Simplicity. Visibility. Partnership.

Keeping businesses moving

Achieving exporting success and international growth from effective logistics

Key
Benefits

Exporting is not just for the big boys –98% of US exporters are small- to mid-sized businesses

Real GDP growth forecasts

% change

	IMF (Oct 2022)	
	2022	2023
UK	3.6	0.3
France	2.5	0.7
Germany	1.5	-0.3
Eurozone	3.1	0.5
US	1.6	1.0
Japan	1.7	1.6
China	3.2	4.4
India*	6.8	6.1
Brazil	2.8	1.0
World	**3.2**	**2.7**

Note: *For fiscal years (April-March)
Sources:IMF World Econ Outlook Oct'22;

New revenue potential: access to millions of potential new customers, and more sales

A greater breadth of investment: opportunities that may not exist in home countries

Diversify markets: by entering new markets you create a safety net for your revenue stream

Access to larger talent pool: local expertise and experience to serve new customer base

Lower cost per unit: Better economies of scale means better margins or more competitive prices. Or both.

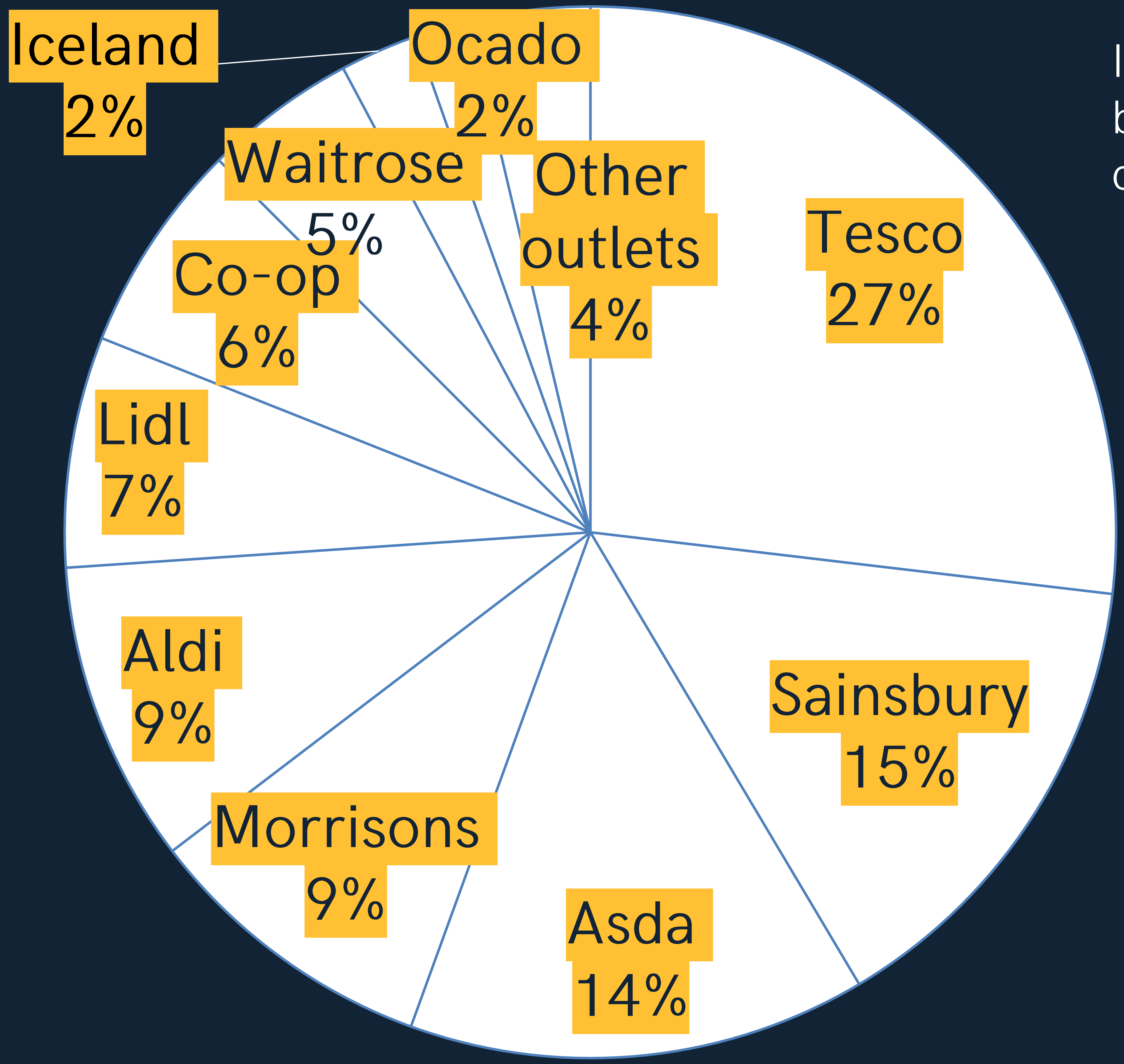
Smooth business cycles: selling across multiple markets will smooth those seasonal cycles out.

