

Securing the best future for the UK Floristry Industry post Brexit

BFA Position Paper: January 2018

The challenges to secure the best possible future for the British florist Industry cannot be overlooked. In order for us to enable the florist businesses to prepare and be ready for the 29th March 2019, we at the BFA are calling on the UK Government to give the British Florist industry certainty on future policy and trading relationships.

UK florists not only make key events in our lives more memorable or easy to bear, they also take their skill and creativity around the world.

Imagine a world without flowers. Brides empty handed, loved ones departing without family tributes, special celebrations without the colour and scent of flowers, award ceremonies without the creative input of the UK's talented creative florists.

The Following are a series of issues that the BFA would like the UK Government to take into consideration while it negotiates a new trade deal with the EU.

- To take into account the impact any future tariffs or tax levies may have on flower and plant material.
- To review, streamline or remove any unnecessary and burdensome EU regulations where appropriate.
- A relaxation of EU regulations concerning quality, control of pest and disease of goods, imported and exported.
- To co-operate with other organisations in EU countries.
- To have the ability to import and export without any interference of EU/UK legislation.
- To ensure that Florists can continue to work in the EU.
- To ensure that florists from the EU are able work in the UK.
- To consider the implications of General Data Protection Regulation (GDPR) on small businesses and regulate the UK legislation in line with the EU regulations that will come into force in May 2018.

Tariff on imported goods and services

The BFA are looking at the government to negotiate a beneficial trade agreement with the European Union. The BFA supports the development of a beneficial trading relationship between the UK and the European Union with minimal non-tariff barriers. We welcome the

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UK Government's commitment to seek a special partnership with the EU which will allow free trade between the UK and the EU Member States.

The UK imports 80% of its flowers and around 70% of its plants through the Netherlands. This makes it one of the most important export markets for the Dutch horticultural sector. In 2017, approx. 14% of the total Dutch export of flowers and plants, €837 million, crossed the Channel and it's this trade that is vital to to maintain a sustainable supply to our florist businesses and the consumer alike.

Tax, tariffs exchange rates.

The fall in the value of sterling since the referendum has had an impact on those who import flowers and sundries – this has inevitably, had a knock-on effect on prices for the consumer but also for those florists buying from other European countries and beyond. We have seen an increase of 5 high street florists per week closing in the UK with an increase of 'homeworkers' taking a proportion of the business. The government should be looking at a lower VAT threshold to help sustain the flower industry.

Transition period

We recognise that there may need to be a temporary interim agreement in place which could be negotiated as part of the withdrawal agreement, so long as it does not breach the rules of the World Trade Organisation. A transition period would potentially give businesses the ability to adapt and prepare in terms of customs arrangements, and any potential tariff duties if we fail to secure a free trade agreement with the EU. Any transition period needs to be confirmed as soon as possible and ideally avoid the need for businesses to have to make a series of changes within a two to four-year period.

Efficient and cost-effective future customs clearance. Imports and Exports.

The BFA are keen that current regulations concerning quality, control of pest and disease of goods, imported and exported, remain the same as they are now, on both sides of the border. After Brexit the BFA urge that the UK will apply these same standards evenly, to include imports from countries other than EU members in order to facilitate 'fair global trade'.

BFA welcome the development of an Assured Trader Scheme which recognises those UK suppliers of cut flowers with a long-standing record of compliance. *(see below)

Transport and logistics.

The impact of any future import controls on freight coming from mainland Europe will be significant. According to the Chamber of Shipping, the port of Dover alone handled 2.5 million lorries in 2015, an average of 7,000 lorries a day.

According to Defra in 2016 the Netherlands accounted for 74% of ornamental imports, mainly cut roses and carnations. Kenya accounted for 5.8% and Columbia accounted for 4.2% of imports.

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Customs

Imports of cut flowers were valued at £749 million in 2016, an increase of 13% from 2015. According to Defra, exports of cut flowers were valued at £28.9 million in 2016*.

*Import/wholesale/farm gate values - not retail values

The BFA believes a longer wait at the border could bring a disadvantage to flower imports in future as it could impact on quality or vase life. Flowers could end up more expensive.

