How the “Brexit” debates and outcome impacted Irish agriculture

Dissertation submitted in part fulfilment of the requirements for the degree of Masters of Business Administration (MBA) at Dublin Business School

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Declaration: I, Juliana Braun Matoso, declare that this research is my original work and that it has never been presented to any institution or university for the award of Degree or Diploma. In addition, I have referenced correctly all literature and sources used in this work and this work is fully compliant with the Dublin Business School’s academic honesty policy.

Signed: 

[Signature]

Date: 22/08/2016
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Abstract

The Brexit vote in the UK raised doubts and uncertainties across all of the European Union and especially the Irish agri-food sector, which exports over 41% of its products to the UK. In this study we will explain that the Brexit brings an uncertainty that affects decision making. Agri-food business owners are not completely aware of how this event can affect their business and what they can do to be prepared to face it. Through interviews we will be able to demonstrate that the Irish farmers need to be more proactive and could use some guidance. In this dissertation we will show how the results of this referendum could open up new opportunities for Irish farmers. These findings are important because it is the first step to a broader understanding of the management of risk for businesses in the face of similar events. The strategies suggested by our findings could be extended to more industries and applied to other future events.

Keywords: Brexit, agriculture, risks, decisions, agri-foods, Irish exports, economic event.
# Table of Contents

Acknowledgments........................................................................................................................................... 1  
Abstract............................................................................................................................................................ 2  
Chapter 1 - Introduction..................................................................................................................................... 6  
  1.1 Background of the topic ........................................................................................................................... 6  
  1.2 Specific angle of the topic....................................................................................................................... 7  
  1.3 Research aim ............................................................................................................................................. 8  
  1.4 Research question ................................................................................................................................. 8  
  1.5 Research sub-questions ....................................................................................................................... 8  
  1.6 Research Objectives ............................................................................................................................ 9  
  1.7 Suitability of the researcher and interest in the subject ........................................................................... 10  
  1.8 Approach to the dissertation .............................................................................................................. 10  
  1.9 Scope and limitations of the research .................................................................................................. 11  
  1.10 Organisation of the dissertation ........................................................................................................ 11  
Chapter 2 - Literature Review ......................................................................................................................... 13  
  2.1 Literature Introduction .......................................................................................................................... 13  
  2.2 Theme one: Irish Agri-Food Sector ....................................................................................................... 15  
    2.2.1 Generalities ......................................................................................................................................... 15  
    2.2.2 Historical volatility of the Irish agricultural market .......................................................................... 16  
  2.3 Theme two: The UK Market ................................................................................................................ 17  
  2.4 Theme Three: The European Union .................................................................................................... 19  
    2.4.1 Overview of trade policies in the EU .............................................................................................. 21  
  2.5 Theme four: Risk Management .......................................................................................................... 23  
    2.5.1 How can Decision Science help managing the “Brexit” ................................................................. 23  
    2.5.2 Risk Management as the main component of decision science in face of “Brexit” .................... 23  
    2.5.3 How do cognitive biases affect the decision making process regarding event risk .................... 24  
  2.6 Theme five: Strategic (short-term) Risk Awareness & Management .................................................. 25  
  2.7 Theme six: Structural (long-term) Risk Awareness & Management ................................................... 25  
    2.7.1 How do Businesses adjust to major macroeconomic changes ..................................................... 25
Chapter 3 - Methodology

3.1 Methodology Introduction
3.2 Research Questions
3.3 Research Philosophy
3.4 Research Approach
3.5 Research Strategy
3.6 Research Choice
3.7 Time horizon
3.8 Sampling - Selecting Respondents
3.9 Data Collection Instruments
3.10 Research Ethics
3.11 Limitations of Methodology

Chapter 4 - Data analysis and findings

4.1 Introduction
4.2 Questions
4.3 Findings and analysis

Chapter 5 - Conclusion and Recommendations

Chapter 6 - Self-reflection on own learning and performance

References

Appendices

Appendix 1: Questions used for the farmers’ interviews
Appendix 2: Sampling – Farmers
Appendix 3: Sampling - Economist
Appendix 4: Interviews – Farmer 1
Appendix 5: Interviews – Farmer 2
Appendix 6: Interviews – Farmer 3
Appendix 7: Interviews – Farmer 4 ................................................................. 71
Appendix 8: Interviews – Farmer 5 ................................................................. 73
Appendix 9: Interviews – Lorcan Allen ............................................................ 75
Chapter 1 - Introduction

1.1 Background of the topic

The European Union have brought benefits to Ireland’s agricultural sector; these benefits include investments to improve farmers’ living conditions and to help them become more competitive at market. A lot of capital was invested, and by 2020 about € 11 billion will be invested on the Irish farming sector (see (European Commission, 2015)).

In addition to these investments, the European Union represents an opportunity for the farmers to sell their goods easily and with little taxation across other EU countries. As a natural neighbour, the UK is the preferred country for exports, as mentioned by Bordbia.ie (2016a) and Matthews (2015), representing circa. 41% of the total exports.

![Figure 1: Ireland's exportation of agri-food and drinks. Source: Bordbia.ie (2016)](image)

Compared to the rest of the countries in the European Union the Irish agri-food is the sector most connected to the UK. Excluding fish, the Irish agri-food exports to the United Kingdom represent 51% of Ireland’s total agri-food exports and the Irish imports from the UK represent 51% of Ireland’s total imports.

The agri-food sector exports 41% of its total production to the UK, with the most represented products being dairy, beef and lamb. As mentioned by Donnellan and Hanrahan
(2016), in 2014, meat (particularly beef) and dairy products (butter, cheese and milk powders) represented 46% of agri-food exports to the UK. These products are most sensitive to the possible “Brexit” as they do not compete in the world market and they are important from a socio-economic point of view in peripheral regions of the UK.

1.2 Specific angle of the topic

As the UK is part of the European Union, the following from European Commission (2014) is applicable to it: “The single market with the free movement of goods, services, people and capital within the EU’s borders is the cornerstone of the Union’s ability to create jobs by trading with other countries and regions”, meaning that the trade is free in the European Union. Newspapers and politicians blended the words "British" and "exit" to create “Brexit” as a handy descriptor of the idea of the UK leaving the European Union. The Britain’s prime minister David Cameron promised that if he got re-elected on 7 May 2015 then he will provide a referendum before June 2016, so the British can choose whether to stay in the European Union or to leave it (see (The Economist, 2015)). What do Irish farmers think about the Brexit? What do economists think of the farmers’ opinions and their impact on the Irish agricultural business? What can farmers learn or do in relation to the Brexit? As these farmers now recognize how dependent they are on the UK in the agricultural sector; do they have a plan?

The uncertainty of what will happened as the UK voted to leave the EU brought doubts and fear in the agricultural sector.

Bodkin (2016) highlights that in the worst case scenario the ESRI (Economic and Social Research Institute) anticipated that if the UK votes to leave the European Union, the trade between the UK and the Republic of Ireland will suffer a 20% fall. As reported by Bird and Kantchev (2016), as the UK chose to leave the EU, the pound was affected and collapsed by more than 11%. It reached the lowest level against the dollar since 1985. The IBEC report said that “Dublin could benefit if some corporate activity relocated … but on balance the risks outweigh any possible advantages”.

7
1.3 Research aim

The aim of this research is to understand what the actual agricultural economy between the UK and Ireland is and how debates on this subject are affecting their business today. It is also about analysing the farmers’ opinions on the “Brexit” and its impact on their business. These points of view will then be criticised thanks to economist’s analysis and we will finally study the impact their opinion has on their business, as objectively as possible.

1.4 Research question

The main question of this research is:

“How has the debate and outcome about the “Brexit” affected Irish agriculture?”

The objective of this research is to understand how the “Brexit” is affecting the farmers business after the referendum in June 2016, having in mind that the UK has a big influence in the Irish agri-food sector. It is hoped that the conclusions of this main research question will lead to recommendations, not only for farmers, but for any business owner facing the possibility of an alarming event.

1.5 Research sub-questions

The sub-questions on this topic will be:

“How substantial is the agricultural economy between Ireland and the United Kingdom today?” This question will allow us to understand how relevant the relationship between the UK and the Republic of Ireland is in the agricultural sector.

“What do farmers consider to be the major issues regarding the Brexit?” It is relevant to explore farmers’ concerns about this event, and if the debates made on the subject are affecting their businesses (for example, by impacting the decision making processes of the business owners).
“How do economists evaluate farmers’ opinions and their potential impact on the Irish agricultural business?” The purpose of this question is to have a better understanding of the subject from an economic point of view. By confronting economists' opinions to farmers’ concerns, this question will allow us to better understand the deviation (if any) from the usual decision making processes that the farmers face in front of the uncertainty of an alarming event. If a derivation is noted, the economists' opinions may form the bases of recommendations to the farmers.

“What could farmers do to mitigate their concerns regarding the “Brexit”? This question needs to be made in order to know if the debates on the “Brexit” are affecting their business and if they are prepared to it.

The practical benefit of the research is to calibrate the impact of the farmers’ opinions on their business (assuming that their opinion has a real impact on their business, for example if they prepare or not for the “Brexit”).

The theoretical advance that this research could bring is knowledge that farmers could use for their businesses.

1.6 Research Objectives

As mentioned by Saunders, Lewis and Thornhill (2016, p. 45), the research objectives are better seen when the researcher is very clear in the purpose and the direction of the research. These objectives give support to put in practice the steps to answer the research questions. In this sense the objectives of this study are:

- To identify why the UK is important in the Irish agri-food industry,
- To understand what the farmers consider at risk in their businesses in the context of a possible “Brexit”,
- To have a better comprehension of what farmers think about the debates related to a possible “Brexit” and how they think it affects their businesses.
- To help Irish farmers how to prepare for the possibility of similar economic events' in the future.
1.7 Suitability of the researcher and interest in the subject.

This research was chosen because of the importance that the subject can bring to Ireland’s economy in the agriculture sector, which has an important significance in Ireland. As mentioned by Food and Drink Industry Ireland (2016), Ireland is the largest net exporter of dairy products, beef and lamb in Europe. The “Brexit” could raise concerns for farmers and the Irish economy as a whole. The study of this event, and of the concerns that it brings to farmers and economists, are interesting not only for today, but for the possibility of another external event which could impact this sector. This topic was also chosen for its interest in studying the reaction of people that are directly affected by alarming events, and how this reaction effectively affect their business and their decision making processes.

1.8 Approach to the dissertation

The first step of the approach to the dissertation is to understand the importance of the UK in the Irish agri-food sector through literature review. As the “Brexit” debates are a new topic, newspaper articles will need to be studied to know how a possible “Brexit” can affect the Irish agri-food sector: there are very few scientific studies yet.

To understand better what farmers think about this event and how they are reacting to it, the literature review will also focus on cognitive biases affecting the decision making process in the context of uncertainty. We will also study how businesses adjust to major macroeconomic changes in order to better understand the resilience farmers can expect.

Another important topic of study in the literature review is the volatility of the Irish agricultural market, including the influence of external events and how these events affected the economy.

This dissertation will also contain a research methodology and primary data. The primary data will be made through interviews with farmers and an economist’s analysis to have a better understanding of how these debates can affect the Irish agri-food industry.
1.9 Scope and limitations of the research

The “Brexit” Referendum is a very recent event and there are many debates about the subject, however there are not many studies about it.

In the Republic of Ireland there are 139.800 family farms according to Teagasc.ie (2016). As the time for this research is limited, it is hard to know what the majority of the farmers think about the event. Therefore the sample of farmers interviewed was limited.

In fact the sample was made of only five Irish farmers. Therefore, the answers to the questions addressed cannot be regarded as representing the feelings of all Irish farmers toward a Brexit.

1.10 Organisation of the dissertation

This dissertation will contain 6 chapters, which will be organised as follows:

Chapter 1 – Introduction

This chapter gives a general view of the topic chosen for this study. It also explains the background and questions to be discussed through this dissertation.

Chapter 2 – Literature Review

This chapter will approach the importance of the UK in the Irish agri-food sector. Also, to better understand why the farmers’ point of view on the Brexit Referendum is important, it is paramount to understand how uncertain events can affect business decision making and how the farmers are adapting to this possible event.

