



Bord Bia's
Brexit Action Plan

Supply Chain

4TH EDITION: SEPTEMBER 2020



BORD BIA
IRISH FOOD BOARD



Rialtas na hÉireann
Government of Ireland

The UK has left the European Union. It is now in the Transition Period until the 31st of December 2020, during which it remains in the Single Market and Customs Union. The ratification of the Withdrawal Agreement by both the EU and the UK in October 2019 means that there will be permanent changes to the trading relationship between the EU and GB from the 1st of January 2021.

From next year there will be customs and regulatory controls on trade including trade in agri-food products between the EU and UK, excluding Northern Ireland. The details and scope of the customs and regulatory controls on trade in goods between EU/Ireland and UK will be defined based on the successful conclusion of negotiations on an EU-UK Free Trade Agreement or in the absence of an FTA based on application of WTO MFN trading rules for Third Country trade. However, what is certain is that these new Controls will add costs, delays and complexity to the supply chains of Irish food and drinks manufacturers.

Northern Ireland Protocol

The EU-UK Withdrawal Agreement includes a dedicated Protocol on Ireland and Northern Ireland. The Protocol ensures that there will be no regulatory controls on trade moving between Ireland and Northern Ireland, other than those already in place. The Protocol applies even if there is no trade agreement between the EU and the UK.



Urgent actions required to prepare for January 2021

Bord Bia's Readiness Radar and Brexit Barometer have both played a vital role over the past three years in enabling Irish food and drink manufacturers to identify, assess and prepare for the challenges that businesses face as a result of Brexit. Both risk diagnostic tools focus on six key risk areas related to Brexit: Customer Relationships, Supply Chain, Customs and Controls, Financial Resilience, Market Diversification and Emerging Risks. It is positive to note that as of April 2020, over 91% of Readiness Radar respondents said they had made progress in relation to their Brexit preparedness over the past 12 months. The results show that only

a small number of companies report having made no progress in the past year. Looking to the rest of 2020 and the permanent changes coming into effect from 2021, this Brexit Action Plan is an important resource to ensure your business is prepared for these changes.

This is the Fourth Edition of Bord Bia's Brexit Action Plan and provides practical information that Irish food and drink manufacturers can utilise in order to prepare for increased complexity in future trade with the UK. It addresses actions companies should take in two scenarios: a future Free Trade Agreement (FTA) between the EU and the UK (still to be defined

as it is currently under negotiation) and No Agreement, whereby the UK and EU will trade on WTO terms. Bord Bia's support services, along with other State supports, can be found listed at the end of each chapter. Each chapter provides step-by-step guidance on the six risk areas and is accompanied by a checklist to help guide companies through potential next steps and other considerations in their Brexit planning.

SUMMARY OF ACTIONS



1. Supply chain management

- Map your supply chain
- Apply traceability best practices
- Implement strategic purchasing
- Consider groupage for transporting your consignments
- Identify cost-reducing measures

2. Risk management and mitigation

- Identify risk areas in your supply chain
- Create a critical supplier list
- Understanding the preparedness of your supply chain partners
- Consider alternative sourcing away from Great Britain
- Examine contingency stockholding
- Explore options for shelf life and lead time of your products
- Understand your UK landbridge dependency

3. Contingency planning

- Create and be ready to implement a contingency plan as an immediate response to Brexit
- Identify & assess critical single source suppliers
- Undertake a vulnerability assessment of your most critical suppliers

Supply Chain

It has now been acknowledged by both the EU and the UK Government that frictionless trade will not remain between Ireland and Great Britain.

This section of the Action Plan focuses on the key actions that Irish food and drink manufacturers can take in order to get a better understanding of their supply chains and the risks that Brexit poses to them.

The first section, Supply Chain Management, covers activities that your business should be carrying out as part of regular business best practice, such as supply chain mapping, improved purchasing and groupage.

The second section, Supply Chain Risk Management, looks at further measures that companies can take to prepare for Brexit, as well as other risk events.

This includes advice on mitigation planning, which refers to the different steps businesses can take to minimise the impact of Brexit. It also looks at contingency planning, which are the plans that would be enacted when a risk event occurs.



Supply Chain Management

Supply chain mapping

Supply chains start from the sourcing of raw material to the delivery of the end-product and includes a range of inter-connected processes and resources in-between.

