



Partnering to ensure steady supply

With the end of the Brexit transition period only a few weeks away, we are writing to assure you that we have robust contingency plans in place should there be any interruptions to the supply chain after the end of the transition period at 11pm on 31 December, 2020.

However, it is highly likely that at some point over the next few months, whether there is a deal in place or not, there may be delays with getting some products into the country in a timely manner and as a result, we will likely see some price rises. To this end, we need to work together to mitigate the impact of this on your business.



The power of partnerships

Part of the strength behind My Purchasing Partner is our strong relationships with our suppliers and with you, our clients. These have been formed through being completely transparent with each other and by working towards common goals - delivering the best quality products at the best price. Over the past few months, we have worked hard with our supply base to put plans in place to manage supply, mitigating price moves or product shortages.

Now we need your help. The more we understand your business needs and your future plans - including any one-off projects you have in planning - the better we can help your suppliers forecast what you will need and ensure that products are available when you need them, finding alternative ingredients should the market indicate any supply issues.



What issues are we expecting?

As we will effectively be leaving the EU with a hard Brexit, we are likely to face the following issues whether a deal is in place or not. This is because we are changing the way we interact with the EU: we will need to use different paperwork, for example. A deal will not change this - in fact, the only real difference a deal is likely to make is whether tariffs will come into force, at what rates and for which product categories.

• Border checks and customs delays

Transporters, customers and port authorities will need to work with different paperwork to what they are used to handling. Whilst companies and authorities get used to a new way of working, goods will still pass through the ports although it's possible that we could see delays - even up to several days in a worst case scenario - and this would naturally affect shorter-life products. There is also the chance that some suppliers further down our supply chain may decide to temporarily suspend export if the delays mean that supplying the UK in the short term becomes unviable. The good news is that our UK suppliers have been preparing for this for a couple of years now, and some even have warehouses based in EU ports to help mitigate this scenario, and allow them to take responsibility for transporting the product to the UK.

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• Increase in price and demand for UK product

Many of our suppliers have robust relationships with UK producers and manufacturers that have been made much stronger in the lead up to Brexit. Supply has already begun to move where appropriate to UK bases and so the prioritisation of supplying product should demand rise has been secured in a lot of cases. We should not forget however that many UK products use packaging manufactured in the EU, so there could still be delays and shortages until the EU supply flows freely across the Channel and this will see the price of some UK products increase as demand intensifies.

• Currency fluctuations

Fluctuations in the value of the Pound against the Euro and the US Dollar continue to impact the price of imported goods, fuel and packaging. It is almost impossible to determine how the end of the transition period will impact the Pound, however experts believe the Pound vs Euro will continue to be volatile, although an agreed trade deal should increase stability. Whether there is a deal or not, it is expected that markets will favour the Dollar and this will continue to be another cause of potential increases in prices and higher transport costs.

• Tariffs

If we leave the EU under WTO terms, in other words without a deal tariffs for imported goods will be set by the exporting country. There have been many reports that some of these percentages could be well in excess of 10% however, as only approximately 30% of food in the UK is from export, it is much more likely that the impact to a basket cost be more in line with 4 or 5%. There is also the potential for the UK to reduce tariffs on UK exports and this could result in an increased demand for UK-grown and manufactured goods from the EU, adding further pressure to the availability of UK product.

The good news is however that the Government has advised businesses that they do not expect food shortages, but instead a temporary reduction in choice, until the new processes become the norm. Being flexible with menu choices, mindful of “at risk” products, and being prepared to adapt to alternative lines will make this manageable.



Mitigations in place to protect your business

To ensure that we are in a strong position to protect you from any disruption that arises over the next few months, we have worked closely with our suppliers and a number of key actions are in place to quickly identify and mitigate risks to product availability.

Mitigations - an overview

We are confident to share that by working with our supply network there is in place:

- Increased stock capacity of most of the products that you purchase (some of our key suppliers have a number of weeks stock of long-life core products already in UK storage)
- Alternatives products on hand, including a wide range of frozen goods
- Alternative UK suppliers ready and waiting to supply
- Robust logistical capacity to manage new regulations and minimise any border delays. This includes alternative transport routes.

Mitigations in detail

- **Engagement with our suppliers:** We are in regular contact with all suppliers to ascertain the current levels of supply and demand. We are confident that all have the correct paperwork in place, have trained staff and conducted ‘trial runs’ with the new paperwork to iron out any potential problems. Many have multiple, robust alternative routes and processes that will quickly pivot to help manage any issues as they appear.

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- **Increased stock holding capacity:** Our suppliers have boosted their stocks wherever possible to ensure minimal disruption in the short-term. As stocks are depleted towards the end of January/early February it is possible that we will begin to see some shortages of some goods. We will continue to manage this and will keep you informed of any potential issues.

- **Assessing availability risks:** Colour-coded risk assessments are in place for all products imported from the EU so we can clearly see which are the high and medium risk products and quickly react if there are any issues.

- **Contingency plans:** These are in place for high and medium risk imports with alternative options already identified for each product drawing on UK-supplied, rest of work-supplied and even frozen options.



Be Transparent: Be Adaptable: Be Flexible

A reminder that the best way for us to know how to help you is by talking to us. This helps us to forecast what you will need and ensure that products are available when you need them.

We maintain our pledge to always keep you informed: we are currently anticipating some levels of disruption in the first few weeks of 2021 and as historically these are some of the quieter weeks of trade we will be actively monitoring supply and demand as we move into February and March. Be prepared, but mindful of stockpiling goods, in particular those with a shorter shelf life, as this can contribute to supply issues and increase waste. Be prepared to be flexible with your menu choices as alternative products will be available whilst options may be temporarily reduced. We can work with you and our suppliers to create a flexible menu that allows you to adapt your offer around what is available.

We are here to help you

If you have any questions please email me at:
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We look forward to working closely with you in the future

Ray and the MPP team.