



Unite the Union submission
Business, Energy and Industrial Strategy Committee
Brexit and the implications for UK business: Processed food
and drink inquiry

Submitted on behalf of
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Introduction: Unite and Brexit

This submission is made by Unite, the UK's largest trade union with over 1.4 million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, health, local government and the not for profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.

Unite is the largest trade union for workers along the food chain, with more than 100,000 members across the Food, Drink and Agriculture sector and thousands more in industries linked to the food chain such as logistics and packaging. Unite is the largest trade union in the food industry and the only trade union for agricultural workers.

Unite's position on Brexit is for a just final settlement in the interests of workers in both the UK and in Europe.

This settlement should include:

- Barrier-free access to the Single Market
- A customs arrangement with the EU
- Regulatory consistency with the retention of employment rights in UK law via primary legislation,
- The right to remain for European workers in the UK
- Continued membership of mutually beneficial agencies and treaties.
- Progressive labour market regulation to protect workers and promote a 'rate for the job' culture.

In the immediate term, Unite opposes 'Hard Brexit' which is understood to mean leaving the commercial, judicial and political structures of the European Union before a new relationship is established. Unite supports a transitional period to follow the Article 50 negotiations if such a long-term settlement has not been reached.

Brexit and the Food Trade

The food and drink sector is worth £26.9 billion to the UK economy and is a major employer in every part of the UK. Unite wants to see a Brexit that is honest about what the food sector needs, while safeguarding the jobs of all our members.

The challenges from Brexit to the Food, Drink and Agriculture (FDA) sectors are two-fold – disruption to an international supply chain of production and labour; and the acceleration of existing problems in the industry such as chronic low pay.

The food industry is the biggest sector in UK manufacturing, accounting for 16% of UK manufacturing's Gross Added Value¹. Around 80% of FDA businesses are SMEs, (small and medium-sized businesses with fewer than 250 employees). The sector includes some of the most profitable companies in the country, but also some of the most exploited workers.

¹ ONS - The Blue Book (2016)

Major FDA employers include companies headquartered in Europe and there is a real danger that Brexit can be used as an excuse by global companies to wind down their UK sites and to move all production out of the country.

- Food manufacturers in the UK rely on imports of raw ingredients for products. Around 70% of food and drink imports come from the EU.
- Exports of food, drink and agricultural products are vital to the UK economy, with more than two thirds of them going to the EU.
- These goods can move with minimum hold-ups at customs, because the UK is part of the EU. A Brexit deal without this access means goods could be held up at borders—a major problem for perishable foods.
- Exports of food and non-alcoholic drinks have doubled in 10 years, and total global exports, including alcohol, were £18 billion in 2015.
- Imports are also vital to the UK, especially fresh produce – the UK imports around £5 billion of fresh fruit and vegetables each year.
- Around 850,000 people work in agriculture, fishing and food and drink manufacturing. Elsewhere in the supply chain, wholesale, retail and catering employs 3 million workers.
- The FDA sector has relied more on EU workers than any other UK industrial sector, with many food companies relying heavily on EU migrant workers.
 - 29% of the food and drink manufacturing workforce are non-UK EU nationals
 - more than 90% of the vets in the meat hygiene sector are from the EU

Before Brexit: Context of the Food Trade

It is vital to recognise that the UK food industry was in a state of crisis before the referendum to leave the European Union took place. Brexit merely threatens to exacerbate existing problems, for Unite workers caused by the abolition of sectoral pay bargaining and the industry's reliance on cheap labour; the outsourcing of national food policy from government to supermarkets; the rise of international food conglomerates; social dumping of international workers; price wars between supermarkets; rapid shifts in raw material prices due to climate change; and chronically low levels of investment in production methods and skills.

The problems facing the UK food industry have been summarised by Unite in the publication *From Plough to Plate*, which can be read [here](#).

Low pay

The food industry, from fields to processing factories, is now structured around low pay. The historic trend away from sector wide pay bargaining has encouraged a low skill, low pay labour market rife with abuses.