The friction in trade from the 1st of January 2021 will pose challenges to supply chains for business that trade with Great Britain, and those who use the UK landbridge. It is crucial therefore, that supply chains are mapped out in order to understand the importance of each supplier in the chain.

Mapping your supply chain can help you identify your business's potential exposure to risk, as well as highlighting potential opportunities to make new logistical and cost efficiencies.

The benefits of mapping supply chains are:

- Improved ability to easily identify points of vulnerability in your supply chain(s).
- Better awareness of where you might be over-dependent on a critical supplier.
- Clear proof points to support financial calculations and scenario testing.
- Enhanced transparency and traceability across your business.

The following steps can help you map out your supply chain:



Physically map out all your supply chain to ensure you are aware of every players' role and responsibility within the chain.



Identify who your suppliers' own suppliers are (and to the extent possible where they are based – i.e. in the UK, the EU or elsewhere).



Identify your level of dependency on all the players in your supply chain.



Engage with an industry, product or logistics expert, or partake in [Bord Bia's Supply Chain mentoring programme](#) or [supply chain workshops](#).



Identify all the different raw materials in the chain and attempt to understand from where they are sourced.



Traceability best practices

A key aspect of mapping your supply chain is being able to trace both where your raw materials have come from and where your final products end up.

To ensure traceability of ingredients, packaging and other inputs the following steps are considered best practice across the food and drink sector:

- **Product identification.**
It is critical that products are uniquely identified with a product number and a batch number. This information should be shared between all distribution channels.
- **Original material tracing.**
When materials are combined, processed, reconfigured or repacked, there must be linkage between the new product and original materials to ensure traceability is maintained. This can be particularly complex for some processed food products.
- **Information sharing.**
Ensure that your distribution channels collect, record, store and share necessary information to enable the downstream traceability of the items.

Improved purchasing practices

Considering a strategic approach to purchasing is an important way to ensure efficiencies and profitability within your business. This will be particularly beneficial as part of your Brexit planning.

To gain a more informed position, the following approaches could be considered:

1. Review periodically the basics of your purchasing, including the procurement cycle.
2. Compare or benchmark costs of supply chain elements with similar companies. The rates for distribution and transport tasks tend to be independent of product, but a function of volume, temperature (e.g. for products requiring a controlled cool chain) and location.
3. Build long term supplier relationships and work collaboratively with suppliers to identify opportunities, to synchronise planning, improve visibility and reduce costs.
4. Seek to reduce the number of suppliers in your supply chain in order to gain economies of scale and reduce the time needed to procure inputs.
5. Attempt to convert as many fixed costs as possible to variable ones.
6. Use a centralised purchasing approach whereby the decisions are made by one department. This will allow for more control and minimal waste.



Groupage

Groupage is an arrangement where several companies transport their goods together, in a single container.

Groupage arrangements are vital for 51% of Readiness Radar respondents, as well as many other manufacturers. This potential vulnerability in the supply chain is a key concern for the food and drink industry. Manufacturers relying on groupage arrangements are particularly concerned at how potential complexities will be managed by their logistics partners. In the context of Brexit, the challenge posed by groupage is that customs inspectors and other control officials may wish to inspect a number of consignments in a load, resulting in accumulated delays. Manufacturers should ensure that they are working with hauliers and freight forwarders that can consolidate similar products and ensure as seamless a movement of goods as possible.

The following checklist provides insight into the steps to take when considering opting for groupage transportation:

- Choose the appropriate form of transport for your business. This is crucial to ensure your import or export operation is cost-effective and adequate.
- Assess your transport needs, considering elements such as weight, size, lifespan, whether a temperature control vehicle will be required and associated costs.
- Ensure that your supply chain partners are grouping similar goods together.

