



ON FARM ISSUES: INPUTS

BUSINESS UPDATE | OCTOBER 2019



It's important to assess and plan for the possible effects Brexit will have on farm inputs and supplies. Look at the range of products being used on farm, speak to your suppliers and decide if any action around ordering stocks or making contingency for volatility in prices is necessary.

Feed

Feed mills will be running and compound will be delivered on 1st November. Approximately 40% of raw materials in compounds are sourced from the UK and the rest come into deep water ports on big cargo carriers so these are not going to be held up in queues of lorries at Dover. Many suppliers of smaller specialist products (fats/minerals etc.) from the EU will now have got the correct status to move goods from the EU to the UK without needing checks at the border.

Market prices are currently relatively low so it would be sensible to book forward feed for the winter. The physical factors

affecting price (supply and demand) are unlikely to change much for the foreseeable future, but two factors that can change will be currency and tariffs.

Fertiliser

The UK has limited domestic fertiliser supply and currently we import most of our fertiliser from either the EU or 3rd countries such as Algeria, Morocco and Egypt tariff free. Imports of N from Russia are already subject to tariffs of 6.5% and are still competitive. If duties are reduced/removed, which is a possibility, then this option will look even more attractive.

A no-deal is likely to result in the 6.5% tariff being applied to fertiliser imported from the EU. There is finite capacity at bagging sites around the country, therefore stock piling is not an option for manufacturers. Currently there are no signs that farmers are buying earlier than usual, with constraints on cash flow and storage capacity.



Key Actions

- Consider booking compound and straights feeds for the winter into April 2020 now as prices are near medium term lows. This should protect against currency fluctuations.
- Allow plenty of time for orders around the end of October/early November as there may be unusual patterns of buying.
- Speak to suppliers of specialist products to make sure they are accredited for the fastest passage through channel ports.
- Fix prices for fats/minerals now if possible, to cover currency fluctuation this autumn
- If cash available book fertiliser and take delivery to assure product is available for new season and avoid tariffs.
- Drugs and veterinary products are prioritised under government provision so supplies are not expected to be an issue and all usage rules remain unchanged. Discuss any concerns with your veterinary supplier.
- Look at stocks of dairy chemicals and parlour sundries – are they from the EU? Would supplies be affected in a “No-Deal” scenario – speak to your supplier.
- Speak to your machinery service engineers about the supply of parts for your dairy and farm machinery. Are stocks in place to cover if transit across borders is slowed down?



Veterinary Medicines

If everyone continues normal ordering patterns supply is expected to cope. In addition the government have confirmed them as Category 1 and therefore are prioritised in the case of any border disruption. EU regulations around Maximum Residue Limits (MRLs) have been transferred into UK law and residue testing will continue as normal.

For further information there is the VMD EU Exit Information Hub at www.gov.uk/guidance/vmd-eu-exit-information-hub.

Dairy Sundries/Chemicals

Many products for repairs or cleaning will be sourced from the EU. Speak to your supplier to make sure there are either stocks in place to maintain supply if supply routes are disrupted.

Machinery and Repairs

A lot of farm and dairy equipment is made in the EU and spares sourced on a “just in time” basis. A hard Brexit could cause delays.



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