In the last year 4.4 million driver accompanied freight vehicles moved between the UK and continental Europe. The overwhelming majority of these movements took place on ferries through Dover or by shuttle through the Channel Tunnel, almost none of these required a customs clearance process at the port.

Road movements in Ireland are also free of all customs controls. Many supply chains treat the island as a single territory for distribution purposes

Freight traffic between the UK and the EU does not require customs control now, but on exit from the EU it is likely that all shipments will require customs control. (Non-EU traffic is subject to customs control, however the volume of non-EU traffic by road is very low).

Current customs systems (where clearance is usually done on entry or exit from the UK for non EU traffic) slows the movement of the vehicles. This slow-down is generally between 20 minutes and 4 hours. A major concern for perishable goods.

A main concern, according to the RHA is seamless customs through ports and borders (so that supply chains have a high level of reliability).

With a market share of around €1 billion and as the second largest import market for floricultural products, the UK is a major destination for suppliers and traders based in the EU (the Netherlands, Germany, Italy, Denmark and Belgium in particular), but also in Kenya, Colombia, South Africa, Turkey, Israel and Morocco.

Customs is also a main concern for our florists.

Export value from the Netherlands to the UK

flowers EUR 435 million (-1% compared to last year)

plants EUR 156 million (-6% compared to last year)

total EUR 591 million (-7% compared to last year)

Figures are up to and including August 2017.

The UK Government quote is that it wants 'frictionless' trade.

BFA believes that this must apply not just to administrative requirements but also to physical inspections. We have to question the UK's capability in terms of infrastructure and resources at points of entry to handle the level of import controls. Automatic Licence Verification System (ALVS), without the use of such a system, many small to medium sized business would face a mass of additional bureaucracy, costs and delays. This would have a massive impact on the small florist businesses up and down the country, it is in the interest of the floristry industry as a whole that we maintain these systems after March 2019.

Status of EU citizens' ability to work in the industry.

The BFA have concerns of what will happen when a UK citizen is working in the EU and a florist from EU countries come to work in the UK

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The BFA believe that both the working rights of UK citizens working in the EU and visa versa is of great importance. Many businesses employ staff from the EU, benefiting from freedom of movement. This allows recruitment from a wider talent pool of the brightest and the best from across the EU. Brexit could make accessing this talent much harder in the future, meaning that the sector may need to look to make alternative arrangements to fill vacancies.

Non-UK nationals from EU Member States are employed across the industry at different levels. The industry needs assurances that the UK will continue to be able to access the EU labour market, and provide confidence to non-UK workers to remain in the UK long-term. Without the recruitment of staff from Poland and elsewhere in Eastern Europe, business growth would have been very much slower and smaller. Most UK employers in horticulture and farming have a positive perspective on immigration. Immigrants are ready to accept outdoor work and unsocial working hours. This has enabled businesses to thrive, helped economic growth and increased the government's tax revenues. Many of our flower growers in Lincolnshire use EU citizens for the Summer season.

We need to ensure a stable workforce with labour from other EU member states and all sectors of horticulture and flower growing, harvesting etc in the UK.

** This links together schemes run by local authority Trading Standards Services which generally attract small, local independent traders and businesses.*

Although each scheme is different, they all aim to complement the OFT Consumer Codes Approval Scheme and Trustmark, having a strong emphasis on customer service.

Many local authorities run assured trader schemes. They aim to give consumers a reliable way of finding trustworthy local businesses. Businesses that sign up to the schemes get support and promotion from their local authority Trading Standards Services, in return for a promise that they will meet their legal obligations and treat their customers fairly.

Most schemes have been developed separately, and vary in the details of how they work. But all the Local Authority Assured Trader Scheme Network (LAATSN) member schemes have the common aims of:

- giving consumers a reliable way of finding businesses they can trust*
- offering a source of help and advice if things go wrong, and*
- enabling local businesses to demonstrate that they have signed up to national standards.*

Not all Network schemes offer enhanced protection, such as pre-payment protection and independent redress, but you can rest assured that the business members are subject to an independent and impartial application and monitoring process by their local authority Trading Standards Service.

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