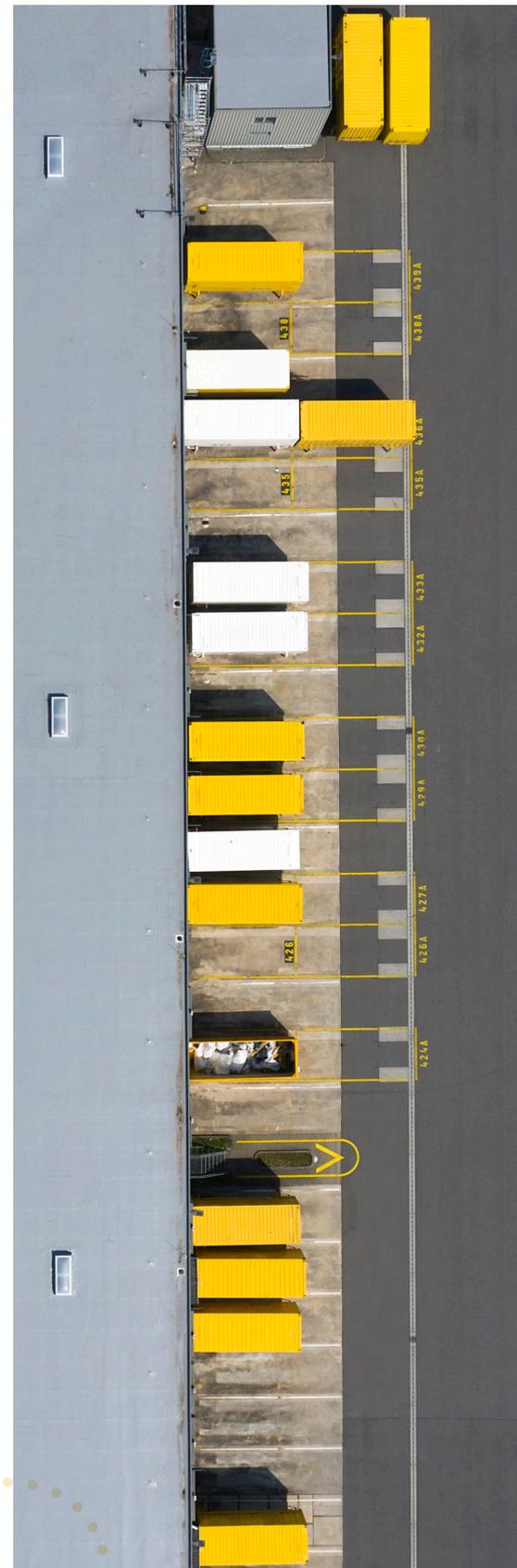
- Provide all the necessary and correctly completed customs and control documentation to your forwarding agent and logistics partner.
- Confirm with your forwarder/logistics partner how they will ensure that all consignments travelling together have the correct documentation.

For more information on groupage, see Bord Bia's [Food & Drinks Supply Chain Logistic Report](#).

Supply chain cost-reducing measures

There is a range of ways to reduce the costs along the supply chain, which will help ensure that efficiencies are being met:

- Re-design of the supply chain to improve sales and operation planning.
- Identify duplication or inefficiencies that could be streamlined.
- Move processes to the optimal point in the supply chain.
- Weigh up the cost of storage against increased delivery frequency and extended product shelf life.
- Optimise batch sizes to reduce the need to split orders further down the supply chain.
- Use groupage for small consignments as much as possible.





Risk Management & Mitigation

Understanding the risks to your supply chain

The changes to supply chains as a result of Brexit require risk assessments so that you are aware of weaknesses in your supply chain that will be impacted at the end of the Transition Period.



Understand your stakeholders' supply chain concerns and needs. These include your suppliers' and particularly your customers' concerns.



Create a critical supplier list (see more on this below).



Identify points of risk along your supply chain.



Develop a mitigation plan and put together a dedicated team to implement this plan.





Identifying your critical suppliers

It is important to identify a critical supplier list so that you can put in place measures to protect those suppliers, or have alternative sourcing options in place, in the event of the new trading relationship with the UK from the 1st of January 2021.

Follow the below steps to create a critical supplier list:

- Consult your supply chain map to identify which suppliers your business relies heavily on.
- Use knowledge within your organisation to rank suppliers for business continuity purposes.
- Rank your suppliers by how much you spend with them.
- Ensure to update the list regularly.

Consider alternative sourcing to reduce UK dependency

Brexit will cause disruptions to your current supply chain, so looking for alternative suppliers may help your business mitigate its risks.

Alternative sourcing means reviewing the suppliers that you use to check whether you could choose a different supplier that isn't based in the UK or isn't dependant on the UK landbridge. Examine your supply chain map to identify potential areas where alternative sourcing could be implemented.



- Research whether it is possible to use alternative suppliers, rather than UK imports or imports that rely on the UK landbridge.
- Carry out a cost analysis to see whether it makes financial sense to switch to an alternative supplier.
- Use the Bord Bia [database](#) of hauliers and freight forwarders, which includes databases for France, Germany, the Netherlands, Poland and Spain.