The UK market

- UK is fifth largest global economy
- 68.7 million population (28 million households)
- 84% live in urban areas (London, Manchester and Birmingham)
- Food and drink market = £191.1bn
- Imports 46% of its food
- Average household spends £132.50 per week on food and drink
    - £6890 per year
    - £574 per month
- Distribution: 73% = retail market; 27% = restaurants

(pre-pandemic levels = 37%)

Supermarket market share



In 2023, discounters will be the biggest growing channel, driven by consumers looking to save money

The UK as a key export market

- The UK climate limits growing seasons and types of products grown

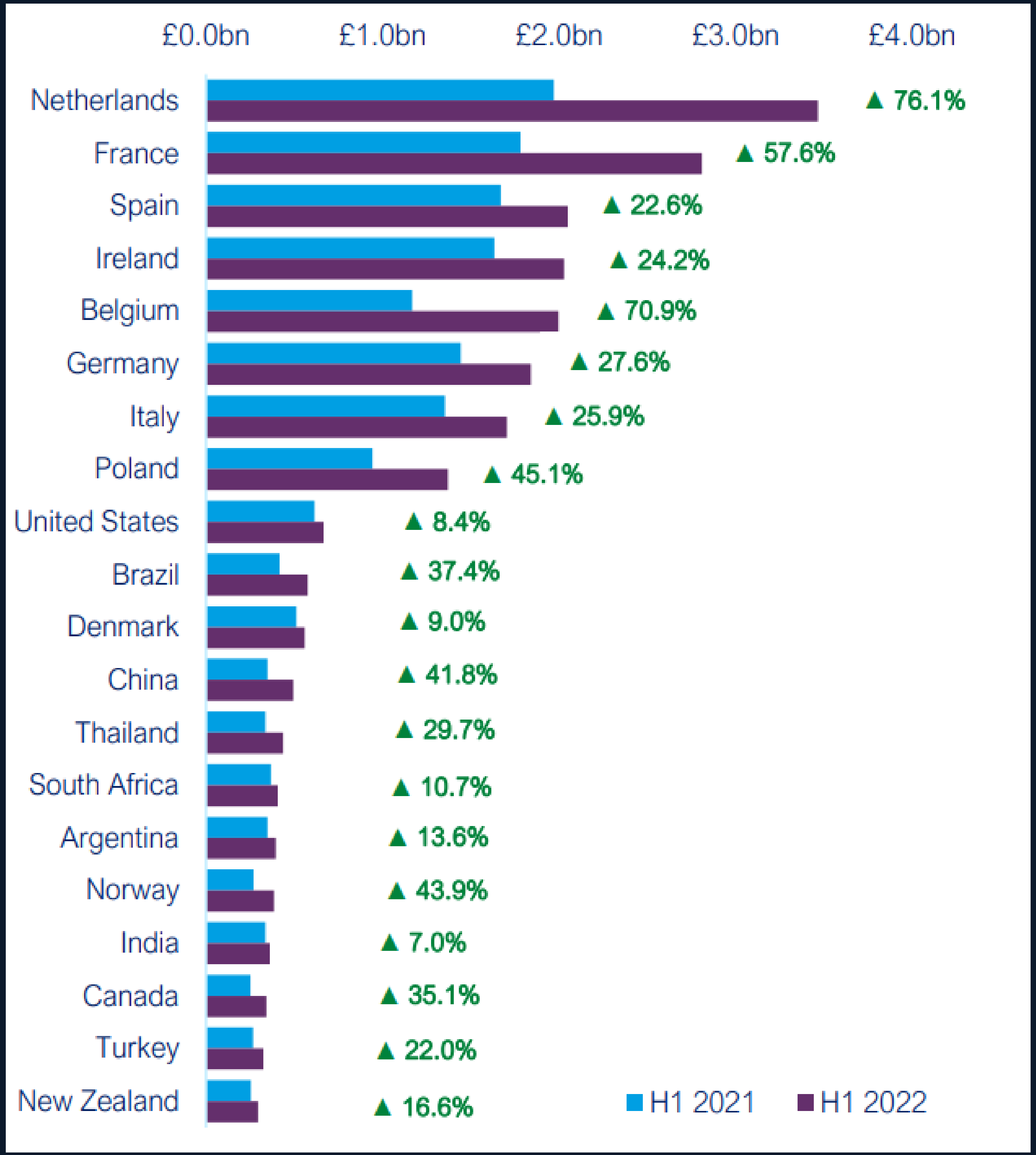
- Seasonal worker shortages are an issue with UK producers having only 25% of staff needed to harvest crops.

