



# Il punto di vista dell'Inghilterra: suggerimenti per gli operatori italiani che esportano in UK

---

**Rebekah Kendrick**

Head of Brexit & EU Affairs

Wine & Spirit Trade Association – Regno Unito



# Aim to cover...

- Importance of the Italian wine sector in the UK
- What lies ahead to March 2019 (and beyond?)
- Contingency planning



*'It's an EU themed restaurant. We don't tell them what we want and they don't give it to us'*

## Arrivals from EU in 2017

	Market	Hectolitres	Value £
1	 Italy	2,826,023	615
2	 France	1,529,765	878
3	 Spain	1,036,560	193
4	 Germany	638,097	124
5	 Portugal	150,829	55
6	 Belgium	59,200	16
7	 Hungary	50,960	6
8	 Romania	22,762	4
9	 Bulgaria	17,287	2
10	 Netherlands	17,132	10
<b>Total</b>		<b>6,701,655</b>	<b>1,978</b>

## Italian wine in the UK



Over 99% of wine consumed in the UK is imported



Italian wine accounts for over 20% of total wine imports to the UK by both volume and value

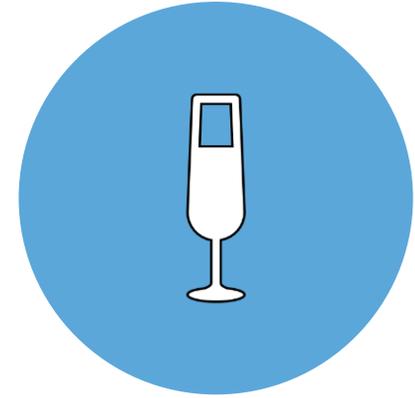
# Broken down, in the UK...



Italian still white wine is worth 19% in volume and 17% in value



Italian still red wine is worth 13% in volume and 12% in value



Italian sparkling wine is worth 70% in volume and 44% in value

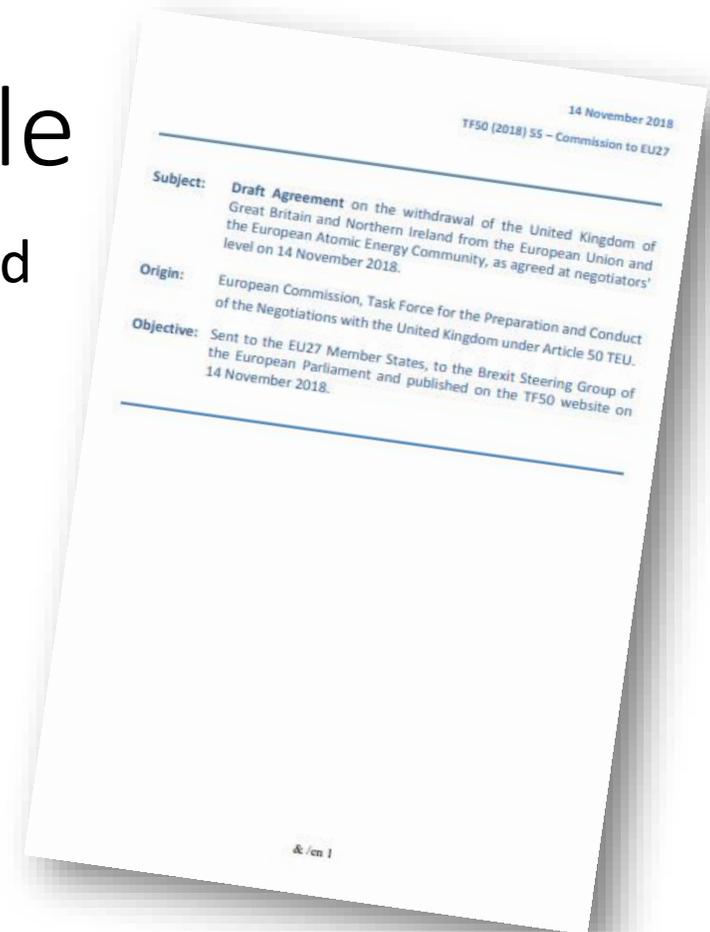
# Total UK market (still only)

	Country of origin	Volume (000hls)				Value (£m)			
		2016	2017	% change (YOY)	Market Share	2016	2017	% change (YOY)	Market Share
1	 Australia	1,869	1,795	-4	21%	1,516	1,506	-1	16%
2	 Italy	1,512	1,536	+2	18%	1,758	1,922	+9	21%
3	 France	1,256	1,165	-7	13%	2,040	1,951	-4	21%
4	 USA	965	909	-6	10%	845	818	-3	9%
5	 Chile	807	798	-1	9%	736	731	-1	8%
6	 South Africa	836	787	-6	9%	682	644	-5	7%
7	 Spain	771	783	+2	9%	763	766	0	8%
8	 New Zealand	489	544	+11	6%	559	638	+14	7%
9	 Argentina	255	256	0	3%	251	272	+8	3%
10	 Germany	125	116	-7	1%	89	84	-5	1%
	<b>Total</b>	<b>8,886</b>	<b>8,690</b>	<b>-2</b>		<b>9,239</b>	<b>9,332</b>	<b>+1</b>	