How can businesses change because of external reasons? The study of the historical volatility of the Irish agricultural market will help to answer this question.
Chapter 3 – Research Methodology

Chapter three will outline why the chosen research methodology was best suited to the subject matter of this dissertation. It will also discuss this author's chosen method of data collection.

Chapter 4 – Data Analysis

This chapter will examine the primary research findings. The interviews carried out with farmers will be analysed by an economist to provide academic insight.

Chapter 5 – Conclusions and Recommendations

This chapter will focus on findings of the dissertation, providing details of the objectives and reflecting upon whether they were achieved or not.

Also, this chapter will add some recommendations to farmers regarding their decision making processes in the eventuality of a “Brexit”.

Chapter 6 – Self-Reflection on Own Learning

In this last chapter, there will be an analysis of personal learning and what this dissertation brought to this researcher’s own knowledge as well as knowledge in the field of study.
Chapter 2 - Literature Review

2.1 Literature Introduction

In the next chapter a few themes will be discussed and analysed, with the objective of having a better comprehension of the subject area of this research.

To have a better comprehension of the farmers’ opinion on this topic, first of all it is essential to know how influential the UK is to the Irish agri-food sector.

Irish farmers are being confronted with a significant risk to their businesses. This leads to concerns and emotional decisions that can have long term effects. With this event, even considering that it will take a few years to take effect; it is critical that farmers understand their range of options in the face of this challenge in order to generate strategies for their businesses.

In order to understand this topic with clarity, we will examine the volatility of the Irish agri-food market. Our focus will be on how this market can be affected, directly or indirectly, by a possible alarming event such as the “Brexit”.
The Brexit will have an impact on a number of sectors. As reported by Woods (2016), IBEC estimates that the Brexit will create a lot of uncertainty between Ireland and the UK while the UK negotiates new trade agreements with the EU. This uncertainty will possibly lead to a fall in the trade by 20% or more. As mentioned before, the Irish agri-food sector will suffer the most. Teagasc reported that the Irish agri-food sector is likely to lose more than €800 million per annum. However, it is expected that Ireland, as the only English speaking country in the EU, will benefit as an attractive region for foreign direct investment (FDI). On the other hand, the UK is very likely to have a reform of its own FDI strategies to make it even more attractive: As a non-EU member the UK does not need to accept the same trade conditions as Ireland. Considering that the Sterling is decreasing in value, the Irish exports and industries will become less competitive compared to the British ones.

The Taoiseach Enda Kenny stated that there is a big possibility that the borders between Ireland and Northern Ireland will return. According to him, this will undermine years of
negotiation as part of the peace process between the two countries. IBEC says that even considering that the Northern Ireland is not vital for the Irish exports, the borders can obstruct the business between north and south weakening the island economy.

According to PWC Ireland (2016), the Irish industries that will be more affected by the Brexit are:

- Financial Services: corporation tax, VAT, capital and currency controls and passporting will be adjusted and companies might consider where they are located. The Brexit will bring more expenses for companies that will need to be in two different regions (UK and EU), regulatory frameworks, and changes in capital structures among others.

- Energy: 85% of the Irish energy is imported from the UK. The emergency supply is relying on the UK and controlled by EU rules. With the UK leaving the EU the relationship in this sector will change and it is inclined to increase charges to households and business.

- Pharmaceutical: it is predicted that the Brexit will impact on regulation and the supply chain.

- Agri-food: the UK is a major trade partner for Irish exports and imports. Competition with non-EU countries will be higher, amongst other issues, and the increase of costs regarding the border controls will have to be considered.

We will now focus on the impact on the agri-food sector.

### 2.2 Theme one: Irish Agri-Food Sector

In order to better assess the impact of the Brexit on the agri-food sector we will now focus on examining what this sector consists of:

#### 2.2.1 Generalities

The Irish agri-food sector provides the value of €24 billion to the Irish economy, as reported by The Department of Agriculture, Food and the Marine. The sector creates 6.3% of
the gross value added, 7.7% of national employment (almost 10% if marketing and processing are included) and nearly 10% of Ireland’s exports (see Teagasc.ie (2016)).

The agri-food sector in Ireland is the most influential local manufacturing sector, employing 150,000 people. The sector contains 600 food and drinks companies that exports to more than 160 countries. Studies reveal that compared to other sectors the return made in the agri-food sector is higher than the investment made on it. The reason is that it is locally sourced, as 71% of the raw material is provided by Irish sources.

The Central Statistics Office studies revealed that the agri-food sector (agriculture, food, drink and tobacco) represents circa. 7% of GDP and along with primary agriculture representing circa. 2.5% of GDP.

2.2.2 Historical volatility of the Irish agricultural market

As mentioned by Munier (2012), “agricultural and more generally commodities prices have become more volatile than ever”. The cause of this new pricing behaviour is unclear to traditional economists. At the same time, parts of the world are suffering from the lack of food. Over 30 countries have had riots during the first decade of the 21st Century. It should not be a surprise that these issues happened when basic food prices rose massively. Producers have seen their incomes decreasing because of the unpredictability caused by this new condition in the market. National leaders are not sure of what to do as the reasons for this volatility are not well known.

As reported by Agriland Team (2016), the Irish milk price is facing volatility and there are ways to solve this issue, such as getting the right soil fertility, maximising grass growth and utilising and increasing the financial knowledge of this business. Diarmuid Donnellan, AIB Agri Adviser, showed that we are in a volatile world in the milk price market, with the average milk price over the last 5 years being 34.7 c/L and the 10-year average being 32c/L.

Moran (2016), mentioned that the milk price in January 2016 compared to January 2015 suffered a decline of 12% to 29.28c/kg from 33.50c/L. This was the biggest decline in the European Union.
Another product that is important in the Irish agri-food sector as mentioned before is meat. As reported by Hogan (2015), the Department of Agriculture's Annual Review and Outlook stated that over the next ten years the beef prices will continue to fluctuate.

The purpose of studying this theme is to know that the volatility of the market of significant products in the Irish agriculture happens because of external reasons. This volatility potentially increases in conjunction with decisions made while subject to cognitive biases (studied further in 2.5.3), and it is a hypothesis that the volatility increases severely as a consequence of the debates on the Brexit.

Figure 3: Raw milk price evolution in January 2016 compared to January 2015

2.3 Theme two: The UK Market

The first theme is related to the importance that the UK has to Ireland in the agri-food sector and that is the reason why farmers are concerned about the possible “Brexit”.
The agri-food sector in the Republic of Ireland is indeed more connected to the UK than the rest of the Europe. Meaning that in the case of a possible “Brexit”, the Republic of Ireland would be the most damaged country in the agri-food sector in the EU. As mentioned by Matthews (2015a), the value of Irish agri-food goods exported to the UK in 2013 (excluding fish) was €3.2 billion whilst goods imported into Ireland from the UK were valued at €2.6 billion.

As mentioned before, the UK represents over 40% of the Irish agri-food exports. As explained by the Irish Farmers' Association (2016); over 50% of Irish beef, 60% of Irish cheese, pork to the value of €350 million and nearly 100% of Irish mushrooms are exported to the UK. It is important to mention that the UK is Irish agri-food business' most significant market as they have a common language and overall, similar tastes in food. In 2016 the Sterling has weakened, mostly because of the uncertainty over the referendum. This alone already decreases the competitiveness of the Irish exports.

As mentioned by Matthews (2015b), 53% of Ireland’s total agri-food is imported from the UK. The “Brexit” will involve a substantial interruption of Irish food trade with the UK. Border controls will be necessary to trade with Ireland, which is the only country with a common land border with the UK, and this border would be very difficult to manage.

Another important role that the UK has in the Irish agriculture is that it provides 12% of the EU’s budget and it is the main contributor to funding this European budget. The contribution of the UK in 2013 to the EU was €17.1 billion. On the other hand the investment of the EU in the UK was €6.3 billion meaning a profit of €10.8 billion. “Irish agriculture is a significant beneficiary from the CAP budget, receiving over €1.5bn annually through Direct Payments and the Rural Development programme.” (See Irish Farmers' Association (2016)). The UK leaving the EU means that this void will need to be fulfilled in other ways, such as decreasing expenses or an increase in contributions from the other members of the European Union.

As reported by Lowry (2016), the confidence on the "Remain" vote could be seen prior to the 23rd of June as the FTSE 100 (London Stock exchange) in London closed in its highest level on Thursday 23 evening compared to the last two months. However on the next day, following the leave vote, “£120bn wiped off the value of the FTSE within minutes of the opening”. Considering that the Irish market is well connected with the UK, it also suffered losses. The following Friday and Monday, the ISEQ (Ireland Stock Market) had a decrease of
17% as investors believed that the Brexit will be unfavourable for Irish businesses. Many big agri-food companies had to face big losses such as Origin Enterprises (-13%), Aryzta (-11%) and Glanbia (-10%).

To have a better understanding about the Brexit, it is important to know how the European Union works and this is our next topic.

2.4 Theme Three: The European Union

According to Europa.eu (2016), the European Union is composed by 28 European countries that are economically and politically united.

The European Union was created after the World War II, with the purpose of promoting economic collaboration between the countries, having in mind that countries that become economically interdependent would avoid conflicts.

In 1958 the European Economic Community was created through the treaty of Rome, with economic cooperation among six countries: Belgium, Germany, France, Italy, Luxembourg and the Netherlands. Since then, the single market was created and still works on its full potential.

“What began as a purely economic union has evolved into an organization spanning policy areas, from climate, environment and health to external relations and security, justice and migration” (see Europa.eu (2016)). As a consequence the name the European Economic Community became the European Union in 1993.

The EU is based on treaties, voluntarily and democratically agreed by its member countries.
“The EU is also governed by the principle of representative democracy, with citizens directly represented at Union level in the European Parliament and Member States represented in the European Council and the Council of the EU”.

The EU has achieved more than half a century of peace, stability, and prosperity, it helped to improve living standards in Europe and introduced the Euro. The EU won the Nobel Peace Prize in 2012 as a result of its accomplishments.

Citizens of member countries in the EU can travel freely over most of the continent with the end of border controls between member states. Also, it is easier for citizens from the EU countries to work, study and live abroad.

The single market is the most important economic generator of the EU, enabling most services, goods, money and people to move easily.

The core values of the EU are human dignity, freedom, democracy, equality, the rule of law and the human rights and one of the main ambition is to globally promote the human rights.
2.4.1 Overview of trade policies in the EU

As explained by the Delegation of the European Union (2013), trade is very important for the European Union and has been, since the start. The idea of countries that fought against each other trading and therefore avoiding future wars was the beginning of the modern EU. The European Union has been at the forefront of attempts, since the 1950’s, to have a global trade.

The European Union is the biggest single participant in the World Trade Organization (WTO). As the world's largest trading block, it strongly adheres to a rules-based international trading system. The trade policy is controlled by the EU, which speaks for the interests of the EU members, even though all of its member countries are individually part of the WTO.

Trades are important tools to stimulate economic growth and jobs. The European Union persists in Free Trade agreements between its member countries. This facilitates both liberalising trades and launching markets.

The EU benefits developing member countries by raising their economies through an array of advantageous trade agreements. The aim here, of giving trade preference to these members, is to rescue them from their pre-existing poverty cycle. “Substantial incentives in the form of preferential association agreements and more recently, deep and comprehensive free trade agreements are available to those willing to adopt such closely held EU values as democracy, the rule of law, respect for human rights, and sustainable development”.

One of the EU’s exclusive powers is the trade policy. The European Commission on the behalf of the EU discusses international trade negotiations. This is made in partnership with the EU’s “co-legislators”, the Council of the EU (the Member States assembled) and the European Parliament.

The Council, which is based on a mandate suggested by the European Commission, needs to approve the start of the negotiation. The final negotiation can only be accepted by the European Parliament and the European Council. In some cases the Member State ratification is requested, when the negotiation is subject to Member State jurisdiction.

The European Union has Free Trades Agreements (FTAs) with global partners. These agreements provide privileged access to countries that consider non-tariff barriers to trade. The FTAs contribute to more investment opportunities, cheaper and faster trades, easier transit,
establishment of common standards, predictable trade policies and encouragement of sustainable development.

