

JERSEY
FARMERS
UNION



23rd November 2020

Deputy Kirsten Morel
Chairman, Brexit Review Panel
Scrutiny Office
States Greffe
Morier House
St Helier
JE1 1DD

Dear Deputy

As you are aware, your letter arrived somewhat belatedly at our office in Trinity. I was hoping that my response would be made easier by the fact that a decision would have been made by now, so the information given below is our best assessment of what may happen.

The main export market for our produce is the UK which is protected by existing arrangements. However, we do have a small amount of Jersey Royals and some daffodils that are exported into Europe. These will be affected by a no-deal scenario. The export of Royals is fairly new and is predominantly the larger potato. As our brand is not recognised in Europe as it is in the UK, the price has to be competitive to get sales. Any tariffs imposed will, at this stage of our attempts to break into this market, reduce the return to the grower. Also, tighter controls on phytosanitary regulations could mean that all the potatoes may need to be washed, which incurs more expense.

The daffodil crop is slightly different. Jersey and other UK areas that grow daffodils export to Europe, so there is concern that with a tariff, the flower will become less attractive to the EU consumer. Two things could happen: returns to the Grower from that market could diminish; or growers could stop exporting in such quantities. If they do that, it could lead to oversupply on the UK market which would result in lower prices. It must also be recognised that there will be a big increase in documentation and administration to continue to supply into Europe whatever happens.

The main inputs for our industry that come from the EU are fertiliser and farm machinery. As with many industries, the current pandemic has encouraged farmers to plan well ahead when it comes to ordering the basic commodities. For example, next years' fertiliser has already arrived in the Island. When it comes to farm machinery, it is easy to plan ahead. However, the question of spares is more difficult, as there may well be delays through greater

bureaucracy. The other big concern is the exchange rate. Since the Brexit vote the exchange rate has meant an extra 15% in price for most of our commodities. There is real concern that should there be a no deal the Pound may plummet again.

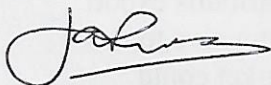
The effect on labour supply is considerable, whether there is a deal or not. Whilst we recognise that the labour supply from Eastern Europe had already slowed before the Brexit vote in 2016, since then it has been more difficult. Again, the exchange rate has played a part. Now however, the necessity for a work permit and visa adds not only time delays but also added cost. In the future, for a grower bringing in, say 20 new staff, the cost will be around £8000, which is a significant sum. If the grower were to pass on the cost to the staff, they may not come. As with everything, there are other countries staff can work in. Jersey must stay competitive. The other problem is that the new nine month rule has meant much less flexibility for the industry. It is common for staff to come for six months, go home for ten weeks then return for the standing of potatoes. They go home in December and return in late January. With the nine month rule, they can leave at any time but must not return for three months.

Question 4 of your letter is the most difficult. In most industries, the imposition of a tariff would almost certainly lead to a commensurate rise in price. Our industry is slightly different. The power of the supermarkets means that in general we are price takers so in the very competitive market at the moment it is doubtful whether prices will rise. It would seem unlikely that the price of Jersey Royals would be affected, however other vegetables with a tariff would certainly be affected by a no-deal scenario. This could be particularly noticeable in Jersey during the winter months when we import most of our tomatoes, salads and fruit. Once again, the exchange rate will also be a key driver in what happens. Obviously, this is a subject that is of concern to our members.

I think it would be remiss of me not to thank Senator Gorst and his Brexit team, who have been there to support us from the outset with all the knowledge at their disposal. Also, on a more practical level the officers from Customs and Immigration who are regularly providing us with support and information.

I hope you find the above useful. When there is more clarity on the decision, I shall be pleased to update you with more clarity on any of the above.

Yours sincerely



P Peter Le Maistre
P President