» CONVENIENCE SECTOR EU EXIT READINESS BRIEFING

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The briefing divides the potential impact of no deal on the sector into three categories:

» TRADING ENVIRONMENT

Border delays

- Speak to your wholesalers/ suppliers about impact on deliveries and plans to reroute deliveries

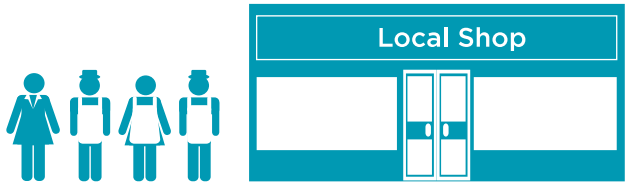
Product availability

- Take an agile approach to stock management and closely monitor developments in the lead up to 31st December

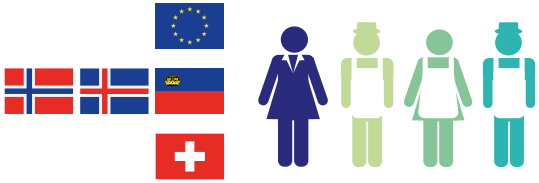
Affected products

- Fresh produce may be affected by border delays

» WORKFORCE & PEOPLE



Employment status



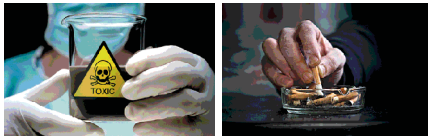
- Download the Employer Toolkit and direct employees towards relevant EU settled status scheme

Store colleagues

- Brief store colleagues about potential increased anxiety from consumers in the lead up to 31st December

» REGULATION

Product labelling



- Tobacco products manufactured from 1st January 2021 for sale in GB will require new 'Australian' pictorial health warnings – products for Northern Ireland will keep EU warnings. However, existing products in the supply chain can continue to be supplied and sold in 2021 and beyond.

Tobacco track and trace

- At the end of the transition period, businesses will need to submit data to the UK gateway.

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Delays at borders (EU-UK)

It is widely anticipated that without an agreed deal between the UK and EU there will be disruption to the supply of products sourced from the EU after the transition period end on 31st December 2020. This disruption will most likely be caused by delays at borders as goods will need to be checked for regulatory compliance and the application of new tariffs as they cross borders.

Reasonable Worst-Case Scenario

The Government have developed a Reasonable Worst-Case Scenario for leaving the EU without a deal. This predicts that at worst, 40-70% of trucks travelling to the EU may not be ready for new border controls; leading to maximum queues of 7,000 port bound trucks in Kent and associated maximum delays of up to two days. Heavy Goods Vehicles (HGVs) that are caught in the congestion in the UK will be unable to travel to the EU to export products and/or collect another consignment. This means that it should be assumed both imports and exports could be disrupted. A full copy of the Reasonable Worst Case Scenario is available **here**.

Border Operating Model

The Border Operating Model published recently and available **here** sets out the full range of checks that businesses moving goods across borders will need to comply with when trading with the EU. The Government have confirmed that the document will be updated regularly.

1st January

- All traders must have EORI number, commodity code and customs value of goods to make customs declarations and calculate import duties before moving goods.
- From 1st January 2021 the UK Global Tariff will be in place. Any tariff that is due will be calculated and must be paid when the supplementary declaration is submitted.
- HMRC will continue to require that all VAT registered businesses currently required to submit monthly Intrastat arrivals declarations carry on submitting these from 1st January 2021.

April

- There will be no changes to the core import process from April 2021, and for the majority of goods, there will be no change in import procedures overall. However, certain categories such as animal products may have additional requirements placed on them such as forms of additional certification.
- From April 2021, passengers carrying regulated plants and plant products will need to have a phytosanitary certificate when arriving from the EU. These goods may be subject to checks upon arrival.

July

- Delaying customs declarations will not be available from July onwards.
- Goods imported from the EU will be subject to standard customs control from July 2021. The customs process that will be carried out is dependent on what location the goods are located through.

Operation Brock

The Government has said that in the event of a not reaching a deal, it will reactivate "Operation Brock" until the end of October 2021. Operation Brock is the traffic management system designed to manage the potential build-up of lorries on the M20 and M26 in Kent. There could also be traffic disruption around other major ports for example Holyhead. Convenience retailers operating in these regions should consider what impact traffic disruption may cause to deliveries to their stores.

Considerations

- **Understand what your suppliers and wholesalers are doing to mitigate border delays at the short straits (Dover/Calais) and how it might affect supply to your store.**
- **If you trade in the South East or near other major ports consider the impact that traffic disruption could have to deliveries.**

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Delays at Borders (Great Britain to Northern Ireland)

Northern Ireland Protocol

The Government have said to expect some changes for goods into Northern Ireland from Great Britain. Those products that will be subject to changes for goods movement will include food and agricultural products and those that also are classified as sanitary and phytosanitary. More details on the movement of goods under the Northern Ireland Protocol is available **here**.