Stabilisation and Association Agreements are being made with the Western Balkan countries. These agreements are offered by the EU to support these countries in going forward into a full commitment to EU membership. Part of this process is the continuous establishment of a free trade area.

The EU proposes a powerful relationship with its closest neighbours, through the European Neighbourhood Policy, the Eastern Partnership, and the Union for the Mediterranean. Deep and Comprehensive Free Trade Agreements suggest countries with interest to have a closer integration with Europe and give a bigger liberalisation of trade in investments, goods and services.

The UK provides 10.5% of funding to the EU budget, as reported by Hennessy (2016). Of all of the EU budget, 37% is directed into the Common Agriculture Policy (CAP). Considering this, the Irish Minister of Agriculture Michael Creed said this will have a big impact on the CAP from 2021. A study made by Farm Europe shows that the UK contributes only 5% of the budget for CAP and therefore the farming organisation says that they can manage the Brexit. Using 2013 as a guideline, the UK received €3.9bn from CAP whilst providing €6.8bn to CAP's budget. This gives an idea of how the Brexit can impact the CAP, meaning that the CAP budget will have less than 5% of contribution, or about €2.9bn per year. According to Luc Vernet (Farm Europe co-founder), “the impact of a Brexit is first and foremost concentrated on the UK’s farming sector and on trade with many uncertainties, mainly for UK farmers”.

Another big concern that the Brexit brings forward is what trading arrangements the EU and the UK will agree upon. As explained by Mooney (2016), these arrangements can obstruct Irish exportation. The UK has a number of options and the less popular is that it would leave and trade with EU member states under WTO rules. In the case of Ireland, the best course of action would be that the UK negotiate an appropriate trade agreement with the EU, because the UK is very significant to the Irish economy.

The problem is, that this does not mean that the UK and the other members of the EU would agree on that. The Brexit means completely leaving the agreed conditions of the EU. Some English voters disagree, for example, about whether people from other EU countries
should have free work entry. The best option would be to let the UK have full access to the EU market, for both Imports and Exports. However, this would bring other negotiations related to free work entry of EU citizens or the UK contribution to the EU budget. This would be great for Ireland, as the trade with the UK would continue.

2.5 Theme four: Risk Management

2.5.1 How can Decision Science help managing the “Brexit”

Decision Science is the science of making decisions. It goes from vote theory, (that was admittedly born in 1770 with the works of Borda (1781)), which applies when communities need to make a common decision; to game theory (fathered by John Nash), which applies when maximum gains are sought in a system where “players” have choices to make that change the system and its outcomes; and to more complex approaches such as multi-criteria decision analysis (MCDA) that helps decision-makers to inform alternatives in complex systems where different criteria are to be considered.

MCDA is typically used by corporate decision makers through a number of methods that can be found in the studies of Figueira, Greco and Ehrgott (2005). Companies make decisions based on criteria chosen according to their impact on the business. MCDA helps companies to make the best decision by better understanding the relative importance of these criteria and how they interact to achieve a specific outcome. An example would be to assess the relative importance of health and safety, finance and other sectors in the agriculture industry. This method is very significant when facing uncertain events, such as the “Brexit”, as it can be used as a method for risk management.

2.5.2 Risk Management as the main component of decision science in face of “Brexit”

When uncertainty is high some specific methods of decision science, such as risk management, need to be used.

According to ISO 31000, risk is the “effect of uncertainty on objectives” and an effect is a positive or negative deviation from what is expected.
The “Brexit” brought a lot of uncertainty to the world of business, therefore it is expected that businessmen in the agri-food sector will use risk management methods. However, as we will see later, they can be used poorly because of cognitive biases.

2.5.3 How do cognitive biases affect the decision making process regarding event risk

As mentioned by Lebowitz and Lee (2016), people believe that they make rational decisions every day, however researchers imply that emotions among other things can affect people’s behaviour, and prevent them from making decisions in the best possible way (or at least the one considered to be the most reasonably optimal). There are several cognitive biases that can influence decision making. For this research it is possible to highlight for example that a number of people believing one thing can impact on the judgement of an individual to believe the same thing without first objectively analysing the idea.

Bazerman and Neale (1992), stated that every person who manages and organisation has to face decision-making biases that lead them to lose opportunities and prevent them from getting as much as they could in a negotiation, such as relying too much on information that they can get easily and disregarding important data.

The possibility of such important events, as the “Brexit”, causes doubt in people who are directly linked with business in the UK, in this case, Irish farmers. In situations like this, emotions can affect their decisions and that is the reason why a discussion about cognitive biases can yield additional understanding about farmers concerns and plans to fight against this possible event.

Regarding the referendum, as reported by Evans-Pritchard (2016), the Nobel Prize winner and father of behavioural economics Daniel Kahnemann, the “Brexit” referendum is “being driven by a destructive psychological process, one that could lead to a grave misjudgement and a downward spiral for British society”. Kahnemann says that while observing the referendum debates it seemed to him that the reasons for voters to choose to leave the EU are emotional, as the arguments to leave the European Union are based on anger, fury and short-term biases. On the other hand the “Remain” campaign is demoralising the debate, using instinctive reactions and momentary issues. Kahnemann adds that there is a high risk that the British people will be driven by emotion and if the “Brexit” proves to be a disaster option in the future, voters will not regret the choice as it is rare to regret it, and it is easier to
blame someone else. This is usually what happens when people are afraid and make the wrong decision.

An extreme example of how cognitive biases (during the debates) affected decision-making is the MP Jo Cox’s murder. MP. Cox was shot three times and stabbed many times by Thomas Mair, who when asked in the court during his trial his name, answered “death to traitors, freedom for Britain”. This statement confirmed what a police officer heard during his internment (see Boffey and Slawson (2016)).

Because of cognitive biases, it is not expected that the Irish agri-food sector will react in an optimal way to a dreadful event (as per the definition of Gigerenzer, (2014): a dreadful event is a possible event that has the potential to instil fear into the minds of decision-makers, thereby biasing their decisions; for the agri-food sector in Ireland, a “Brexit”, it could be argued, is such an event).

2.6 Theme five: Strategic (short-term) Risk Awareness & Management

As we just saw cognitive biases will impact on the decision-making processes of the Irish agri-food sector. As stated by Abdellaoui et al. (2010), there are two kind of corporate decision makers’ behaviours in face of uncertainty. The first one is related to pessimism and optimism, for example people can be very pessimistic or optimistic in an event like the “Brexit” when they can overweight alternatives and the second one is how sensitive they can be about the uncertainty, when they can overweight small possibilities and underweight big possibilities.

The results of the referendum on the Brexit brought a lot of uncertainty (to which people react in a very sensitive way) and pessimism. This fits in Abdellaoui et al. (2010) model in that it is the case when people are the furthest from objective thinking (it represents the most distorted “S-shape function” of their model). Therefore we can expect the Irish farmers to react very subjectively.

2.7 Theme six: Structural (long-term) Risk Awareness & Management

2.7.1 How do Businesses adjust to major macroeconomic changes

Kotter and Schlesinger (2008) explain that people or groups have different reactions when they are facing changes, from opposing the change calmly, to being aggressive and trying
to sabotage the change, to accepting the changes. When external factors are responsible for the changes that businesses have to face. The first step to face issues is understanding the weakness and strengths of the business. In this way, it is possible to set up strategies that will make the company able to fight against possible problems in the market.

This theme is relevant as farmers are possibly studying about how to get prepared in advance of the “Brexit”.

As we saw previously, volatility was expected in the days following the Brexit. However, as described by Lowry (2016), the biggest fear for the Irish economy is the long-term influence of the Brexit, which can be manifested in two different ways:

The first way is that Sterling is expected to weaken. Since the referendum result, Sterling had a decrease of 10% against the Euro and in 30 years it reached its lowest level against the US Dollar.

![Figure 5: British Pound during referendum](image)

As the UK is Ireland’s main trading partner, accounting for €4.4bn or 41% of Irish total food and drinks exports in 2015, to explain better the issue of a weakened Sterling, an example is the Thursday to Monday following the referendum. Ireland’s food expenses on food exports...
to UK consumers raised by nearly 10%. And on the other hand, the food exported from the UK to Ireland became more competitive, meaning that UK products can substitute Irish ones. The Prepared Consumer Foods (PCF) sector is in danger as Ireland imports €1.6bn in PCF from the UK in 2015. For the UK the Irish raw materials would be more expensive, such as milk, meat and wool. It is hard to predict what will happen with the British currency, but in medium-term the future economy of the UK is very gloomy. The volatility of the Sterling is very likely to remain, as the UK is walking towards leaving the EU and many uncertainties linger until new agreements have been finalised between the UK and the EU.

The second biggest matter is the influence that the Brexit will have on the UK’s economy. On the week following the referendum, a substantial number of rating agencies reduced the UK’s credit rating. The rating agency Fitch mentioned that Ireland’s credit rating can be cut, as the country is too vulnerable because it is well connected to the UK’s economy. Greencore chief executive Patrick Coveney made it clear before the referendum that a Brexit would cause a big loss of money to Irish businesses. As a possible confirmation of this, Sir Richard Branson (Virgin group’s founder) mentioned that Chinese investors are taking out investments that were planned for the UK and continued by saying that thousands of jobs will be lost in the months following the referendum. A fall in the UK’s consumer demand will affect the Irish agri-food sector, as the Irish beef sector exports 54% to the UK’s market every year and 84% of poultry and 61% of pork exports depend on the UK market. The UK also imports almost 60% of Irish cheese and more than a quarter of Irish butter.

2.8 Conclusions: Challenge for Irish Agri-Food exporters.

The connection between the UK and the Republic of Ireland in relation to the agri-food sector is very important. The Republic of Ireland depends significantly on the UK and this is the reason why the “Brexit” raises big concerns from the farmers’ point of view. Changes are not easy for any business, and with farming it is no different. There are possible solutions to help in coping with this event. It is necessary to know how farmers are reacting towards it to assess whether their cognitive biases will affect their business decisions.

There is a high volatility in the Irish agri-food market, especially milk and meat, two major products. This can make decisions even harder to make when they are compounded with the pressure of the anxiety surrounding the “Brexit”. Also, it is expected that farmers will
overreact and in a very subjective way, due to the high level of cognitive biases and uncertainty involved.

Will we see in the next part whether these expectations will be met or not.
3.1 Methodology Introduction

In the following chapter each choice made to carry out this dissertation will be explained. It is important to mention that, as explained by Saunders et al (2009 p. 5), the research is more than reading a few books or articles and doing interviews with different people. The data collected is nothing without a proper interpretation.

Research are findings related to a topic that people engage with in order to discover new knowledge about that topic. It is structured in a logical way and not based on beliefs alone, developing further knowledge on the subject. Part of the research process is deciding and declaring what methods are chosen to collect the data required. Choosing one method over another is defined by the purpose it will serve in relation to the topic and its subject area.

Figure 6: "The research onion". Source: Saunders et al (2012)

3.2 Research Questions

Defining precise questions is fundamental for the start of the research process as mentioned by Saunders et al. (2009). It is important that the question is clearly linked to the
With the intention of better understanding the impact of the Brexit in the agri-food sector, the following questions were developed:

*How has the debate about the Brexit affected the Irish agriculture?*

*How substantial is the agricultural economy between Ireland and the United Kingdom today?*

*How farmers are reacting to the Brexit?*

*How do economists evaluate farmers’ opinions and their potential impact on Irish agricultural businesses?*

### 3.3 Research Philosophy

The first part of the research “onion” (term used by Saunders et al. see figure 6) is the Research Philosophy, which is according to Saunders *et al.* (2009) “the development of knowledge and the nature of that knowledge”. In other words, what knowledge was expanded in a specific area and how this knowledge was built up. As explained by Research Methodology (2016), “In essence, addressing research philosophy in your dissertation involves being aware and formulating your beliefs and assumptions.” The author’s expectations will be the support for a research strategy.

For this study we chose interpretivism, a qualitative approach, as a research philosophy. Interpretivism is one of the approaches of epistemology, alongside with positivism and realism. Epistemology deals with which knowledge is acceptable in a study, particularly with attention to its methods, validity, nature, sources, limits and scope. It involves the search for what distinguishes a justified belief from an opinion. In other words, fortunate guesses or authentic beliefs emerging from wishful thinking are not knowledge (see Jonker and Pennink (2008)).

