

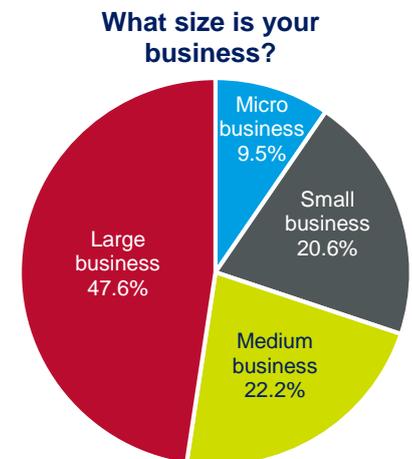
## FDF End of Transition Business Readiness Survey – September 2020

FDF surveyed members between 12 Aug – 9 Sept to better understand readiness for the end of the transition period. We received 66 responses from members, with a majority (52.4%) coming from SMEs.

Businesses estimate that a no-deal outcome would lead to an average rise in production costs of 19%.

### Which best describes your preparations for the end of the transition period on 1 Jan 2021?

Only 3.5% of businesses indicated that they are at this stage fully prepared for the end of the transition period however 52.6% intend to be fully prepared. A third will not be ready in time with 14% of those citing Covid-19 impacts on capacity as the key contributing factor. One in ten are awaiting clarity about the outcome before enacting their plans.



<b>We have more to do but intend to be fully prepared</b>	52.6%
<b>We have done as much as we can, but cannot be fully prepared by 1 Jan 2021</b>	19.3%
<b>Impacts of Covid-19 mean we do not have the capacity to fully prepare in time</b>	14.0%
<b>We will prepare when there is certainty about a deal with the EU</b>	10.5%
<b>We are fully prepared</b>	3.5%

### Which of these preparations have you undertaken for 1 Jan 2021?

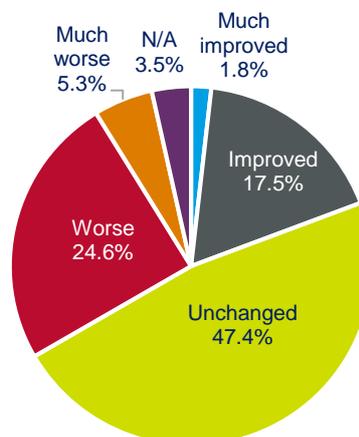
A large majority of businesses have prepared by obtaining a UK EORI number to ensure they are able to continue trading internationally while nearly three quarters have checked tariff implications for their businesses. Nearly a quarter have expanded their in-house trade administration capacity while more than 60% have engaged a customs intermediary.

Only 13% of businesses have stockpiled ingredients, raw materials or finished products, however more than two third intend to do so for ingredients and raw materials.

	We have done this	We plan to do this	No plans to do this	Don't know	We don't need to do this
<b>Obtain a UK EORI number</b>	92.6%	3.7%	0.0%	3.7%	0.0%
<b>Set up a duty deferment account</b>	41.5%	18.9%	11.3%	20.8%	7.6%
<b>Expanded in-house trade administration capacity</b>	22.6%	17.0%	39.6%	11.3%	9.4%
<b>Engaged an intermediary e.g. a customs agent</b>	61.1%	16.7%	13.0%	3.7%	5.6%
<b>Checked all commodity codes and tariff implications</b>	74.1%	20.4%	0.0%	5.6%	0.0%
<b>Stockpiled ingredients and raw materials</b>	13.2%	67.9%	13.2%	1.9%	3.8%
<b>Stockpiled finished products</b>	13.0%	38.9%	33.3%	5.6%	9.3%
<b>Reviewed changes to labels that may be required</b>	54.7%	30.2%	1.9%	9.4%	3.8%

When asked about their ability stockpile compared to previous no-deal scenarios, 19.3% said it this had improved, 47.4% said this hadn't changed while 29.9% said the situation was now worse for their business.

**How would you describe your ability to stockpile for 1 Jan 2021 compared to previous no-deal Brexit scenarios?**



**Do you intend to defer customs declarations or the payment of import tariffs from 1 Jan 2021?**

No businesses have yet put in place the required facilitations to defer payment of import tariffs, however nearly a quarter will work with customs agents that will do this on their behalf. A further 20.8% are currently putting in place these facilitations. 18.9% intend to pay full customs duties with effect from 1 January 2021 while 28.3% are either undecided or are not year clear this will be possible for their business.