- Challenges for UK food and drink manufacturers – strike action, production costs, business failures and factory closers – manufacturing sector expected to contract by -1.5% in 2023

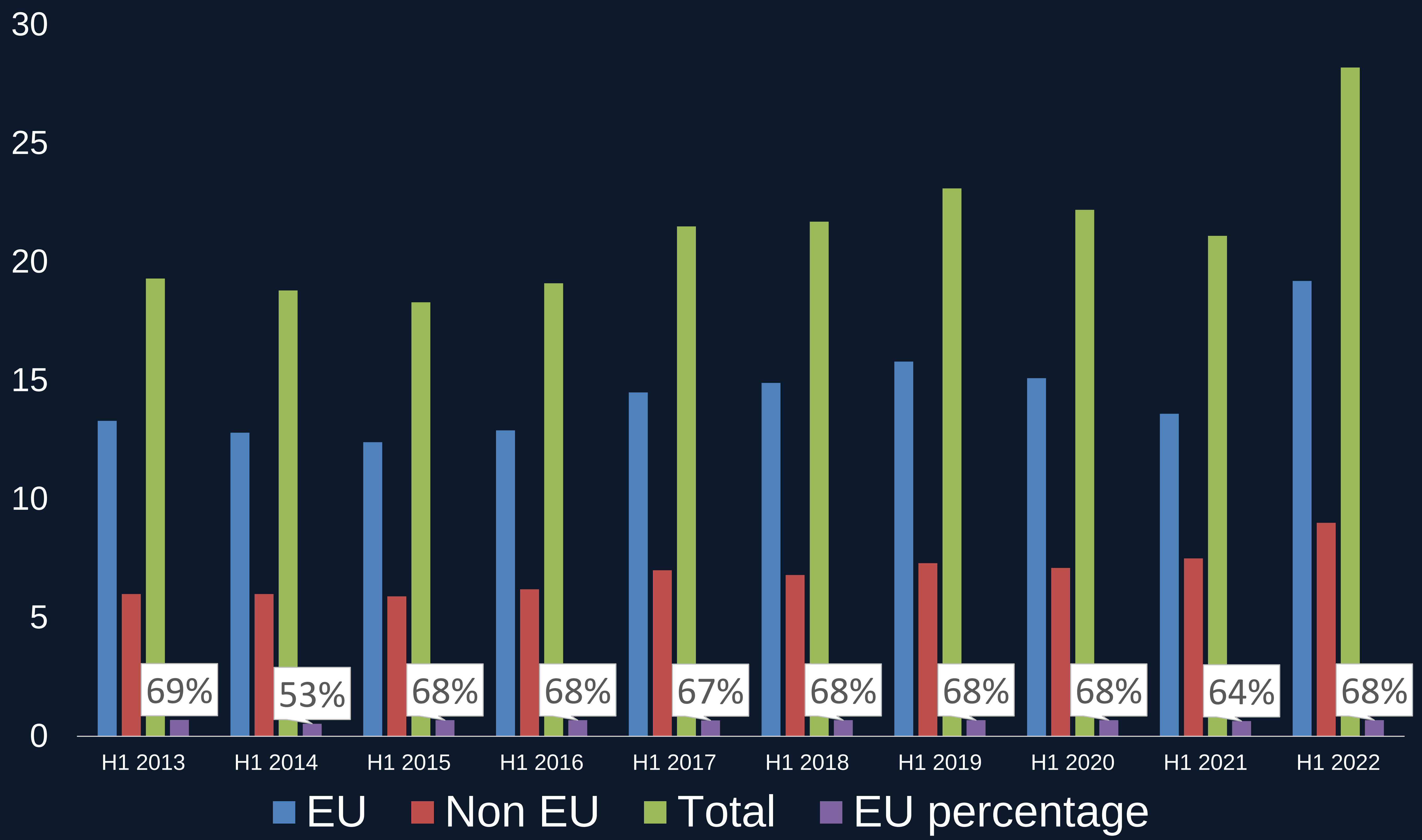
- Rising costs since the outbreak of war in Ukraine- fertiliser prices have tripled since 2019, on top of a six-fold increase in wholesale gas prices.

