

Brexit: Consequences on the frozen potato export for The Netherlands

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Preface and acknowledgement

This research paper is written by Jan Meijer, a fourth-year student of the International food business program. The idea for writing this thesis arose after discussions with my former employee Aviko, where there were questions asked how the Brexit would influence the export of fries to the United Kingdom. Since this is the first time that a country wishes to leave the European Union there is a shortage of information present in terms of the possible consequences for the industry. Therefore this research has been fulfilled to provide the frozen potato export industry a better insight in what the consequences will be with three of the main Brexit scenarios.

During the process of the research I got supported by a number of people, I could not have achieved the final result of my research paper without a strong support group. First of all, I would like to thank my coaches, T. Medema, W. van der Vlis and W. van Staveren, that have provided me with patient advice and professional guidance throughout the process of the research. I would like to specially thank my family and friends for their endless support and their believe of the final result.

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Summary

Since the 29th of March 2017, after the invocation of Article 50, the Brexit is one of the hottest topics of the last two and a half years. A lot of assumptions have been made since, different Brexit outcomes have been talked about, possible consequences have been discussed but mainly, the big uncertainty and fear for the future trade between The Netherlands and the United Kingdom are present. This is also the case for the Dutch companies exporting frozen potato products. With the United Kingdom being their largest export market there is a high degree of uncertainty. This is mainly because the United Kingdom is not self-sufficient in producing frozen potato products. Therefor this research study will give the Dutch exporting frozen potato product companies a better idea what consequences they can expect for the different Brexit scenarios in terms of new tariffs and non-tariff barriers.

A qualitative research method has been used to answer the main research question; What will change for the Dutch export of the HS200410 product to the United Kingdom with the different Brexit scenarios? The different Brexit scenarios that are dealt with are the Soft Brexit, the Hard Brexit and the no-deal Brexit.

Of the three scenarios that are studied the no-deal Brexit is the one with the most significant changes. The United Kingdom will leave the European Union without any trade agreement. The goods traded between the UK and the EU will be subjected to the same requirements as third country goods as set by the WTO, resulting in a big increase in non-tariff barriers.

The biggest changes in terms of costs will possibly come from the non-tariff barriers, with additional costs varying between 2.9% to almost 13%. Whereas the tariffs are expected to remain having a zero-duty rate, mainly because the UK is far from being self-sufficient.

The preparation for the 31st of October is the most important for the exporting companies. Paperwork and calculating extra hours for the transport are the most important findings in this study. These will result in cost increasing effects which have to be taking in mind to see whether or not it is still profitable to export the product to the UK after the Brexit.

1. Introduction

June 23 2016, a historical day that can only turn out be more historical than it is already. On this date the inhabitants of the United Kingdom (UK) voted to leave the European Union (EU) (Davies, 2018). The outcome of the referendum was 51.9% in favour to leave the EU therefor (De Carvalho, 2018), on the 29th of March 2017, article 50 of the Lisbon treaty was invoked by the British government (Aristeidis, 2018). Article 50 is the only legal mechanism for a member state of the EU to leave. It sets out the steps a country needs to go through to withdraw from its treaty obligations (Institute of government, 2016).

At this moment the UK confirmed to step out of the EU. This so-called Brexit, a blending of “British exit”, might have a significant impact on the different economies in both the UK and Europe. Since the UK is the first country to invoke article 50 it is not sure what is going to happen and under which circumstances and conditions this will be.

The UK and the EU have had a complicated relationship from the start. Shortly after the second world war, the European Coal and Steel Community (ECSC) was founded by the treaty of Paris. The members that joined in 1951 were The Netherlands, West Germany, France, Italy, Luxembourg and Belgium. The UK already received an invitation to participate but declined this invitation (Ukandeu, 2016).

In 1957, the countries that are in the ECSC formed two further organizations called the European Atomic Energy Community (EAEC) and the European Economic Community (EEC). These organizations are set under the Treaty of Rome. Only three years after, in 1960, the European Free Trade Association is formed. The countries Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the UK are seeking to establish free trade but want to avoid the creation of a supranational institution. Only one year later the UK submits its first application to join the EEC. In 1963 the British request was turned down (Ukandeu, 2016).

In 1965 a treaty was signed where the EAEC, the EEC and the ECSC are combined into one European body called the European Communities. Two years later the UK makes a second application to join the European Communities but again, the application is turned down (Ukandeu, 2016)

In 1968 the six members of the European Communities removed all the import duties for their countries, so a customs union is created. Five years later the UK tries to join for the third time and is finally accepted (Minto, Hunt, Keating & McGowan, 2016). The UK joins the European Community together with Denmark and Ireland. In 1975 the UK had a referendum to confirm if they want to stay in the European Community. The British inhabitants do confirm they want to stay in by a vote of 67% against 33% (Ukandeu, 2016).

The Schengen treaty was signed in 1985; this treaty is signed to create a borderless zone across most of the member states. The UK does not sign this treaty. One year later, in 1986, the Single European Act is signed, this act will launch an ambitious plan to create a single market by the end of 1992 (Ukandeu, 2016).

In 2002 the Euro coins and notes became the legal tender of the EU member states that are participating in the single currency, the UK does not want to participate in this and keeps her currency (Ukandeu, 2016).

The Lisbon treaty in 2007 changed the opinion of the British since then Brussels got broader powers which were controversial in the negotiating process (history, 2017). In 2013, after decades of discussing the relationship between the EU and the UK, David Cameron, the prime minister of the UK, promised that if he got re-elected, he would renegotiate Britain's membership of the EU (Economist, 2017). This was an aftereffect of the European Union act in 2011 where Cameron became the first UK prime minister to veto an EU treaty. This Lisbon treaty required that any EU-wide agreement that passes substantive new powers to Brussels to be put in a British referendum (economist, 2017). The main negotiation topics for Cameron were the migrant welfare payments, financial safeguards and more accessible ways for Britain to block EU regulations, with the promises he made, he set a date for the referendum, 23rd of June (Plakandaras, 2016).

Theresa May took over from a resigning David Cameron and announced that she had the intention to invoke article 50 (Henökl, 2017). This meant that she formally gave notice that the UK wanted to leave the EU. From the 29th of March 2017 the two-year countdown started to negotiate the Brexit (history, 2017).

Brexit creates many uncertainties regarding the future of Europe. These include the short- and long-run impacts of new tariff and nontariff barriers (NTBs) between the UK and the remaining 27 members of the EU (Hosoe, 2018). With the UK leaving the EU it might not be as interesting as it was before to have a headquarter in London. Therefore, a lot of big companies are leaving the UK to set up their headquarter somewhere else in Europe (independent, 2017). This will result in a loss of jobs around the UK but mainly in London.

The EU wants the Brexit negotiations to be conducted as soon as possible with the aim of doing a deal that maintains strong links with the UK but does not disadvantage the remaining 27 countries or lead to any of those countries leaving too (Raboresearch, 2017).