The abolition of the Agricultural Wages Board for England by the Coalition government has been devastating for rural workers. Unite is fighting for the AWB in Scotland to be kept and extended to other sectors. The AWB in Northern Ireland continues, and Unite in Wales is working on the

agricultural advisory panel. Thousands of rural workers do not know their rights and the most precarious have no way of fighting for them.

Worker Exploitation

Workers in the food sector suffer the most exploitative practices of any legal industry within the UK. A 2012 study by the Joseph Rowntree Foundation on forced labour in the food industry found abuse that met the ILO definition of forced labour, including restriction of movement, threat or actual violence, debt bondage and withholding payments.² Abuse is common in the meat and poultry processing industry, with employers exploiting a two-tier workforce of agency and non-agency workers.

The undercover investigation of the 2 Sisters Food Group by the BBC and The Guardian in October is the latest example of food safety and labour abuses, which demonstrate that exploitative employers are bad for consumers and workers both.³

Unite strongly supports the licensing role of the Gangmasters and Labour Abuse Authority (GLAA) in the sector. We welcome the extension of its scope to cover abuses across all industrial sectors and the recent increase in resources for the current year. However, we are very concerned that in order to carry out this wide role and to implement an extension of licensing to other sectors, increased resources would need to be confirmed for the future or the authority's ability to act will be severely hampered.

Global Supply Chain

The food chain is global and in the UK the 'journey' of raw food materials through production to processing and retail is likely to cross multiple borders multiple times. The most acute example is that of Ireland where the agri-food sector is reliant on open trade between Northern Ireland and the Republic.

For example, if you were to purchase a sandwich in Belfast "the likelihood is that the bread may have been produced in England, the butter may have been produced in the Republic of Ireland and the filling may have come from Northern Ireland."⁴

The same is true with trade across the English Channel, with fruit and vegetables coming into the countries such as Spain, while processed products, like sandwich fillings, cross back and forth between the UK, Holland, France and Germany.

What's more, the UK's trade deficit in food has been driven by the market – supermarkets specifically – with the result half of all the food we eat is now imported.

Unite supports calls for reshore and redevelop UK production, with a rationalised plan for food security; however, it is clear that in the immediate term vital UK-EU supply chains would be compromised if the UK were to find itself without access to the European Single Market or without a customs arrangement.

Protecting and Enhancing Workers' Rights:

EU legislation covers the UK food system in a number of important ways. This includes food safety, food hygiene, health and safety, animal welfare and the environment, as well as the rights of workers.

² <https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/forced-labour-food-industry-full.pdf>

³ <https://www.foodmanufacture.co.uk/Article/2017/10/03/Food-safety-culture-failure-at-chicken-plant>

⁴ <https://publications.parliament.uk/pa/ld201617/ldselect/ldcom/76/76.pdf>

The EU has not been perfect and could be much stronger, but the protections of the UK food system in EU legislation support our goals. Unite is backing calls by environmental and consumer groups for existing EU regulations to be banked for now, and used as a baseline for stronger future protection.

Unite is calling for workers' rights, environmental protections and food standards to be transitioned from EU to UK law from the moment Brexit occurs. This should be achieved through primary legislation, not undemocratic statutory instruments.

The UK government should commit to keeping parity with EU levels of food standards as a minimum.

Investment in Food Sector Skills:

The UK needs a food industry with a stable long term future that is built on well-paid, secure employment. Long-term investment in skills and training is the only way to achieve that.

Unite is calling for more investment in training at all levels of the food industry, not just graduate level, so that the industry becomes a high-skills industry with higher-paid workers. Increased automation means some unskilled and lower-skilled jobs are being lost, but may mean more demand for skilled workers.

Unite acknowledges the important role of the National Skills Academy for Food & Drink but is also very aware of the financial constraints under which it currently undertakes its role.

Brexit has made Unite's call for both immediate and long-term investment in skills more urgent as the uncertainty and the fall in the value of the pound has resulted in EU migrants leaving the UK to find better-paid work elsewhere and to escape anti-migrant racism. This is leading to labour shortages.

