Brexit impact in the agricultural sector: first of all, very calm ...

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The output process of UK will take a while which is at least estimated in two years. During this period, they will have to break the current treaties that keeps UK with the EU and negotiating new ones. This process will be complex and, in the short term, cause uncertainty in the markets. However, keep in mind that during the negotiation stage, all existing treaties remain in force.

There are immediate effects ...

There has already been an impact on the UK economy, c*aused mainly by the uncertainty generated by the Brexit, which has been reflected in variables such as depreciation of the currency and its consequent effect on demand, market volatility financial, or contraction in business*

confidence and investment. In all, the current forecast for GDP growth in 2016 (+ 1.3%) is lower than estimated before Brexit (+ 1.9%), and EU GDP will be reduced by -0.1 2017 points.

What is the potential impact on Spain and the food industry?

According to the report of SOLUNION "What does the Brexit for Europe?", prepared by the Economic Studies Department of Euler Hermes, a shareholder of the company with MAPFRE, *Spain ranks as the sixth EU economy more exposed to Brexit effects. UK is the fourth country of destination of Spanish exports and is expected to see GDP Spanish impacted -0.1 points in 2017.*

The agricultural and fisheries sector accounts for 17.6% of total exports in Spain (2015) and approximately 11% of them are destined for the UK. In April 2016, foreign trade of agricultural and fishing sector increased by 5% over the same period last year, while the corresponding exports to the UK share remained almost stable (-0.1%).

In a favorable context in which the EU and UK sign a new trade agreement, the sector will be affected by three main factors:

1. Changes in exchange rates.

2. Fall of GDP and thus lower domestic demand for food products.

3. New distribution of European aid.

If we look at a more complex context without signing a new free trade agreement, we would have to add *the risk of recurrence of tariffs and trade barriers, with the corresponding negative impact on trade.*