The position of the Netherlands as an export country is mostly determined by the influence and cooperation between governments and the EU-policy that results from this. In this case it is about trade policy: the measures that the government of a country can take to influence the outcomes of the process of international specialization. In this context, two economic practices

and opinions are facing each other, namely those of free trade policy and protectionism, what will be explained later on (Veldman, 2009, p.33).

In the case of free trade policy, international trade takes place entirely according to the laws of supply and demand. This trade policy has a number of advantages:

- It leads to effective competition and thus to technical innovation.
- It does not provoke countermeasures that can lead to a trade war.
- It leads to international stabilization of prices, countries and organizations.

There are also some critical comments on the theory of free trade. To mention some of the disadvantages:

- The theory does not take account of changes in the economic climate and the influence of emotional, cultural and religious influences on the behavior and possibilities of companies.
- In theory great value is attached to the effect of comparative costs and it does not take into account the limitations of the operation.
- Developing countries also argue that international free trade by definition discriminates against developing countries, impeding their growth potential (Veldman, 2009, P. 33).

The most important treaty in which the free trade policy was established was the General Agreement on Tariffs and Trade (GATT). The purpose of the GATT was to abolish mutual trade barriers between the member countries. This treaty has been signed by 128 countries, including most developing countries and all major industrialized countries. In practice, the signing of various adjustments of the treaty has not always led to participation in the trade negotiations of all signatories. The World Trade Organization has, among other things, the task to ensure that the existing GATT-rules are followed correctly. Besides that the WTO could be called the international trade court since it is an essential mission of the WTO to solve disagreements between trading countries (Veldman, 2009, P. 34).

When talking about protectionism as mentioned earlier, the definition will be described first; Protectionism is the policy of protecting the domestic industries against the industries from foreign competition (Britannica, 2014). An internationally operating company like Unilever or Danone for example can face different protecting measures. These protecting measures can be, import duties, export subsidies, import and tariff quotas, non-tariff barriers and trade agreements. These measurements can be called the traditional protectionist measures (Veldman, 2009, P. 38). These traditional measures will be described one by one below.

- Import duties

Import duties are also referred as tariffs. These are taxes that the government of the importing country adds on imported goods and services. There are different forms of import duties;

- Specific: A fixed amount per volume of the imported product.
- Ad valorem: A fixed percentage of the value of the product
- Variable: The amount of the import duty depends on the height of the price of the product; a product with a low price has a high tariff and vice versa.
- Prohibitive: The rate is that high that there is no import possible.
- Implicitly: Such a structure of the tariffs that raw materials and end products are heavily taxed (Veldman, 2009, P.38).

- Export subsidies

In the case of export subsidies, the government provides financial support to exporting companies in order to increase their competitiveness in the foreign market. Export is stimulated in the Netherlands by the activities of the Federation for Dutch Export (Feedex) (Veldman, 2009, P.38).

- Import and tariff quota

For import quotas, the government determines the amount of the product to be imported by the quantities (quantity quota) or by of the value of the imports (value quota). Besides the import quotas there are tariff quotas, these are a combination of import duty and a quota. Import duty is levied above a certain quantity of goods to be imported. Import duties can be bilateral or multilateral or can be global; this is only when they apply to all countries (Veldman, 2009, P.39).

- Non-tariff barriers

Non-tariff barriers are rules, regulations, formalities and procedures that can obstruct international trade. Examples of non-tariff barriers are customs formalities, health and safety regulations, inspection requirements, toll charges on motorways and so on. Non-tariff barriers are a very veiled but effective form of protectionism (Veldman, 2009, P.39).

- Trade agreements

Trade agreements are agreements between two (bilateral) or several (multilateral) countries in which agreements regarding mutual trade have been made (Veldman, 2009, P.39). Once an agreement passes the regional level the WTO steps in to help. The WTO is an international body that supports and helps with the negotiation of global trade agreements (Amadeo, 2018). The biggest challenge for the UK is to find a new position within the world of trade agreements (Brakman, Garretsen & Kohl, 2017).

Although the history of the potato lays in the Andes, the biggest exporter of potatoes either processed or preserved, also known as HS200410, is The Netherlands (Workman, 2018). The single largest market is the United Kingdom as can be seen in figure 1 (CBS, 2016). The HS200410 code (potatoes either processed or preserved) also includes the frozen potato products what will be the main product that will be investigated in this research,

Top 5 export countries for Dutch frozen potato products, 2015

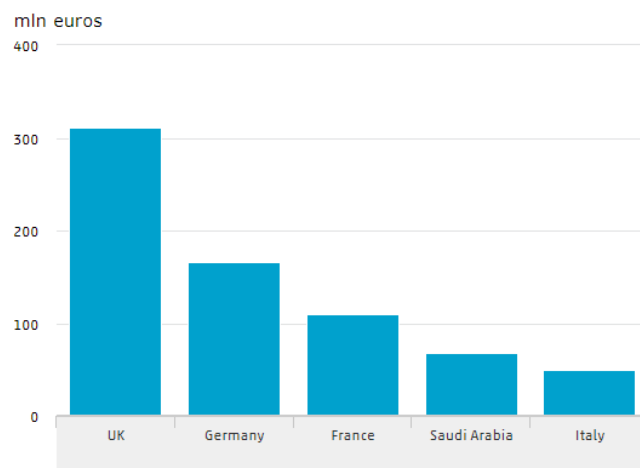


Figure 1: export countries, CBS.

The HS200410 code is a so-called 6-digit Harmonized System code (HS) it is an internationally used system. This system allows participating countries to classify traded goods on a common basis for customs purposes (United Nations, 2017).

The UK is by far the biggest export country for the Netherlands for frozen potato products and therefore it is good to know what impact the different Brexit scenarios will have on the frozen potato products export industry.

There are three main scenarios what will possibly happen during the Brexit negotiations, the soft Brexit, the no deal Brexit and the bilateral Free Trade Agreement (Jackson, 2018). The first one is the 'Soft' Brexit, also called the common market 2.0 or the Norway plus model: The UK remains entirely part of the European Single Market and trade costs will only result from non-tariff barriers, since the UK does leave the EU Customs Union (Raboresearch, 2017). With this approach the UK could re-join the EFTA/EEA.

'The European Free Trade Association is an intergovernmental group of countries that seeks to promote free trade and economic integration between its members. EFTA has four members: Iceland, Lichtenstein, Norway and Switzerland. Iceland Liechtenstein and Norway are also members of the European Economic Area (EEA), along with all members of the European Union.'

Switzerland is unique because it is a member of the EFTA but not a member of the EEA' (house of commons, 2018)

The EU and related membership grouping can be seen in figure 2 (European Parliament).