Unite wants investment in training for the jobs of the future, including upskilling the existing workforce, and apprenticeships for young people— with a proper rate of pay—to attract them into the industry, and these opportunities need to be open to all.

Equality

This is a diverse workforce with a higher proportion of women than other parts of manufacturing. It is essential that EU equality and family friendly rights are not undermined and that recognition be given to the importance of opportunities for working women in particular action to support this sector.

The sector also has a high proportion of black, Asian and ethnic minority workers in some areas, and ensuring protections from race discrimination and opportunities for progression for **all** workers is important.

Safeguards Against Exploitation: Labour rights and migrant workers

Unite works for all our members, however they voted in Brexit and whatever their country of origin. We know that over the years employers have used any difference between one group of workers and another— men and women, agency and permanent, young and old, race and different ethnicities, migrant workers—as a chance to pay less and try to drive a wedge between them. Whether it's between women and men, agency and permanent, young and old, workers of

different ethnicity, or workers who've migrated to the UK, these employers use 'divide and rule' to run a race to the bottom on pay and conditions.

So with Brexit and the future for migrant workers, Unite's response is very clear. No to divide and rule, no to a race to the bottom, yes to a rate for the job. We will fight for strong collective bargaining rights so that unions are free to negotiate pay and conditions for all workers. We believe employers should only be able to recruit from outside the UK only a trade union agreement or if they are covered by collective bargaining for their industrial sector.

Food in Post-Brexit Trade Deals:

In July 2017 the Secretary of State for International Trade, Liam Fox, had to face media headlines about chlorinated chickens, which has become shorthand for concern about the impact of a UK-US trade deal on food standards.

The discrepancies between UK and US food standards are clear.

- Over 90% of US beef is produced with the use of bovine growth hormones that have been linked to cancers in humans, and EU restrictions on the import of such beef have been in place since 1988. The US government has already challenged these restrictions at the WTO, and business groups called for their removal as an 'unnecessary' barrier to trade'.
- US food producers had identified the EU's system of controls (the EU enshrine the precautionary principle to control pesticides) as one of the prime set of standards to be downgraded by the Transatlantic Trade and Investment Partnership (TTIP).
- Around 70% of all processed foods sold in US supermarkets contain genetically modified ingredients. Unlike in the US, EU member states required GM foods to be clearly labelled. US biotech companies attempted to use TTIP to launch an assault on EU regulations.

Unite is calling for the International Department of Trade to develop a new trade regime, including defence remedies which protect safety standards. This should be done in consultation with trade unions, food experts and relevant civil society.

The UK should be able to begin negotiating new Free Trade Agreements with third country nations during the transitional arrangement; however, these must not be signed until the aforementioned trade regime has been democratically ratified by Parliament.

Unite has outlined that a 'good' trade deal must include a robust chapter on Labour Rights, including ILO conventions as a minimum. Similarly there should be no 'ISDS' style dispute mechanisms which prioritise the rights of investors and corporations over democratic governments. 'Good' trade deals should defend the option of public ownership, reverse the trend to 'liberalisation' at any cost, and seek to actively extend workers' rights in third countries.

An Industrial Strategy for Food, Drink and Agriculture

In April 2017 Unite proposed that the government's planned industrial strategy should be built around six pillars: **investment, positive procurement, worker voice, corporate governance, automation, and skills:**

Brexit throws the food sector's need for such a strategy into an ever sharper light. As outlined below, a successful industrial strategy must mitigate the economic impact of 'Brexit' and end the FDA sector's structural reliance on low pay and labour abuses.

Investment in a strategic industry:

Food and drink is the UK's largest manufacturing sector, and the agri-food sector contributes more than £100 billion a year to national Gross Value Added.⁵

Employing at least 3.8 million workers, the sector acts as an economic hub, supporting jobs in transport and logistics; in manufacturing such as printing and packaging; in retail; and in the public sector. Every community in the UK has a direct FDA presence, be it through farming, food processing, manufacturing or retail.

It is clear that FDA fits the criteria Unite has outlined for the sector to be considered of strategic national importance. Therefore along with industries such as steel, defence; energy and social care, an industrial strategy must be prepared to play a proactive role in supporting and developing this strategic asset.

