

SALES

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How will the UK trade with Europe in the future?

The UK trades with Europe overwhelmingly by road - and 90% of what is transported by road between the UK and

same-day deliveries of fresh fruit, meat and vegetables all year round, our National Health Service takes delivery

with shocking headlines and pictures of empty shelves. Consumers were rationed, limited to small numbers of

of stock. This saves money on inventory and warehousing costs and these savings are then built into the sale price of the product.

Consumer behaviour has adapted to the express and courier sector's ability to deliver goods ordered online to short timescales. To be able to guarantee this in future, will courier companies have to invest in additional distribution centres in the UK, thus abandoning the advantages of scale achieved through Continent-wide distribution models? Who will pick up the tab?

As the UK edges closer to Brexit, breaking its ties with the European Union and changing its trading relationships, the risks are clear. The UK, cut loose from the Continent could see barriers imposed to trade with its nearest neighbours. The movement of goods could become subject to customs declarations and controls, similar to those for goods from outside the EU. This could add cost and also delay to the delivery of goods and so impact on the speed and reliability of supply chains.

Any new relationship with the European Union must take all of these things into account. For the UK to continue having a successful trading relationship with the remaining EU countries is due to the integrated supply

goods to the UK for industrial and consumer markets. It is in their own interests that trade flows are not hampered by additional controls, tariffs and disruption. The economies of Europe are so closely interdependent that they cannot simply be severed in one strike.

The opportunity also exists for the digitisation of processes that in the past might have been manual. It has long been unnecessary to look inside a trailer to know what it is carrying. Since the invention of the bar code and vehicle scanners the tracking of goods and packages at distance has been possible from source to final destination.

Tracking will now become the basis of goods transport for safety, security, customs and user needs and will spread out from the major players to medium and smaller transporters. Borders and border authorities will need to automate and to make use of state of the art technology in order to keep up both with the goods being transported and the people driving the trucks. Registered driver schemes using biometrics to facilitate border crossings, electronic goods tracking, and ANPR and RFID for vehicle monitoring all exist already.

Change naturally carries uncertainty, and Brexit will certainly bring its fair share, but it also brings opportunity. When confronted by unavoidable change, it is the organisations that embrace the opportunity and use it as a force for innovation and creativity that will thrive.

Now that the surprise of the Referendum has passed and the economy continues to grow, Brexit could yet turn out to be a fantastic opportunity to get the investment needed to deliver new, modern systems and processes that bring the levels of controls and security to what government requires whilst, at the same time ensuring the speed and reliability of flow that industry and the economy need.



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continental Europe travels across the short straits between Kent and the Pas-de-Calais, writes Eurotunnel director of public affairs, John Keefe.

The axis runs from the Channel Tunnel through the Midlands Engine and on to the Northern Powerhouse. The key regions of the UK source materials from and sell products to our nearest neighbours in continental Europe. Germany is the UK's largest continental trading partner, followed closely by France, Belgium and the Netherlands.

Currently, most intra-European goods move without customs controls or tariffs and passport controls are manual.

Over the past 20 or so years there has been increasing evidence of a change to our economic model. The UK economy now relies heavily on an integrated transport and logistics network that brings raw materials and components from all over Europe and beyond, across the Channel for assembly in factories around the country and then transports finished goods to markets on to the Continent. Some 220,000 jobs in UK manufacturing depend on exports through the Channel Tunnel alone.

Our supermarkets rely on

of individual treatments at precisely the moment they can be most effectively used and we, as consumers, expect the goods we buy on-line to be delivered the next morning (if not the same day).

Time has contracted and our expectation is now for a fully digitised, totally integrated economy. We have come to expect what we want, when we want it and delivered to where we want it. The speed of response and flexibility that this requires of our logistics industry is growing rapidly.

Ernst & Young, in a study published in November 2016, found that speed and reliability of delivery are now critical for the UK economy. The biggest sectors for trade through the Channel Tunnel are express and courier, food and perishables, pharmaceuticals, engineering and automotive and electronics. These are all high value added products that rely on speed, frequency of supply and reliability of delivery for their sectors to function productively.

When the Spanish fruit and vegetable harvest was hit by unusually cold and wet weather late in 2016 and early in 2017, the impact on supermarkets in the UK was immediate and the reaction of the media gleeful,

lettuces or courgettes. But reintroduction of continuing tariff and non-tariff barriers to trade, if the UK leaves the customs union, has far wider implications.

If goods coming into and leaving the country are subject to additional stoppages and controls at the border, flows could be severely disrupted. Industries that rely on the speed of transfer of goods and on the depth of integration that the supply chain now provides across the whole of Europe, could be put at a disadvantage.



These are the issues upon which investment decisions are made.

Where manufacturers have built their business models on a rolling inventory, with regular deliveries to the production line throughout the day, they need only hold a few hours' worth

chain of which we are a part.

The UK is a net importer from Europe and so it is a highly valuable market for European goods. Manufacturers and producers in Germany, France, Holland and Belgium export large quantities of high value