Negotiations on Great Britain to Northern Ireland

The extent of checks at Northern Ireland ports is still be agreed. The UK Government and EU Commission are undergoing negotiations in the Joint Committee. The checks at Northern Ireland Ports need to ensure that animal and food products comply with EU standards and tariffs on EU bound tariffs are paid.

The negotiations are currently determining the definition of 'goods at risk'. These are goods that are deemed to be moving from Northern Ireland to the Republic of Ireland and therefore into the EU. Where goods are deemed to be at risk of moving into the EU additional checks need to take place and tariffs collected. The UK Government want to minimise the level on checks at Northern Ireland ports and the EU want to ensure regulatory compliance withing the Common Market.

Considerations

- **Understand what your suppliers and wholesalers are doing to mitigate border delays.**
- **Monitor UK EU Negotiations closely in the Joint Committee.**

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Product availability

Suppliers and wholesalers

Many suppliers and wholesalers will be attempting to mitigate supply chain disruption by holding additional stock of certain products or ingredients that will be affected by border delays. But suppliers holding additional stock will not mitigate supply disruption if there is a significant interruption to import/export flows. As outlined in the Reasonable Worst-Case Scenario trade flow at borders will be disrupted.

Warehousing space is limited, especially for frozen and chilled products, and will only mitigate supply shortages in the short term. The timing of EU exit alongside Christmas and the New Year will also impact stockpiling capacity.

Consumers

The starting point for consumer stockpiling will correlate with the new information issued by the UK Government and developments in the negotiations between the UK and EU. Therefore, retailers should anticipate increased demand for product in **advance** of 31st December and try to account for this in their ordering process.

The types of products that consumers seek to stockpile is hard to predict and may not align with the products that consumers stockpile in other circumstances, such as Covid-19, extreme weather conditions or fuel strikes. Retailers should be prepared to take an agile approach to their ordering processes in the lead up to the deadline and diversifying supply chain partners to reduce risk.

Considerations

- **Speak to your suppliers and wholesalers to clarify what their assessment of the supply chain risk is for key products and what their mitigation plans are**
- **Consider ways in which you can provide clear and best information to you customers about likely product availability issues.**
- **Consider what extra capacity you have in your storerooms or across your business to hold additional stock of products that will be in highest demand.**
- **Consider what products will potentially be in greater demand and consider whether you can take some account for this in your delivery orders.**
- **Closely monitor media coverage of the negotiations, including; government information bulletins and ACS updates to understand if it will prompt consumers to stockpile.**

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Products and prices

Affected products

Fresh products with limited shelf life are most likely to be impacted because of delays at borders and limited capacity to hold additional stock of these products. However, a range of other products will be affected. Many products sold in stores will source ingredients from within the EU which could be affected by no deal leading to disruption in the manufacturing process and therefore supply shortages.

Food prices

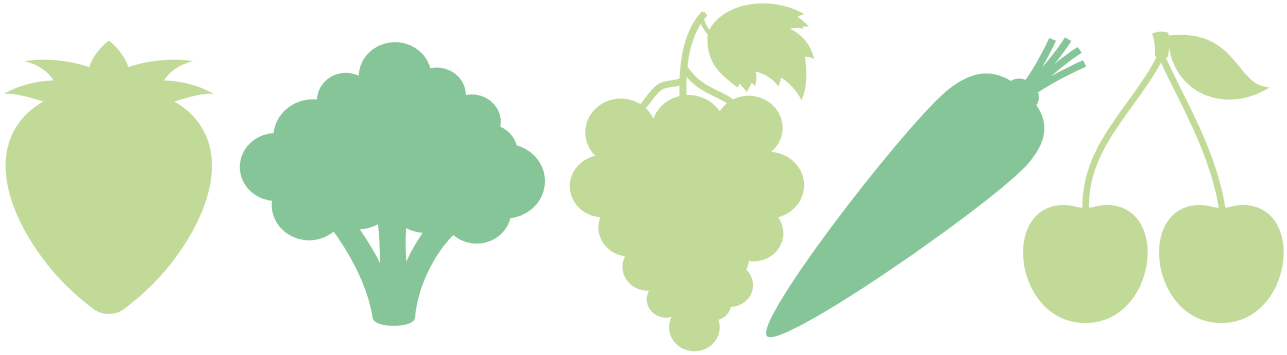
In the event of a deal not being agreed between the UK and EU, import tariffs will be applied to products from the EU from 1st January 2021. This is likely to result in higher prices on some products from the EU. The UK Global Tariff is available here. Prices could also be impacted by currency fluctuations, as financial market react to EU-Exit.

