Spain: agricultural organizations agree concerns about the effects of 'Brexit'

The common denominator among agricultural organizations that have ruled on the implications of the departure of the United Kingdom of the European Union (Brexit) is the climate of "concern and uncertainty" to the effects, even to calibrate, this decision will have on the sector.

Thus, for the Union of Small Farmers and Ranchers (UPA), the doubts and uncertainties generated by the Brexit cause economic losses throughout the continent, as the UK is one of the main markets for agricultural products and stockbreeders. "The Brexit supposed failure of politics and the triumph of those who want less Europe. It is unfortunate", they say.

According to the statement of this organization, "agriculture and Spanish livestock add a new uncertainty to an already fragile economic balance. The output of the United Kingdom of the European Union is viewed with fear and regret by Spanish producers, because even now moves through unexplored terrain, and it is still too early to know what will happen in areas such as trade relations, the UK is one of the main markets for Spanish exports, and ruptures "always bring problems."

The Union of Small Farmers, an organization with a strong European character, said it was "disappointed and distressed" by the decision they have taken all those who voted for the option of

leaving. For UPA, the European Union has allowed us to enjoy the food industry that we have today, which is "the best in the world." "Fewer and fewer European Union mean more complex and volatile trade relations, and in no case will be beneficial for our country," it says.

Therefore, the general secretary of UPA, Lorenzo Ramos, vice president of European farmers in the COPA will ask this organization to prepare a comprehensive impact study brexit in agriculture across the continent.

For Spain, the UK is one of the main markets for their food products. According to the latest figures, Spain exported to Britain 5.1% of its non-processed foods and is the sixth largest exporter of food in general, with 3.2% of the total. In 2014, agrifood exports from Spain to this country accounted for 8.25% of the total in value and 7.8% by volume.

Scope of Brexit

The UK has a large trade deficit in fresh vegetables and Spain is the leading exporter of fresh vegetables, followed by the Netherlands. In the case of fresh fruits so it does being the Spanish participation in UK imports 17% in 2014.

Other major products are wine and oil. The United Kingdom is the second destination of Spanish wines, with 17.4% market share target. Spain is also the largest exporter of olive oil to the UK, increasingly being its acceptance by the British market, despite the high competition from cheaper vegetable oils, and traditional consumption of butter and margarine in the kitchen British.

With regard to the Common Agricultural Policy (CAP), although the UK contributes about 10.5% of the Community budget, this figure is reduced to 5% in agriculture or what is the same almost 3,000 million euros annually.

The UK will lose CAP funds, more than 3,000 million euros in the first pillar only in 2015 and 5,200 for rural development programs in the period 2014-2020. Since now have to review all financial policy, the CAP will necessarily be affected.

More security for agriculture

As UPA from the Coordinator of Organizations of Farmers and Ranchers (COAG) it considered that the Brexit is creating great uncertainty in the agricultural sector and a clear political and institutional crisis, which demands the EU maximum safety for the agricultural sector. "The severity of this unprecedented and open political and institutional crisis fully affects the Spanish and European agriculture. Remember that agriculture is the only common policy of the Union and that agricultural policy is decided and developed in Brussels as well as are most of Community funds that finance it, "said the organization.

"As has happened in other cases such as Russian veto (though less decisive), the political decision of the UK to leave the EU, it can affect significantly the medium and long term to our agri-food sector. Men and women in the countryside have no liability in this drift, but nevertheless, we can again become the main pagans of the crisis that may arise", warns from COAG. In this regard, we urge the EU maximum protection for the maintenance of farms and farm incomes, since it is the responsibility of all EU preserve the majority in Europe and in our country, social and professional model of agriculture and security and food sovereignty of the EU, " underlined Miguel Blanco, Secretary General of COAG.

Since this organization is expected that in the short term, "no change in relation to trade of food products to the UK, which is our fifth customer in the European Union with exports of € 3,700 million in 2015. Predictably, in the remainder of the decade (2020), will have to negotiate the departure of the UK and go noting the effects of Brexit. During this negotiation period, trade relations with the United Kingdom, the implementation of the CAP and financial framework should remain unchanged ·.

It has also highlighted how, "Right now, all are uncertainties, because they are not set policy approaches to start negotiation. However, it is expected an increase in UK-EU trade costs from its exit of the Union" .

Devaluation of the pound and its effects

In line with all the above, LA UNIÓ de Llauradors estimated Brexit "will affect undoubtedly the food industry, although it is still early to say to what extent" because, as noted by its general secretary, Ramon Mampel, "any circumstance of political relations of the EU affects the food industry, as has happened with the Russian veto".

However, since the Valencian organization it is noted that "have to see how events unfold, then maybe the market is not lost, because the British continue to consume our products, but will decrease the value of our exports as a result of a possible devaluation of sterling pound". "In that sense, he adds, we are concerned that this decline have repercussions later in the price to be received by the farmer or rancher of Valencia, the weakest link in the commercial chain".

In relation to higher trade barriers on the current relationship they portend, LA UNIÓ estimates "imaginable and logical that a commercial treaty between the UK and the EU is signed and avoiding the issue of tariffs".
Since this organization is remarked the importance of valencian agrifood exports to the UK: "According to data from 2015 the number of agrifood turnover of Valencia to the UK is € 392 million of 3,000 million euros which represent the whole of the Valencian exports to that country. These 392 millions are the 5% of the total valencian and had a growth of 16% in 2015 compared to 2014. Almost half of that figure, 156 million euros, correspond to citrus exports".

Source: UPA, COAG and LA UNIÓ de Llauradors.