As explained by Wilson (2010) the positivist approach believes that the research can be genuinely objective when the researcher is independent, meaning that when the researcher is carrying out their studies, he/she will have the least interaction as possible with the participants in their research. As the researcher is not attached in this way, it is expected that the study will be objective. In other words, the researcher’s personal opinion will not affect the study. The research is performed in a scientific nature and usually used with a deductive approach (moving
from theory to observation). As this study is focused on an analysis made during a period of uncertainty we consider that it is not possible to be genuinely objective (whether it will concern the farmers or even the economist). Therefore, we will not use positivism.

The essence of the realist approach, as mentioned by Saunders et al. (2009), is “that objects have an existence independent of the human mind”. Realism is very much like positivism, as both have a scientific approach to the development of knowledge. This assumption bases the data collected and the comprehension of this data. There are two main types of realism: The first is direct realism, it claims that what you see is what you get, in other words: what is experienced by our senses characterises the world precisely. The second is critical realism, which states that “what we experience are sensations, the images of the things in the real world, not the things directly”. Critical realism argues that our senses betray us. In our study we will analyse the consequences of an uncertain event as perceived by human minds, with all of its cognitive biases and the heuristics. Therefore, the realist approach cannot be chosen as a research philosophy.

The research philosophy that will be used for this study is Interpretivism, which is a way to reach reality by social structures such as language, consciousness, shared meanings and instruments (see Myers (2009, pp. 38 - 41)). The focus of this research is the complexity of human sense-making as circumstances come up. In other words; as there is no existing evidence of an event, social studies need to be conducted to understand the circumstances surrounding the event. A social researcher needs to at least understand what is being said by people that are living these events as this needs to be studied from the “inside”. This research aims at explaining that the meaning and intentions of the people that are being studied is established by the situation. The facts are what the people who are involved in the event say they are.

In relation to the subject and the impact of farmers’ opinions about the possible Brexit on their business, the farmers are considered the “social actors” of this possible event and the aim of this philosophy is to see different points of view and realities of how the Brexit can affect their business. After the referendum, it will be possible to know how farmers feel about the result and whether this affects their industry or not. Also, interviews were made with economist to know what he thinks about the farmers’ opinions about this possible event.
3.4 Research Approach

The next layer of the ‘onion’ is the research approach. There are two possible types: deductive and inductive.

The deductive approach as explained by Gabriel (2013), normally starts with a hypothesis and is focused on testing a theory. The deductive approach’s priority is mainly on causality and is usually used in quantitative research. Snieder and Larner (2009) say that to formulate a hypothesis a lot of creativity is necessary. Every now and then, courage is required when the new theory or hypothesis disagrees with common wisdom. Courage is necessary to go ahead with controversial evaluations, as when these observations could defeat an accepted theory. This study does not start with hypothesis. In fact, we are seeking one. Therefore, we cannot use the deductive approach.

The research approach that was used is inductive. The inductive research starts with observations that lead to the creation of general theories. As explained by Goddard and Melville (2001, p. 32), an example of induction is that observing a box of red tomatoes you can assume that all tomatoes are red. However, this does not mean it is true, and some tomatoes are actually green.

Considering that farmers have concerns about the Brexit as reported by Dempsey (2016), Matthews (2016) and Burke-Kennedy (2015), this approach will help to understand better their opinions on the subject and will be compared with the economist’s point of view. Another reason why this approach was chosen is because it is based on observation and interpretation of the actors involved in this possible event. The conclusion does not mean that this is the only right answer to this subject. Furthermore, this research will focus on observed facts and opinions in order to create a theory, which is precisely the idea behind the inductive approach.

3.5 Research Strategy

The next layer of the onion is Research Strategy. According to Saunders et al. (2009), the research strategy is led by the research question and objectives, the extent of current knowledge, the time available, the resources that are accessible for the researcher and philosophical bases. Saunders et al. (2009) consider seven main types of research strategy:
experiment, survey, case study, action research, grounded theory, ethnography and archival research.

The survey approach as detailed by Fowler (2008) cited by Creswell (2014 p. 13) is a method used to define trends, attitudes or a community’s opinion by analysing a sample of this community. The data collection of this method can be made through questionnaires or semi-structured interviews.

The survey approach will give an efficient and deep understanding of farmers’ opinion through interviews. The aim is to know what the farmers think about the Brexit and how they react about to this issue. Therefore we will use the survey approach.

3.6 Research Choice

The next choice to be made in the structuring of this methodology is the Research Choice which contains both quantitative and qualitative research.

As explained by Saunders et al. (2009), one way to recognise the difference between quantitative and qualitative research is respectively to concentrate on numeric (numbers) or non-numeric (words) data.

Quantitative research is mostly used as an equivalent for any data collection technique (such as questionnaires) or data analysis procedure (such as graphs or statistics) that creates and or uses numerical data.

The qualitative research method was chosen as it aims at understanding the opinion and experiences of farmers about the possible Brexit. The goal of this study is to know why the Brexit can affect their business and how farmers are reacting towards it.

Qualitative research uses methods, such as in-depth interviews, observation, visual methods, group discussion and biographies to understand people’s direct contact to an event in detail. With this strategy it is possible to understand concerns from the point of view of people who are involved in the events and recognise the meanings and interpretations of it. The qualitative research is appropriate to analyse new subjects or to understand complex topics, by describing people’s knowledge, behaviour and analysing social or cultural norms of a society or culture. Moreover, this research is more appropriate for using “why” questions to explain
problems. In the case of this research, it is why the debates can influence the farmers’ opinions on the possible “Brexit”; and asking “how” to describe actions: in the case of this research, how can the debates impact the farmers’ business (see Hennink, Hutter and Bailey (2011)).

Semi-structured interviews will be carried out. As mentioned by Saunders et al. (2009), in the semi-structured interview, the researcher will have a list of themes and questions to prepare. However, this might change from interview to interview. It means that some questions may not be posed to some interviewees in response to specific organisational situations detected in relation to the research topic. The questions’ order may change, depending on the flow of the conversation and questions can be added to explore further. The data can be recorded or note taken to make sure that all the information was captured.

3.7 Time horizon

The next onion’s layer is the time horizon study.

Time horizon contains two types: cross-sectional and longitudinal. The cross-sectional study is, according to Gratton and Jones (2004), carried out at a particular time and the data collected is usually done so through interviews and questionnaires. As explained by Collis and Hussey (2014), cross-sectional studies are created to achieve research data in different circumstances, but within the same period of time. The studies are directed when there are time restraints or limited resources. In a short time the data is collected, then collated analysed and reported. Cross-sectional studies give a snapshot of research phenomena.

Saunders et al. (2009) describe longitudinal studies as studies made in a long period of time, therefore, it is capable of study changes and developments.

Considering the short period of time to execute this study, the appropriate time horizon for this study is cross-sectional.

3.8 Sampling - Selecting Respondents

Non-probability sampling does not give equal chances for a person to be selected. The sampling chosen by a researcher is usually made accordingly to accessibility or judgement, as mentioned by Saunders et al. (2012, pp. 281 - 290).
The snowball sampling is a non-probability approach used when members of the group of study volunteer to be part of the research. This option is frequently used when it is hard to determine members of a specific group. After the first member is reached, this one will indicate more members and these members will indicate more members and so on.

Purposive sampling is used when judgment is needed to select cases that are likely to answer the research question better and provide a better focus on the purposes of the research. This sampling is used very often on very small samples.

The non-probability sampling that would be used, as it is not possible to reach a representative sample of farmers in the Republic of Ireland, would have been the snowball sampling. That would start with a few farmers who were indicated by professional network. These would lead to other farmers who would develop the research. Unfortunately, due to time constraints and the time of the year (summer holidays) it was not possible to complete this method. Instead five farmers have independently answered the interviews. They had no access to other respondents’ answers nor to each other’s identities.

For the economists the sampling used is also non-probability, as the identity of economists in Ireland could hardly be found. More specifically the purposive sampling will be used (appendix 3) to fulfil this studies aim to interview one economist (also found through the use of a professional networking body). This economist has knowledge about the agricultural sector and will be able to provide an analysis of the farmer’s answers. However, only one economist was available to provide an interview within the restricted time span of this study.

3.9 Data Collection Instruments

The secondary data collection, according to Saunders et al. (2012 p. 304 - 305) is data that was used in the past for other studies. This data is useful to add knowledge, analysis and results to the research. The secondary data can be raw data, which has very little or no processing in the present and the compiled data that had been selected before or summarised.

For this research the secondary data used will mainly be articles and journals about debates related to the possible “Brexit” and how this can affect the relationship between Ireland and the UK in the agricultural sector.
The primary data as explained by Saunders et al. (2012) is an analysis through people to understand the events that happen around them. This analysis in a qualitative research is generated through interviews.

The main reason why this research was chosen is to have an in-depth understanding of what farmers expect from the possibility of the Brexit and how this impacts on their businesses, through interviews with three farmers, followed by more, thanks to the snowball sampling method.

The interviews (see appendix 1) were semi-structured as the farmers could add other questions or the order of the questions could change. To provide a critical analysis of the farmers' opinions, an additional interview was carried out with an economist focussing on the answers provided by the farmers interviewed. The method of implementation for these interviews were email and phone.

There were some concerns related to the collection of this data, such as the possibility of no reply from farmers who were indicated by other farmers or from the economist. In fact, most of them answered lifting this concern. The schedule can also be an issue as the time to do the dissertation is short and people’s agenda can be very busy or the people may not be available, especially during summer time. As mentioned by Saunders et al. (2012), other concerns are related to biases. The way that the interviewer structures or asks the questions can interfere with the way that the interviewees will answer. As somehow the interviewer can show beliefs through the way the questions are asked and the way the answers are interpreted. Another concern related to biases is when the interviewee does not give a whole picture as some aspects of the event of study cannot be revealed (such as confidentiality, etc.). The last issue is related to the opinions. If the farmers have the same point of view as they can already talk about the problem between them, this can interfere and become a general opinion.

3.10 Research Ethics

As mentioned by Saunders et al. (2009), there are a number of ethical issues that are important to keep in mind during the data collection process. It is essential not to cause harm and intrude in the personal life of the interviewee, meaning that the questions cannot surpass the range agreed.
It is necessary to guarantee the anonymity of the interviewees. Once this is assured it needs to be maintained as classified information that cannot be divulged.

In the interviews, being impulsive over the questions or pressing the interviewee to give answers cannot happen, because this will cause stress to the interviewee and bias the answers. Also, it is important to make clear that the interviewee is not obligated to answer all or any of the questions.

In order to have different points of view for this research I will avoid connection between primary interviewees and always ask for different perspectives.

3.11 Limitations of Methodology

There were a few concerns related to the limitations of the methodology. One concern was related to the limited literature about the subject as this is a new topic and there are not a lot of studies about the subject.

Another concern was not having received replies to e-mails from some of the prospective interviewees (for example due to their lack of time) and from one of the economists who was not available for interview. The fact that only one economist could be available in the end is a limitation of this study.

The limited time in which to conduct this study and the limited number of primary interviewees and their honesty are other issues that had to be faced.
Chapter 4 - Data analysis and findings

4.1 Introduction

The interviews were carried out first with the journalist, Lorcan Allen who works for an Irish newspaper specialised in Irish agriculture, and then five farmers. We will call them Farmer 1 (this farmer works with sports nutrition), Farmer 2 (this farmer works with Mediterranean products), Farmer 3 (this farmer works in the cheese industry), Farmer 4 (this farmer works in cereals and grains) and Farmer 5 (this farmer works in the dairy industry). Lorcan Allen will be used as a base of someone who has a higher level of understanding of the subject. The farmers will give a specific angle from the inside of the agri-food industry with a direct exposure to the Brexit. The answers will later be analysed and commented on by an economist, Professor Bertrand Munier, who wrote "Global Uncertainty and the Volatility of Agricultural Commodities Prices" (see references).