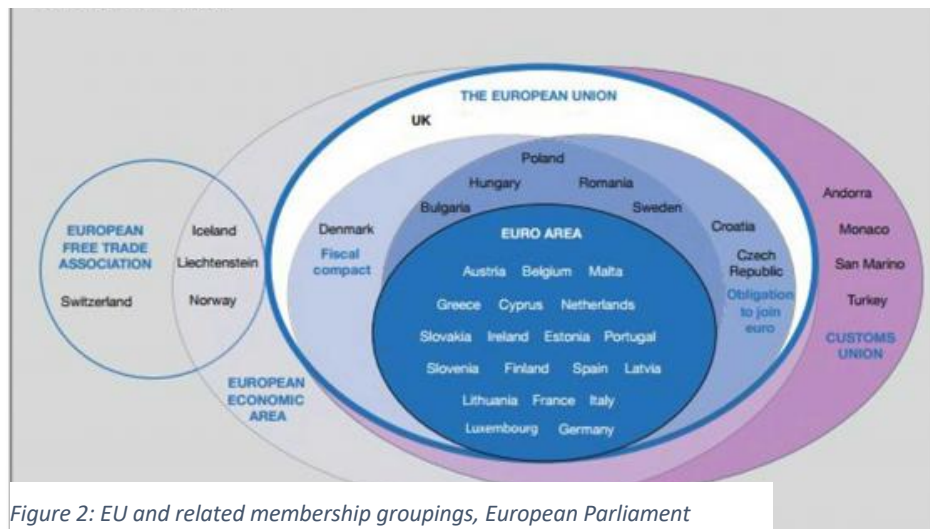


Figure 2: EU and related membership groupings, European Parliament

Secondly, a so-called bilateral Free Trade Agreement, (FTA), or the Canada style Brexit: the tariffs on products are expected to remain zero, but the increase in non-tariff barriers will be more significant than in the soft scenario. Services will no longer be able to move freely (Raboresearch, 2017). *'A free trade agreement is an agreement between two or more countries that aims to liberalize the trade of goods and/ or services. Rather than providing completely free trade, FTA's provide preferential market access relative to a situation in which no such agreement exists. The main benefit of FTA's is lower tariffs than those prescribed by the WTO: FTA's reduce or eliminate tariffs and remove quotas on imported and exported goods'* (Parliament, 2016).

Thirdly the no deal scenario. Negotiations between the EU and the UK break down. In this scenario and the UK leaves the EU without any trade agreement. The World trade organization (WTO) agreements will form the basis of the hard Brexit scenario. It is assumed that the UK will be able to copy the EU's WTO schemes for tariffs and quotas (Raboresearch, 2017). There will be consequences for almost every single export company and/or product from the Netherlands to the UK. However, this report will only deal with the implications for the frozen potato products. The reason to deal with this product is in the interest of the author of this report. The author of the report has a background in the potato sector and is planning to use this information and developments in his future career. Besides the interest of the author of this report, the data of this report can be used by Dutch frozen potato producing companies for eventual further steps in exporting.

Moving goods across borders within the EU is easy and cheap at present. The only documentation needed for transporting goods from one country in the EU to another is a copy of the packing list or commercial invoice and the travel document. At the moment, there is no customs clearance process and no duties applied. VAT does not have to be handed over before the goods can be moved from the receiving port or airport. After the Brexit additional administrative burdens will apply and the UK is treated like other countries from outside the EU (Tielmann, 2017).

Due to the referendum England will leave the EU and so far, there is no research done for the consequences that the Brexit will have on the frozen potato export producing companies. This report aims to give an overview of what possibly can happen with the export of frozen processed potatoes to the UK. There might change a lot concerning costs, paperwork and trade barriers between the UK and The Netherlands. This report is written to support organizations regarding the trade of this product to understand the consequences and how to respond to the possible changes.

To investigate the impact of the Brexit on frozen potato products the following research question has been formulated:

What will change for the Dutch export of the HS200410 product to the United Kingdom with the different Brexit scenarios?

The purpose of this research question is to determine the consequences that the Brexit will have on the frozen potato export producing companies because this has not been investigated yet. With the outcomes of this research the companies that export the frozen potato products will have more information and knowledge about the different procedures and economic consequences of the Brexit.

To determine what the consequences of the different type of Brexit possibilities are on the HS200410 export for The Netherlands the research question is supported by sub-questions being:

- What are the consequences if an EEA Brexit will take place?
- What are the consequences if an FTA Brexit will take place?
- What are the consequences if a no deal Brexit will take place?

2. Methodology

The qualitative research that will be conducted will be done by desk research with existing sources of information about the Brexit and the different protection measures. Besides the desk research interviews will be done with different people of various organizations that can relate to this topic.

The first step in the research is to gather information on the effect of the three types of Brexit possibilities. The three types of the Brexit options that will be examined are the soft Brexit (EEA), the no deal Brexit (WTO) and the Free Trade Agreement approach (FTA). These three Brexit approaches will be the red line through the report. The three Brexit approaches will be examined by possible consequences for the traditional protection measures; import duties, import and tariff quotas and non-tariff barriers.

The desk research that is done via internet sources and reports will end up in a strategy for all the three Brexit approaches. The strategy of the three possible outcomes will help the companies/organisations to prepare for the different Brexit outcomes.

Literature search is the key to a good research study. It is important to filter all the relevant information and articles that will be helpful in answering the main research question.

There are two stages in the search of relevant and useful information.

The first check is to see if the information presented is relevant and what the level of the information given is. Next to that it is important to figure out what the purpose of the literature found, is the information set to inform, convince or entertain? And what is the quality of the literature found?

When these requirements all pass it is time to go to the second and more detailed check.

In the second check, the author, actuality, objectivity and precision are monitored. Information like; who is the author? What else did he write? What sort of institution or authority published the article? For what target group is the article written? All these factors will be checked to see whether or not the article will be usable (Dal.ca, 2019).

The relevance for the articles was barely needed to check since the Brexit is a really recent topic.

In the end of the research this will give a clear overview of what the exporting companies from The Netherlands of the HS200410 product can expect and how they can prepare for them. After this is done the connection between the possible Brexit scenarios and the consequences for the HS200410 will be clear.

The interviews that will be done will be done by different people from different institutions or companies to get a clear idea what they think will be the impact for The Netherlands and how they are preparing for the Brexit. Companies, organizations and institutions like Aviko, Agristo, The Rabobank, will be interviewed to get inputs from all the different angles.

The interviews are structured for all the different interviewees, predetermined questions are set. By doing the researcher can compare and contrast different answers to the same questions. Most of the interviews are done by telephone to be able to interview personally but also to enable the researcher to gather information rapidly.

3. Results

During the research for the consequences that the Brexit will have on the export of the Dutch frozen potato export, interviews were taken together with the desk research to get the most accurate information about the consequences. There are three possible scenarios that are focussed on as described earlier, the EEA Brexit, the FTA Brexit and the Hard/No-deal Brexit. The Results chapter will provide the answers to the sub-questions obtained by the different interviews and the desk research that has been executed. The complete interviews can be found in the appendices of this research under appendices 2–6.

