

'Planning is a nightmare': Irish milk firm fears 'lights out' after Brexit

Strathroy dairy in Omagh is busy devising a survival strategy as the backstop debates continue. Pat Haskins steers his tanker towards the river Blackwater, a murky waterway that in theory will soon mark the frontier between the United Kingdom and the [European Union](#). A narrow sliver separating rolling hills in County Monaghan in the Irish Republic from rolling hills in County Tyrone in [Northern Ireland](#), it is not much to look at. Blink and you miss the drive across the short two-lane bridge.

On Haskins's left, two donkeys graze in a field. On his right, trucks roll south. His 46-tonne rig is headed north. The only indication he has entered the UK is a road sign giving the speed limit in miles rather than kilometres. "I remember what it was like before the border went," says Haskins, 61. "You had to go to Dundalk to get clearance from the south to go north. Then you had to go to Newry to get clearance to go into the north. It was a bloody nightmare."

The tanker carries 27,500 litres of milk from southern farms for Strathroy dairy in Omagh, 20 miles inside Northern Ireland, which will process and bottle the milk before sending it back to the Republic – a frictionless criss-crossing to use [Brexit](#) terminology. That may all change on 29 March when the UK is due to leave the EU. Or it may not change at all. Or [change just a bit](#). It depends on whether the UK actually leaves, whether there is a deal and what sort of deal plus technical questions about customs, taxes and currencies, all currently unanswerable.

For [Strathroy](#), one of the biggest dairies on the island of Ireland with 220 employees and an £80m annual turnover, the uncertainty could add up to a sense of looming disaster. Ruairi Cunningham is a director of Strathroy dairy. Trucks cross the border dozens of times a day, taking milk from 250 Irish and Northern Irish farms. Photograph: Patrick Bolger

It is not just about economics. A bomb killed 29 people and wounded more than 200 in [Omagh in 1998](#), one of the last and worst atrocities of the Troubles. Brexit has destabilised the Good Friday agreement which has since kept the peace. Ruairi Cunningham, a managing director of Strathroy, thinks [Brexit](#) is a colossal mistake. He echoes his tanker driver's bad dream analogy, saying: "Forward planning is a nightmare. It stops you doing your day to day work and growing the business." The family-owned company has a fleet of trucks that crosses the border dozens of times a day, taking milk from 250 Irish and Northern Irish farms that ends up in about 2,400 retailers on both sides of the border.

Last week's Brexit headlines included warnings that, in the event of no-deal, vehicles would need insurance "green cards" to cross the border, there would be [mandatory EU and World Trade Organization \(WTO\) border checks](#) and that Ireland could, according to the head of the Irish Exporters Association, be "[screwed](#)".

At the Blackwater border crossing, it is easy to envisage a dark surge thundering towards the island of Ireland's agri-food sector. Many of those who produce and transport cheese and beef may indeed be swept away. But whatever happens in the Brexit lottery, Cunningham is quietly confident that his dairy will adapt. "We may take a financial hit in the short to medium term but we're fairly content that it's manageable," he says.

While Westminster has lurched from drama to drama, leaving Brexit in limbo, Cunningham has been busy devising a survival strategy, the result of swotting up on trade rule arcana, lobbying officials, soothing skittish suppliers and customers and scouting locations for a potential new dairy in the Republic.

The strategy may not be needed. If Westminster ends up passing a version of Theresa May's deal or delaying or cancelling the UK's withdrawal from the EU, Strathroy's trucks will continue trundling over

the river unimpeded. Pat Haskins' truck carries 27,500 litres of milk across the bridge over the river Blackwater. Photograph: Patrick Bolger

A hard border or crashing out without a deal, however, could trigger checkpoints and stiff tariffs. But probably not overnight, giving time for plan A: apply for inward processing relief from customs duty and import VAT to avoid making Strathroy's milk uncompetitive in the Republic.

The scheme would require a bilateral accord between Britain and [Ireland](#), so Cunningham has been lobbying officials in Dublin and Belfast. "It's looking positive but we need to make sure all our ducks are lined up in a row," he says. If that falls through the milk will be subject to a 30% WTO dairy tariff. "No way we could absorb that. It'd be lights out."

Enter plan B: persuade officials to levy the tariff just on value added – the processing of the milk rather than the product's full value. Instead of a 30 cent tariff on every €1 of milk, the company would pay 3 cents. "Not lights out, manageable." In the Alice-in-Wonderland realm that is Brexit planning, Cunningham is receiving reassuring feedback from Dublin officials who say the tariff would be just on the value added, but that they cannot put that in writing. Officials in Belfast think he might have to pay the full tariff, but admit they do not really know.

If so, plan C is to open a dairy in the Republic to process milk from the south while the dairy in Tyrone processes milk from the north. It would take several years to build, cost about €10m and duplicate resources in the highly efficient, automated Omagh dairy, so it would be a last resort.

"We hope it doesn't come to this, but I've scoped out some greenfield sites," Cunningham says. "It's a tight game that we're in. And the goalposts are moving all the time." In Brexit's turbulent swirl is he losing sleep, pulling out hair? The dairy manager smiles and rubs his chin. "Nope. You just do what you can do."