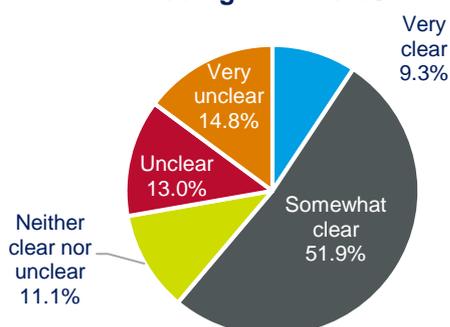
**Do you have plans to move production? (select all that apply)**

40% of businesses indicate that they have plans to move/set up operations outside the UK.

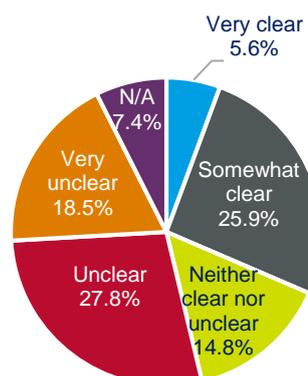
<b>We have no plans to move or set up operations outside the UK</b>	60.0%
<b>We are actively considering this</b>	13.0%
<b>We have set up an EU office for our future EU-UK trade</b>	3.7%
<b>We have plans to relocate production from the UK to the EU</b>	5.6%
<b>We have already relocated production from the UK to the EU</b>	7.4%
<b>We have plans to relocate production from the EU to the UK</b>	3.7%
<b>We have relocated production from the EU to the UK</b>	3.7%

Clarity around new border and customs processes remains a challenge with few businesses indicating that they are very clear about what will be needed when trading with the EU or Northern Ireland. Businesses indicate that they have more clarity about the phased Border Operating Model that will apply to trade between GB and the EU, however the situation for trade between GB and NI is markedly worse. 80% of businesses supply direct to Northern Ireland, so it is essential that any new facilitations are available directly to producers.

**Are you clear about what your business must do at each stage of the phased introduction of the UK's Border Operating Model when trading with the EU?**



**Are you clear about what your business must do to trade with Northern Ireland?**



## What do you need from UK Government to ensure your business is fully prepared for trade administration and customs requirements after 1 Jan 2021?

The lack of certainty around our future trading relationships, the food safety and customs processes that will be required features prominently as a limiting factor in the ability of businesses to fully prepare for the end of the transition period. Similarly, a large number of businesses note the need for access to the many new IT systems.

Certainty around whether there will or will not be a trade deal with the EU	88.2%
Certainty around existing trade agreements that will apply to the UK after 1 Jan 2021	84.3%
Clarity around new UK trade agreements that will apply from 1 Jan 2021	82.4%
Details of customs and food safety processes that will face goods moving from the UK to the EU	76.5%
Details of customs and food safety processes that will face goods moving from GB to NI	74.5%
Details of customs and food safety processes that will face goods moving from the EU to the UK	70.6%
Access to new systems that will be used for international trade (e.g. GVMS, CDS, IPAFFS)	43.1%
Details of which goods will be considered 'at risk' when entering NI from GB	37.3%
Grant funding to support the training of staff on new trade processes	29.4%
Details of customs and food safety processes that will face goods moving from NI to GB	27.5%

## What regulatory approvals or clarity do you need to ensure your business is fully prepared to produce in the UK and trade internationally?

An ongoing lack of clarity around product labelling for GB, NI and EU markets remains a major challenge for businesses to prepare as does uncertainty around the requirement to use heat treated pallets. Two thirds note the need for clarity around periods of adjustment to ensure fully compliance with as yet unconfirmed changes to requirements.

Clarity on product labelling requirements	70.8%
Confirmation of a derogation around the use of heat treated pallets	68.8%
Clarity on periods of adjustment to support business preparations after 1 Jan 2021	66.7%
Confirmation that our business premises will be approved by the EU for exports	47.9%
Confirmation that our suppliers' business premises will be approved to export to the UK	43.8%
Confirmation that UK organic certifications will be recognised by the EU	41.7%
Confirmation that the EU will be an approved exporter of products of animal origin to the UK	37.5%
Confirmation that the UK will be an approved exporter of products of animal origin to the EU	35.4%
Confirmation that EU organic certifications will be recognised by the UK	35.4%
Clarity on the use of health marks	35.4%
Clarity on the use and acceptance of fortified flour in UK trade with the EU	27.1%