Procurement:

The Government is already a major purchaser in the FDA sector. Public sector procurement contracts are worth £2.4 billion each year, which accounts for 5.5% of total UK food service sector sales. These contracts result in the three million daily meals produced for hospital patients, school and nursery children, prison inmates, the armed services, care home patients and workers across government departments.⁶

Following the example of the construction sector presented in this submission, the public sector must work with Unite to ensure procurement is used to proactively promote and defend the highest standards in the FDA sector. This must include ensuring ethical supply lines throughout food production, exposing and eradicating modern slavery while promoting union-approved levels of pay and conditions for FDA workers.

Working rights and worker voice:

There is an urgent need for a more amplified worker voice in FDA, particularly when contrasted with industrial sectors where collective bargaining is widespread and trade unions are involved at all levels of the industrial process. It is no coincidence that the Gangmaster Licensing Authority (now the GLAA) arose because of abuses in FDA. A strong worker voice in FDA not only protects the jobs, pay, conditions and rights of workers themselves but also helps ensure food safety and standards for all; they will be the first to notice problems with raw materials or livestock that if left unheeded will have an impact on consumers.

Industrial strategy must give the GLAA the resources it needs to combat exploitation and modern slavery, but this must be just the start. Unite is calling for sectoral collective bargaining for the sector – as is common in countries ranging from France, to Germany, Scandinavia and across central and eastern Europe.⁷

Sectoral collective bargaining should underpin a sector wide institutional framework which must include reintroduction of the Agricultural Wages Board. The AWB was abolished in England in

⁵ Food and Drink Federation, [URL](#)

⁶ New plan for food procurement encourages UK government to buy local, The Guardian, [URL](#)

⁷ Industrial Relations in Agriculture, EurWork, 2017, [URL](#)

2013 after sixty years. The board set minimum pay and conditions for over 140,000 farm workers and provided a benchmark for thousands more, including estate workers and equestrian staff.

A Unite survey of agricultural workers found that less than a year after the AWB in England was abolished 44% of respondents had not received a pay rise — a rise every worker would have received had the board existed.

For those who did receive a pay increase, the average rise of 2% was lower than the wider economy median. Similarly many respondents reported that entitlements such as sick pay had been withdrawn. Some workers reported having to work more hours before their overtime rate kicked in, and many breaches of TUPE were exposed.⁸

Unite is clear that the abolition of the AWB in England has contributed to this highly profitable sectors structural reliance on low waged labour and unregulated working conditions.

Corporate governance:

FDA is worth at least £21.5 billion to the UK economy and includes some of the largest companies on the planet. Of the top 20 ‘most-chosen’ consumer brands, half are food and drink companies⁹, most of which have a presence in the UK and employ Unite members.

While 80% of food and drink firms are SMEs, the sector relies on consolidation to grow, compared with other sectors that grow through investment in technology and skills, so the pace of mergers and acquisitions in FDA is relentless. This means that issues of takeovers, along with the potential for monopolisation of the sector, raise the issue of national food security.

Too frequently, Unite members are not consulted about major changes to the ownership of the companies they work for, most recently in the failed predatory takeover bid by Kraft Heinz of Unilever – both companies employing thousands of Unite members – illustrating the weakness of current corporate governance structures. Ownership is also, increasingly, by non-UK companies.

UK ownership of the top 150 UK brands fell by a fifth in a decade. The appetite of overseas investors for UK food and drink companies is rising; 2016 saw the highest level of activity in three years, and the number of deals involving overseas investors increased to a third of all transactions in 2016, compared with one in five in 2014. Worker voice where ownership is remote becomes more challenging and the role of global trade union networks is essential for unions such as Unite to maintain worker voice.

Automation:

Though investment in technology and skills is lower than in other sectors, automation still has a major impact on FDA jobs. In one example, a confectionery factory that employed 14,000 workers 15 years ago now runs with fewer than 600.