4.2 Questions

With the intention of better understanding the impact of the Brexit in the agri-food sector, the following questions were developed:

*How has the debate about the Brexit affected the Irish agriculture?*

*How substantial is the agricultural economy between Ireland and the United Kingdom today?*

*How are farmers reacting to the Brexit?*

*How do economists evaluate farmers’ opinions and their potential impact on Irish agricultural business?*

4.3 Findings and analysis

Here are the questions that were sent to the farmers. The full questionnaire can be found in the appendix 1.
Question 1 - Does the Brexit represent a strategic adjustment or a structural challenge for Irish Agri-Food exporters?

According to the journalist “the Brexit represents a major structure challenge for Irish agri-food exporters as the UK is the single most important market for Irish food and drink accounting for 42% or €4.4bn of exports in 2015.

Some sectors are particularly exposed. Irish beef is heavily dependent on the UK market with 230,000t of product shipped to the UK last year. Similarly, the UK market accounts for almost 60% of Irish cheese exports and more than 25% of our butter exports. Perhaps the sector most exposed is our mushroom industry with 92% of mushroom exports shipped to the UK.

The immediate challenge for Irish exporters in the aftermath of the Brexit vote has been currency volatility with Sterling weakening as much as 16% close £0.86 against the Euro.

A weakening of Sterling makes Irish exports less competitive on UK supermarket shelves but it also makes UK food imports coming into Ireland much cheaper and poses the risk of product displacement on Irish shelves.

In the longer-term the big threat for Irish exporters will be the trade arrangement the UK eventually negotiates with the EU as it leaves the single market.

The single market has facilitated the free movement of goods, people and capital between our two countries. Irish food and drink exporters have enjoyed the ease of doing business (because of EU trade agreements) with UK retailers and foodservice outlets. This will be under threat if trade ‘barriers’ are introduced when the UK leaves the EU.

Right now it is impossible to say what the trade picture will look like until the UK triggers article 50 and negotiations can begin”.

All the farmers interviewed agree that the Brexit represents a strategic adjustment or a structural challenge for Irish Agri-Food exporters like Farmer 1 who says: “I think there is no doubt but Brexit will pose a huge structural challenge to Irish agri-food exporters and will require significant adjustments in how they operate. With up to 40 per cent of Irish agri-food exports going to the UK market it could pose a seismic shift in market dynamics.” Farmer 5 thinks that the Brexit will involve more of a challenge than a strategic adjustment for Ireland as borders and tariffs will be reintroduced which will make it challenging to export to Britain. Considering that Britain is one of Ireland’s most lucrative markets, particularly within the Beef
sector it is important to maintain or increase our levels of export to the British markets. However, Farmer 2 believes that the UK will adopt the Norway trade model and nothing will change whilst Farmer 4 says that “We should be aiming for special export trade agreements between our two countries regardless of EU rules”. This last comment shows that not all farmers are aware of how the EU works, as it is not possible for a country within the EU, to make a separate agreement to those of the mail body of the EU. This lack of knowledge has the potential to increase the sensitivity to uncertainty (see literature review 2.6), thus leading to even more subjective decisions.

**Question 2 – Will the Brexit impact Irish Agri-Food exporters’ long-term confidence in their access to the UK market?**

In Lorcan’s eyes “following the initial shock after the result of the vote was announced, the Irish agri-food industry quickly realised it would immediately need to begin positioning Ireland as a special case in the EU-UK negotiations that are to come.

The UK is the prize market for Irish food given our close proximity, our shared border, our very similar culture and most importantly the UK retail system, which is certainly the most advanced in Europe, if not the world.

As such, the UK will remain the main export market for Irish food in the years ahead. The question is how "free" trade will be between the two islands.”

Farmers 1, 3 and 5 believe that no matter what happens Ireland and the UK have a strong relationship and therefore as mentioned by Farmer 3 there will always be business between the two countries. The Farmer 1 explains that “relationships between Irish agri food exporters and their UK customers are very strong so this may offset some of the damage. Also Irish food and drink is hugely respected in Britain in terms of quality so UK buyers may not be in a rush to abandon Irish suppliers so quick if they feel they cannot find suitable replacement products”. And Farmer 5 says that he believes that Brexit impacts Irish Agri-Food exporters’ long-term confidence in their access to the UK market, as the UK will no longer be part of the EU. This will lead to changes in Ireland and the UK exports relationship. However, it is important to keep the British market open for exports to Ireland.
Farmers 2 and 4 believe that it will depend on the agreements that will be made between the two countries. As Farmer 4 says that “it is unclear what the full impact will be. In the short term, confidence will be affected due to the present, ongoing uncertainty. However, I believe that both countries rely on each other’s markets and, therefore, long term confidence will not be affected as long as appropriate trade agreements are made.”

**Question 3 – Will the Brexit impact Irish Agri-Food exporters’ long-term confidence in the sustainability of the European ‘single market’?**

The journalist believes that it will not; “Certainly not. The single market has been the most important tool in the development of Irish trade and exports. After the UK, the EU market is Ireland’s next most important trade destination and free movement of goods across the continent for Irish lamb to France and Irish butter to Germany is imperative”.

All of the farmers interviewed disagree: Farmer 1 says that; “This issue is certainly now on the table. With so much discontent and the rise of Eurosceptic, the future of the EU single market is now far from certain.” Farmer 2 believes that if Ireland develops new markets they could leave the EU. Farmer 5 believes that other countries will start to question their participation in the EU, meaning that referenda will possibly happen in other EU countries on whether to remain or to exit the EU. In his opinion Ireland relies a lot on the EU compared to any other country on mainland Europe. He also believes that Ireland should be allowed to negotiate with the UK, but this is not likely to happen according to the EU. Farmer 4 stated that:

“I think that other countries will probably move towards holding referendums and there will possibly be more countries that will leave the European Union. Because of this the EU market will become more competitive and result in the collapse of the single market.”

This shows that all the farmers have a pessimistic view and are probably influenced by cognitive biases as seen in the literature review 2.5.3.
Question 4 - Will the Brexit increase the ‘risk awareness’ in the growth strategies of Irish Agri-Food exporters?

The journalist says that: “Every business must cope with risk in some form or another. What Brexit is likely to do is create a "wait and see" environment for many Irish companies. This means many companies that may have been planning investment in expansion or new products may hold back that investment now and wait to see the outcome of the EU-UK negotiations and what the future trade landscape will look like”.

Farmer 2 did not know how to answer, however most of the farmers agree. Farmer 3 gave emphasis to the long-term outcome. Farmer 1 believes that: “The Brexit will definitely cause major headaches for those companies who had seen the UK as a future growth platform and strategies will have to be revised in order to take this into account as there will be so much uncertainty”. Farmer 4 says that:

“Yes, because at the moment we produce food at a loss as we are supported by EU subsidies. If we were to follow Britain in leaving the EU we will find it impossible to compete globally. This is certainly understood by every farmer in this country and we are trying to market ourselves as a luxury, sustainable, grass-fed, top-quality food producing island. This is obvious with the emergence of Bord Bia’s “Origin Green”.”

Farmer 5 thinks that:

“Yes, I would be worried that access to the British markets will now be a more volatile relationship – increased volatility is not welcomed by the farming community. The British market will no longer be bound by the trade laws within the EU. Irish Food exporters must always look towards new emerging markets and seize every opportunity within these markets. It is now more important than ever as unrest within the EU could lead to a reduction in the availability of existing market share within Europe.”

Question 5 - Will the Brexit encourage Irish Agri-Food exporters to diversify away from the UK (&/or European) markets?

The journalist stated that: “It may encourage some larger companies to try and diversify elsewhere but the reality is that many companies exporting to the UK are small in size and export 100% of their product to the UK. The ability of these companies to diversify into new
markets will be limited. Also, the similar culture and proximity of the UK remain the big selling points of the market to exporters.”

All the farmers believe that the exporters will diversify away from the UK. According to the Farmer 1, “even before Brexit many Irish food exporters have begun to diversify away from the UK and in particular to emerging markets such as Asia and Africa so this will probably speed up that process now”. Farmer 4 believes that “…we will be able to compete in these other markets is yet to be discovered”. Farmer 5 says that Ireland was looking for new markets but this has become a necessity now. Ireland should observe markets outside of the EU and avoid an over-dependence on markets within the EU. Ireland needs to monitor global trends, be flexible and ready to engage with new markets.

Question 6 - Will Brexit encourage Irish Agri-Food exporters to more actively manage their systematic (un-controllable) risks? For example, their foreign exchange exposures?

According to the journalist: “Many companies already manage their currency exposure and those that do not will have to now look at it seriously given the probable volatility ahead. Already Bord Bia has run workshops with Irish food companies helping them to understand how to manage currency exposure. Approx. 70% of companies surveyed said they did not hedge currency risk which is staggering. This will need to be improved if businesses are to continue to succeed in the UK market.”

Farmer 2 did not have an answer, Farmer 3 and 4 believe that it is possible. Farmer 1 explains: “Exposure to foreign exchange fluctuations could well be one of the greatest challenges post Brexit and will require significant management in order to reduce possible volatility. This is already evident with the recent collapse of sterling.” In Farmer 5’s opinion the Brexit will not encourage Irish Agri-Food exporters to more actively manage their systematic risks, as it is not possible to control everything affecting the farming community, however it is important to understand the risks even if they are already familiar with them.
Question 7 - Will the Brexit materially impact the future and structure of the common agricultural policy?

The journalist believes that it will, as explained by him: “Yes it is very likely Brexit will have a major bearing on the CAP. The UK is a major contributor to the EU budget and with that money gone there will be a review across the board for the EU budget. Already there have been calls from countries like Spain for a reduction in the CAP budget following the Brexit vote.”

The Farmer 5 agrees for him:

“Yes completely. Britain contribute much more to the EU than what the receive in subsidies, their exit from the contribution scheme will undeniably have an effect on the pool of money available to farmers in other countries. There will be a knock on effect to payments in the future which is very regrettable for Irish farmers who face high cost of production compared to some of their European counterparts.”

Farmer 1 believes that “Brexit will most likely lead to major reform of the CAP which will be seen as a positive amongst both farmers and food processors.” Farmer 4 agrees that

“It shouldn’t impact the future and structure of the CAP in the short term as Britain will find it hard to prop-up their farmers’ replacement CAP payments. Hopefully, as a direct result of Brexit, there will be more money in the kitty for the remaining EU member states who will benefit from more payments to keep the single market strong.”

Farmer 2 and 3 thinks that this will all depend on the agreements between the UK and the EU.

Question 8 - Will the Brexit lead to the risk of higher tariffs in non-EU export markets?

The journalist believes it will not. In his opinion: “The UK will be free to negotiate its own free trade deals with countries once it exits the EU but EU trade relations with outside trading blocs or countries will not be changed.”
Farmer 1 thinks that it will. “Yes, there is a significant risk that non–EU countries will seek to increase tariffs on food imports which will serve to compound the effects of Brexit for Irish agri food exporters.”

Farmer 5 disagrees, he does not believe that this will happen. Farmer 4 did not know the answer and Farmers 2 and 3 thinks that this will all depend on the agreements between the UK and the EU.

**Question 9 - Will the Brexit cause substantial damage to the prospects of future ‘free trade’ agreements?**

The journalist stated that it is uncertain: “the two free trade agreements currently on the table for the EU are TTIP (Trans-Atlantic Trade Investment Partnership) with the US and a possible deal with the Mercosur countries (South America). Both deals are still under negotiation and it is hard to say right now what impact the UK leaving the EU will have on them.”

All farmers agree that it depends on the negotiations between the UK and the EU. As Farmer 1 mentioned: “It’s probably too early to say on this but it certainly will make future negotiations even more interesting”, and Farmer 4: “I hope that we can make deals with Britain during the negotiation period prior to their official exit from the European Union. However, it is unclear whether it is permissible for Ireland and Britain to enter into special bilateral trade agreements without the approval of the other 26 remaining EU member states. The prospect of borders in Northern Ireland being rebuilt is a step backwards. I do believe Ireland has a compelling case to have special agreements with Britain due to the history and proximity between the two countries.” For Farmer 5: “Yes of course. We have no idea really what this Brexit agreement could bring in the future as we are in unchartered waters. We have not experienced a Brexit before, even apart from the farming and agri sectors, all areas of business are worried. Only time will tell. But I do believe that trade agreements will be restructured and for a country like Ireland who relies on exports to survive, it is a very worrying time.”