The UK as a key export market

In 2021, the UK imported consumer-oriented agricultural products worth $48.5 billion



EU versus non-EU exports to the UK



UK consumer food **trends**

- Due to an aging population, consumers seek variety in high quality food products, especially with **health benefits**
- Emphasis on **sustainability** and **animal welfare** in production methods affects purchasing trends
- UK consumers spend > $10 billion on **ethical food** and drink products (organic, Fairtrade, Rainforest Alliance, free range eggs, vegetarian meat alternatives, and sustainable fish)

A decrease in food and drink spending is not widely anticipated rather a reprioritisation of the basket to meet needs on health, nutrition & sustainability without compromising taste

Healthy food & drinks

Sustainable products

Exotic and global flavours

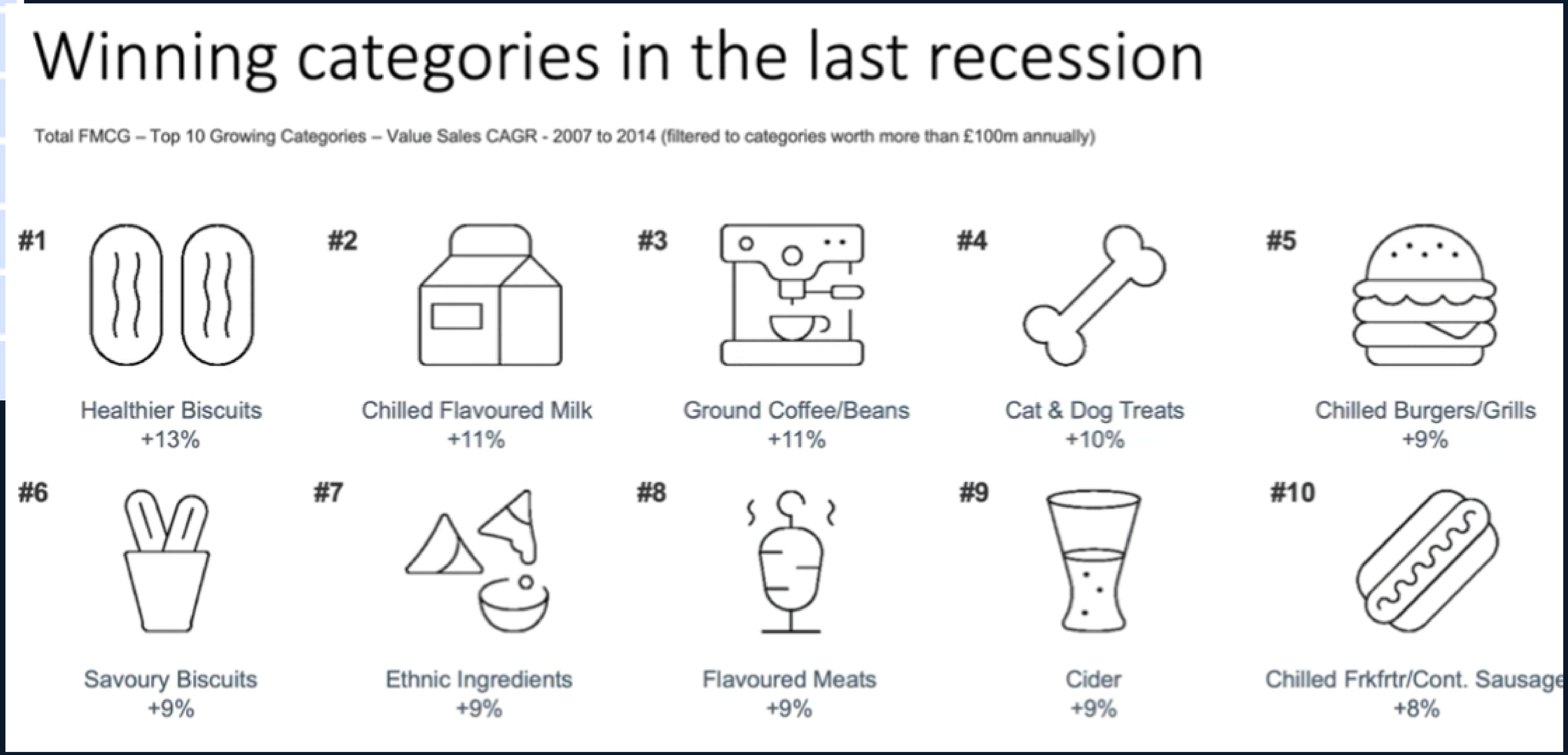
Vegan and other flexitarian products

Social media influence – 38% of Instagram users follow food and drink influencers

Non and low alcoholic drink alternatives

UK food export opportunities

	Value		
	H1 2022	Change 2019-22	Change 2021-22
Fruits	£2.3bn	3.5%	7.7%
Wine	£1.9bn	23.2%	29.0%
Vegetables	£1.7bn	12.8%	17.5%
Chicken	£1.4bn	31.3%	70.8%
Chocolate	£1.0bn	39.8%	29.8%
Pork	£941.1m	2.1%	26.9%
Vegetable oils	£883.9m	59.0%	52.1%
Savoury snacks	£875.0m	29.6%	39.8%
Cheese	£838.6m	1.8%	27.5%
Soft drinks	£752.6m	67.2%	75.0%



Exporting challenges to consider

- As journeys of products become longer and more complex, potential traceability and food safety issues are compounded
- Customs and compliance laws
- Language and cultural barriers
- Labelling
- Packaging - In April 2022, a new Plastic Packaging Tax came into effect that applies to plastic packaging manufactured in, or imported into the UK, that does not contain at least 30 percent recycled plastic: https://www.gov.uk/guidance/check-if-you-need-to-register-for-plastic-packaging-tax#full-publication-update-history
