



## **Brexit Planning Update – September 2020**

23/09/2020

As you will be aware, at the time of writing, the UK's transition period with the EU will end on the 31<sup>st</sup> December 2020.

On this basis, we wanted to make you aware of some of the preparation and work which is ongoing to try and ensure that we and our supply chain (from suppliers through to customers) are in the best position possible, at the end of this transitional period.

### Product Origin Analysis

We have conducted a full product assessment of where all Country Range products are produced in both SKU count and by volume with a view to determining which lines are most likely to be impacted by European supply chains. It is worth bearing in mind however that with manufactured lines, even if the product is produced in the UK, the likelihood is that an element of those ingredients will be procured from Europe.

On lines which are potentially affected, we have been working closely with those suppliers to determine their plans and contingencies, as well as making our own investigations as to our plan B, should we need to source an alternative product.

### Supplier Assessment and Information

We have written to all manufacturers to understand all aspects of how they believe Brexit and particularly a 'no deal' Brexit will affect their business. This includes supply chain and transport issues, cost increases (either tariff based or other), customs checks and willingness to increase stock holding either of finished goods or raw materials.

We will have the necessary customs clearance procedures in place to allow a smooth transition of goods inwards, providing there are not general transport hold ups (i.e. affecting everyone).

### Tariff Assessment and Impact on Finished Products

We have analysed the latest UK Government Tariffs that have been proposed in the event of a no-deal situation and we are working with suppliers to determine exactly what this could mean in terms of finished products.

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Many key products would be affected including meat, dairy, vegetables and many others (Please see our separate Tariff document). Even where products are UK sourced, it is possible that an increase in the cost of similar imported goods may inevitably lead to an increase in the cost of those UK equivalents, as manufacturers re-align prices with the market.

There is no indication yet as to whether there will be a free trade agreement however, given the timeframes between now and the 31<sup>st</sup> December, we are planning for the worst case scenario from a pricing perspective, which is 'no-deal.'

It is safe to say that if the UK leaves the EU without a deal, there will be a greater administration requirement placed on the supply chain into the UK. Inevitably, this will add additional cost into the supply chain. To what extent is only likely to become clearer once business is functioning under the new rules and procedures in place.

#### Government Advice and Industry Bodies

Thankfully as part of our membership and partnership with various industry bodies, we have been able to keep close to the latest announcements and advice being given. These bodies have close links with UK Government and DEFRA and are working tirelessly on behalf of the industry to try and provide information which can be utilised, to reduce risk and help businesses prepare. There are many questions however that remain unanswered from a Government perspective and this may only become clearer as time moves forward.

Our team have attended seminars and workshops, have had conference calls and continue to liaise closely with our suppliers to ensure a smooth transition post Brexit.

Our key focus will continue to be on maintaining continuity of supply and maintaining high levels of service to customers, as well as providing information where possible in what is a complex landscape for all food businesses.

There are likely to be other considerations, including packaging and legalities where we currently adopt EU law and these may change over time, thankfully our technical resource will allow us to stay close to this.

There may be further updates necessary as required.

Best Regards,

Martin Ward  
Trading Director

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