

Supply chain resilience: Freight flows and customs





Today's speakers

Aman Gill – Bibby Financial Services

- Been with Bibby for five years in various trade finance roles
- Responsible for supporting structuring and underwriting all new business for Bibby's trade clients



Nick Blenkinsop – IOE&IT

- Over 27 years of professional experience in international trade
- Currently working on the government's Trader Support Service for goods movements between Great Britain and Northern Ireland



**Have you had to
change your
supply chains due
to Covid-19 or
Brexit?**





Q&A: SUPPLY CHAIN RESILIENCE AFTER COVID

AMAN GILL – CORPORATE & TRADE UNDERWRITER

21ST APRIL 2021

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GLOBAL SHIPPING CRISIS

- Imbalance of Containers Globally
- Congestion at Ports
- Questionable Economics of Shipping
- Little Tolerance vs. Shifts in Demand
- Lack of Government Investment Globally
- Globalization as we know it over?



IMPACT OF COVID-19

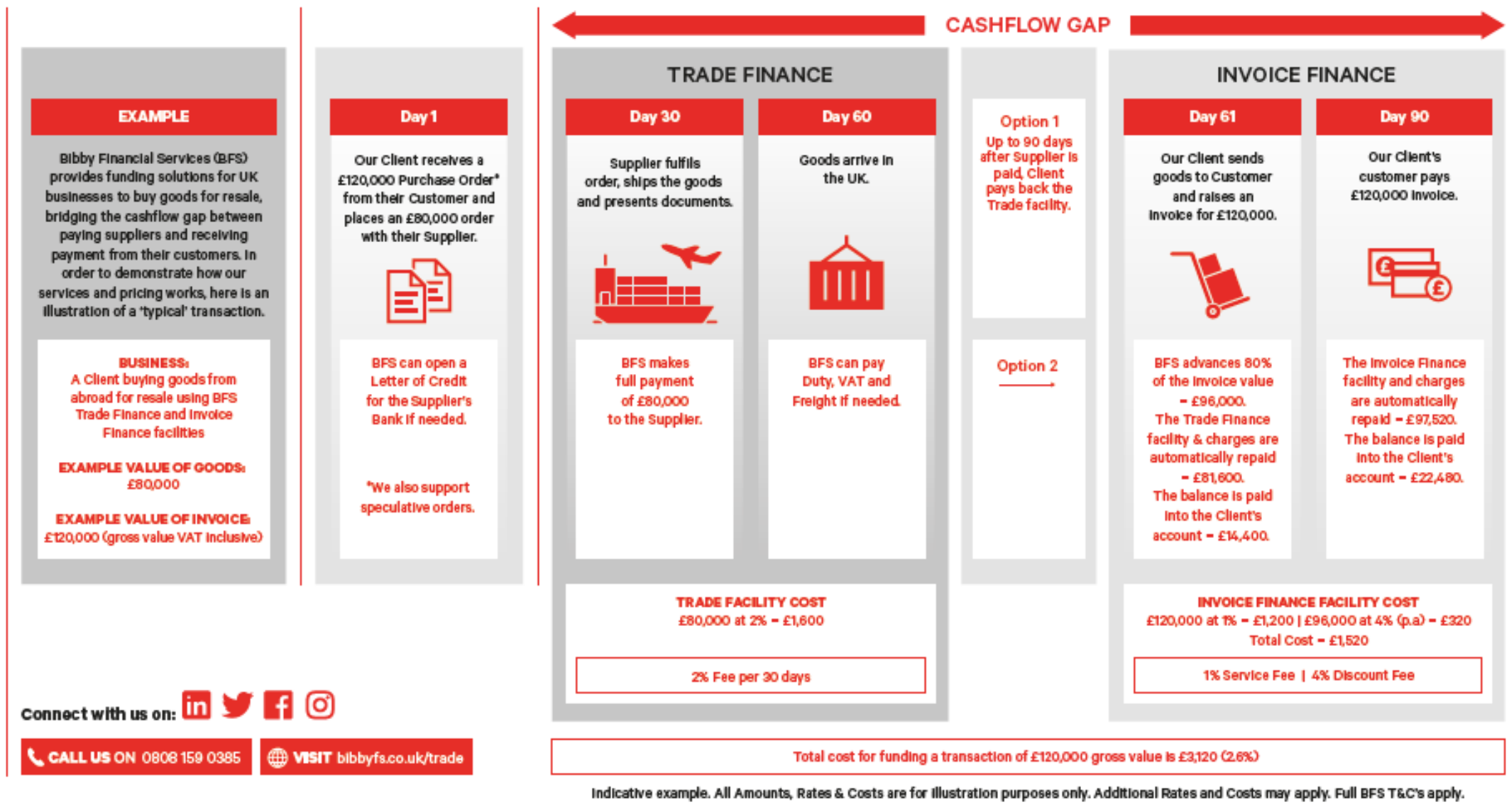
- Delayed/Cancelled Orders
- Increased Stockholding
- Availability of Company Searches/Credit Insurance Limits
- Government Support for Credit Insurance
- Growth Sectors e.g., FMCG, PPE, ICT

