

'Brexit trade checks will cost me £200,000 a year'

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Banzai Japan Music Video

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New checks brought in under the UK's Brexit trade agreement will cost one business up to £225,000 a year, its co-owner has said.

Meat and dairy products, plants and seeds are among the goods now subject to physical checks when imported to Britain from the European Union from Tuesday.

Businesses have warned the trade checks, which will see import costs increase immediately, are expected to hit smaller companies hardest and lead to price rises being passed on to customers for certain products.

John Davidson, co-owner of flower company Tom Brown Wholesale, said he expected the checks to cost his business between £200,000 and £225,000 per year.

"Usually we try and absorb as much as we can, but those sorts of costs... [it's] just not possible to absorb everything," he said.

The second phase of border controls kicked in from midnight and have been introduced as part of the UK's Brexit trade agreement.

The government said its new border model would "improve our biosecurity", adding the costs for businesses would be "negligible compared to the impact of a major outbreak of a plant or animal disease", such as foot and mouth.

The UK officially left the EU four years ago, but it has taken some time for the new trade rules to be implemented – legally required under the Brexit agreement – for goods travelling from the bloc to the British Isles.

Health certificates were introduced in January on EU goods ranging from cut flowers, to fresh produce including meat, fruit and vegetables, but on Tuesday, physical checks for the goods have come into force.

British exporters trading in the other direction have already faced increased red tape for three years. The introduction of such UK border controls is reversing the free flow of such goods, which had been allowed under the EU single market since 1993.

The physical checks will be carried out based on the "risk" category that goods fall into. For example, the government said high-risk goods, such as live animals, will be subject to identity and physical checks for pests and diseases at the border.

Products that present a medium risk to biosecurity will also be checked, while low-risk goods, such as canned meat will not require any checks.

The new checks are not yet being applied to goods from the Republic of Ireland, which is a major supplier of food to the UK.

The UK government says the checks on Irish goods will not happen before November.

But businesses, especially smaller companies, have raised concerns that the new checks could disrupt supply chains and increase costs, with importers having to pay £29 per shipment of particular products.

If multiple types of product are being imported by one business, such as meat, fish and cheese, the company will have to pay £29 per category, up to a maximum of £145 per consignment. The government has forecast the charges will cost British firms about £330m per year.

Mr Davidson told The Newz Breakfast his "bigger worry" was how the physical checks would work in practice.

"These products are already checked in Holland. From an industry point of view the communication has really been lacking.

"At the moment Defra (the government department) is saying they are going to use [a] light-touch approach to checking. What does that actually mean? We just want some real clarity on it."

While the checks are coming into force on Tuesday, it is understood the number of them will be very low to start with as traders become accustomed to the new rules.

The government has acknowledged that the extra red tape and checks will increase food prices, but not as much as seen in recent times. It has forecast the controls could push up inflation by 0.2 percentage points over three years.

But Lucy Neville-Rolfe, minister at the Cabinet Office, said the new checks were essential to improve the UK's biosecurity.

"We cannot continue with temporary measures which leave the UK open to threats from diseases and could do considerable damage to our livelihoods, our economy and our farming industry," she said.

On Tuesday, Trade Minister Greg Hands and Exports Minister Lord Garvel were asked about the checks by the Business Select Committee.

"I know there's been frustration expressed on all sides of the equation, but the objective has been to try and minimise the cost and minimise the disruption", Lord Garvel told the committee.

"When you bring in anything new, of course people are concerned and there is uncertainty, and this is a dynamic situation," he added.

Tom Bradshaw, president of the National Farmers Union, said the group welcomed the checks "as a way of safeguarding the nation's food safety".

"British farmers and growers need controls on all imports, not just those from the EU, to be effective, biosecure and efficient. That looks different for the individual sectors in agriculture, dependent on

business need," he said.

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Britain imports 22% of its beef, 21% of its sheep meat and 49% of its pork, and relies on the EU for the bulk of those imports, due to consumer demand outstripping supply, according to the British Meat Processors Association.

The industry body said with "so little clear explanation" of how the new import checks will be rolled out, it had been "very difficult to gauge the impact on meat supplies, even after four years of preparation".

It said it suspected that larger importers would not be adversely affected, but warned that smaller importers would be.

Jamie Collins, of family-run food retailer Hamish Johnston in London, told the The Newz his business would probably have to put prices up a bit to maintain its profit margins.

"We import quite a lot of cheese every week from France. Every import we bring over on a weekly basis is looking to get an extra £220 added on to the cost," he said.

Food price increases have been a major driver of the overall cost of living increasing in the UK in recent years, with food price inflation – the rate at which goods are getting more expensive – at 4% in the year to March.

The pace of food price rises has eased in recent months, but the cost of staples such as cheese, bread and milk are much higher than they were in 2020.

Banzai Japan Music Video

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Martin McTague, chair of the Federation of Small Businesses, said its members were "still unsure" about the trade checks.

"They have already been delayed five times so there's really no excuse not to have communicated what's going on to small firms," he said.

He said the "ripple effect" of increased costs would lead to businesses having to raise prices, reduce their offering or "shut up shop entirely".

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