3.1 What are the consequences if an EEA Brexit will take place?

The EEA/soft Brexit also called the common market 2.0 or the Norway plus model is possibly the softest outcome of the Brexit negotiations.

This scenario is also called the common market 2.0 or the Norway plus model for the big similarities that it has compared with the ongoing membership of three EEA members, Norway, Liechtenstein and Iceland.

Due to the fact that this possible Brexit outcome is comparable with the Norway-EEA situation, this situation will be closely compared with each other in this sub-question.

As indicated by the interviewees the soft-Brexit will be the most favourable outcome for either the UK but also for the exporting companies if there comes a deal (Peters, 2019; Smit, 2019).

This is simply because with this outcome it seems like the least will change compared to the other scenario's (Scholten, 2019).

The most significant changes that will derive from this deal is that the UK will not be part of the customs union anymore. Therefore there is some additional administration required when the UK wants to trade with the EU (Reland, 2018). The additional administration that will arise after the Brexit is one of the non-trade barriers. As described earlier on in this research, non-tariff barriers are rules, regulations, formalities and procedures that can obstruct international trade. When looking at table 1, the non-trade barriers are predicted to change between 2.8% & 4% in the EEA scenario (Tetlow, 2018). These percentages are from different studies of the Rabobank, Centre for Economic performance (CEP) and the HM Government (HMG). Note that these numbers are not set for the HS200410 alone but are a general average. These numbers are slightly lower than the expected non-tariff barrier costs that Mr. Smit indicated in the interview. Mr. Smit expects that the costs for the non-tariff barriers will be around 5% - 8% extra per truck transporting the goods (Smit, 2019).

Table 1: How much would non-tariff barriers to trade change following Brexit? Institute for government.

Study	Predicted change in non-tariff barriers with the EU (% tariff-rate equivalent)			
	EEA	FTA	WTO	UFT
EFT	–	–	–	No change
Ciuriak / Open Europe			+3.26%*	
CEP	+2.8%	–	+8.3%	+8.3%
PwC	–	**	**	–
Rabobank	+3.3%	+5.9%	+8.7%	–
HMG	+4%	+7%	+10%	–
CPB	–	+6%	+12.9%	–

* This figure includes only the additional costs of border procedures and paperwork. Ciuriak's modelling (which is also used in the Open Europe report) also includes additional non-tariff barriers to services trade but the published report does not state how large these are predicted to be.

** PwC assume that in an FTA scenario, non-tariff barriers between the UK and EU would rise by one quarter of the difference between those that currently exist between the UK and EU and those between the UK and non-EU countries. In a WTO scenario they assume barriers rise by three quarters of this difference. However, they do not provide a figure for the overall average increase in non-tariff barriers in either scenario.

Notes: All the other studies (Bertelsmann, NIESR, OECD, Oxford Economics, Treasury) assume there is some increase in non-tariff barriers between the UK and EU in all scenarios but do not spell out how large these are predicted to be in terms of the tariff-rate equivalent.

When the UK remains in the EEA, they will stay in the European single market. Therefore the UK will continue to accept the rules and policies that are set by the EU but with barely any ability to shape the rules and policies (Tetlow, 2018).

In terms of the tariffs for the HS200410 product there will not be any change compared to the current situation. Due to the fact that the UK remains a member of the EU single market there will be no tariffs imposed on the goods traded between the EU and UK, noted that the goods that are traded will meet the UK and EU rules of origin (Tetlow, 2018).

3.2 What are the consequences if an FTA Brexit will take place?

With the Free Trade Agreement (FTA), or the commonly named hard Brexit the UK will leave the single market and the customs union. With the hard Brexit deal the EU and UK would agree on a broad free trade agreement. This is the reason that the FTA scenario is also called the Canadian Brexit model since Canada and the EU have the so called, Comprehensive Economic and Trade Agreement, better known as the CETA.

When the EU and the UK come to a deal, they will sign a comprehensive FTA, like the CETA, which will reduce tariffs on the goods that are being traded between the two parties to below the EU's current Most Favoured Nation (MFN) rates (Tetlow, 2018). However, the International Monetary Fund (IMF) assumes that in the FTA Brexit scenario the tariffs on goods trade remain zero, and that the non-tariff costs increase (IMF, 2018).

Non-tariff barriers will have a significant change in terms of costs when the FTA scenario will take place. Scholten expects that the transport to England will cost them an extra day compared to what it takes them now to transport the product (Scholten, 2019). Besides the extra day of transportation, the added administrative workload of dealing with customs, filling in all the paperwork but also the application for the different permits are expected to cost a lot of labour hours, (Decaluwé, 2019; Smit, 2019). An expected number of the extra non-tariff barriers is not given by the interviewees, therefore the Tetlow research of the predicted changes in non-tariff barriers is being used again in this scenario.

The predicted changes for non-tariff barriers with an FTA Brexit scenario are between 5.9% and 7%, these predictions are made by Rabobank, HMG and Centraal Plan Bureau (CPB) as can be seen in table 1 (Tetlow, 2018). This number is a huge increase in costs for the exporting companies. Since the profit margin of the HS200410 product is relatively low this might cause a big problem in terms of competition. Currently the Dutch exporting companies of the HS200410 product are still able to compete with the UK producing companies (Peters, 2019) but this might change by the big increase of the non-tariff barriers.

Looking at the current tariff rates for the HS200410 product for the trade between Canada and The Netherlands there can be seen that the rate for EU countries is 0% (European commission, 2019).

3.3 What are the consequences if a no deal Brexit will take place?

The consequences if the UK and Europe cannot come to an agreement will be more significant in comparison when they do come to an agreement. When the no deal Brexit takes place, the UK will not only leave the EU, but also the customs union and the single market, similar to the hard Brexit scenario. The difference between these two is that with the no deal Brexit the goods that are traded between the UK and the EU will be subject to the same requirements as third country goods as set by the WTO, this includes the payment of duty (Department for international trade, 2018). Importing the HS200410 product from outside the EU is subject to a third country duty of 17.6% unless subject to other measures (Trade tariff, 2019).

Under WTO rules, the principle of most-favoured-nation (MFN) treatment means that, unless a preferential agreement between two countries is in place the duty rate, on the same product/good, must be charged equally to all WTO members (Department for international trade, 2018).

The UK will apply its MFN rates to goods imported into the UK from the EU. The government will determine and publish these new UK duty rates before they leave the EU. They may be different from the rates in the EU's common customs tariff (CCT), (Department for international trade, 2018).

CPB estimated that the MFN tariff for agriculture will be 4.5% for UK imports and 2.6% for EU27 imports (CPB, 2016).

However, in a recent update of the HRMC (Her Majesty's Revenue and Customs) a list is published where the temporary rates are stated when the UK leaves the EU without a deal. The goods that are not listed will have a zero-duty rate (HMRC, 2019). In this list the HS200410 product is not listed like most agricultural products except meat. Looking further in the content it is also stated that there are no tariff rate quotas for the HS200410 product. This corresponds once more with the answers from the interviewees, that since the UK is not self-sufficient in producing/processing potatoes, they do not expect high tariffs and quotas for the product (H. Smit, 2019; J. Peters, 2019).