- Do you have the personnel and expertise necessary for operating in the UK

What your logistics partner should bring to the table

- Advises on UK rules, regulations, culture etiquette, holidays, delays at ports etc.
- Arranges, negotiates and manages different transport methods depending on shipment and specific requirements
- Monitors carriers' performance
  - freight rates
  - lead times
  - availability
  - reliability
- Advises on incoterms
- Manages customs clearances and paperwork
- Sustainability, ESG and carbon reporting planning
- Provides shipment visibility and updates
- Provides HS coding support

Food exports with no restrictions

There are some foods which have no restrictions – for example:

- Bread
- Biscuits
- Confectionery
- Pasta and noodles
- Packaged soup, stocks and flavourings

However, the following ultimately determines level of restrictions applied:

- HS/Commodity codes
- Country of origin
- Ingredients and/or percentage of certain ingredients
- Labelling requirements

Exporting food of animal origin

- Products can be imported only from countries appearing on lists published by DEFRA

- Products must originate from **approved or registered premises** and must comply with animal and public health conditions for the raw material used and the production process

- As a general rule, all products of animal origin will require health certification issued by the competent authority of the exporting country containing declarations of compliance with the public and animal health criteria laid down in the import conditions

- Consignments of products of animal origin may not be removed from the border control post until all veterinary checks are complete and the required fees paid.

