

How the pound performance could affect your fruit salad?

The struggling pound and uncertainty over Brexit is making fruit picking recruitment a struggle for UK farmers

Recruitment agencies have warned farmers in the UK that recruitment for fruit picking is so low, it is likely that fruit will begin to rot before it is picked in time, incurring huge losses for the already volatile farming sector.

A 12 month turnaround

The National Farmers Union have also reported a 17% drop* in seasonal workers coming to the UK. Agencies who recruit in countries like Romania and Bulgaria have noted a complete turnaround in the attitude of workers from these countries. With a continuing poor performance from the pound; the fast rate of growth in places like Romania; and Brexit concerns, the interest in coming to the UK to work seasonal jobs continues to wane drastically.

Agencies are used to the luxury of many workers for each job they need to fill. Now, workers are enjoying the choice of 4 or 5 positions each.

Discouraged by rates

Workers from Romania and Bulgaria had been enjoying favourable exchange rates before Brexit. In 2016, before Brexit, a worker from Bulgaria could expect to take home 12,048 Bulgarian lev, for 4 months' worth of fruit picking*** But at the time of writing, 2 years post Brexit, the same worker could expect to take home 10,704 lev. That's a difference of 1,344 lev and whilst the lev remains significantly down from the pound, it has been enough to put off a lot of seasonal workers, especially when similar work can be found in countries closer to home, like Germany.

Options for farmers were also minimised by the end of the Seasonal Agricultural Workers Scheme in 2013. But many farmers have turned to seasonal workers from Moldova**, many of whom are Bulgarian and Romanian and benefit from 2.23 Bulgarian Lev**** or 5.30 Romanian Lev***** respectively for every pound.

Effects on British farming

Inability to pick fruit before it rots is a serious issue for British farming. The loss incurred from perishing fruit has implications for Britain's food production and the sustainability of agricultural economy.

As a way to tackle losses of this sort, the government offers farmer subsidies and for those farmers struggling with recruitment, it's not too late to submit a 'late application' for BPS (Basic Payment Scheme).



A lifeline for UK farmers

The BPS is the biggest of the European Union's rural grants and payments to help the farming industry. Farmers apply once a year in May, but late applications could be made up until June – a lifeline for those who suffer as a result of a lack of recruitment and a poor performing pound.

Combating the struggling pound

Whilst the BPS is of great assistance to British farmers, fluctuating currency markets have an effect on how much benefit can actually be felt of this financial cushion. Many farmers choose to receive their BPS in euros as a way of hedging receiving the subsidiary. moneycorp, a foreign exchange specialist, helps many British farmers effectively manage their BPS through fluctuating currency markets. Lee McDarby from moneycorp provides insight into the options open to farmers, "We work with a lot of farmers here at moneycorp to help them make the most of their BPS in volatile and uncertain times like this. Treasury risk management experts work directly with UK farmers to provide solutions, such as forward contracts or similar hedging products that allow them to lock in on a favourable rate, meaning when they have certainty of sterling value when they receive their BPS in euros."

The future of fruit farms

At the moment, the future appears far from bright for fruit farming in Britain. Evidence provided by English Apples and Pears Limited to the Department for Food and Rural Affairs (Defra) suggests that many fruit farmers intend on removing orchards from their business.** This is in addition to the reduction of orchards in the UK by 60% since the 1950s. A worrying statistic, considering Brexit concerns are likely to compound the situation next year as the UK makes the official move away from the EU.



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*<https://www.bbc.co.uk/news/business-44230865>

** <https://www.theguardian.com/business/2018/may/27/uk-farmers-strawberries-migrant-workers-crisis>

***based on UK national living wage is £7.50 ph, 40 hrs per week at a rate of 2.51 per £ on 06/06/2016 <https://www.xe.com/currencytables/>

****Rate of 2.23 Bulgarian Lev per £ on 08/06/2018 <https://www.xe.com/currencytables/>

*****Rate of 5.30 Romanian Lev per £ on 08/06/2018 <https://www.xe.com/currencytables/>
