

WHITE PAPER

Navigating Logistical Challenges in the Wake of Brexit



Table of Contents

The Limitations for Businesses in the New Trading Environment	3
The Growth of E-commerce	3
The Unique Customs Challenges	3
Dealing with Delays	4
The Irish Perspective	4
More Adjustments for Drivers and Vehicles?	6
Could a Digital Solution be the Answer?	7

“When the UK left the EU, trading between Britain and the bloc became harder almost immediately, and when the ‘grace period’ ends on 1 April, the difficulties could be supercharged”

- Neil McEvoy, Management Consultant, C3 Solutions

Businesses fear that starting April 1st, many of the conditions, particularly for perishable goods, could become untenable, forcing companies to close. This catastrophe has already struck some fish exporters from the UK.

In the year since the virus spread, the ratio has increased a further 50% to 31.9%, with sales for online retail reaching US\$4.2 billion in 2020, according to Statista, and this number is expected to increase another 50% over the next three years, reaching US\$6.54 by the end of 2023.

The Limitations for Businesses in the New Trading Environment

Negotiators on both the European Union and UK sides of the Brexit deal were unclear about what the final agreement would look like right up until Christmas Eve of 2020.

The deal was announced one week before it entered into force. With so little forewarning, few UK or EU companies were ready to meet the new trading environment's requirements. Two months on, and the UK government has asked Brussels to extend the grace period that reduces the number of border checks on certain commodities, which is due to end on 31 March.

Businesses fear that starting April 1st, many of the conditions, particularly for perishable goods, could become untenable, forcing companies to close. This catastrophe has already struck some fish exporters from the UK.

It is not only food exporters that will suffer under these circumstances. Some businesses have already felt the squeeze caused by [the new documentation requirements](#) that subject importers and exporters to increased levels of scrutiny, something not seen in the region for nearly 50 years.

The Growth of E-commerce

In the post-pandemic environment, changes that occurred during the pandemic will continue to impact EU/UK trade, perhaps nowhere more so than goods and services crossing the Irish Sea. It will significantly

alter economic activity in ways that were not, perhaps, appreciated when the pandemic first began spreading in the UK. [E-commerce](#) has exploded during the Covid-19 shutdown.

According to the UK Office of National Statistics, in the five years from the first quarter of 2015 to the end of 2019, online sales increased their share of total sales from 12% of sales to 20.8% at the end of 2019.

In the year since the virus spread, the ratio has increased a further 50% to 31.9%, with sales for online retail reaching US\$4.2 billion in 2020, according to Statista, and this number is expected to increase another 50% over the next three years, reaching US\$6.54 by the end of 2023. However, Brexit has severely complicated the e-commerce process in the UK. The job of delivering freight became significantly harder overnight when the UK left the EU, and the transition period ended on 31 December 2020.

The Unique Customs Challenges

The UK is now dealing with 30 plus countries, including the EU 27 and other countries in the customs union. Everything is new now - we are seeing consolidations of cargoes, with packages ordered from the EU to be delivered in the UK and Ireland, north and south.

From 1 January, each item that is considered a shipment must have the correct paperwork. It is possible that up to 2,000 consignments could be loaded into a single 40ft container or a truck. If only one of those consignment's documentation is incorrect, the entire shipment will be delayed.

“

We are dealing with 30 plus countries, including the EU 27 and other countries that are in the customs union, and everything is new now,” explained McEvoy.

The parcel game is all about throughput, but it’s now taking five times as long to process each shipment, without factoring in other potential delays at the ports or loading bays etc., —“that means extra cost right there.”

That has meant that it now takes staff at parcel companies five times as long to process each consignment, parcel, pallet, or trailer as it did under the previous system.

Speaking with customers, they report that they are now handling 26 forms for each shipment, compared to just three under the previous arrangements.

The parcel game is all about throughput, but it’s now taking five times as long to process each shipment, without factoring in other potential delays at the ports or loading bays etc., —“that means extra cost right there.”

These difficulties and delays mean people are not shipping. According to the Road Haulage Association, shipments to the EU have declined by as much as 68% since Brexit. Only 10,000 customs officers were in place, where 50,000 were needed, [as reported by The Guardian on 7 February](#). This figure is vehemently denied by Whitehall, which insisted to The Guardian that “freight flows were up to 95% or even 100% of normal levels on some days in January.”

In standard times this would be a cause for concern. These difficulties could be magnified substantially in the impending post-Covid-19 period, coupled with the looming end to the grace period.

Dealing with Delays

One month after Brexit, a survey of 185 logistics managers by the Chartered Institute of Procurement and Supply in the UK and the EU, published by the BBC on 1 February this year, found that 60% of polled managers had already faced delays at the border. 45% of respondents said they had faced delays of more than two days. In addition, 27% of respondents said that paperwork was the primary cause of delays, and 23% said stock would run out if things did not change.

A leading UK parcel service argues that before 1 January this year, getting a parcel from Birmingham to Berlin was as easy as getting the same parcel to Bolton. After 48 years in the EU Customs Union and single market, that changed overnight.

More than 20% of parcels had incomplete or incorrect data attached to them, a figure that has since reduced to 5%. If that 5% were translated into trucks transiting the border by ferry in Kent, it would still mean nearly 330 trucks per day that would be delayed at Dover alone. Add another 220 from Eurotunnel daily, and the congestion in the southeast could mount very quickly.

“Next, delays and congestion hit us at UK ports. Within days, the backlog in our system meant we had to pause our road services to the EU and Ireland for the first time in living memory. Not a decision we took lightly,” explained a parcel service source.

Over the last two years, one of the major UK parcel delivery companies invested nearly £14m preparing for Brexit. **“That includes recruiting almost 300 additional people – mainly to handle customs clearance – plus massive spend on warehousing space and IT systems,”** explained the parcel source.