Special license requirements

If you intend to trade in agricultural products in the groups listed below, you may need a licence…others may apply

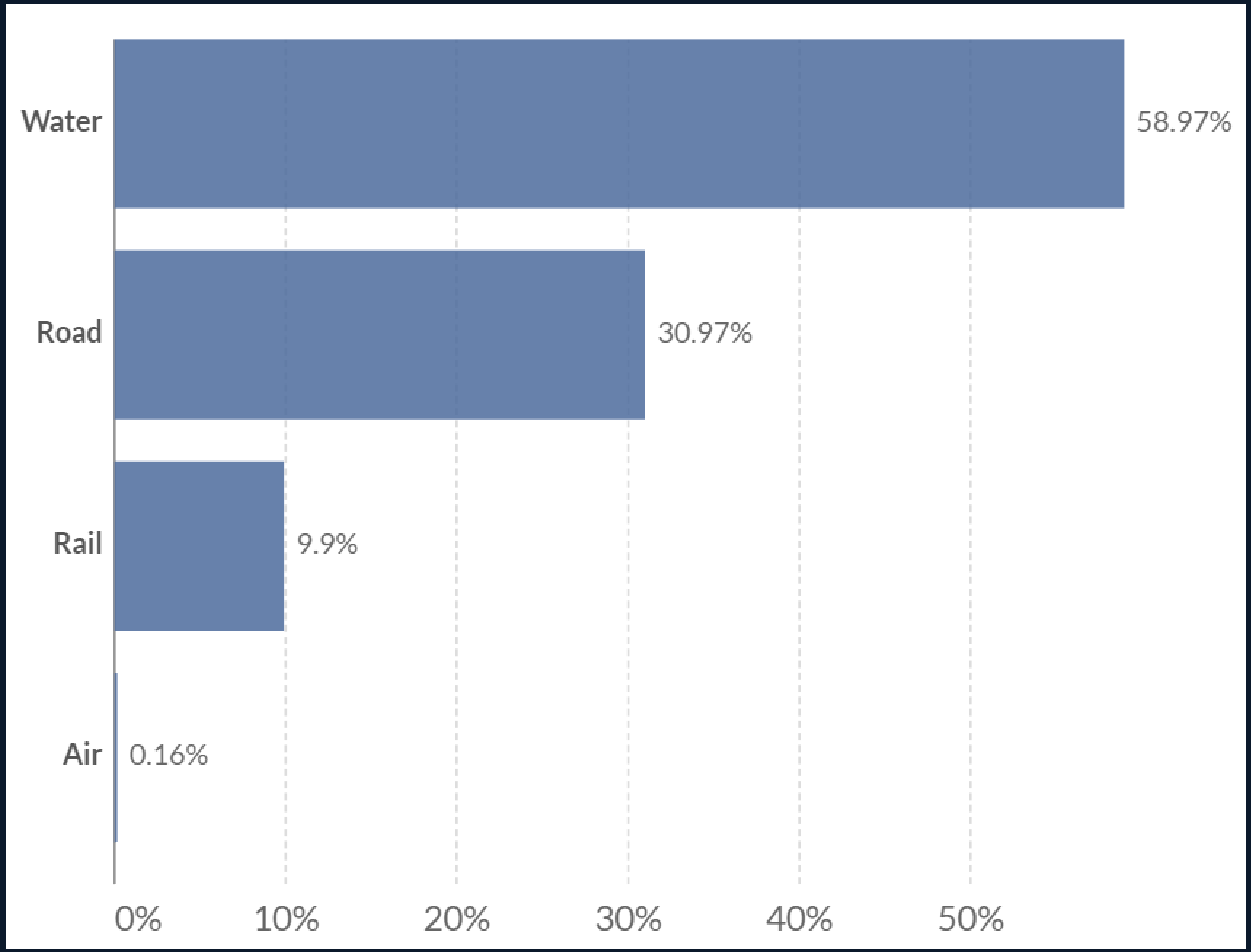
- meat (beef and veal), pig meat and poultry meat products
- sugar
- cereals and rice products
- fruit and vegetables (including garlic)
- milk and milk products
- eggs
- olive oil
- ethyl alcohol
- hemp

Other considerations...

