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By Fred Searle

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## Tech 'will shape industry more than Brexit' - IGD



James Walton speaking at the IGD Big Debate 2016

Brexit so far not as damaging as predicted and of secondary importance to technological advancements, says IGD chief economist

**T**echnological advancements and the growth of robotics will prove more important than Brexit in reshaping the grocery industry, the IGD's chief economist predicts.

James Walton from the food and grocery research charity suggested that the economic impact of Brexit should not be exaggerated, arguing that it is of lesser importance than wider political changes affecting the food industry.

Speaking at a Brexit briefing at the IGD Big Debate 2016, he said: "It is quite difficult to pick out any sign of awful economic consequences starting to unfold and actually a lot of the macroeconomic measures are still pretty positive.

"Brexit, undoubtedly, is going to create really profound changes for both shoppers and businesses, and that applies particularly to the grocery industry

because we have such complicated and extensive international connections. But I would argue that Brexit is just one of a series of much wider political changes that we have to be aware of."

One of these is the emergence of new technologies, which, according to Walton, have the potential to "undermine a lot of the advantages of international trade and scale economies." This would make a post-Brexit shake-up of trade agreements and reduce the extent to which globalisation is a driver of prosperity and growth - a movement that Walton says is "running out of steam".

He also highlighted the fact that advancements in artificial intelligence and robotics will soon either supplement or replace human labour, arguing that a "fourth industrial revolution" is upon us.

This suggests that while the provision of

seasonal labour is vital to current Brexit discussions over seasonal labour in fresh produce, many of these workers may soon become obsolete.

Walton acknowledged the damaging impact of post-Brexit currency depreciation, due to the rising cost of fresh produce, meat and beverage imports, but pointed out that grocery prices remain below levels seen two years ago.

"You might expect that the cost change would be more dramatic," he said. "That weak price response is down to a couple of things. It's partly because prices globally for a lot of commodities are still pretty low. But we're also seeing substitution effects - manufacturers in the UK responding to weaker sterling by sourcing more in this country. That substitution will certainly offset depreciation."

Currency weakness could also make UK

Walton said, with grocery export volumes

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food production more competitive in both exports and domestic sales, and value sales up slightly since Brexit.

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