Wholesale prices could increase for certain products depending on product availability and demand from consumers. Suppliers could change normal pricing structures requiring retailers to review prices in stores.

ACS is producing resources for retailers to display in store to communicate the expected price change. The early communication of this will aid consumer understanding of price changes as a result of EU-Exit.

Considerations

- **Familiarise yourself with the publication of the Government's Tariff Schedule for imported goods here ahead of 31st December.**
- **Be aware of your obligations under the Fair-Trading Act when reviewing product pricing and promotions. ACS' Fair Trading Guide is available here.**
- **Speak to your suppliers and wholesalers to clarify what products they anticipate there will be shortages of.**
- **Review your product ranges to identify affected products and account for this in your stock ordering.**
- **Consider how you will communicate with your customers about product availability, delayed deliveries and changes to product ranges in your store.**



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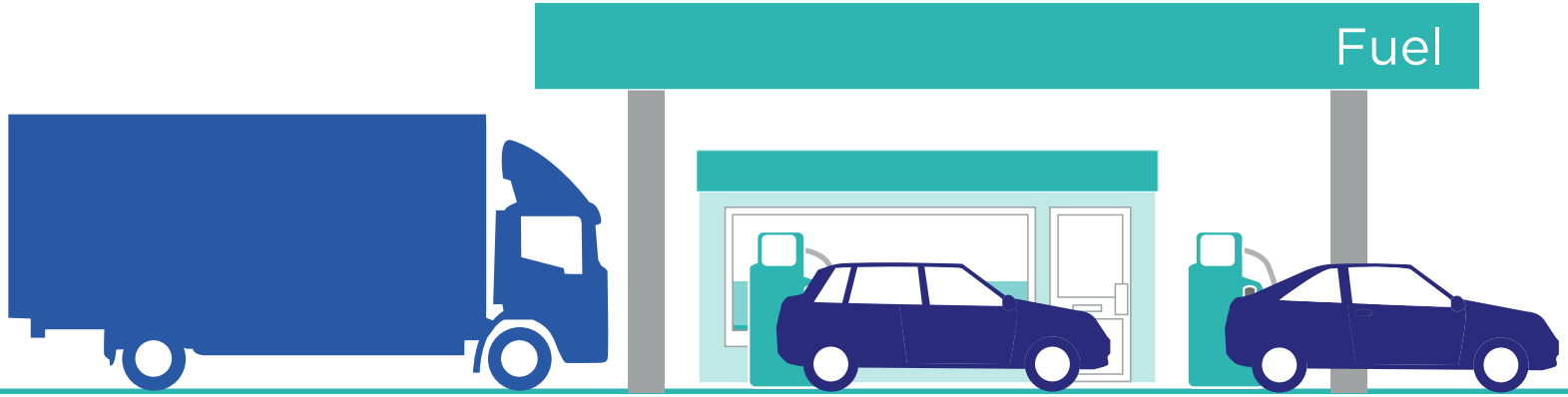
Fuel

Government planning assumptions have included potential disruption to the UK's fuel supply in the event of no deal, even though most fuel enters the UK through different ports to food and other products before being refined and distributed to retailers. If there are border delays, traffic disruption near ports could affect fuel distribution in the surrounding areas. Customers attempting to stockpile fuel could also lead to shortages at certain sites. Disruption and currency fluctuations may lead to fuel price increases.

The government does have emergency plans in place to mitigate shortages. These include designated sites that would be required to provide priority access for the provision of fuel. These businesses will be aware that they are a designated site.

Considerations

- **Be aware of your responsibilities if you are a designated fuel site.**
- **Fuel retailers may be contacted by Local Resilience Forums. More details on Local Resilience Forums is available here.**



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Employment status

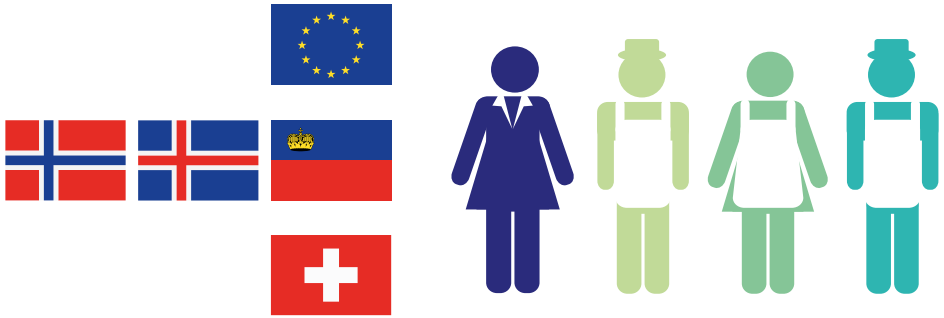
UK citizens

There will be no changes for UK Nationals living and working in the UK.