Furthermore, the non-tariff barriers costs are predicted to rise between 3.26 % and 12.9% (Tetlow, 2018) as can be seen in table 1. These are figures from different studies of CEP, Rabobank, HMG, CIURIAK and CPB.

When looking into the different non-tariff barriers the most significant barrier will probably be the customs delays, and the extra administrative work in terms of filling in paperwork (H. Smit, 2019; Decaluwé, 2019; Scholten, 2019). Mr. Smit also does not expect the UK to be ready for all the extra work that will arise at the border. The increase in labor at the border will cause the biggest problem and therefor results in a lot of delay for the trucks exporting the goods to the UK (Smit, 2019).

4. Discussion of results

Due to a shortage of information on the consequences of the different Brexit scenarios for the frozen potato exporting companies the objective for the research was to fulfil this knowledge gap. The information that is being gathered in this research will help the organisations knowing what to expect once the final outcome of the Brexit negotiations is decided. In this chapter; discussion of results, a more critical reflection is given on the results of the research. The most remarkable findings of the research will be discussed per sub question and discussed critically. In the end of this chapter there is a discussion of the methodology and the results gathered.

4.1 What are the consequences if an EEA Brexit will take place?

The consequences for exporting the HS200410 product to the UK with the softest possible outcome, namely the EEA Brexit, is obviously the most preferred by all interviewees. With the UK still being part of the single market there will be no tariffs imposed on the goods traded between the countries. This is obviously a positive finding for the exporting companies, no extra tariffs mean no extra costs. However, the biggest issue that will arrive from this scenario are the non-tariff barriers when doing business with the UK. With a relatively low increase of around 3% in non-tariff barriers this will become the biggest (financial) issue in this scenario. This number has to be looked at critically when doing business with the UK to make sure the export of the HS200410 product is still profitable.

However, it seems like this is also the most unlikely scenario that will take place. Since the UK has chosen to leave the European Union it is most likely that they will not opt for this scenario. This EEA Brexit scenario is still too EU focused and does therefore not meet the expectations of the UK leaving the EU.

4.2 What are the consequences if an FTA Brexit will take place?

With the FTA Brexit the UK will leave the single market and the customs union. With the hard Brexit deal the EU and UK would agree on a broad free trade agreement similar to the current CETA agreement. This FTA agreement will reduce the set WTO tariffs to on the goods that are being traded between the two parties.

However, the International Monetary Fund (IMF) assumes that in the FTA Brexit scenario the tariffs on goods trade remain zero, and that the non-tariff costs increase.

The expected increase for the non-tariff barriers is relatively high. With a predicted increase of around 6% - 7% this number could potentially already be crucial to the net profit margin of the HS200410 product for the exporting companies. The actual increase in costs should be monitored closely by the exporting companies to make sure they still make profit of exporting the goods. In the end this might result in higher product prices for the UK customer or a different range of products exporting to the UK. The products with the least profit and the biggest competition might even not be exported anymore, simply because it not cost-effective anymore.

The CETA agreement between the European Union and Canada took seven years of negotiation. To come to a Brexit agreement is already a huge time-consuming process, so how long will this take? All sorts of rules and regulations will have to be set up. However, there will be a transition period take place when agreeing on this Brexit scenario, this transition period will be needed for both parties, the transition period can be extended by one or two years and will have barely any changes compared to the current situation. The hard Brexiteers seem to not like to use a lot of the transition period since they will be tied to the EU rules and regulations for another few years.

4.3 What are the consequences if a no deal Brexit will take place?

With the UK leaving the single market and the customs union with a no deal Brexit and will be subjected to the rules and tariffs of a third country as set by the WTO. However, it is predicted that the tariff rates for the HS200410 will remain zero, simply because the UK is not self-sufficient in producing and processing the frozen potato products. This would be a really positive message for the Dutch frozen potato product exporting companies since they will still be able to compete with their competitors in the UK itself.

The enormous negative effect of the no deal Brexit will be the non-tariff barriers once more. With a predicted increase between 3% to 13% this could be crucial in the future trade between the two countries since the UK is the largest export country for Dutch frozen potato products. If the export of the product will not be profitable anymore and they have to increase prices it might be hard to compete with the UK competitors. The UK might not be self-sufficient but with the increase of prices there might be a shift in the consumption of the frozen potato products in the UK.

The high rise in non-tariff barriers are caused by the extra border control and customs procedures that will be set up since trading with a third country. These procedures will result in longer waiting times for the trucks at the border and more paperwork in order to even ship the product. Unfortunately for the exporting companies, this is at the moment the most likely outcome of the Brexit negotiations.

Conclusively, when there is no withdrawal agreement, there is no transition period and we will face an abrupt end of the UK and EU collaboration. This is the horror scenario for most people and businesses. With no idea what is happening and how well everyone is prepared for these measures it will could cause big troubles and disagreements at the borders.

4.4 Process and methodology

Reflecting on the results that have been gathered during the research it can be said that it was correct that there was, and still is, a lack of information available for the exporting potato companies. Therefor the expectation of the author of this research is that it will be a step in the right direction for the organisations that are exporting the HS200410 product to set a good strategy for the different possible outcomes of the Brexit.

During the research different challenges have been encountered, difficulties that have been faced during the research were the lack of information available about the Brexit in general and the amount of assumptions that are gathered during the research. The difficulties can be explained by the rareness of the situation that is happening at the moment, never in the history of the EU article 50 was invoked by any country. Therefor there are no similarities existing of earlier deals that are being made between the EU and a country that requests to leave the EU. Besides the difficulties of gathering information about the consequences for the HS200410 product, it was difficult to compare the different assumptions/predictions that have been made or researched. Since the Brexit is new for everyone it was hard finding interviewees that had a more than basic knowledge about the consequences of the Brexit, hence the number of interviews is not as many as expected or preferred.

Due to the differences in assumptions about tariffs and non-tariff barriers it is hard to predict a concrete number of percentages were the organisations can anticipate on.

Finally, the political changes that have occurred during the Brexit negotiations did not make it easier to write about the predicted outcome, the negotiations that the EU and prime minister May made will possibly be different once the new prime minister is elected.

5. Conclusions and recommendations

The research that has been conducted has shown that there are still a lot of uncertainties in the outcome of the Brexit which results in a lack of information how to prepare for the Brexit. The aim for this research was to determine what the consequences of the different type of Brexit possibilities are on the HS200410 export for The Netherlands are and what the companies/organization can expect whatever the outcome will be.

The first sub question predicts the possible consequences when a soft European Economic Area Brexit will take place. The most important finding at this sub question is the increase in non-tariff barriers, the relatively low increase of cost and labor will be the most significant in this case.