To have a better insight on the farmers’ answers we asked Pr. Bertrand Munier, an economist specialised in decision science and expert on the agricultural sector, to share his expertise. The first of his observations is that, while the sample is not representative, Farmers 1 and 5 seem more aware of the consequences of the Brexit than the others. This is important
because it shows that farmers are not all well informed and they do not universally know how this event can affect their business. This proves that some farmers need some guidance and recommendations. This means that because of their lack of knowledge, Irish farmers face uncertainty, and this could affect their decision making. This can be related to the cognitive biases that were mentioned previously (seen in the literature review 2.5.3).

His second observation is that “a number of biases could be called […] (availability bias, a special kind of cognitive dissonance, etc.)”. In other words, because the farmers knew that this is part of a study, their answers were not always totally honest or objective.

Another observation is that Farmer 3 is only considering what will happen in future negotiations, which is not the right approach. However, he should be more proactive especially in light of the short term risk implications. He should also start preparing for the long term risk management of the Brexit.

Farmer 4, on the other hand, believes that the UK and Ireland can still negotiate apart from the European Union. However, this is not possible because Ireland is part of the EU and it is against the EU trade policies to negotiate trade agreements separately from the Union. This proves the poor knowledge of some farmers regarding the European Union trade policies. Moreover he still thinks that it is very important for Irish farmers to be within the common market. There is a contradiction there, because if Ireland wants to negotiate with the UK separately, they will have to leave the EU, however if Ireland leave the EU it will not have access to the European common market.

According to Pr. Munier:

“No single one among your farmers realizes that, from the point of view of currency risks, nothing will change, as the UK has never been within the Eurozone and the exchange rate between the Euro and the GBP has been fluctuating in the last ten years in a no less broad range than it does today (it perhaps could fluctuate more and above all more frequently in the future, but that is unknown and not the most likely outcome)”.

It is interesting that none of the farmers considered that Ireland can become more competitive than the UK, because they have access to the free market with the EU, while the UK is losing it.
Another interesting fact pointed out by Pr. Munier it is that none of the farmers considered that there is a possibility of obtaining contracts with UK’s farmers to export the UK products to EU countries. In this way, Irish farmers could gain profits exporting UK products.

The farmers also show that they truly believe that the UK contributes more to the CAP than they benefit from it. However, as we already saw in the literature review 2.4.1:

“A study made by Farm Europe shows that the UK is responsible for 5% of the budget for CAP and the farming organisation says that they can manage the Brexit. Using 2013 as a guideline, the UK received by CAP €3.9bn and provided €6.8bn to CAP budget. This gives an idea of how the Brexit can impact the CAP, meaning that the CAP budget will have less than 5% of contribution, or about €2.9bn per year. According to Luc Vernet (Farm Europe co-founder), “the impact of a Brexit is first and foremost concentrated on the UK’s farming sector and on trade with many uncertainties, mainly for UK farmers”.”

In Pr. Munier’s opinion: “the present CAP is very poor and has little justification if not of a quasi-ideological type taking for granted that agrimarkets are efficient ones, endowed with rational expectations, etc., which is a silly view of Agriculture.” At no point during the interviews, the farmers considered that the investment made by the EU on the CAP is not good enough.

It is interesting to highlight that the Irish agri-food sector has an opportunity here to become more competitive in the EU as they can replace the UK: their cultures and products have similarities and Ireland has the advantage of being part of the European Union, while the UK is leaving it. In this regard, Ireland has a big advantage: it is focused on the quality of the goods. If Irish farmers use this advantage and improve it further, they can take advantage of the Brexit by penetrating the EU market further and more aggressively. Of course, this means a change on their business strategy. In other words, Irish farmers should now move to a “luxury food market”, leaving behind the traditional model of agri-food goods. Instead of raising the number of goods produced, farmers should increase the value of their goods, especially in dairy and meat products. This could be extended in the future to other kinds of food products, if this strategy proves to be successful. It is important to mention that the “luxury market” is not as competitive as the conventional market, which means it will be easier for Irish farmers to rapidly assert their presence on this market.
In Germany for example, in 2013 the Irish brand Kerrygold was the bestselling butter. As reported by Dermody (2013): “It is viewed as a prime product for which people will pay a premium price.” In Ireland the regular Kerrygold pack could be sold €1.50 and in Germany it was sold as a 50% premium, for a total price of €2.25. Even considering the costs of transportation, this still represents a much higher profit for the farmers. In other words, not only do Irish farmers have the opportunity to develop their market shares, but they can also increase their profit share.

With the help of one farmer we were able to find a practical example. The average price of lamb meat in Ireland is €4.50/kg (see Bordbia.ie (2016)). The average price to transport to France is estimated to be €0.15/kg. The average price of the Irish lamb in France is €5.36/kg. Compared to the price sold in Ireland the farmer can make an additional profit of €0.71/kg.

According to Lorcan Allen, France is one of the world’s most important lamb consumers in Europe and they import the majority of it. In France, Irish, New Zealand and British lamb meats are considered as premium quality products. Therefore, there is a clearly identified opportunity for Irish farmers to become the favourite brand for lamb meat: Wales will soon not be part of the EU anymore and New Zealand has never been. As we mentioned before, most of Irish lamb or sheep meat is exported to the UK. Combined with the exports to France, it represents 63% of total exports: an important opportunity indeed!

At the moment lamb and sheep meat prices have been very high, mostly due to Muslim festivals and holidays in Europe. The immigration wave that started last year brought an increased number of Muslims into Europe, which could be suggested as an influx of many new customers for the Irish lamb meat market. This increase in demand also resulted in a rise in Irish lamb prices. Ireland should take advantage of this as a way to mitigate their risk on exportation products to the UK caused by the Brexit. As mentioned by Lorcan: “In general, Irish lamb is seen as a premium product and with new EU laws on geographical indicators (GI’s) we are now getting more money for traditional Irish lamb type’s like Connemara Hill lamb etc.”.

Some Irish farmers, as well as Bord Bia (2016c), an Irish organisation that supports, promotes and develops what it considers fundamental for the Irish food sector, are already considering the promotion of Irish products as luxury goods. It is important to accelerate this process as the Brexit is happening. An important way to achieve this is to accelerate the development of new quality labels, including bio and green ones. Another option is to negotiate
with the European Union increased funds for specific types of food products, in particular, luxury goods.

The advertisement targeted to higher classes can also be a way to move to luxury products faster. However this would be easier with proper labels that can be negotiated with the European Union. Until the labels arrive, Irish farmers can use as an advertisement focused on the origin and traceability of the Irish meat. In France for example this is a big advantage after the horse meat scandals (see the Guardian (2013)) and other similar scandals regarding the traceability of food products that keep arriving there on a regular basis.

Another important point that should be mentioned is that France and Germany chose to increase the production of food products at the expense of their quality. This led to a crisis in the agriculture sector. Ireland should not make the same mistake. Instead, Ireland should focus on becoming the top provider of quality food products in France and Germany to replace the local products. Currently the UK has much more money to advertise, a much bigger network, and more importantly, they have a huge political power in the EU that allowed them to negotiate very efficiently directly with politicians to facilitate British exports. Following the Brexit, their political influence is measurably decreased, and the Irish farmers should seize this opportunity, at least for the short term, to mitigate the short term risks resulting from the referendum. In a longer term, they need to take the UK’s place in terms of politics towards the agriculture and ally themselves with the UK farmers (as Pr. Munier mentioned) to take advantage of their network. They also should also put their own politicians in key positions in the EU whenever possible: they can use the argument that they will suffer the most from the Brexit and ask for a compensation or market leverage this way.

We had multiple findings in this study. Some farmers seem to be more aware of the Brexit and how this could affect their business. Some other farmers seem to be needing guidance and information. It would appear that a minority even seem to be completely heedless of the situation. This confirms our assumption that most of the farmers are exposed to uncertainty therefore to cognitive biases. This also confirms that they also need a proper risk management plan for both the short term (until the Brexit actually happens) and the long term (after the Brexit).
To offer them a solution and thanks to the economist’s expertise we can give the following recommendations that are additional findings to this analysis.

We can recommend that the Irish farmers become more proactive and see the Brexit as an opportunity to recover the UK’s food market shares and to expand even further by increasing the quality of their goods and positioning themselves in the luxury food market. This way, not only will they increase the volume of the goods they sell but they will also increase the profit per unit sold. However this can be achieved only by being more proactive and aggressive in their relationship with both the UK and the EU.
Chapter 5 - Conclusion and Recommendations

On the 23rd of June, to the whole world’s surprise, the British nation chose to leave the European Union. This day a referendum changed the destiny of the UK, the EU and the relationships between the two. But beyond what is obvious to the world’s observers, this choice has created a wider radius of collateral damage which extends beyond its national borders. The Republic of Ireland, for one, would be tremendously impacted by a decision on which they had no power. What impact? When would it strike? It is too soon to answer these questions, but many people already have their eyes on what is coming, fearing for their quality of life, fearing for their businesses. Among these people are the farmers. Irish farmers are vastly dependent upon exports for their business. Anything of importance that happens on the international scene has the potential to impact them, not to mention a fearful event such as a Brexit. This dissertation offers an insight into their worries, an analysis of their expectations and suggestions to mitigate the risks posed, or even suggestions to turn the tables to see the Brexit as an opportunity. The findings of this dissertation are supported by the assertions of a renowned economist, resulting in a deeper understanding of the farmers’ concerns.

The UK and Ireland have a strong relationship and Ireland is very dependent on the UK. In the Irish agri-food sector, around 41% of total exports are destined for the UK. It is legitimate to see that Ireland may be vastly impacted by a Brexit.

Now the main question is: “How has the debate about the “Brexit” affected Irish agriculture?” The sample of farmers is not important enough to propagate this on a national level, but among the farmers who were interviewed, the answer is: it has not, at least not yet. Through the interviews carried out with farmers and compared to the journalist knowledge, it is possible to see that some farmers are more aware of the causes of the Brexit than others. This means that because of their lack of knowledge not only about the Brexit but also about how the EU works, Irish farmers face uncertainty, and the related cognitive biases may affect their decision making. They do not know what to do, and this is the reason why the debates about the Brexit have had no impact on their decision making yet. If they are not more proactive, they may face the consequences of the referendum before they are ready.

The Irish farmers truly believe that without the UK the investment on the agri-food sector by the CAP will be terribly affected. However, as shown by Farm Europe, the UK is
responsible for only 5% of the budget for CAP and the farming organisation says that they can
manage the Brexit; an opinion that was also shared by Pr. Munier. This is, if need be, another
proof of lack of knowledge that can affect their decision making.

Another finding of this study is that some farmers are only waiting for the results of the
negotiations between the UK and the EU, instead of being proactive and starting to get prepared
for both the short term and the long term risk management of the Brexit.

None of the Irish farmers who were interviewed seem to have a positive view about the
Brexit. However, there is a possibility for Ireland to take over the UK’s market shares in the
European Union, considering their similarities on culture and products. This dissertation started
with the aim of helping the Irish farmers mitigate the risks posed by the Brexit, but our findings
show that these risks may actually have a positive outcome if they are managed properly.

The Brexit may not be a disaster for the Irish agri-food sector if Ireland uses it as an
opportunity. Ireland is well known in some countries like France as a premium food producer.
As the agri-food sector is focused on quality of goods, Ireland should now focus on the “luxury
food market” and implement a new business strategy. As they also take over the UK’s market
shares, it could allow them not only to increase the volume of goods sold, but also the increase
their profit per unit as luxury goods usually yield higher profits.

A good example of how this can work is the success of the Irish premium butter brand
Kerrygold in Germany. Compared to the price at which the butter is sold in Ireland the product
made a higher profit being sold in Germany. The same could be said about lamb sold in France:
as Ireland has the opportunity to take over Welsh market shares in the industry, it also sells
lamb meat for much higher profit than in Ireland.

We showed that many decisions can already be made to help Ireland move in this
direction. Bord Bia has already started to develop labels that Irish farmers can use to
demonstrate quality or values in the production of their goods. This dissertation recommends
an acceleration in this process, as it will be the cornerstone for communication and marketing
throughout Europe. But that is not all.