Understanding the preparedness of your supply chain partners

In 2019 there was a concern among Irish food and drink manufacturers that their ability to deliver goods on time and in full may be hindered by their supply chain partners, such as freight forwarders, hauliers and suppliers. According to the 2020 Readiness Radar, 55% of respondents have expressed that their partners would be willing or able to act as customs agents for the market in Great Britain.

It is crucial therefore, to engage with your supply chain partners to ascertain whether they have taken the necessary precautions to mitigate the disruptions that will happen from the 1st of January 2021.

The following questions can be used to understand the preparedness of your supply chain partners:

1. Can they provide an overview of their Brexit contingency plans?
2. What steps are they taking to ensure that all consignments have provided the correctly completed and correct customs documentation?
3. Have they considered alternatives to using the UK landbridge and can they outline the associated costs?
4. Have they considered potential delays at the port and the potential increased costs?
5. Have they secured AEO (trusted trader) or other simplification registrations?
6. Are they open to negotiating fix-term agreements?



Contingency Stockholding

Careful consideration should be given to holding additional stock required for the conclusion of the Transition Period. When the UK leaves the EU, FTA or not, there will be increased checks at the borders between the UK and Ireland, and the UK and the rest of the EU, which will result in delays. This will disrupt

supply chains and impact on your ability to deliver goods on time to your customers. Therefore, building up stocks at strategically located warehouses in mainland Europe may be beneficial for your business. Each warehouse could serve several countries' markets.

The benefits of stockholding are:



Control

Stockholding will prevent you from losing sales as you will be able to execute customers' orders, even if some of your goods are delayed at the border.



Protection

Stockholding gives you protection against delays at the border which will help you maintain your brand's reputation and strengthen customer relationships.



Agility

Stockholding increases your ability to meet customer's demands and respond quickly to orders, even if there are delays at the border.

The following recommendations could be considered:

- Consider alternative locations for holding stock to ensure proximity to customers.
- Consider what warehouse providers are available and associated capacity options.
- Examine whether there is potential to share storage space with similar sector companies.
- Undertake a cost benefit analysis to understand which option is most suitable for your company.

Examples of warehouse locations:

INTERMEDIATE WAREHOUSE LOCATIONS	POTENTIAL COUNTRY MARKETS
Rotterdam, Zeebrugge	The Netherlands, Germany, Poland, Nordic Countries
Dunkirk, Calais, Boulogne	France, Belgium, Spain, Portugal



Shelf Life and Lead Times

Delays at borders could have an impact on the shelf life of products. Products that are particularly vulnerable are those that need to be chilled throughout the transportation journey, such as meat and dairy products. These products have a short and finite shelf life so any disruptions or delays could have a detrimental impact on them.

In order to prepare for potential delays, the following ideas could be considered:



Long Shelf Life Products

- Consider finding additional warehouse capacity.
- Ship goods well in advance to allow for delays at the border. However, there is likely to be increased cost associated with this.



Short Shelf Life Products

- Consider, if technically possible, increasing the length of shelf life through investing in research and development. This will have associated costs and may take time to implement.
- Consider product diversification, e.g. fresh produce to frozen. A well-developed commercial marketing strategy based on insight will also assist in validating this opportunity.



UK Landbridge Dependency

The UK is often used as a landbridge to link trade between Ireland and mainland Europe, especially for high value or time-sensitive goods. This is due to the significantly faster transit times from Ireland to mainland Europe, compared to shipping. Exporting or importing goods via sea routes can take up to twice the time of the landbridge.

Regardless if there is an EU-UK FTA at the end of the year, there will be delays at the border both between Ireland and the UK, and the UK and mainland Europe. According to the [Department of Agriculture Food and the Marine \(DAFM\)](#) on the 16th of July 2020, from the 1st of January 2021, animals and animal products moving across the UK landbridge must be placed under the customs transit procedure in order to maintain their Union status, and EU regulation requires SPS controls on animals and goods transiting a Third Country. In addition to this, on the 3rd of July 2020, EU officials agreed on a draft agreement to ease the passage of Irish agri-food exports when they are transiting through the UK via green lanes to continental ports. However, it is important to note that this will not eliminate delays at ports completely.

It would be prudent, therefore, to take measures to mitigate delays along the landbridge, or to consider alternative options.

