

# Keep calm and... PANIC

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Recent news has emerged that the Metropolitan Police have advised retailers to consider hiring extra security personnel in the event of a “no-deal” Brexit[1]. The alleged reasoning behind this is that, in the event of consumer fears over shortages, customer numbers may increase as individuals attempt to secure access to preferred foods leading to crowd control problems. Ironically the concern is that, irrespective of whether such shortages do indeed occur, public perceptions and anxiety are likely to drive demand and stoke panic.

The UK (specifically England and Wales) is one of the countries with the fewest police officers per capita in the EU[2], with cutbacks overseen by Theresa May in her role as Home Secretary. There is a therefore natural desire on the part of the police, at a time when budgets are particularly stretched, to want to ensure that resources do not need to be dedicated to low-level incidents around crowd control and opportunistic petty theft attempts. In such an environment, such advice perhaps seems prudent. After all, leaving the EU is almost certain to entail economic costs[3-6] and no-deal is likely to render many issues acute[7, 8] (particularly for industries such as automotive[9-11]). As such, contingency planning is urgently needed[12].

Nevertheless, like most such dire pronouncements they are likely to harm rather than help. Consider, for a moment, some of the retailers most likely to be vexed: supermarkets. Looking around my local supermarket, a very large proportion of the non-food goods in question come from outside the EU. Electronic goods, whether microwaves, televisions or others, predominantly originate from East Asia. In some cases they may enter the UK via the Rotterdam-Calais-Dover link, but this is unlikely to lead to riot-inducing shortages of flat-screen TVs (after all, it should be straightforward to reroute such produce to avoid the Dover-Calais link). The same is true for clothing and utensils (only a small minority of which originates in the EU).

Food is likely to pose more of a problem. Although the UK grows some 60% of its own food, there is a distinct seasonal pattern to navigate. Food and drink that is not time-sensitive (anything that is

long-dated) will be all-but unaffected. After all, it is quite feasible to send canned or frozen food “the long way around” – it might just take slightly longer to get here and be more expensive when it arrives. Providing retailers plan appropriately for longer shipping times, there is no good reason why French wine, German beer or Italian prosecco should be off the menu.

Fresh food grown in the UK over the critical spring and summer months should be fine, provided there is sufficient labour to pick it. There should, therefore, be adequate access to strawberries, for example. Some foods are shipped from further afield: during the winter months blueberries are typically shipped from Peru. Bananas are also imported from outside of Europe. The small minority of foodstuffs shipped by air should also be entirely unaffected.

In other words, the real challenge will be quite narrowly focussed and will lie in those areas where food is perishable and is grown and/or manufactured in other countries in Europe during the summer months. Examples include lettuce, mince, bacon, some cheese and butter products and ready-meals containing them. No doubt these are staples and their loss would be keenly felt. Nevertheless, the UK does produce a substantial quantity of many of these products: UK production of beef is around 50% of all consumption, although it should be noted that a substantial proportion of this production is of cuts of meat (such as offal) that are not habitually consumed in large quantities in the UK. As such, there might be less product available but supply would be far from zero.

Moreover, alternative shipping routes are available for many products. Only in the most extreme cases are shipping times so time-critical that a delay of several hours would result in the perishing of the goods in question. As a result, in most cases, an alternative ferry route might be feasible if needed. Moreover, in several cases alternative sources of supply are available in extremis (notably Australia and New Zealand in the case of meats – although this would require a reduction in tariffs to make them competitive). Some fish products might also be affected by no deal (although staples such as salmon or cod are largely farmed in Scotland or imported via routes other than the critical Dover-Calais link).

This leaves only a small number of agricultural goods. Ironically, lettuce is a prominent example of these implying that, contra Dominic Raab, one of the few foods that might be genuinely threatened in the event of a 'no deal' Brexit is the BLT sandwich. However, just as the great courgette shortage of 2016[13] did not lead to riots, it is similarly unlikely that the great lettuce shortage of 2019 will.

None of this is to suggest that no-deal will be anything other than economically damaging. Nor does it preclude supply-chain disruptions and wider problems. Moreover, the challenges are not just short-term: UK hauliers face the problem of their Community License becoming invalid at the end of 2019 and the stay of execution offered by the European Commission and the European Aviation Safety Agency around aviation and safety licenses will likewise last for just 9 months. Exporters in many industries (including many service-sector industries) will face sudden and substantial new barriers, tariffs will suddenly apply and parts of the agricultural sector face potentially devastating changes. Nevertheless, scaremongering over shortages and a near-complete end to cross-channel traffic is unhelpful and wide of the mark.

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