The second sub question studied the possible consequences for a Free trade agreement Brexit scenario. In this case the non-trade barriers are already significantly higher than in the current situation and the European Economic Area agreement. The transition period however will play a really important role in this scenario. With the time it will cost to finalize the trade agreement it is to hope for the exporting companies that the transition period will be as long as possibly possible.

The third sub question answered the possible outcomes for probably the most likely outcome of the Brexit negotiations, the no-deal Brexit. With this being the most likely outcome of the three Brexit scenarios this is unfortunately also the scenario that is the hardest to predict. The reason for all the uncertainties in this case is the fact that this will be the first time an EU country will actually exit the EU and all her economic integrations. With this outcome the UK has to be treated as a third world country what possibly leads to long waiting lines at the border.

Having all the sub questions answered and discussed, the main research question; What will change for the Dutch export of the HS200410 product to the United Kingdom with the different Brexit scenarios? Is hereby discussed as well. The table below summarises the different results of the different scenarios.

Table 2: Predicted outcomes on frozen potato product industry

	<i>Tariffs on the product exported to the UK</i>	<i>Predicted non-tariff barriers change</i>	<i>Possibility of Brexit outcome</i>
<i>European Economic Area (EEA) Brexit</i>	No added tariffs expected	2.8% - 4% increase	Very unlikely
<i>Free Trade Agreement (FTA) Brexit</i>	No added tariff expected	5.9% - 7% increase	Likely unlikely
<i>No deal Brexit</i>	Low probability of added tariff	Up to 13% increase	Likely

Based upon the results of the research conducted the following recommendations are proposed.

First of all, preparation will be key in a successful transition after the final Brexit outcome. One of the most important preparation will be to make sure the organization will calculate more time for the passing the border with the trucks. This non-tariff barrier will have probably the biggest impact on the export with all the three possible Brexit outcomes in terms of money and time. The first weeks, months and maybe years will be hectic at the borders and time will tell how long it takes till the customers handling of import and export freight will go smoothly.

The costs of these non-tariff barriers will have to be looked close at. The big increase of costs for the three different scenarios might result in a negative profit margin for the HS200410 product. Another advise that could be given is to try to enter the UK from different ports to reduce the average waiting time. There are multiple options to enter the UK with a truck, so it is good to look for the different possibilities to see what takes the least time and problems at the different borders.

With these preparations there are also other non-influenceable factors that have to be considered. Fluctuations in the currency for example, during the transition phase or the first years post Brexit the currency might fluctuate a lot. These can also have a significant impact on the profit margin of the exported product.

However, it is good for the exporting companies to look for new opportunities to compete with the foreign market in the UK. With an extremely rare occasion like the Brexit there will form new opportunities. Building or renting cold storage close by the border might be a possibility to take in mind, this could eventually save costs and reduce transportation time within the UK. Besides that, building a factory in the UK have to be considered, however since the UK is not self-sufficient, the raw product still needs to be exported to the country which necessarily could still not be profitable.

After the 31st of October when there is hopefully more clarification about the future relationship of the United Kingdom and the European Union, it is good to continue researching about the impacts that the Brexit has had on the added costs for the exporting companies. This research can be done about a year after the Brexit date and/or eventually a year after the possible transition period is over.

Since the consequences of the possible Brexit scenarios are almost impossible to predict there is only one way to find out, and that is to face the consequences and be as best prepared as possible.

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Appendices

Appendix 1, Article 50, Lisbon treaty

Article 50, Lisbon treaty

Article 50

1. Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.

2. A Member State which decides to withdraw shall notify the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. That agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union. It shall be concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament.

3. The Treaties shall cease to apply to the State in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period.

4. For the purposes of paragraphs 2 and 3, the member of the European Council or of the Council representing the withdrawing Member State shall not participate in the discussions of the European Council or Council or in decisions concerning it.

A qualified majority shall be defined in accordance with Article 238(3)(b) of the Treaty on the Functioning of the European Union.

5. If a State which has withdrawn from the Union asks to rejoin, its request shall be subject to the procedure referred to in Article 49.

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Appendix 2, Interview Mr. Peters, Aviko.

Manager internationalisatie & projecten Aviko Potato.

Wat doet Aviko met betrekking tot handel met Engeland?

“Engeland is onze tweede grootste afzetmarkt een erg grote handelspartner.”

Welke uitkomst denkt u dat er plaats gaat vinden? Hard of soft?

“Hard Brexit lijkt het op. Engeland customs heeft nog niks in gang gezet om na de Brexit alles klaar te hebben. Geen cursussen nog gedaan, dus lijkt op 3^e land, maar ze hebben nog geen maatregelen genomen om dat op poten te gaan zetten.

Overgangperiode lijkt er ook nog niet op. Dan nemen ze de tijd om het te regelen. Dus dan verwacht meneer Peters wel dat het goed komt. Maar geen overgangperiode dan gaat het verkeerd lopen en weten ze niet wat ze moeten doen.”

Wat is er eventueel het meest gunstige denkt u? En voor uw bedrijf?

“Soft Brexit of helemaal geen Brexit is het beste. Engeland is niet zelfvoorzienend, maar verwachten niet op zware heffingen, puur omdat ze dan niet kunnen leven, kost dan veel te veel, pond is ook al gedaald ten opzichte van de Euro. Consumenten zijn de “sjaak” als ze hoge heffingen gaan doen. Roept alleen maar weerstand op bij de burgers. Dus daar verwacht Aviko geen problemen in.”

Wat verwacht u dat de Brexit voor impact gaat hebben op de frietaardappelen naar Engeland? Wat gaat er veranderen?

“Harde Brexit, importheffingen. Import wordt duurder -> burger boos. Als we het elkaar lastig gaan maken.”

Waar bent u als bedrijf het meest bang voor met de Brexit?

“Engeland is importbehoefstig. Moet niet te duur worden, marge kan minder worden eventueel, we kunnen nu nog scherp concurreren met Engelse aanbod. Verschil van marge kan kleiner worden. Logistiek, langere wachttijden, niet op tijd, klagen, transportkosten omhoog. Wat Aviko denkt is dat Engeland niet in staat is om het volume te produceren/verwerken. Voor Engelse boeren is het te moeilijk, te risicovol product. Engeland blijft een eiland, dus altijd transportkosten. Engelse boer is lui en wilt bijvoorbeeld veel eerder graan telen, is makkelijker en minder risicovol. Weinig kans dat Engeland areaal uitbreiding gaat doen van aardappels.”

Wat kan een oplossing zijn voor uw bedrijf? Fabriek in Engeland?

“Fabriek bouwen, kun je daar aardappels krijgen? Kan dat kostendekkend? Hier verwerken en transporteren naar Engeland kan nu nog uit, maar met importheffingen kan dat anders worden. Engelse telers voelen zich rustig, continue leveren naar fabriek is lastig, het zal niet gaan om genoeg grondstoffen te krijgen. Lambweston heeft een joint venture contract met Engelse boeren, misschien is dat een oplossing”

Liggen er ook nieuwe kansen door de Brexit?