EU citizens

EU, EEA and Swiss citizens who are resident in the UK can apply for settled or pre-settled status under the EU Settlement Scheme to continue to live and work in the UK.

Citizens who have lived in the UK for five years or more are eligible for settled status and those who have lived in the UK less than five years are eligible for pre-settled status. The deadline for applications to the EU Settlement Scheme is 30th June 2021. More information can be found **here**.



UK-points based immigration system

A UK points-based immigration system will be introduced into GB as part of the EU-exit process. The operation of this system will work around the scoring of points. All applicants, both EU and non-EU citizens, will need to demonstrate a range of requirements including:

- They have a job offer from an approved sponsor.
- The job offer is at a required level.
- Proof that they speak English.
- Proof that the applicant earns more than the minimum salary threshold but no less than £20,480.
- A total of 70 points are required to be eligible to apply.

More information can be found **here**.

Considerations

- **Consider your businesses future recruitment needs and the impacts of future immigration policy.**
- **Consider how your business will retain and attract employees in a potentially tighter labour market.**

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Store colleagues

Whenever there is significant social and economic change, there can be knock-on effects related to crime and disorder. Retailers may therefore wish to review their internal security procedures, for example increasing staff levels or existing guarding provision.

Retail should ensure staff are informed of potential new risks, for example dealing with product shortages, and that your policies for responding to them are clearly understood. ACS' Crime Report found that the top trigger points for violence and abuse in stores are Covid related restrictions, challenging shop thieves, refusing age restricted sales or refusing to serve intoxicated customers. Retailers should also check the terms of their business insurance to determine where liability falls in case of criminal damage to stores. ACS Advice on Business Insurance is available **here**.

Considerations

- **Review staffing levels and existing guarding provisions in stores in response to higher anxiety from customers about product availability.**
- **Brief staff on the potential of increased consumer anxiety, ACS' animation on Managing Violence and Abuse in convenience stores is a useful resource available here.**
- **Check the terms of your business insurance for coverage of criminal damage.**

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Product labelling

Food products placed on the EU market before 1st January 2021 can continue to be sold, distributed or transferred in the EU without labelling changes. This means products are:

- Held in the EU for the purpose of sale, including offering for sale or any other form of transfer, whether free of charge or not.
- Sold, distributed or transferred to the EU in another way.

From 1st January 2021, the EU emblem on goods produced in the UK must not be used unless authorised by EU and UK food must not be labelled as origin 'EU'. Food from Northern Ireland can continue to use 'origin EU'.

For specific Government guidance on certain products see **here**.

Label	Changes	Sell through period
Health marks on meat and fish products GB 1234 / UNITED KINGDOM 1234	The EU oval health identification mark may still be used for products placed on the domestic market for 21 months after the UK leaves the EU. The new UK health mark examples are available **here**.	**21 months**
Country of origin labels GREEK STYLE YOGHURT Produced in the UK	Food produced in the UK cannot be labelled as EU origin. Most foods from member states can be labelled 'origin EU'. For mixed UK products, 'UK and non-UK origin' must be used and EU must not be referenced. All food can be labelled with the specific country or countries of origin.	**Pragmatic enforcement**
EU organic logo	There is no transition period allocated for transitioning to a UK Organic Logo. The EU organic logo should not be used on any UK organic products after 31st October, but Defra will encourage a pragmatic approach to enforcement within the UK.	**Pragmatic enforcement**
Tobacco health warnings 	Tobacco products manufactured from 1st January 2021 for sale in GB will require new 'Australian' pictorial health warnings – products for Northern Ireland will keep EU warnings.	**Existing products in the supply chain can continue to be supplied and sold in 2021 and beyond.**

Tobacco track and trace and labelling

Tobacco track and trace

Retailers that only sell tobacco products to the public and do not currently submit tracking data to the EU tracking system can continue to use their current track and traces codes and do not need to take any action.

Businesses that currently track and submit data for the movement of and financial transactions for cigarettes and hand rolling tobacco in Great Britain will need to submit this to the new UK system. Changes to the URL for economic operators scanning equipment will also be required, with a new URL endpoint for the UK gateway provided on or before 12th October.

Businesses who track and submit data for tobacco products in Northern Ireland will need to submit this to both the UK and EU systems.

In order to report events to the UK Gateway, all economic operators must obtain access credentials via the UK ID Issuer web portal. Register on the UK ID issuer test platform **here**.

Tobacco labelling

EU pictorial health warnings will no longer be able to be used when the UK leaves the EU. The new provision will allow for all products featuring the EU pictures placed on the UK market before 1st January 2021 to remain on the market until they reach their end user.

These are some of the health warnings that will feature on tobacco products after the transition period ends.

Tobacco smoke is toxic

Quitting will improve your health

Smoking causes throat cancer

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