impacts might affect consumers and public health.

Current Work

The FSA is committed to ensuring that the high standard of food safety and consumer protection is maintained when the UK leaves the EU and that a robust and effective regulatory regime will be in place that will keep any potential burden on businesses at a minimum.

All EU Exit work is supported by engagement with stakeholders and analytical insights, including a project led by the FSA's social science team to assess the key food concerns that consumers have in relation to EU Exit and impact assessments for bespoke regulatory changes.

The FSA is also preparing to support the UK government in establishing new trade relationships for opportunities after EU Exit, ensuring that food and feed safety issues are considered when new trade deals are agreed with third countries.

The FSA is well respected internationally as a regulator for safe food and feed. The FSA has facilitated work in international forums such as the Codex Alimentarius Commission (CAC) and has been well respected for our work within the EU. To enhance existing trade strategy capability within the FSA, a Trade policy team has also been established to assist our work in a future trading environment.

Future Work

We would like to improve the economic assessment of emerging EU Exit related issues to support the FSA's trade work and to ensure that we continue to be an effective and proportionate regulator in a new economic environment.

As such, the FSA intends to commission research to assess the impact of trade effects and regulatory compliance costs of repatriating (domestic) food safety regulation in the UK. For example, the Government has set out how the UK would make independent risk management decisions after EU Exit (in the context of a no deal). This project aims to assess the impacts associated with such regulatory changes on key sectors and groups. This research could be complemented by assessing how shifts in trade patterns and regulatory costs are transferred from industry to consumers – could this impose a potential risk to public health and require government intervention?

Additional research questions are likely to be developed in greater detail over the next months.

Discussion

The FSA is keen to engage the Advisory Committee on Social Science (ACSS) in its future work to help assure best practice and outcomes. To do so, we would like to set up a Committee working group to provide general advice on our strategic priorities associated with the economic impact of EU Exit and to provide ad-hoc advice for bespoke research projects that we are commissioning/conducting.

Initially, we would like the working group to assist in identifying how potential economic changes would affect Food Business Operators (FBOs), food safety and consumer health and which sectors are likely to be most vulnerable to these changes.

As the UK's future regulatory regime outside of the EU becomes clearer, we would ask for advice on approaches / methodologies to assess the likely impacts on industry and consumers. The exact requirements would be agreed as work gets underway.

The Committee is invited to discuss:

- Whether it thinks a Committee working group would be a good model to provide the advice required by the FSA;
- Scope to provide initial advice on key strategic direction after EU Exit, including views on the proposed research projects outlined above;

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