“Heel veel portfolio naar Engeland sturen, misschien wel breedste soorten. Betere prijs genereren door er waarde/luxe aan te maken. Als je dan een fabriek in Engeland wilt bouwen moet je er een hebben die alles kan produceren en dat is lastig.”

Wat denkt u dat u als bedrijf moet veranderen als de Brexit plaatsvindt?

“Wat Aviko zou willen is dat je ergens een vrieshuis kan huren, in Dover bijvoorbeeld. Om in Engeland een vriesvoorraad te hebben bij de grens. Logistiek levert het je wel op, maar wel meer kosten van het huren van een vrieshuis bijvoorbeeld.”

Appendix 3, Interview Mrs. Decaluwé, Agristo.

Supply chain coördinator, Agristo

Welke uitkomst denkt u dat er plaats gaat vinden? Hard of soft?

“Wij bereiden ons voor op een no deal Brexit, het worst case scenario voor ons en de meeste bedrijven die nu zaken doen met Engeland vermoed ik. Zoals het er nu naar uitziet lijkt het erop dat het een no deal Brexit wordt op 31 oktober. Door alle veranderingen, het opstappen van Theresa May, hoelang de Brexit onderhandelingen nu al bezig zijn en dat je toch wel merkt dat de inwoners van Engeland klaar zijn met de onzekerheid die het met zich meebrengt. De meningen zijn hier natuurlijk wel over verdeeld, aangezien het al zo lang duurt kan het misschien nog wel helemaal worden afgeblazen, wij hopen hier stiekem op maar het lijkt niet te gebeuren. Aan de andere kant zou het ook wel weer zonde zijn van alle investeringen en onderzoeken die al gedaan zijn.”

Hoe bereid u hierop voor? U geeft aan dat u nu al bezig bent met onderzoeken.

“Ja dat klopt, we zijn nu bezig/bezig geweest met het onderzoeken naar wat er gaat gebeuren bij een zogenoemde douane-unie, klanten in kaart brengen net zoals de productstromen en de transportstromen. Daarnaast hebben rechtsreeks contact met een contactpersoon van de douane en zijn we in contact met klanten die zich in eerste instantie zorgen maakte. Het grootste verschil voor ons worden vooral de invoerrechten en de export formaliteiten qua papierwerk.”

Heeft u enig inzicht in wat de gevolgen zijn voor uw bedrijf met de verschillende Brexit uitkomsten?

“Douane-unie/soft deal zullen denk ik niet zulke grote gevolgen hebben, dit is anders bij een no deal, hier zullen de invoerrechten gaan stijgen en als gevolg daarvan zal het product in Engeland duurder worden voor de consument.”

Wat is er eventueel het meest gunstige denkt u? En voor uw bedrijf?

“Geen Brexit is het aller makkelijkste, investeringen zijn al wel gedaan, dus we hadden een voordeel kunnen hebben. Inmiddels duurt het Brexit proces al zo lang dat ik denk dat iedereen er wel klaar voor is. We hebben onze klanten beloofd om het goed te laten verlopen vanuit onze kant, die garantie willen we ze kunnen geven, vandaar de investeringen en onderzoeken.”

“Ik verwacht geen hoge invoerrechten voor de aardappels, in een update van HMRC geven ze aan de in de eerste 6 maanden na de eventuele Brexit geen invoerrechten/klein percentage te gaan berekenen op aardappels. Dit is niet bij alle producten het geval.”

Wat verwacht u dat de Brexit voor impact gaat hebben op de frietaardappelen naar Engeland? Wat gaat er veranderen?

“De grootste impact gaat het administratieve gedeelte worden dit wordt significant meer werk, vergunningen die aangevraagd moeten worden maar ook de vertragingen die het gaat opleveren bij douanes. Op de lange termijn wordt het grootste gevolg het werk dat gedaan moet worden

met de exportformaliteiten, dit proberen we nu zoveel mogelijk te automatiseren. Engeland is natuurlijk een grote afzetmarkt voor heel veel Nederlandse producten en als ze dan elke vrachtwagen, elke container en elke inkomende vracht moeten afhandelen met het papierwerk kan dat nog wel eens onderschat worden.”

Wat kan een oplossing zijn voor uw bedrijf?

“We hebben wel gekeken naar een coldstore in de UK, export is al erg geautomatiseerd, zijn we op korte termijn niet van plan. Daarnaast hebben we natuurlijk een diepvriesproduct dat is wel wat makkelijker voor export dan vers. De proef voor een coldstore/vrieshuis al gedaan eind vorig jaar, maar is niet rendabel of nodig op korte termijn. Echter zagen we ook al dat klanten al meer afnamen naarmate de vorige Brexit deadline naderde (31 maart). “

Liggen er ook nieuwe kansen door de Brexit?

“Ik denk niet persé kansen, we zorgen gewoon dat we met alles up-to-date zijn. We hebben inmiddels een AEO-certificaat (Authorized economic operators). Met dit soort acties en voorbereidingen hopen we op een versnelde afhandeling bij de Douane.”

Wat denkt u dat u als bedrijf moet veranderen als de Brexit plaatsvindt?

“Nee eigenlijk denken wij niet dat we iets hoeven te veranderen, we zullen meer wachttijd inplannen voor de leveringen, maar verder zullen we het bij het bestaande concept houden.”

Appendix 4, Interview Mr. Smit, Rabobank.

Senior analyst food and agribusiness research, Rabobank

Welke uitkomst denkt u dat er plaats gaat vinden? Hard of soft?

“Verwachting nog wel 50-50% kan alle kanten op. Parlement moet het altijd nog goedkeuren, dus kan allebei de kanten nog op gaan. Stiekem verwacht ik nog wel een soft Brexit.”

Wat is er eventueel het meest gunstige denkt u? En voor uw bedrijf?

“Geen Brexit of een soft Brexit is natuurlijk het gunstigste voor iedereen. Aardappelen maakt het niet zoveel uit verwacht meneer Smit, puur omdat ze de capaciteit niet aan kunnen in Engeland, de Britten zijn niet zelfvoorzienend en daarom zullen de importheffingen ook niet hoog zijn.”

Wat verwacht u dat de Brexit voor impact gaat hebben op de frietaardappelen naar Engeland? Wat gaat er veranderen?

“Kosten van het invullen van douaneformaliteiten zullen veel tijd en geld in beslag nemen. Volgens Smit zal het 5-8% per vracht meer kosten. 5-8% van de waarde van de vracht. Daarnaast denk ik dat Engeland nog lang niet genoeg mensen beschikbaar heeft staan om al die formulieren te controleren en verwerken”

Waar bent u als bedrijf het meest bang voor met de Brexit?