- Apply for Transit Procedures. The UK will remain part of the Common Transit Convention which means that procedures will be in place to facilitate the transit of exports and imports from one territory to another. More information on the Common Transit Convention and how to apply for Transit Procedures can be found in the Customs & Controls Chapter.

- Undertake a cost analysis regarding alternative transit options to using the landbridge. The alternative options include:



- **Stockholding:** Consider contingency stockholding in local markets. This may be particularly relevant if customers have 'just in time' delivery requirements.



- **Sea routes:** Identify alternatives to using the landbridge, such as using sea routes or air routes. This will be dependent on the shelf life of your products and on the ferry capacity.



- **Air routes:** Consider air freight to selected markets if cost effective for high value, short shelf life products.



“there will be delays at the border both between Ireland and the UK, and the UK and mainland Europe”



Ferry routes from the island of Ireland to the UK and Europe as of February 2020:

From	To	Ferry Company (click links below for timetables)	Frequency	Transit Time
Ireland – UK				
Dublin	Holyhead	Irish Ferries Stena Line	Very High frequency – Multiple Daily Crossings	3hrs30
Dublin	Liverpool	P&O Irish Sea Seatruck	Very High frequency - Multiple Daily Crossings	8hrs
Dublin	Heysham	Seatruck	Mid-frequency - Weekly	8hrs
Rosslare	Pembroke	Irish Ferries	High frequency – Daily Crossings	4hrs
Rosslare	Fishguard	Stena Line	High frequency – Daily Crossings	3hrs15
NI – UK				
Belfast	Cairnryan	Stena Line	High frequency – Daily Crossings	2hrs22
Belfast	Liverpool	Stena Line	Mid frequency – Weekly crossings	8hrs
Belfast	Heysham	Stena Line	Mid frequency – Multiple weekly crossings	8hrs
Larne	Cairnryan	P&O Irish Ferries	Very High frequency - Multiple Daily Crossings	1hr45
Warrenpoint	Heysham, UK	Seatruck	Low frequency – Weekly crossings	8hrs
Ireland – Europe				
Dublin	Cherbourg, France	Irish Ferries	Low frequency – Weekly crossings	19hrs
Dublin	Zeebrugge, Belgium	CLdN	Very low frequency	1 day 12hrs
Dublin	Rotterdam, NL	CLdN	Very low frequency	2 days 1hr
Dublin	Hirtshals, Denmark	CLdN	Very low frequency	4 days 1hr
Dublin	Gothenburg, Sweden	CLdN	Very low frequency	3 days 9hrs
Dublin	Esbjerg, Denmark	CLdN	Very low frequency	3 days 9hrs
Dublin	Leixoes, Portugal	CLdN	Very low frequency	2 days 12hrs
Rosslare	Cherbourg, France	Stena Line	Very low frequency	18hrs30
Cork	Roscoff, France	Brittany Ferries	Very low frequency	14hrs
Cork	Santander, Spain	Brittany Ferries	Very low frequency	26hrs



Contingency planning

Contingency plans are those which are enacted when a risk event takes place. It is crucial, therefore, that as well as creating mitigation plans your business also a contingency plan in place to ensure the continuity of your business when the risk event happens.

The following steps will help you build a reactive and effective contingency plan:

1. Agree the scope of the continuity plan with all functions of your business.
2. Establish emergency responses to a logistics challenge.
3. Identify your critical business processes that must be protected.
4. Create an Incident Management Team and allocate key responsibilities.
5. Ensure continued access to key customers' and suppliers' contact details.
6. Get insurance for Business Interruption or Contingent Business Interruption to mitigate against financial losses following a supply chain disruption incident.
7. Run a 'live' scenario to create a simulation of a disruptive event. This will help to prepare staff on how best to respond to an event that could interrupt your business. It can also test whether your business continuity plan is fit for purpose or whether there are any adjustments needed to be made.

Supply Chain Checklist



The following supply chain self-assessment checklist provides prioritised guidance on how to take proactive measures to protect your supply chain.

