

Winter market information report 2021

Brexit

With a 'no deal' Brexit now a major possibility, we have taken the time to plan and prepare a strategy which will stand us in good stead for many years to come.

The good news is that we have taken significant steps in supporting our UK producers to launch new products, continuing to do this in the knowledge that it is an investment in not only the future of domestic businesses' but also UK economy.

This contribution sees more cheese, dairy and fresh produce being produced here in the UK than ever before.

We are not looking to merely 'weather the storm' of Brexit but rather support dedicated British producers.

Our focus on sustainability, provenance and ethical sourcing looks to encourage the growth and development of a burgeoning industry right here on our doorstep.

This will see our carbon footprint reduced, as we look to positively contribute to tackling the climate crisis – a critical element of contemporary business strategy.

Tariffs on Imported Products

A full list of trade tariffs in accordance with the WTO (World Trade Organisation) in the event of a no-deal can be found at <https://www.trade-tariff.service.gov.uk/sections>

The new tariff schedule, published in May, which will apply from 1 January 2021 if a free trade deal on food is not agreed, means 85% of foods imported from the EU would face tariffs of more than 5%.

The average tariff on food imported from the EU would be over 20%.

Selected examples are as follows: 48% on Beef mince, 16% on Cucumbers, 10% on Lettuce, 57% on Cheddar cheese, 12.8% on Mushrooms, 12% on Edible roots.

As an importer of goods from the EU, we have joined the TSP (Temporary Simplification Procedures) which will be the quickest way to import goods into the UK.

We have chosen to take full control of all our own documentation and by working directly with the largest freight forwarder in the UK, we feel we are exercising all options in order to be best equipped for future challenges we may face.

The danger of delays at customs for both imports (due to importers without the correct paperwork) and exports (longer checks at EU customs) remains a potential concern.

As a large group of businesses, we are designated as the first point of arrival in the event of a no-deal Brexit this will allow us to control as much of the supply chain as possible.

Tariffs on Imported Products

As an importer of goods from the EU, we have joined the TSP (Temporary Simplification Procedures) which will be the quickest way to import goods into the UK.

We have chosen to take full control of all our own documentation and by working directly with the largest freight forwarder in the UK, we feel we are exercising all options in order to be best equipped for future challenges we may face.

The danger of delays at customs for both imports (due to importers without the correct paperwork) and exports (longer checks at EU customs) remains a potential concern.

As a large group of businesses, we are designated as the first point of arrival in the event of a no-deal Brexit this will allow us to control as much of the supply chain as possible.

Currency

In the event of a no-deal Brexit, experts predict the Euro rate to fall to parity.

We have taken the decision as a business to fix our exchange rate until April 2021.

In the event of a no-deal Brexit, we will inform you of any changes that need to be made to pricing once our exchange rate fix expires.

Produce

The winter season runs from November through to the end of April and our suppliers in Spain, Italy, France and Holland appear more concerned for their own economies rather than the UK economy.

The UK receive 15-20% of produce exported from Holland and they appreciate the impact any fluctuations on the supply to the UK would have on their own economy.

The Spanish economy is far more fragile than it appears, and more worrying is their reliance on the winter season of fresh produce. Between November and April, they expect 11% of fresh produce to be received by big retail chains in the UK.

Crops this season throughout Europe so far are all being reported in line with last season if not better in terms of volumes due to good growing conditions.

Good growing conditions see crops throughout Europe replicating the results of last season.

Transport / Freight

Concerns regarding transport costs this winter can be attributed to the uncertainty concerning the ongoing COVID-19 pandemic.

The pandemic has seen hauliers experience increased cost of loads back to the UK with transport costs during the first lockdown rising by €1400 per load and causing upward pressure on the price of imported produce.

Another full-scale lockdown would see an increase in road haulage from Spain, Italy, France, and Poland.

Airfreight is still a prevalent issue with reduced flights available from Thailand, Kenya, Colombia, and Mexico all of which are our largest suppliers of certain exotic lines throughout the year.

Product availability is not proving to be an issue and rather the planning of arrivals is troubling with products arriving three to four days later than expected.

Labour

The agricultural sector of the domestic economy has faced challenges throughout the year due to staff shortages but now as the UK move into a less productive period in terms of produce, the challenges now will be faced by Spain.

The Spanish government have introduced a new salary law which will see the agricultural sector force to increase the minimum wage rate for those working in fields and factories from €6.25 to €7.35 per hour.

The Italian government introduced the same short term measure back in June in order to support the agricultural sector of their economy.

COVID 19

One of the greatest challenges to our industry is the impact of a second wave of coronavirus coupled with the uncertainty associated with a potential no-deal Brexit.

We believe that both would have little impact on fresh produce, although delays to third party lines could prove problematic but we expect this to have a far greater impact on the retail sector with demand for foodservices falling in line.

Summary

As specialists within the field of fresh produce it is our responsibility to provide our customers with the best products and service possible regardless of the difficult situation we find ourselves in now due to the ongoing pandemic and the uncertainty concerning Brexit.

Risks are not new to the fresh produce industry, Spain a few years ago experienced record snowfall which led to the destruction of the majority of lettuce crops yet we were able to satisfy our customers and supply 95% of demand.

There exists a multitude of uncertainty concerning all facets of life but we are convinced that we are in good stead to provide our customers with the best quality produce throughout the winter season, a true reflection of our exemplary standards.

By trialling suppliers from Morocco, Egypt, and Albania last winter we have exhausted alternative suppliers in order to safeguard ourselves and our customers against supplier shortcomings which we may experience.

Through direct communication with both customers and suppliers we look to overcome any challenges which may come our way during this winter period.

As a business we are best equipped to dealing with any challenges which may be faced during the winter period.