“Het meest vervelende zal het zijn voor de bedrijven met de verschillende locaties in de waardeketen. Als bedrijf moet je nu haast de hele keten in een land hebben. Waardeketen over de grens zal lastig worden, eindproducten moeten in het land geproduceerd worden. Export uit Engeland naar Europa wordt onmogelijk door de invoertarieven. Handelsstroom wordt te duur. Europa zal, in tegenstelling tot Engeland, wel importtarieven en dergelijk hebben.”

Wat kan een oplossing zijn voor uw bedrijf?

“Eventueel fabriek in Engeland bouwen. Grondstoffen kunnen niet uit Engeland gehaald worden waarschijnlijk. Vrachtwagens eventueel leeg terug, dus kan weer duurder worden.”

Liggen er ook nieuwe kansen door de Brexit?

“De concurrentie vanuit Engeland wordt minder, aantrekkelijk om eventueel een friet fabriek neer te zetten in Engeland. Mits er genoeg aanvoer is van de boeren. Telers eventueel naar Engeland om daar te gaan telen”

Wat denkt u dat u als bedrijf moet veranderen als de Brexit plaatsvindt?

“Administratief komt er veel bij kijken, exporteren naar een 3^e land. Er zijn nu veel bedrijven die alleen handelen in de vrije handel (Duitsland, België, Engeland) geen derde landen, hier moeten ze zich erg op voorbereiden. Kost veel geld maar gaat ze niks opleveren. Sinds december zijn er wel veel documenten vrijgekomen over wat te doen met exporten vanuit Europa. Vanuit Engeland moet er denk ik nog veel geregeld en veranderd worden. Er moet meer douane personeel komen, bij de havens zullen meer standplaatsen moeten komen sinds de wachttijd waarschijnlijk langer gaat worden. De eerste paar maanden na de Brexit zal het daar chaotisch druk worden verwacht ik.”

Hoe gaat het voor de Rabobank?

“Voor de Rabobank zal het meevallen. De grootste verandering voor de internationale klanten van de Rabobank is het uitlenen van geld. Engeland zal een hoog risicoland kunnen worden door de Engelse kredieten. Dit kan eventueel weer doorberekend worden aan de klanten.”

Appendix 5, Interview Mr. Scholten, Aviko.

Transportmanager, Aviko

Welke uitkomst denkt u dat er plaats gaat vinden? Hard of soft?

“Ik ga toch wel uit van een harde Brexit, er is zoveel onenigheid binnen de politiek daar dus daar gaan ze denk ik niet uitkomen.”

Wat is er eventueel het meest gunstige denkt u? En voor uw bedrijf?

“Het allerbelangrijkste is dat er gewoon een deal komt, zonder deal zijn we het verste van huis. Als er geen deal komt gaat het een rotzooi worden bij de grens, veel wachttijden en papierwerk.”

Wat verwacht u dat de Brexit voor impact gaat hebben op de frietaardappelen naar Engeland? Wat gaat er veranderen?

“Ik denk dat de exportvolumes wel zullen dalen. We zullen waarschijnlijk een verschuiving gaan zien. Het exportvolume kan wel gelijk blijven, maar de wat goedkopere producten zullen meer verscheept worden, koopkracht van de Engelsen zal waarschijnlijk dalen, dit mede door de hogere prijzen die een bedrijf als Aviko moet doorberekenen aan de klant. Daarnaast kan de koers van de Pond de koopkracht ook wel laten zaken, zie economische crisis, dit is een beetje hetzelfde idee.”

Waar bent u als bedrijf het meest bang voor met de Brexit?

“Grootste angst is de vertraging om het land binnen te komen en de extra transportkosten. Transportmarkt naar Engeland is nu al schaars. Dus daar gaat waarschijnlijk marge wegblijven.”

Wat kan een oplossing zijn voor uw bedrijf?

“Zelf opslaan is schrikbarend duur, dat gaan we niet doen. We zullen proberen verschillende havens in Engeland in te gaan om zo te proberen de gemiddelde wachttijden naar beneden te halen. Daarnaast zullen we ook een extra dag transitie tijd inbouwen. Afhandeling in verschillende havens kan erg verschillend zijn.”

Liggen er ook nieuwe kansen door de Brexit?

“Kansen zeer matig, fabriek zal niet uitkunnen, hier hebben we wel naar gekeken maar daar is het aanbod van aardappels te klein voor binnen Engeland, als we dit willen doen zullen we nog steeds aardappels moeten importeren.”

Wat denkt u dat u als bedrijf moet veranderen als de Brexit plaatsvindt?

“We nemen de harde Brexit als uitgangspunt. In Basis zal er weinig moeten veranderen. Logistiek zal een dag langer nodig hebben. Voor ons is het denk ik vooral spannend wat de Inkomensontwikkeling in Engeland gaat doen. Koers van de Pond gaat erg interessant en belangrijk zijn. Daarop kunnen we dan weer inspelen met de breedte van het assortiment dat we verscheppen en beschikbaar maken binnen de UK.

Appendix 6, Interview European commission

The impact of Brexit, for the UK and for the EU27, will depend on the modalities of the UK withdrawal. The negative impact would be very strong – particularly on the UK but also on some economic sectors of the EU27 – in case of a “no deal”, which could happen on 31 October 2019 if the Withdrawal Agreement agreed between the EU and the UK government in November 2018 is not ratified by the UK Parliament. Under such a scenario the UK will be treated as a third country, i.e. trade in goods will be subject to tariffs (at the EU will apply its WTO-MFN rates on imports from the UK) and controls (customs, regulatory, etc.). The UK will also be free to define its sovereign regulatory environment (incl. agri-food legislation and trade agreements). The result will be an end to ‘frictionless’ trade. On the other hand, the ratification of the Withdrawal Agreement would mitigate this negative impact and pave the way for an ambitious future relationship between the EU and the UK. The Withdrawal Agreement would also provide for a transition period until the end of 2020 (with the possibility of extension for a period up to one or two years). During this transition period, EU law would continue to apply to and in the United Kingdom, therefore it would remain part of the Customs Union and the Internal Market. After the end of the transition period, however, EU law will cease to apply to and in the United Kingdom. This will have several consequences on EU citizens, namely if they travel to the UK, buy goods online from UK-based traders, plan to move to the UK for work or studies, etc. In all such cases, current rights derived from the application of EU law will cease to apply; roaming costs may be higher, consumer rights may become less stringent, long-term stays will be governed by different rules, the recognition of diplomas and licenses may become more complex, etc. This will also have consequences in various economic sectors, where the value chains are currently closely integrated across national borders of European countries. This will impact in particular manufacturing and logistics, as well as the agricultural and food sectors.

Since the beginning of this negotiation, the EU, and Chief negotiator Michel Barnier, have highlighted the need to prepare for the UK withdrawal, whether it happens according to the Withdrawal Agreement or in a disorderly way. Preparedness actions have been taken at EU level as well as by each Member State. The EU has also published 91 notices to help business prepare, sector by sector.