

Business Update - Are you Brexit Ready?

Information correct as at 10:00am on 23.10.2020

- Transition period ends on 31st December 2020.
- Negotiations are still taking place, so we do not know final outcomes yet.
- To minimise disruption, get product on farm by late November- early December and have sufficient stocks to carry you through to the end of January 2021 where possible.

We have been in the transition period since 1st January 2020 and the free trade agreement with the EU still applies. However, this comes to an end on 31st December 2020. Our suppliers are gearing up for the 1st January exit, but as the trade negotiations are ongoing, there are still uncertainties surrounding the overall tariff implications and the movement of product between the EU and UK.

Tariffs on the majority of imported feed products typically range from 2.9-10%, plus customs and import duties, but exact figures are still to be agreed. These figures would apply under a 'no deal' Brexit and therefore would be the worst-case scenario. If there is a 'no deal' Brexit, milk powder would be the most affected product, where the tariffs could be as high as £400-600/t depending on the specification and the raw materials used.

Exchange rate changes and increased haulage costs could result in price increases from 1st January. To mitigate risk suppliers are looking at more UK sources for the final products to minimise these and the tariff implications.

Delays at ports are anticipated due to increased customs checks from 1st January. Suppliers are planning for this scenario and are increasing their stock levels where possible. This could result in ports being extremely busy in early December leading to potential supply issues of product onto farm.

Our advice would be to get supplies on farm by the end of November or first week in December with enough stock to last until the end of January to avoid increased costs and delays in the New Year.

To help reduce any supply and demand issues, Advance have negotiated a 6-month pricing contract with our main supplier, so are now able to place orders with them through to March 2021.

For further discussion or to help with any questions that you may have, please contact Consultant Support on consultantsupport@kiteconsulting.com or 01902 851007 / 07542 403225