	REVIEWED 'BUSINESS AS USUAL'	DRAFTED A PLAN FOR IMPROVEMENT	IMPLEMENTED CHANGE FOR BREXIT- PROOFING
Map your supply chain			
Understand your customers' supply chain needs			
Implement traceability best practices			
Implement improved purchasing practices			
Review the use of groupage transportation for your products			
Identify supply chain cost reducing measures			
Carry out a supply chain risk assessment			
Create a critical supplier list			
Examine the possibility of alternative sourcing			
Understand the preparedness of your logistic partners			
Conduct regular business resilience testing			
Consider contingency stockholding			
Consider the shelf life and lead times of your products and identify whether changes can be made here			
Assess your business' dependency on the UK landbridge and consider alternative options			
Create a contingency plan and an Incident Management Team			
Test your contingency plan			

Supply Chain Supports

Bord Bia Supports

Information on all of the Bord Bia supports listed below is available on the [Bord Bia website](#).

Insights & Intelligence

[Bord Bia's Readiness Radar](#)

In July 2020 Bord Bia launched the Readiness Radar, which is a risk diagnostic tool developed to assess industry thinking and performance around a number of priority risks and challenges. These include Covid-19, Brexit, Challenges to Market Diversification, Sustainability Pressures, Consumer Insights and Innovation, and Talent Management.

It enables Irish food and drink manufacturers to prioritise and assess their own company specific risks facing their businesses.

[Readiness Radar Gap Analysis Report](#)

Each client company that completed the Readiness Radar received a Gap Analysis Report. The Gap Analysis Report enables you to understand your risk exposure and level of preparedness across the six key challenges outlined in the Readiness Radar: Covid-19, Brexit, Challenges to Market Diversification, Sustainability Pressures, Consumer Insights and Innovation, and Talent Management.

[Food & Drinks Supply Chain Logistics - Strategies for Success](#)

[Food & Drinks Supply Chain Logistics](#) is a strategy guide that assists Irish food and drink manufacturers to identify operations partners, establish more

efficient distribution channels or routes and identify possible strategies for reducing supply chain costs.

[Bord Bia's Logistic Partner Database](#)

The [Logistic Partner Database](#) enables Irish companies to identify logistics service providers operating both in-market and internationally. The database covers the UK, France, Germany, the Netherlands, Poland and Spain. Simply select a supplier type from the drop-down menu to begin. Your search can be customised by company name, country or product category such as (ambient, chill or frozen) and by service (type such as transport or warehousing).

Capability Development

[Supply Chain Optimisation Workshops 2020](#)

Bord Bia's Supply Chain Optimisation Workshops focus on the key issues identified in the Readiness Radar, addressing areas such as building resilience to supply chain partner dependency, implementing best practice among supply chain partners, developing advantage in your supply chain and strengthening supply chain customer relationship.

Further information on these workshops can be found on the [Brexit page](#) of the Bord Bia website.

[Supply Chain Mentoring Programme](#)

Bord Bia's [Supply Chain Mentoring Programme](#) helps clients to identify and address the key challenges currently facing their supply chain, and drive efficiencies relating to customs and health controls, third party logistics partners, customer relationships and overall supply chain management.

[Weekly Brexit Alert](#)

Informs latest Brexit developments in the UK Market and implications for the Irish Food & Drink sector. As part of the weekly FoodAlert Newsletter highlighting emerging trends in food and drink and how those trends are manifesting in different markets. Newsletter also links to Bord Bia's pricing pages. Used by clients to stay abreast of latest developments in categories and in market.

Sign up at www.bordbia.ie/industry/news/food-alerts/

To receive further information on this programme, please contact info@bordbia.ie or contact your Sector Manager.





Other State Supports

Enterprise Ireland's Brexit Advisory Clinics

The core objective of the Enterprise Ireland Advisory Clinics is to provide information and support to companies all around the country in taking immediate action to address their exposure to Brexit. Enterprise Ireland is encouraging companies to develop their capabilities in three specific operational areas:

1. Financial and Currency Management
2. Strategic Sourcing
3. Customs and Logistics

Further details are available on Enterprise Ireland's [Prepare for Brexit website](#).

Local Enterprise Offices (LEOs)

Brexit supports from LEOs in every county include:

- **Brexit Mentoring:** offering one-to-one advice to companies on identifying key Brexit exposures and developing robust strategies to address issues and maximise potential opportunities.
- **Technical Assistance for Micro-Exporters Grant (TAME):** financial assistance to explore and develop new export market opportunities.
- **Lean for Micro:** helping businesses adopt LEAN business practices to increase competitiveness.
- **LEO Innovation and Investment Fund (LIIF):** support for innovative development plans.

Further details are available on the [Local Enterprise Office website](#).





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