The UK produces similar kinds of agri-foods as Ireland, but thus far the UK used its
political influence in the EU to get more market shares. If Ireland develops a political capability
by using the newly acquired sympathy (they are seen as the country that will be the most
affected by the Brexit), it is reasonable to imagine it could become a much bigger exporter in the EU.

These strategies are ambitious. Unfortunately, this may also be their downfall. Currently it is difficult to imagine that Irish farmers would consider investing more in a change of their business model to something that is completely new to them and that they may consider risky because of the importance of the investments involved. This may constitute the main limitation of our findings. It would require persuasion and lobbying, it would require time and resources. But it is not out of reach.

Furthermore, agriculture is the first step, which was used in this dissertation as a case study. But there is currently no reason why other industries could not take advantage of the same kinds of recommendations. With the same spirit, why would these recommendations not be applicable to a broader sense, to any other kind of dreadful event? After all, the Brexit is nothing but the expression of an anti-globalisation movement, embodied in recent years through different kinds of sub-movements, such as “the 1%” or more recently the “Nuit Debout” in France. There may be, and it is likely that there will be, more events in the future, some of which will impact the economy just as much as the Brexit. Business owners should start today to learn how to prepare and react, so tomorrow they can bounce back and back again.

Figure 7: When the anti-globalisation movement creates a risk event, there is a solution.
I have further recommendations. To improve my findings it would be necessary to increase the number of Irish farmers taking part in the interviews to make this sample representative. It would also require more economists to give different points of view both in diversity and in in-depth expertise.

We recommend that further studies complement, validate or correct the findings shown in this study. Indeed, it will be easier to help the farmers to face the Brexit if more researchers showed a common direction for them to take.

Finally, I recommend that future studies focus on other kinds of business and that together they bring a common point of view on such risky events as the Brexit, so they lead the way to a change of minds, a change of hearts, a change of direction. Because the Brexit is only one event and agriculture is only one industry. Tomorrow will bring new challenges, this study is merely a first step. The path will be long, hard to walk, but with better shoes we can ease the way.
Chapter 6 - Self-reflection on own learning and performance

6.1 Introduction

“Anyone who stops learning is old, whether twenty or eighty. Anyone who keeps learning today is young. The greatest thing in life is to keep your mind young.” Henry Ford

At twelve, I started to learn English by myself, watching movies and translating songs and this became one of the things that I liked, but I thought my dream which was living in an English speaking country was too far out of reach to ever become true. Over the years, I studied and I found job opportunities, but in Brazil the reality is that nothing is easy if you do not come from a wealthy family. After I worked a lot and saved money, I was able to come to Ireland. I learnt English and I waited for a good opportunity to improve my professional skills.

In 2015 I thought my English was good enough to start an MBA, and I found in DBS the perfect opportunity to do so. However, I was afraid that after finishing my studies in 2009 I would not be able to catch up on an MBA. The language and technical words were my biggest concerns. I really thought I would not make it.

When I started, my ambitions for my academic studies were to do my best, aggregating as much knowledge as I could, developing my skills so I could find the job that I always wanted in the company that I always dreamed to work for, and excel in it.

These are the main things that I achieved during my time in DBS: gaining a deeper understanding of my specialist subject, developing a wide range of skills and enhancing my career opportunities, as all of them are very important to find the job I seek.

I need to know every detail about what I am doing and if it makes sense. I need to know that what I am doing, which could be assignments or things that I am responsible for at work, is perfect or if it is not perfect, at least I need to know that I did my best on it. Having this in mind my plan was to do my best in everything during my MBA, and to monitor my performance by keeping an eye on my grades. I can say I am happy with the results.

When I started the dissertation I knew there would be some challenges ahead. I needed to manage my time better and as I was working and studying at the same time, this was not a very easy task. I believe that I usually waste a lot of time on small details like the layout of the
Reflection on dissertation

When I started this dissertation I did not know that it was about more than the Brexit; this dissertation could also help other industries prepare for other events in the future that may be similar to the Brexit.

When the Brexit was a possibility I was curious and there were so many important things to study about this event. What the outcome of the referendum would be was far from clear, as the whole UK was divided by the choice of leaving the EU or remaining in the EU. Before the referendum, a lot happened and the debates became something really aggressive and from my point of view a bit personal for the British people. The biggest issue for the Brexit supporters was that the UK needed their freedom back and wanted fewer immigrants to cross its border. I really thought that they would choose to stay, as specialists were warning the population about the risks that the country would face outside of the European Union. However, on the morning following the referendum, the first thing I did was to check the results. To my surprise, the UK had chosen to leave the EU (Figure 8). After that a lot happened in one week. Scotland was clearly disappointed with the results and informing...
the UK that they would organise a referendum to leave the UK. Specialists were shocked with the results and the country was suffering from an increase of hate crimes. Even television hosts were expressing their opinion on the subject (see (YouTube, 2016)).

I chose this topic because I was really curious and worried about the Irish economy, considering the circumstances of a possible Brexit. Also, I have always been drawn to Europe, the European Union and everything around it. As I was watching the news and reading about the subject I started to wonder how this could affect the country I was living in. As I read articles and newspapers about it, I saw how dependent the Irish agri-food is on the UK market. The business area that I was really worried about was the agri-food sector. When I talked about the topic to different people, everybody had the same opinion: the Brexit will not happen. I started to ask myself how Ireland would face the Brexit, or if this was a real concern or something that they did not believe that would happen. When I decided to go with the topic, some teachers already told me that this was not a good choice, as I cannot predict the future and if the Brexit referendum vote was to remain. If “Remain” wins, they said, my dissertation would not be interesting. Even with all the pessimism, I thought that I should go ahead.

I had to improve myself and tried to be as organised as possible, reading everything I could. As this is a new topic, it was hard to find a good amount of information and at some point I was losing my focus. When I saw the news on the day following the referendum, I realised that the Brexit was really happening. I was worried, because after everything I read, all the bad predictions about it. More than myself, I was thinking about all the farmers who have their business depending on the UK. What will be their reaction? What will happen to them?

My biggest concerns were the interviews and how to find farmers who would be willing to help on my study. I went to farmers markets, asked my network and slowly I could gather a few contacts. As soon as I got all the questions I started to contact them. It is hard to depend on people, and that is another thing I had to improve: patience. Usually, when I need something, I want it as soon as possible. However it is important to understand that people have their own schedule and priorities and I have to cope with it.

Most of the interviewees asked me to send my questions by email, others to conduct the interview by phone and I had to do what was best for them. Considering that was the period of summer holidays, it was even harder to get the answers, but I made it through.
Another challenge that I had to face was an appendix surgery. I spent two weeks being unable to do anything related to the dissertation, as the medicine was really strong. This was another moment that I had to learn to be patient, understanding that I had to take care of myself if I wanted to be better as soon as possible and keep working on my dissertation to finish it on time. This is also when I learnt about the goose and the golden eggs from Aesop. This fable says that a man had the good fortune to have a goose which laid a golden egg every day. As he wanted more money and one golden egg was not enough, one day he thought that if he opened the goose he would find all the golden eggs inside the goose. However, when he opened the goose he realised that it was an ordinary goose inside, and now that it was dead it would never lay golden eggs again. The farmer lost everything because of his impatience and inability to care about what provided him his fortune. With this small story I learnt that I was the goose, and if I did not take care of myself I would not be able to do the dissertation, which in the story was a golden egg. This is a lesson for life: always take care of you before asking anything from yourself or you might not be able to produce anything of value anymore. Manage yourself before you manage what you are doing.

At some point I thought I would not be able to finish, because compared to my colleagues I was really late, but I overcame all of it with the support of my fiancé, my friends and my mentor.

I believe that I learnt a lot with this dissertation, things that will help me in my professional life. I have experience working with deadlines, but it is not as easy when you depend on other people. I learnt that each person has his/her own agenda and priorities and sometimes we need to remind this person that we are depending on him/her but without adding pressure or stress, which is hard to balance. If you pressure a lot someone, you might never have an answer or you could damage your relationship with this person for good. I learnt that I need to take care of myself first if I want to do my best. I think I improved my communication skills. I learnt how to communicate efficiently and with high ethical standards.

Overall, this year I overcame a lot of difficulties, my English has improved and I had the opportunity to study with students from different countries, having the chance to know and learn more about new cultures. These are things that I will bring with me in the future and it was an amazing experience, both personally and professionally.
References


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Appendices

Appendix 1: Questions used for the farmers’ interviews.

1) Does Brexit represent a strategic adjustment or a structural challenge for Irish Agri-Food exporters?

2) Will Brexit impact Irish Agri-Food exporters long-term confidence in their access to the UK market?

3) Will Brexit impact Irish Agri-Food exporters long-term confidence in the sustainability of the European ‘single market’?

4) Will Brexit increase the ‘risk awareness’ in the growth strategies of Irish Agri-Food exporters?

5) Will Brexit encourage Irish Agri-Food exporters to diversify away from the UK (&/or European) markets?

6) Will Brexit encourage Irish Agri-Food exporters to more actively manage their systematic (un-controllable) risks? For example, their foreign exchange exposures?

7) Will Brexit materially impact the future and structure of the common agricultural policy?

8) Will Brexit lead to the risk of higher tariffs in non-EU export markets?

9) Will Brexit cause substantial damage to the prospects of future ‘free trade’ agreements?
Appendix 2: Sampling – Farmers

Figure 9: Farmers' sampling. Created by: Juliana (2016)
Appendix 3: Sampling - Economist

The number of economists in Ireland could not be found.

One economist indicated by professional network. This economist has a knowledge on the agricultural sector and will be able to analyse the farmer’s answers.

Figure 10: Economist's sampling. Created by: Juliana (2016)
Appendix 4: Interviews – Farmer 1

Does Brexit represent a strategic adjustment or a structural challenge for Irish Agri-Food exporters?
I think there is no doubt but Brexit will pose a huge structural challenge to Irish agri – food exporters and will require significant adjustments in how they operate. With up to 40 per cent of Irish agri food exports going to the UK market it could pose a seismic shift in market dynamics.

Will Brexit impact Irish Agri-Food exporters long-term confidence in their access to the UK market?
Relationships between Irish agri food exporters and their UK customers are very strong so this may offset some of the damage. Also Irish food and drink is hugely respected in Britain in terms of quality so UK buyers may not be in a rush to abandon Irish suppliers so quick if they feel they cannot find suitable replacement products.

Will Brexit impact Irish Agri-Food exporters long-term confidence in the sustainability of the European ‘single market’?
This issue is certainly now on the table. With so much discontent and the rise of Eurosceptics, the future of the EU single market is now far from certain.

Will Brexit increase the ‘risk awareness’ in the growth strategies of Irish Agri-Food exporters?
This could possibly be linked to the following question. Brexit will definitely cause major headaches for those companies who had seen the UK as a future growth platform and strategies will have to be revised in order to take this into account as there will be so much uncertainty.

Will Brexit encourage Irish Agri-Food exporters to diversify away from the UK (&/or European) markets?
Even before Brexit many Irish food exporters have begun to diversify away from the UK and in particular to emerging markets such as Asia and Africa so this will probably speed up that process now.

Will Brexit encourage Irish Agri-Food exporters to more actively manage their systematic (un-controllable) risks?
For example, their foreign exchange exposures?
Exposure to foreign exchange fluctuations could well be one of the greatest challenges post Brexit and will require significant management in order to reduce possible volatility. This is already evident with the recent collapse of sterling.

Will Brexit materially impact the future and structure of the common agricultural policy?
Brexit will most likely lead to major reform of the CAP which will be seen as a positive amongst both farmers and food processors.

Will Brexit lead to the risk of higher tariffs in non-EU export markets?
Yes, there is a significant risk that non – EU countries will seek to increase tariffs on food imports which will serve to compound the effects of Brexit for Irish agri food exporters.
Will Brexit cause substantial damage to the prospects of future ‘free trade’ agreements?

It’s probably too early to say on this but certainly will make future negotiations even more interesting.
Appendix 5: Interviews – Farmer 2

Does Brexit represent a strategic adjustment or a structural challenge for Irish Agri-Food exporters?
Yes it does, go to other areas and less British, change to where they will export. Probably Norway way, probably nothing will change.

