

# Industry Report

## Export experts talk Corona Virus

Jacqueline Balian, GAMBICA

Just before we all stopped leaving our houses, the GAMBICA export group met to tour the Alderley Edge Science Park, the UK's biggest single campus life sciences park.

The main speaker at the event was Fred Osborn, CEO of Xpand Logistics and board member of the International Freight Association who was due to tell the group how best to keep on track through Brexit. Naturally however, the latest Covid-19 news was the dominating issue.



### Logistics and the Corona Virus

Due to the virus, China has not been sending goods to the UK, so there is a serious lack of available tonnage making the return trip - and it's getting very difficult to send goods east for UK companies Fred Osborn told the assembled exporters. Similarly, with so many flights being cancelled for lack of passengers, the airfreight option has also been curtailed. Specialist air freight companies not dependent on selling passenger seats can offer some increased capacity - but prices are rising fast.

Fred warned: "The peak of imports to the UK is August to November and the peak this year is likely to be huge and therefore some freight companies are already introducing surcharges. Rumours are that westbound rates have doubled and eastbound rates are up by 50%. I strongly recommend you hold some increased stock - we have a Basildon warehouse with some space but it's being taken very quickly."

GAMBICA members reported that they are already experiencing difficulty in getting containers to ports in the east with one having an urgent consignment to Japan delayed until 6th April because of a lack of any available space.

"It will take months to get schedules back in sync because so much of the tonnage is now out of place. I don't expect full schedules to be available before June."

### Freight costs post Brexit

Fred also told the group that in common with other freight forwarders, he was concentrating on working out how to cope with an EU exit by the UK without a deal on 31st December as this now seems the most likely scenario as well as being the worst-case scenario against which it is sensible to stress test all their plans. Questioned as to whether he thought another delay might be possible Fred said:

"Everyone says no - but the corona virus may just give the Government a get out of jail free card".

Focussing on the expectation that trade with the EU will revert back to World Trade Organisation terms, Fred pointed out that Dover has had no customs for 30 years and no land is available there to build customs sheds. 600 trucks come through Dover per hour. If 5% are checked that's 30 trucks per hour - where will this be done? 50,000 new customs and border force staff are needed and will have to be trained. There is lots of land in Calais but the French also need to be up to speed - and here we are relying on the French.

Some form of customs declaration will need to be ready for 1st January 2021 for both export and import but the final process, declaration format and data fields are not yet known. At the same time, the old but effective, CHIEF, on-line customs system is being replaced. It was recognised that it could not cope with the increase in throughput required (currently there are 55 million customs declarations per annum, this will rise by an additional 200 million post Brexit). The new CDS (Customs Declaration System) system, is not yet in place but will allow retrospective clearance. The freight industry, concerned about the UK Government's track record in delivering functioning IT systems on time, has lobbied for the CHIEF system to remain in operation even after the CDS is switched on.

According to Fred, the re-introduction of regulatory controls - what they will be is not yet known - will inevitably cause an increase in freight forwarding charges. The freight industry is also looking for additional staff to cope with the inevitable surge in administration. One freight company took on large numbers of extra staff in India for the last Brexit date, then let them go, and are now having to re-recruit and re-train.

Most goods travelling from Ireland to the EU come through the UK with trucks picking up UK goods too along the way. This means that trucks will have transit documents as well as customs forms and if any of those shipping goods has failed to get the correct CE Mark etc, their documentation will be incorrect and the whole shipment will be delayed - with the inevitable blame and cost allocation.

The next Export Group meeting may well be virtual - if you would like to join us, drop me a line on [Jacqueline.balian@gambica.org.uk](mailto:Jacqueline.balian@gambica.org.uk)



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### Work of the DIT Expert Trade Advisory Group

GAMBICA member, Richard Seuke, of Medical Wire, has been invited to sit on the Government's Expert Trade Advisory Group (ETAG) for the life sciences, run by the Department for International Trade (DIT). He reported on a recent meeting of the ETAG which had been seeking input on three areas:

- UK Global tariffs;
- the UK/US trade deal; and
- the EU/UK trade deal.

Members at the meeting were rather critical of DIT's repeated references to the US as the UK's biggest trading partner and were unanimous in the view that the EU is by far the most important market for lab industry exporters. The DIT is asking for feedback as to what 'real world' benefits a UK/US free trade agreement would bring and what we would like to see included. (If you have views on this please do drop me a line or give me a call so I can include them in GAMBICA's feedback to the department - [Jacqueline.balian@gambica.org.uk](mailto:Jacqueline.balian@gambica.org.uk).)

If you work for a lab tech supplier, don't forget there are many invaluable services available from GAMBICA including meetings such as the one Fred spoke at. You can contact me on [Jacqueline.balian@gambica.org.uk](mailto:Jacqueline.balian@gambica.org.uk)