

BREXIT PLANNING

A large blue fishing vessel with yellow masts is shown sailing on a choppy sea. The vessel has a complex rigging system with various pulleys and ropes. The sky is overcast and grey, and the water is dark with white-capped waves. The vessel is moving towards the left of the frame, leaving a white wake behind it.

CUSTOMER UPDATE

Preparing for further changes
to imports from the EU



Customer update – **Preparing for further changes to imports from the EU**

The last few months have thankfully not seen major disruption to the flow of products into the UK following our exit from the EU on the 31st of December. However, there have been a number of mitigating factors:

- Traffic flow through UK ports has been limited by the national lockdown
- UK Customs officials are operating a pragmatic approach to checks at borders on imported goods
- The UK's border control model has introduced some of the changes required for the movement of goods in and out of the UK in a phased approach.

It was originally planned that, from April 2021, some 'controlled goods' entering into the UK (like animal, fishery and plant products) would be subject to additional controls. For example, export health certificates, import pre-notifications and physical, documentary and identity checks, followed by some further changes to the customs declaration process in July that businesses would need to implement. This was likely to cause some availability challenges with increasing demand as restrictions are lifted.

We are pleased to advise that the UK Government have now issued advice that these additional controls will now be delayed:

From 1 October 2021:

- Pre-notification requirements will be required for products of animal origin, high risk food not of animal origin (HRFNAO) and certain animal by products.
- Export health certificates will be required for products of animal origin and certain animal by-products.

From 1 January 2022:

- Safety and Security declarations for imported goods will be required.
- Physical SPS checks for products of animal origin, certain animal by-products, HRFNAO and high-risk plants will take place at Border Control Posts.
- Pre-notification requirements and documentary checks, including phytosanitary certificates will be introduced for low risk plants and plant products.
- Customs declarations on all goods will be required at the point of import and businesses will no longer be able to use the deferred declaration scheme.

From 1 March 2022:

- Checks at Border Control Posts will take place on live animals, low risk plants and plant products.



We are constantly monitoring the situation to ensure we are in a strong position to protect customers from any availability challenges. Whilst there is now no immediate risk to supplies as a result of the implementation of new controls, we have put in place a number of actions as part of the proactive and agile approach to supply chain planning for Brexit, which we have been employing. They include:

- **Briefing suppliers:** we have issued further communications to suppliers of our core range and regional products to highlight the changes that will be taking place, and the practical steps that they have to take to be fully prepared and to minimise any disruption to supply
- **Working with government:** we have continued to seek government advice which is then built into our plans
- **Increasing stock holding:** where we consider there are key products where availability could be under pressure as lockdown restrictions ease, we are building contingency stocks using our experience from 2019 and 2020 sales levels
- **Customer-specific information:** we are providing sales information, where required, to customers for their key products in order to help with forecasting (for example current and pre-lockdown levels)
- **Reopening support:** as well as working collaboratively to support customers with forecasts, we are helping with reopening plans, and by providing updates highlighting availability of shorter-life lines
- **Sharing our forecasts with suppliers:** to ensure they are equally well prepared for any sales uplifts as we approach easing of restrictions we are sharing detailed forecasts with them
- **Risk-assessment:** we are identifying key products that could be impacted by future changes, and ensuring we have sufficient contingency stocks in place (for example by retaining Brexit contingency stocks we already have in place or by increasing stock levels) to protect availability
- **Identifying appropriate alternatives:** for any products that we consider at risk we have identified alternatives and will be communicating these to customers if any availability challenges do emerge.

From 1 October 2022, pre-packaged food sold in the UK must include a UK address for the Food Business Operator (FBO). If the FBO is not in the UK, it must include the address of the importer, based in the UK. As Direct Seafoods considers goods delivered to us are supplied on DDP terms, we do not consider ourselves to be the importer and other than our own label products do not anticipate Direct Seafoods name being applied as the importer. Whilst the date is over a year away, all goods placed in the market at that date must have a UK address and we are conscious that many factories produce packaging materials in advance so the conversations must take place sooner rather than later. It would also be beneficial to also review the packaging materials ahead of changes and levies being introduced by the UK government in April 2022 and we will be contacting our suppliers regarding this.

Please be assured that as ever, we'll be wholly focused on delivering service excellence, making life easier for you and helping you focus on returning to growth. We have every confidence that we will see our industry thrive again this year and we look forward to continuing to support your business.