- Establish what documentation you need early on
- Know what certificates your products need
- Work with freight forwarders who have specialist accreditations for handling food and drink
- Temperature monitoring and real time tracking
- Certain goods require different kinds of wrapping
- Compliance with packaging and labelling requirements
- Consider warehousing requirements
-
- Contact specialist food and drink translation companies

Transportation considerations…

Share of global food miles by transport mode



- Mode depends on nature of commodity (ambient, fresh or frozen), origin, destination, accessibility to different transport modes, time sensitivity etc

<u>Air freight</u>: for food with limited shelf life

<u>Road and rail</u>: preferred at continental level, with the train being mostly used in countries where vast distances have to be covered

<u>Sea freight</u> : less expensive with specialised vessels such as refrigerated cargo and container ships

- Transporting by air emits c 50 X greenhouse gases versus transporting the same amount by sea

FCL versus LCL

- Cost
- Volume
- Speed
- Flexibility
- Availability

Shipping food LCL can be more challenging…..

Common pitfalls...

1) Paying too much attention to only the freight rate

2) Neglecting Incoterms

3) Gathering the correct documentation

4) Incorrect packaging and labelling of goods

5) Wrong HS codes

International trade contracts and incoterms

You'll need to discuss and agree:

- where goods will be delivered
- who arranges transport
- who handles customs procedures
- who pays duties and taxes

Amount of responsibility for seller under each Incoterm

Incoterm	% of control
FOB	40%
DAT/DPU	80%
DAP	90%
DDP	90%
CFR	50%
CIF	50%

Port health authorities

- Responsibility of exporters to ensure products are safe
- Detailed import checks may be carried out on any food products - determined on a risk basis
- Special health controls and checks are in place for high risk products:
  - meat
  - dairy products
  - fish
  - honey
  - gelatine
  - nuts
  - spices
  - figs
- If exporting controlled foods make sure the port / airport you use is approved to carry out the required checks

Common challenges and tips for success

- Food Safety: Food safety is one of the main concerns in the United Kingdom and is monitored by the Food Standards Agency (FSA)
- Be aware of UK animal welfare standards
- Make sure the product follows UK food law, packaging, and labelling requirements
- If required, obtain animal product health certificates
- Know what the import duty and excise tax is for your product
- Include a promotion/advertising budget into your overall export plan
- Highlight product selling points, such as sustainability, organic, plant-based etc.
- Participate in food, beverage, and industry trade shows

Sources of further information & support

Department for Environment, Food & Rural Affairs - Government Agency for Agriculture.
Tel: +44 20 7238 6951 E-mail: helpline@defra.gsi.gov.uk Website: www.defra.gov.uk

Food Standards Agency - Government Association on UK food safety standards and policies
Tel: +44 20 7276 8829 Email: helpline@foodstandards.gsi.gov.uk Website: www.food.gov.uk

UK Trade Associations
Institute of Grocery Distribution - Food and grocery chain trade association.
Tel: +44 1923 857141 E-mail: askigd@igd.com Web: www.igd.com
Food and Drink Federation - Trade association for UK food and drink manufacturing industry.
Tel: +44 20 7836 2460 E-mail: generalenquiries@fdf.org.uk Website: www.fdf.org.uk
Fresh Produce Consortium - UK trade association for the fresh produce industry
Tel: +44 1733 237117 E-mail: info@freshproduce.org.uk Website: www.freshproduce.org.uk
British Health Food Manufacturer's Association - Association for natural health products industry.
Tel: +44 20 8481 7100 E-mail: hfma@hfma.co.uk Website: www.hfma.co.uk
British Frozen Food Federation - UK trade association for all aspects of the frozen food industry.
Tel: +44 1400 283 090, E-mail: generaladmin@bff.co.uk Website: www.bfff.co.uk

Thank you.

wendy.rose@wtagroup.com

07442 465382

www.wtagroup.com