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But the longer term prospects are more hazy.  Since David Ricardo developed his theory of comparative advantage 200 years ago, illustrated by the relative strengths of the UK and Portugal in production of cloth and wine, economists have had an interest in the issue.  Now fresh analysis on the long-term impact of the UK’s exit from the EU makes for sobering reading for British consumers and global producers. The UK Trade Policy Observatory suggests [an adverse effect on wine markets](http://click.newsletters.ft.com/f/a/BNX8jkjHlbdwEJR84WILNQ~~/AAAAAQA~/RgRbB_~) for the next few years.  [https://www.ft.com/__origami/service/image/v2/images/raw/https%3A%2F%2Femail-platform-ftcom-manual.s3.amazonaws.com%2F75ddafe1-7c3f-431d-8e02-e7c25db7b5ed?source=ft-email-manual&width=1024&fit=scale-down](http://click.newsletters.ft.com/f/a/ZyssijnpS1egcGVnWDwGhQ~~/AAAAAQA~/RgRbB_~)  Kym Anderson and Glyn Wittwer, two Australian economists, have produced a model that suggests by 2025, the price of wine for UK consumers will be 22 per cent higher, the volume of consumption 28 per cent lower and the value of UK imports 27 per cent lower.  Most of the impact is the result of slower economic growth and unfavourable exchange rates, which will increase the cost and cut demand for imported wine in bulk and in bottles into the UK.  Given that the country accounts for about one-fifth of total wine imports around the world, that is also bad news for producers elsewhere: the calculation estimates an overall $1.2bn reduction in wine exports from the EU as a result of falling demand.  The model does not examine the broader economic impact of the changes, but a hard Brexit could impose both new tariffs on wine from the EU to the UK and, via non-tariff barriers, deter foreign inward investment into the industry.  But there are some Brexit beneficiaries. Sterling’s depreciation in recent months has helped boost foreign sales by Britain’s fine wine exporters (albeit while increasing their own import costs), notably to fast-growing markets in the Far East.  Those producing other alcoholic beverages including beer — which continues to rise as a share of consumption in many countries — could gain further ground on wine.  The English wine production industry itself should also benefit from the rising costs of imported alternatives. But — any taste issues aside — the advantages will be modest, given that it accounts for less than 1 per cent of UK consumption and is hardly exported.  At a presentation of the findings at Chatham House last week, Jancis Robinson, the FT’s wine critic, andTamara Roberts, head of the Ridgeview Wine Estate, an English producer (who is bullish on the future), highlighted the dependence of English producers on both foreign specialists and workers, and imported vines.  Miles Beale, chief executive of the Wine and Spirit Trade Association, which opposed Brexit, also stressed the value of the proximity. In a reference to France and the UK, he said: “Europe has had the world’s greatest wine producing and trading nations cheek by jowl for years. We risk losing that.”  But his organisation, like most in the industry, is already focused on [how to adjust](http://click.newsletters.ft.com/f/a/y3rpKuH2ChTFxKNfyNoLxQ~~/AAAAAQA~/RgRbB_~~). Proposals include easing the transition with common EU policies and a wider reduction in tariffs and harmonisation of standards; and cutting taxes on wine consumption within the UK.  Meanwhile, Brexit has been a frequent topic in discussions at the London Wine Fair this week. “There has been pricing pressure with the fall in sterling,” says Patrick McGrath from Hatch Mansfield, a wine importer and wholesaler.  But he is stoical. “Everybody is now working with the new exchange rates. The hotel and restaurant market is very strong, there are a lot of tourists. I think it’ll net off. And the fine wine trade will do very well.”  Producers and consumers hope that the long-term consequences are not more serious, whether through a shift to lower quality wine, to alternative drinks or to discounting.  **FT subscribers can sign up** [**here**](http://click.newsletters.ft.com/f/a/gbB2ZHeOENBUs4QezXY9MA~~/AAAAAQA~/RgRbB_) **to receive Brexit Briefing daily by email.** | |      |  | | --- | | Brexit Briefing is written by James Blitz and Tony Barber. The editors are Siona Jenkins and Andrew Jack. 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