

## FDF Trade Survey: February 2021

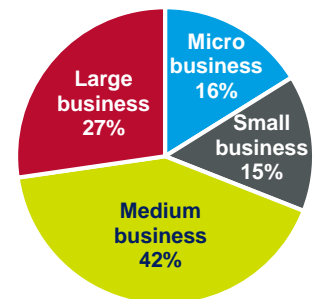
FDF carried out a survey between 19 February and 1 March to gauge impacts on the UK's trade in food and drink since the end of the transition period on 1 January 2021. We received 74 responses from businesses representing all sub-sectors of our industry.

### The five biggest challenges identified by food and drink businesses when trading with the EU are:

1. Adapting to new customs processes
2. Rules of origin and tariffs
3. Inconsistency at EU borders
4. Documentary/ID checks at borders
5. Customer readiness

While some businesses have been able to maintain previous flows of goods since 1 January, on average businesses reported that they have seen a significant decrease in the volumes of goods they are moving to the EU, Republic of Ireland and Northern Ireland.

### What size is your business?



Volume change since the end of the transition period to...	Average change
...exports from the UK to the EU	-44%
...exports from the UK to ROI	-41%
...sales from GB to NI	-30%

We asked whether the impacts outlined above are likely to be temporary or permanent. In each case, around 45% of businesses believe these impacts to be temporary, whereas for between 20%-31% these impacts are permanent. Around a third do not know whether this lost trade with the EU, Republic of Ireland and Northern Ireland will recover.

Is this change like to be temporary or permanent	UK-EU	UK-ROI	GB-NI
Temporary due to previous stockpiling	3.8%	4.8%	2.2%
Temporary while adjusting to new requirements	24.5%	23.8%	17.4%
Temporary due to both of the above	17.0%	16.7%	23.9%
Permanent	20.8%	31.0%	23.9%
Don't know	34.0%	23.8%	32.6%

The use of groupage distribution typically by smaller businesses moving food and drink to the EU where their goods are combined in lorries/containers with cargo from other businesses presents continued difficulties.

More than two thirds of businesses face consistent delays and problems delivering to the EU and around 10% say most of their shipments are not reaching EU customers. Without practical solutions to the implementation of the UK-EU Trade and Cooperation Agreement (TCA), we believe small businesses in the EU will face these same difficulties supplying into the UK when the UK's Border Operating Model is fully operational in July.

**What has been your experience of moving goods to the EU using groupage since the end of the transition period?** (Responses only from those using groupage)

We are facing consistent delays and problems delivering to the EU	69.7%
We have faced problems but the situation is improving	18.2%
The majority of our shipments are failing to reach the EU	9.1%
It is working well for movements to the EU	3.0%

The experience of supplying food and drink into the Republic of Ireland has made nearly two thirds of businesses less confident that they will be able to continue supplying goods into Northern Ireland when existing grace periods end in April. Only 2% are more confident.

**Has your experience of supplying into ROI made you more or less confident that you can supply into Northern Ireland when the grace periods end in April?**



If these grace periods end in April and goods moving from Great Britain into Northern Ireland face the EU's full import requirements, nearly half of businesses indicate they would pause or stop delivering directly into Northern Ireland.

**If the grace periods for selling into NI end and trade reverts to full EU requirements in April, how will you respond?**

We will continue supplying into NI	42.9%
We will pause deliveries while we assess if it remains viable	26.5%
We will stop supplying into NI other than via GB retailer hubs	8.2%
We will pause deliveries to re-engineer supply chains	8.2%
Don't know	8.2%
We will stop supplying into NI	6.1%

Looking ahead to the changes that will apply after the second and third phases of the UK's Border Operating Model are implemented in April and July 2021, businesses are most confident in their own preparations and those of their customs agents. However, a majority are not confident in the preparedness of:

- groupage distribution to deliver continued EU-UK movements;
- EU suppliers;
- EU Member States (including Official Veterinarians);
- UK Government IT systems; and
- UK port infrastructure and port authorities successfully managing increased checks.

**How confident are you that the below will be fully prepared for changes to the UK's Border Operating Model in April and July that will apply to imports from the EU?**

	Very confident	Somewhat confident	Neither confident nor unconfident	Somewhat unconfident	Very unconfident
Your business (incl. IT systems)	18.3%	31.7%	25.0%	21.7%	3.3%
UK Government IT systems	1.7%	13.3%	26.7%	33.3%	25.0%
Your EU suppliers	6.8%	20.3%	22.0%	35.6%	15.3%
EU Member States (incl. veterinarians)	3.6%	9.1%	20.0%	47.3%	20.0%
Your customs agents	8.8%	43.9%	24.6%	15.8%	7.0%
Groupage from the EU	2.3%	11.4%	20.5%	34.1%	31.8%
UK port infrastructure (e.g. Border Control Posts)	1.7%	10.3%	22.4%	36.2%	29.3%
UK port authorities (e.g. Port Health Authorities)	0.0%	12.1%	25.9%	31.0%	31.0%