Will Brexit impact Irish Agri-Food exporters long-term confidence in their access to the UK market?
It depends of how the Brexit will be, how they wanted to be. Norway model. However this is not what voters wants.

Will Brexit impact Irish Agri-Food exporters long-term confidence in the sustainability of the European ‘single market’?
If they develop new markets, its easier to leave, if they will be successful.

Will Brexit increase the ‘risk awareness’ in the growth strategies of Irish Agri-Food exporters?
No answer.

Will Brexit encourage Irish Agri-Food exporters to diversify away from the UK (&/or European) markets?
For sure.

Will Brexit encourage Irish Agri-Food exporters to more actively manage their systematic (un-controllable) risks?
For example, their foreign exchange exposures?
I don’t know.

Will Brexit materially impact the future and structure of the common agricultural policy?
It all depends of what will be the agreements with the EU.

Will Brexit lead to the risk of higher tariffs in non-EU export markets?
It all depends of what will be the agreements with the EU.

Will Brexit cause substantial damage to the prospects of future ‘free trade’ agreements?
It all depends of what will be the agreements with the EU.
Appendix 6: Interviews – Farmer 3

Does Brexit represent a strategic adjustment or a structural challenge for Irish Agri-Food exporters?
Yes depending on what restrictions will be in place

Will Brexit impact Irish Agri-Food exporters long-term confidence in their access to the UK market?
No will always do business

Will Brexit impact Irish Agri-Food exporters long-term confidence in the sustainability of the European ‘single market’?
Yes maybe depending on the long term outcome

Will Brexit increase the ‘risk awareness’ in the growth strategies of Irish Agri-Food exporters?
Yes again depending on restrictions if any will have to export into other countries.

Will Brexit encourage Irish Agri-Food exporters to diversify away from the UK (&/or European) markets?
Yes absolutely

Will Brexit encourage Irish Agri-Food exporters to more actively manage their systematic (un-controllable) risks?
For example, their foreign exchange exposures?
Unsure

Will Brexit materially impact the future and structure of the common agricultural policy?
Maybe

Will Brexit lead to the risk of higher tariffs in non-EU export markets?
Depending on outcome.

Will Brexit cause substantial damage to the prospects of future ‘free trade’ agreements?
No as there will always be trade
Appendix 7: Interviews – Farmer 4

**Does Brexit represent a strategic adjustment or a structural challenge for Irish Agri-Food exporters?**
I think it will be a strategic adjustment. We should be aiming for special export trade agreements between our two country’s regardless of EU rules.

**Will Brexit impact Irish Agri-Food exporters long-term confidence in their access to the UK market?**
It is unclear what the full impact will be. In the short term, confidence will be affected due to the present, ongoing uncertainty. However, I believe that both countries rely on each other’s markets and, therefore, long term confidence will not be affected as long as appropriate trade agreements are made.

**Will Brexit impact Irish Agri-Food exporters long-term confidence in the sustainability of the European ‘single market’?**
I think that other countries will probably move towards holding referendums and there will possibly be more countries that will leave the European Union. Because of this the EU market will become more competitive and result in the collapse of the single market.

**Will Brexit increase the ‘risk awareness’ in the growth strategies of Irish Agri-Food exporters?**
Yes, because at the moment we produce food at a loss as we are supported by EU subsidies. If we were to follow Britain in leaving the EU we will find it impossible to compete globally. This is certainly understood by every farmer in this country and we are trying to market ourselves as a luxury, sustainable, grass-fed, top-quality food producing island. This is obvious with the emergence of Bord Bia’s “Origin Green”.

**Will Brexit encourage Irish Agri-Food exporters to diversify away from the UK (&/or European) markets?**
The forced move away from our traditional markets will focus our strategy on branding ourselves, in the manner outlined above, so that we are best positioned to break into new markets. Whether, in fact, we will be able to compete in these other markets is yet to be discovered.

**Will Brexit encourage Irish Agri-Food exporters to more actively manage their systematic (un-controllable) risks?**
*For example, their foreign exchange exposures?*
Potentially.

**Will Brexit materially impact the future and structure of the common agricultural policy?**
It shouldn’t impact the future and structure of the CAP in the short term as Britain will find it hard to prop-up their farmers’ replacement CAP payments. Hopefully, as a direct result of Brexit, there will be more money in the kitty for the remaining EU member states who will benefit from more payments to keep the single market strong.

**Will Brexit lead to the risk of higher tariffs in non-EU export markets?**
I don’t know.
Will Brexit cause substantial damage to the prospects of future ‘free trade’ agreements?

I hope that we can make deals with Britain during the negotiation period prior to their official exit from the European Union. However, it is unclear whether it is permissible for Ireland and Britain to enter into special bilateral trade agreements without the approval of the other 26 remaining EU member states. The prospect of borders in Northern Ireland being rebuilt is a step backwards. I do believe Ireland has a compelling case to have special agreements with Britain due to the history and proximity between the two countries.
Appendix 8: Interviews – Farmer 5

Does Brexit represent a strategic adjustment or a structural challenge for Irish Agri-Food exporters?
I think brexit will involve more of a challenge than a strategic adjustment. Borders and tariffs will be reintroduced which will make it challenging to export to Britain. Britain is one of our most lucrative markets, particularly within the Beef sector, and it is important to maintain or increase our levels of export to the British markets.

Will Brexit impact Irish Agri-Food exporters long-term confidence in their access to the UK market?
Yes, as Britain is no longer part of the EU, there will be many changes in our export relationship with them. There will inevitably be a structural change to our trade agreements and we must keep Britain open to us as a market we can export to.

Will Brexit impact Irish Agri-Food exporters long-term confidence in the sustainability of the European 'single market'?
Yes, I would fear that this is a sign that other countries will question their participation within the EU. It is an unstable time and there will inevitably be referenda in other countries on whether to remain or to exit the EU. Ireland is unique in the EU in that it is on the westernmost fringe of Europe and far more reliant on the EU than any other country on mainland Europe. We must be allowed to negotiate on our own terms with Britain, and the EU have indicated this is not allowed.

Will Brexit increase the ‘risk awareness’ in the growth strategies of Irish Agri-Food exporters?
Yes, I would be worried that access to the British markets will now be a more volatile relationship – increased volatility is not welcomed by the farming community. The British market will no longer be bound by the trade laws within the EU. Irish Food exporters must always look towards new emerging markets and seize every opportunity within these markets. It is now more important than ever as unrest within the EU could lead to a reduction in the availability of existing market share within Europe.

Will Brexit encourage Irish Agri-Food exporters to diversify away from the UK (&/or European) markets?
Yes even though we are and have been for some years now, interested in other markets, it is now a complete necessity. We must monitor markets outside of the EU, and not be completely dependent on markets within the EU. We need to monitor global trends and be flexible and ready to engage with new markets. These markets may come looking to engage with Ireland, or we may need to actively engage with them before that stage.

Will Brexit encourage Irish Agri-Food exporters to more actively manage their systematic (un-controllable) risks?
For example, their foreign exchange exposures?
No, I believe some factors are uncontrollable from within the farming community. It is very important to be aware of these risks but I believe we are acutely aware of them already.
**Will Brexit materially impact the future and structure of the common agricultural policy?**

Yes completely. Britain contribute much more to the EU than what the receive in subsidies, their exit from the contribution scheme will undeniably have an effect on the pool of money available to farmers in other countries. There will be a knock on effect to payments in the future which is very regrettable for Irish farmers who face high cost of production compared to some of their european counterparts.

**Will Brexit lead to the risk of higher tariffs in non-EU export markets?**

No I don’t believe it will.

**Will Brexit cause substantial damage to the prospects of future ‘free trade’ agreements?**

Yes of course. We have no idea really what this Brexit agreement could bring in the future as we are in unchartered waters. We have not experienced a Brexit before, even apart from the farming and agri sectors, all areas of business are worried. Only time will tell. But I do believe that trade agreements will be restructured and for a country like Ireland who relies on exports to survive, it is a very worrying time.
Appendix 9: Interviews – Lorcan Allen

Does Brexit represent a strategic adjustment or a structural challenge for Irish Agri-Food exporters?

Brexit represent a major structure challenge for Irish agri-food exporters as the UK is the single most important market for Irish food and drink accounting for 42% or €4.4bn of exports in 2015.

Some sectors are particularly exposed. Irish beef is heavily dependent on the UK market with 230,000t of product shipped to the UK last year. Similarly, the UK market accounts for almost 60% of Irish cheese exports and more than 25% of our butter exports. Perhaps the sector most exposed is our mushroom industry with 92% of mushroom exports shipped to the UK.

The immediate challenge for Irish exporters in the aftermath of the Brexit vote has been the currency volatility with sterling weakening as much as 16% close £0.86 against the euro.

A weakening of sterling makes Irish exports lest competitive on UK supermarket shelves but it also makes UK food imports coming into Ireland much cheaper and poses the risk of product displacement on Irish shelves.

In the longer-term the big threat for Irish exporters will be the trade arrangement the UK eventually negotiates with the EU as it leaves the single market.

The single market has facilitated the free movement of goods, people and capital between our two countries. The ease of doing business Irish food and drink exporters have enjoyed when dealing with UK retailers and foodservice outlets will be under threat if trade barriers are introduced when the UK leaves the EU.

Right now it is impossible to say what the trade picture will look like until the UK triggers article 50 and negotiations can begin.

Will Brexit impact Irish Agri-Food exporters long-term confidence in their access to the UK market?

Following the initial shock after the result of the vote was announced, the Irish agri-food industry quickly realised it would immediately need to begin positioning Ireland as a special case in the EU-UK negotiations that are to come.

The UK is the prize market for Irish food given our close proximity, our shared border, our very similar culture and most importantly the UK retail system, which is certainly the most advanced in Europe, if not the world.

As such, the UK will remain the main export market for Irish food in the years ahead. The question is how "free" will trade be between the two islands.

Will Brexit impact Irish Agri-Food exporters long-term confidence in the sustainability of the European ‘single market’?

Certainly not. The single market has been the most important tool in the development of Irish trade and exports. After the UK, the EU market is Ireland's next most important trade destination and free movement of goods across the continent for Irish lamb to France and Irish butter to Germany is imperative.
Will Brexit increase the ‘risk awareness’ in the growth strategies of Irish Agri-Food exporters?
Every business must cope with risk in some form or another. What Brexit is likely to do is create a "wait and see" environment for many Irish companies. This means many companies that may have been planning investment in expansion or new products may hold back that investment now and wait to see the outcome of the EU-UK negotiations and what the future trade landscape will look like.

Will Brexit encourage Irish Agri-Food exporters to diversify away from the UK (&/or European) markets?
It may encourage some larger companies to try and diversify elsewhere but the reality is that many companies exporting to the UK are small in size and export 100% of their product to the UK. The ability of these companies to diversify into new markets will be limited. Also, the similar culture and proximity of the UK remain the big selling points of the market to exporters.

Will Brexit encourage Irish Agri-Food exporters to more actively manage their systematic (un-controllable) risks? For example, their foreign exchange exposures?
Many companies already manage their currency exposure and those that do not will have to now look at it seriously given the probable volatility ahead. Already Bord Bia has run workshops with Irish food companies helping them to understand how to manage currency exposure. Approx 70% of companies surveyed said they did not hedge currency risk which is staggering. This will need to be improved if businesses are to continue to succeed in the UK market.

Will Brexit materially impact the future and structure of the common agricultural policy?
Yes it is very likely Brexit will have a major bearing on the CAP. The UK is a major contributor to the EU budget and with that money gone there will be a review across the board for the EU budget. Already there have been calls from countries like Spain for a reduction in the CAP budget following the Brexit vote.

Will Brexit lead to the risk of higher tariffs in non-EU export markets?
No. The UK will be free to negotiate its own free trade deals with countries once it exits the EU but EU trade relations with outside trading blocs or countries will not be changed.

Will Brexit cause substantial damage to the prospects of future ‘free trade’ agreements?
The two free trade agreements currently on the table for the EU are TTIP (Trans Atlantic Trade Investment Partnership) with the US and a possible deal with the Mercosur countries (south America).
Both deals are still under negotiation and it is hard to say right now what impact the UK leaving the EU will have on them.