



MAGB statement on ‘no deal’ Brexit – 19th Aug 2019

The MAGB and its member companies are extremely concerned about the implications of a ‘no deal’ Brexit considering the zero rate tariffs being proposed for imports to the UK. Our concerns are summarised below:

- A. Setting UK tariffs to zero for white and coloured malts exposes our sector to all overseas suppliers which could introduce unfair competition resulting in the closure of UK malting plants. This would have disastrous consequences for the long-term security of the malting sector and will also impact heavily on the farming industry which supplies the vast majority of UK malting needs.**

- B. If a ‘no deal’ Brexit occurs then UK malting companies with customers in Europe would be faced with WTO tariffs, currently set at 131 euros for white malt and 152 euros for coloured malt. This would result in lost orders and disastrous consequences for those companies, some of whom would struggle to remain profitable.**

Our preference would be for a negotiated agreement which allows free trade across EU borders for white malt (CN 1107109900) and coloured malt (CN 1107200000), with tariffs to protect against non-EU competitors. This would permit continued export sales of malts to Europe. It would also facilitate the transfer of malt across borders where this is used to balance stocks between the UK and EU subsidiaries of international malting companies.

In the event that a ‘no deal’ Brexit takes place, we urge the UK government to reconsider the current proposed ‘no deal’ tariff schedule and implement arrangements which would provide protection from unfair imports from non-EU competitors. We propose:

1. Protection against imports of malt into the UK by setting tariffs aligned with those implemented by the EU (131 euros/tonne for white malt and 152 euros/tonne for coloured malt).
2. Establishing TRQs that would allow the current level of trade between the UK and other EU states to continue tariff free.

Background information

Malting is an extremely important industry sector to the UK economy. Malt is the primary raw material used in producing our national drinks beer and whisky, and many well-known food brands. Without malt there would be no beer and no whisky, so this is an essential industry in our national economy. The malting industry is strategically placed between farmer and end user (brewers or distillers). We require a supply of malting barley of the correct quality and support end users by producing the highest quality of malt. We use nearly 2

million tonnes of malting barley grown in the UK and produce malt which enables production of 8 bn pints of beer and over 500 m bottles of malt whisky. This in turn contributes significant value to the UK balance of trade (£5.5 bn in GVA) with whisky producing £135 per second. This supports over 135,000 jobs in the brewing and distilling industries.

The current trading arrangements with the EU work well for UK maltsters in allowing free trade across EU borders and protection from imports of malt from beyond the EU. Current import tariffs are set at 131 euros/tonne (white malt) and 152 euros/tonne (coloured malt). Without this protection the UK would be exposed to potential imports from countries such as Ukraine, Russia, and China. This would be detrimental to the malting industry and likely result in factory closures. The loss to the industry would be long-lasting since once closed it would be very hard to re-establish markets in what is a very closely integrated supply chain. The loss of malting capacity in the UK would also impact heavily on the agricultural sector with malting barley growers likely to struggle to find new markets.