The Irish Perspective

In Ireland, whichever side of the border you are on, the situation creates massive upheaval in some cases.





60%

of polled managers
had already faced
delays at the border.

45%

of respondents said
they had faced delays
of more than two days.

In addition,

27%

of respondents said
that paperwork was the
primary cause of delays

23%

said stock would run
out if things did not
change.”



“

“Next, delays and congestion hit us at UK ports. Within days, the backlog in our system meant we had to pause our road services to the EU and Ireland for the first time in living memory. Not a decision we took lightly,” explained a parcel service source.

Pre-Brexit, an importer would bring a container load into the UK, 80% of that cargo would be dropped off in the UK, and the remaining 20% would be dispatched to Ireland.

The idea that you can now just send a boat from Europe directly to Ireland will not work; they just do not have the necessary volume to make it economical. With its 60 million-plus population, the UK market could receive 2 million parcels a week in a parcel shipment, which would then be broken down at a depot in the UK. Irish bound packages, usually numbering around 3-400,000, could be loaded onto a smaller trailer and delivered over the next few days.

Today, following the EU/UK Brexit deal, there is little desire in Ireland to invest in systems that could help with the transfer of goods because traders fear that after 1 April, the system could change again.

1 April will see more checks as the grace period ends, mainly where food products are concerned with even more documentation required. Already, we have heard reports of a Scottish shellfish exporter who has shut down, having not been able to sell anything since Brexit.

Beginning 1 April, sanitary and phytosanitary (SPS) checks will be introduced for foods. This is in excess of what is already the case after the transition period ended on 31 December 2020. This means that the customs situation could change once more, in just a few weeks' time.

Changes to the system on 1 April could further complicate trade rather than simplifying the system. **Difficulties with administration, communications, customs regulations, and hiring staff following 1 April are expected to increase freight delays.**

It is a major concern that trade across the Irish Sea, with Southern Ireland still in the EU and the smaller Northern Ireland, a part of the UK jurisdiction, but still part of the EU single market for goods as part of the protocol agreed by the British Government and Brussels in the negotiations, effectively placing a border in the Irish sea.

More Adjustments for Drivers and Vehicles?

Industry experts believe that Brexit negotiations will continue because the current rules constrain trade with few benefits for either side. What changes can be made remains to be seen, but one area for consideration could well be the immigration rules, which have put in place an earnings threshold for those wishing to work in the UK of £25,000.

This threshold is considerably higher than the £17,000 to £18,000 paid to many drivers. **Meanwhile, there is a [50,000 driver shortage in the UK, which could substantially impact the logistics networks that are already under considerable strain.](#)**

These critical workers are responding to the disincentives. Net migration figures into the UK for the last quarter are the lowest they have been in more than 50 years.

Furthermore, drivers of Class 1 vehicles are an ageing population. Their average age is over 50, and the profession is failing to attract young British-born drivers.

Even if drivers are found, the complications don't stop there. Ensuring that UK drivers have the correct paperwork to drive within the EU adds to the new administrative costs.

Another difficulty in the making could be that all parcels - and the trailer on which they are transported - must be registered, creating yet more red tape and paperwork, even though this is done digitally. While the UK was a member state of the EU, trailers were easily swapped, however after 1 April, each trailer must meet EU regulations and must be registered as meeting those rules.

What is more, each vehicle will be unable to leave the depot unless each of the parcels on that vehicle is specifically assigned. Any glitch in the system, such as misreading an RF code, will cause problems.

HELP!

Could a Digital Solution be the Answer?

The mountains of documentation in the pipeline could reach epic proportions. Making certain companies can deal with the extra checks and documentation requirements could turn out to be a logistical nightmare of its own.

One method of ensuring that a company can stay ahead of its administrative requirements is to utilize a digital system that untangles the process and offers alerts to upcoming difficulties before they become a crisis.

C3 Solutions offers a ready-made system for handling documentation including;

- ★ **Document attachment for all bookings/vehicles** - for all customs and vehicle documentation, visible by all who have access to the system, including third parties and customs agents
- ★ **Advanced visibility for all departures and arrivals** - a dynamic, real-time transport schedule, with accurate and up to date operational plan
- ★ **Performance statistics & analytics** - live dashboards and retrospective analytics which highlight compliance, departure/arrival times
- ★ **Advanced Mobile Functionality** - C3's software can be accessed via mobile phones and tablets through a standard website, every driver can show their route details and customs paperwork at any point of their journey, ensuring delays at checkpoints and ports are removed.

C3 Solutions offers systems such as [Dock Scheduling](#) (or a Dock Appointment Scheduling system), which allows distribution center operators to optimize both inbound and outbound traffic. It improves dock productivity and door turnaround times, expands visibility, eliminates site congestion, and automates the appointment booking process with suppliers and carriers via an online portal.

The system can be used on a smartphone and includes all necessary documents added to the Dock Scheduling system, with global visibility and a multi-user interface. It includes an appointments system and links to carriers' and other suppliers' portals.

The system will simplify and organize the operation, and while it will not change the reality of Brexit, it can offer companies a route through the documentary and regulatory maze.

A single technology cannot resolve all the issues created by the Brexit agreement, but it can deliver a workable solution, a tool, that will help traders on both sides of The Channel divide to navigate through the new regulatory requirements.

BECOME BREXIT COMPLIANT TALK TO A C3 EXPERT

[Book a Live Demo Now!](#)

[Visit our Website](#)

Over 20 Years of Expertise • 1,200 Global Sites • 160 000 Active Users Worldwide

Learn How to Become Brexit Compliant With C3 Solutions



INFO SHEET

Adapting to Brexit

How to Overcome Logistical
Challenges with Dock Scheduling

[Download Now](#)