DIVERSIFICATION OF SUPPLY CHAINS

- Viability of Manufacturers/Suppliers
- Changing Supplier Payment Terms
- Billions of \$ Worth of Cargo from Asia
- Local Supply i.e., “Reshoring”
- Reliance on Technology

TRADE FINANCE

INDICATIVE EXAMPLE OF AN £80,000 TRANSACTION WORTH £120,000 (Gross Invoice Value)



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SUPPLY CHAIN RESILIENCE

- Supply Chain Cycle Analysis
- Crucial Components
- Supply Contract
- Incoterms
- Transport Method
- Processing
- Supply Chain Strategy

**Has your business
accessed trade
finance or an
import loan
facility recently?
(select all that
apply)**



Supply chain resilience

Nick Blenkinsop – IOE&IT



April 2021



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- » **Recap of Covid-19 impacts**
- » Brexit
- » Increased use of customs special procedures and authorisations
- » Other considerations and Best practice



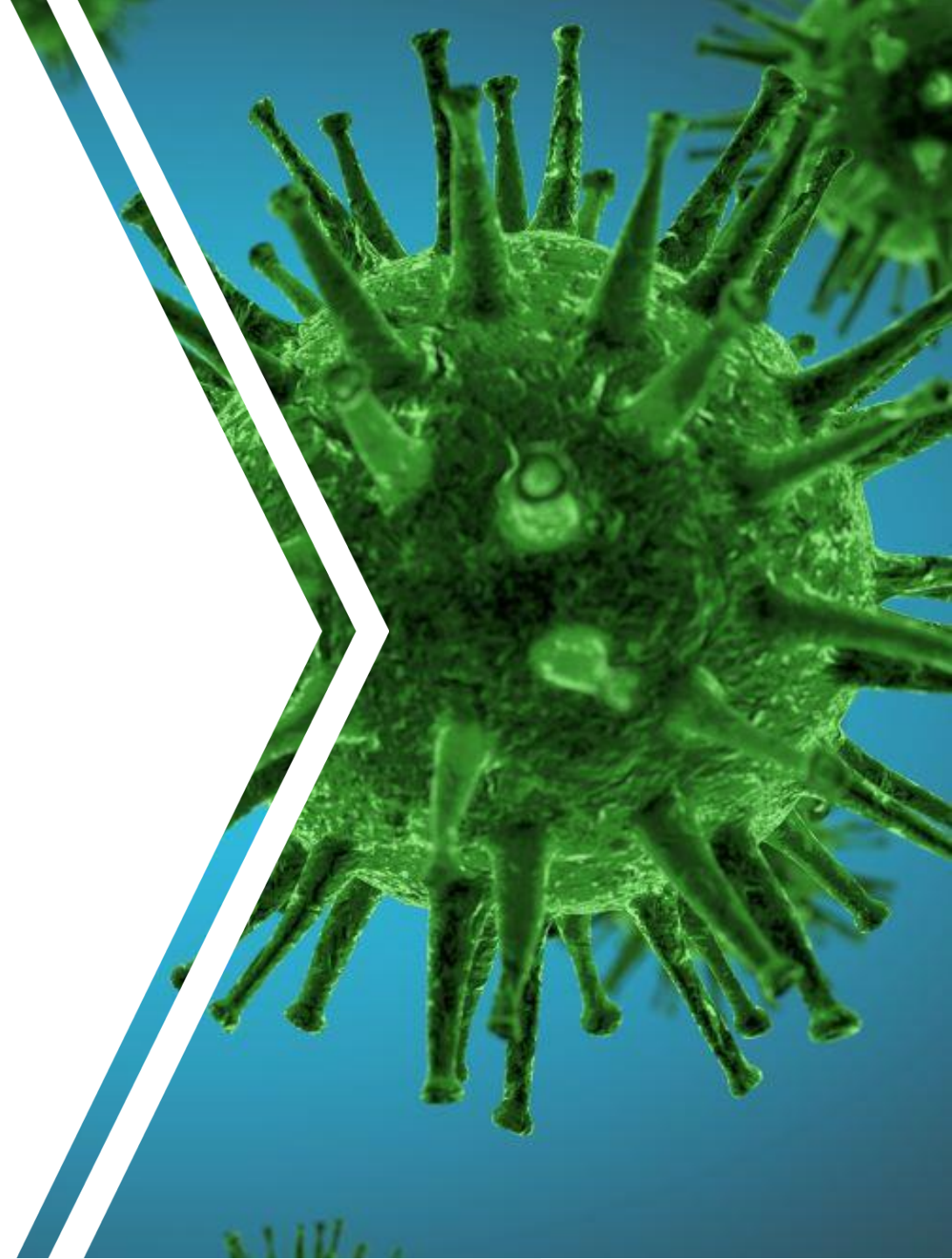
Covid-19 impact

◊ Capacity issues

- ◊ UK warehouses had capacity issues after consumer demand for imported goods fell
- ◊ 300% surge in container rates¹
- ◊ Social distancing issues could lead to increased use of robotics

◊ Number of blank sailings now reducing

- ◊ Down to 2% in Q1 and compared with 20% in Feb 2020²



Brexit – GB:EU

◆ Border Operating Model

- ◆ New documentary/customs requirements for GB exports to the EU since 1 January 2021
- ◆ Being introduced for imports over phases

◆ Uncertain trade flows with EU

- ◆ Online deliveries to the UK from EU plunged by 50.7% in the first quarter of 2021¹
- ◆ Exports to the EU rebounded in February by 46.6% following January's 42% slump²



Brexit – GB:NI

- ◆ Northern Ireland Protocol resulted in re-routing of freight and suppliers looking to source GB products from EU
 - ◆ Hauliers increasingly avoiding GB landbridge route for goods movements from island of Ireland to EU
