



OLIVER KAY BREXIT PLANNING

OCTOBER 2020 BREXIT PLANNING FOR NO DEAL

While Covid has consumed much of the year for us all, and much of our efforts have been placed in supporting our customers throughout this, we also are aware of the impending Brexit deadline. With the transition period ending on 31st December, where the UK will exit from the EU's single market and Customs Union, many legal aspects of Britain's membership will cease to apply. We have identified the challenges around supply of product, and our supply chain overall and have put plans in place to mitigate any impact.

The following document outlines our plans based on a no deal Brexit outcome. Should you have any concerns or queries please speak to your account manager or call the office on 01204 385463.

oliverkayproduce.co.uk

OLIVER KAY

BREXIT PLANNING OCT 2020

OVERVIEW

Potential Challenges & Solutions

- Increased paperwork for imports - This will be done in compliance with UK regulations
- Logistics
 - Delays at ports - New processes and systems may have some delays on both entering and exiting UK/Europe depending on nationality and we are planning for this
 - Defra inspections – uncertainty
 - UK Logistics - Unclear if UK transport will be licenced to operate in Europe
- Tariffs - All tariffs will be paid according to UK law

IMPACT ON PRODUCT

Low Risk

Storable

e.g. Root vegetable, top fruit (apple, pear), citrus, melon, squashes.

Stock of these will be increased a head of Brexit to take pressure off the ports for initial implementation and to ensure there are no shortages. This also covers UK produce and products already supplied from outside Europe (ROW) which arrive by Sea and Air.

Medium Risk

Perishable

e.g. Hard salad (pepper, cucumber, tomato), hearty leaf.

These products can be harvested a few days earlier to allow for delays at EU ports, adjustments by maturity/ripeness on shipping is common practice each year, as the season progresses, this takes into account growing conditions and transit time, example we ship tomato at colour stage 4 to ensure it is received at colour stage 5/6 in UK.

High Risk

Highly Perishable

e.g. Leafy products, baby leaf, some types of herb, some types of berry

Any disruption to supply would affect quality, these lines will be managed accordingly, suitable alternatives are available if the situation at the ports deteriorates beyond 48 hour delays, Airfreight is used for some products already however this is cost prohibitive for some lines.



TRANSPORT

Changing Transport Methods

Main pinch points expected to be the roll on/off from the ferry or tunnel, where the vehicle and drivers travel with the goods. Oliver Kay have already trialled Coolbox (chilled containers) for some of our existing perishable products and are planning to move the remaining products to this method. The cool box travels through the container/freight terminals which are already used to handling containers from around the world. Typically, this method takes an additional 5 hours from the continent to the UK, but it is proven and very reliable.

We expect French ports (under their own government control) will be less flexible with any new systems. Our preferred route to market will be ports that are already used to dealing with exports to the rest of the world such as Rotterdam, Zeebrugge and Bilbao etc.

Planned route into UK post Brexit

Product Origin	EU Port	UK Port
Portugal, Spain, Morocco	Hook-of-Holland	Hull, Grimsby & Harwich
Italy, Spain, France, Holland, Morocco	Rotterdam	Hull
Italy, Spain, France	Zeebrugge	Hull
Spain	Bilbao	Tilbury, Bristol, Liverpool



Defra inspection

There are indicative tariffs that could be imposed ranging between 5% and 15% in the event of a no deal. However, it is widely believed these will be scrapped as this is at the discretion of the UK government. All World Trade Organisation (WTO) rules state that all countries operating under WTO rules must be treated equally, therefore the UK government may opt not to charge any tariffs on fresh produce at all.

Initially there will be very few additional inspections on fresh produce entering the UK from the EU as they are already operating at the same level as the UK and they will wish to keep the ports moving.

Logistics – Europe

With only 1224 permits available to UK hauliers to operate in Europe, there will be many UK registered vehicles unable to operate on the continent. This may put additional pressure on European hauliers delivering into the UK.

UK hauliers will be required to show additional paperwork when entering the EU. European registered hauliers will be able to enter the EU more easily on return journeys. The concern for UK based hauliers is real!

In March 2019 the 'Yellow vest movement' and port workers strikes effected supply through northern France, during this time we put our Brexit plans into action for around 4 weeks. As per our plan, all fresh deliveries were diverted from Calais to Rotterdam and the Hook of Holland and entered the UK through ports in the east. There was no interruption to supply over this 4-week period.



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