

Update

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Beacon Commodities



There is much uncertainty surrounding the details and what the outcome of Brexit might mean for botanical trading. At Beacon Commodities, we produced a report in August 2018 in similar circumstances and here we are 12 months later, with no clearer picture but a lurch towards the possibility of a no-deal.



In our 2018 report we focused as a business on what Beacon Commodities could do to prepare for Brexit, irrespective of what was going on between Brussels and Westminster. In this report we will look at further developments and the Government's guidance.

Government guidance

We would suggest looking through the Government guidance on how a 'food and drink sector business' should prepare for an EU exit (<https://www.gov.uk/guidance/the-food-and-drink-sector-and-preparing-for-eu-exit>). This provided simple (OK very simple) but helpful guidance that allowed us to understand if we had thought of the key issues.



What we took from the guidance is that by trading with the rest of the world already, we are in a strong position with an Economic Operator Registration and Identification (EORI) number and the use of several experienced Forwarding Agents. This means Beacon is an existing authorisation holder and being based in the UK can benefit from simplified custom procedures (as can our Forwarding agents).

Temporary rates of customs duty (tariffs) will be brought in if the UK leaves the EU without a deal. Beacon have researched this and are pleased to confirm that at this time there will be no change to the core botanicals with tariffs remaining at 0%.



Beacon's concerns and solutions

| Concerns | Possible solutions |
|-----------------------------|--|
| Delays at Port | <ul style="list-style-type: none"> • Consider other methods of shipment • Monitor delays and respond as necessary to other methods • Avoid problematic ports/points of entry |
| Crossing borders | <ul style="list-style-type: none"> • Ensure all paperwork travels with the shipment with copies sent to Beacon and their agents prior to departure • Monitor any changes/additions of documentation needed |
| Lack of transport to the UK | <ul style="list-style-type: none"> • Expand the number of hauliers Beacon uses through their Forwarding Agents |
| Increase in tariffs | <ul style="list-style-type: none"> • Unlikely but can only be monitored |

Beacon's strengths in an uncertain climate

1. We already trade with the rest of the world and are exporting to well over 30 countries around the World, so we already have procedures in place to handle complications.
2. Our suppliers want to/and will continue to supply us as one of the biggest botanical traders in the Gin Trade.
3. We have been working with various Forwarding Agents for many years.
4. We have expanded the size of the stock we store and therefore the size of the warehouse.
5. Our warehouse is based in Essex in the UK and therefore we will hold stocks of botanicals in the UK.
6. We aim to store over 18 months' worth of stock.
7. We grow UK Coriander and Angelica to reduce reliance on European farmers.



Ireland

We have spoken to our Forwarding Agents and hauliers as there will be a small change to shipments from the UK to Ireland. An invoice and packing list will now be sent prior to departure. This will allow completion of the necessary clearance to avoid any delays at the ports. This is not a vast change as we already produce these documents for all international shipments.

Positively, hauliers have reported that it is unlikely that there will be any decline in the availability of shipment space or lead time so it is likely to be a case of business as usual.

We are fully aware that by the time you have read the above, circumstances will have changed! Please feel free to contact either Tommy or Michael direct to discuss in greater detail.

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