 - ◆ 49% fall in freight travelling from Ireland to GB*
 - ◆ 102% increase in number of weekly ferry crossings from Irish ports to France*



Other considerations

- ◆ Trade Facilitation Agreement and Generalised Systems of Preference
- ◆ Track and trace software
- ◆ Use of 3PL (Third party Logistics Provider) or 4PL
- ◆ Tech developments: blockchain, AI and 3D printing
- ◆ Lean manufacturing
- ◆ Stock control and warehouse management systems
- ◆ Trade compliance and increased use of customs special procedures
- ◆ Returns and repairs



Customs special procedures

Brexit and the pandemic have led to an increased use of customs special procedures and authorisations, including:

- ◆ Customs warehousing
- ◆ Inward processing
- ◆ Outward processing
- ◆ Temporary admission
- ◆ Authorised use



Best practice principles

- ◆ Supplier and customer management
- ◆ Customs processes and documentation
- ◆ Logistics management
- ◆ Stockholdings, packaging and warehousing
- ◆ Financial transactions and regulatory compliance



POLL: Which of these are the most important barriers to your company doing business overseas? (pick 3)



Q&A



POLL: Which of these means of support should the government utilise to help traders overcome trade barriers? (pick 3)



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- ◆ One-day online training courses
- ◆ Lunchtime learning sessions
- ◆ IOE&IT Business Shield
- ◆ Consultancy



SME Brexit Support Package

- ◆ New package of training and support from the IOE&IT
- ◆ Supports firms adjusting to new rules for EU trade
- ◆ Includes in-house options and creation of 'action plan' bespoke to business
- ◆ Fundable by new government grants:
 - ◆ SME Brexit Support Fund
 - ◆ Grants up to £2000 towards training and/or professional advice
- ◆ <https://www.export.org.uk/SMEBrexitSupport>