Unite negotiates with employers in the industry to mitigate the impact of automation on our members, to retain as many jobs as possible, and to argue for better skills and training for a workforce facing greater technological demands. The skills required in a more highly-automated

⁸ Unite Submission, Scottish Agricultural Wages Board – Scottish Government Consultation July 2015, [URL](#)

⁹ A Global Ranking of the Most Chosen Consumer Brands, Kantar World Panel, [URL](#)

industry need a commitment to major investment from both employers and the Government for FDA sectors to be at the forefront of technological advances, but also to keep FDA jobs in the UK.

Skills:

This need for investment in skills and training is greater for a sector that is now facing Brexit. The FDA sector is potentially most affected by Brexit for a number of reasons; in the words of one leading academic, food will be the deal-breaker in the Brexit negotiations. This is not least because of the UK's weak food security, in terms of our self-sufficiency in food. The UK's food imports are worth £39 billion a year, and a third of our food is supplied by the EU.

The devaluation of sterling since the referendum has quickly fed through to the industry to the cost of raw materials imports such as coffee and cocoa. The rising cost of imports has in turn contributed to increases in the cost of living, affecting every household in the UK, and poorer households disproportionately.

The impact on imports has exposed the UK's dependency on imported food. The UK food industry is also exposed to the impact of Brexit because it is built on a low labour cost model, and has relied on migrant workers from around the world, many of whom are Unite members, and in recent years from the EU, particularly the more recent accession countries from Eastern Europe. In the wake of the referendum vote workers from these countries have left the UK, in response in part to increasing racism but also to the fall in the value of their UK pay because of sterling's fall. So FDA employers, and in particular sub-sectors such as agriculture and horticulture, face an acute labour shortage.

An additional exposure for agriculture is the question mark hanging over the £3 billion annual subsidies from the EU, which have been ring-fenced by the Government until 2020 but with no promises of their continuation after that point. Leaving the EU under a 'hard Brexit' and operating under WTO rules and its associated tariffs has the potential to eradicate entire parts of the FDA sector, such as livestock trade. It is vital that the Government ensures continued investment in the FDA sector to retain or replicate these vital subsidies.

Free-trade agreements after Brexit may also dramatically alter the UK food landscape; a deal with the US, for example, may mean having to accept products produced under a US regulatory framework that UK consumers do not want – chlorine-bleached poultry, hormone-treated beef, and products containing GM – and the watering down of standards that will undermine food safety, amongst other impacts.

Finally, EU legislation has underpinned workers' rights, environmental protection, food safety, animal welfare and consumer rights, so if the Government decides to scrap these, the food sector will become more dangerous for workers, consumers, the environment and the very natural resources on which the sustainability of the food sector depends.

Six pillars to mitigate Brexit:

Unite in FDA is therefore arguing that to mitigate the impact of Brexit the Government must retain or replicate the existing regulatory framework.

The Government's industrial strategy must recognise FDA as a strategically vital sector for the economy, support investment, and positive procurement. Investment is also needed in skills and

training, not only to meet the technological challenges of a dynamic sector, but also to retain a food industry in the UK.

The failure of industry self-regulation, epitomised by the impact on pay following the abolition of the Agricultural Wages Board in England, threatens to be compounded by Brexit.

In response an industrial strategy must bring together all sides of industry, including trade unions, to oversee a far-sighted and future-proofed food strategy based on a well-funded and technologically agile FDA sector.

Such a strategy must be underpinned by sector-wide support for a skilled workforce. As the trade union representing workers across the whole of the food chain, Unite must be involved at all levels of the development of a UK food strategy.

Unite has over 100,000 members in the food, drink and agriculture (FDA) sector, with thousands more in upstream and downstream industries. The FDA sector offers a prime example of how the six pillars of industrial strategy proposed by Unite can be applied across a sector of strategic importance.

- Unite's Industrial Strategy proposals can be read [here](#).
- The issues facing the FDA sector are discussed in more detail in Unite's *From Plough to Plate*,¹⁰ which can be read [here](#).

¹⁰ From Plough to Plate, Unite the Union, 2015, [URL](#)