# State of play – a deal is on the table

**November 2018** - Withdrawal Agreement signed off in UK and EU and Future Relationship paper published

- Transition period can be extended
- Good faith clause
- Customs and Irish backstop (triggered in the event that no future trade deal between the UK and EU is achieved):
  - UK in a Customs Union
  - Northern Ireland would also be in a Single Market for goods
  - The UK can then decide whether to align Great Britain with the Single Market for goods
  - **BUT UK would have to gain the EU's agreement if it wants to quit this part Withdrawal Agreement**





# What is supposed to happen next?

---

1. 'Meaningful vote' in the UK Parliament - 11 December
2. Vote in the European Parliament
3. March 2019 - European Council agree terms and timetable for UK's exit
4. 23:00 GMT 29 March 2019 UK leaves EU



“It has become increasingly clear to me that the withdrawal agreement.....will be a terrible mistake.

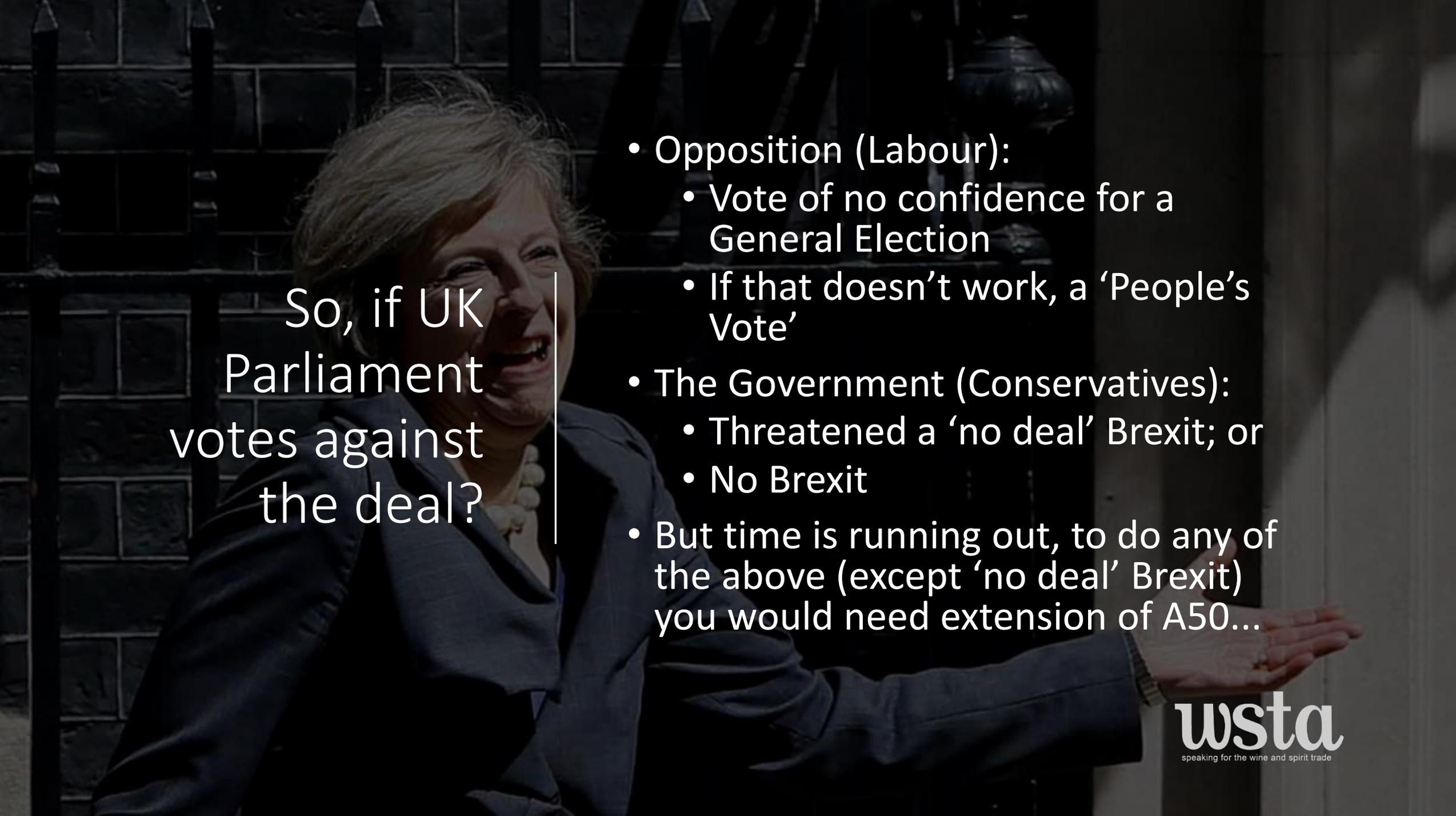
“Indeed, the choice being presented to the British people is no choice at all. The first option is the one the government is proposing: an agreement that will leave our country economically weakened, with no say in the EU rules it must follow and years of uncertainty for business.

“The second option is a no-deal Brexit that will inflict untold damage on our nation. To present the nation with a choice between two deeply unattractive outcomes, vassalage and chaos, is a failure of British statecraft on a scale unseen since the Suez crisis.”



WSTA's  
'Don't Bottle It'  
#NoToNoDeal  
Campaign

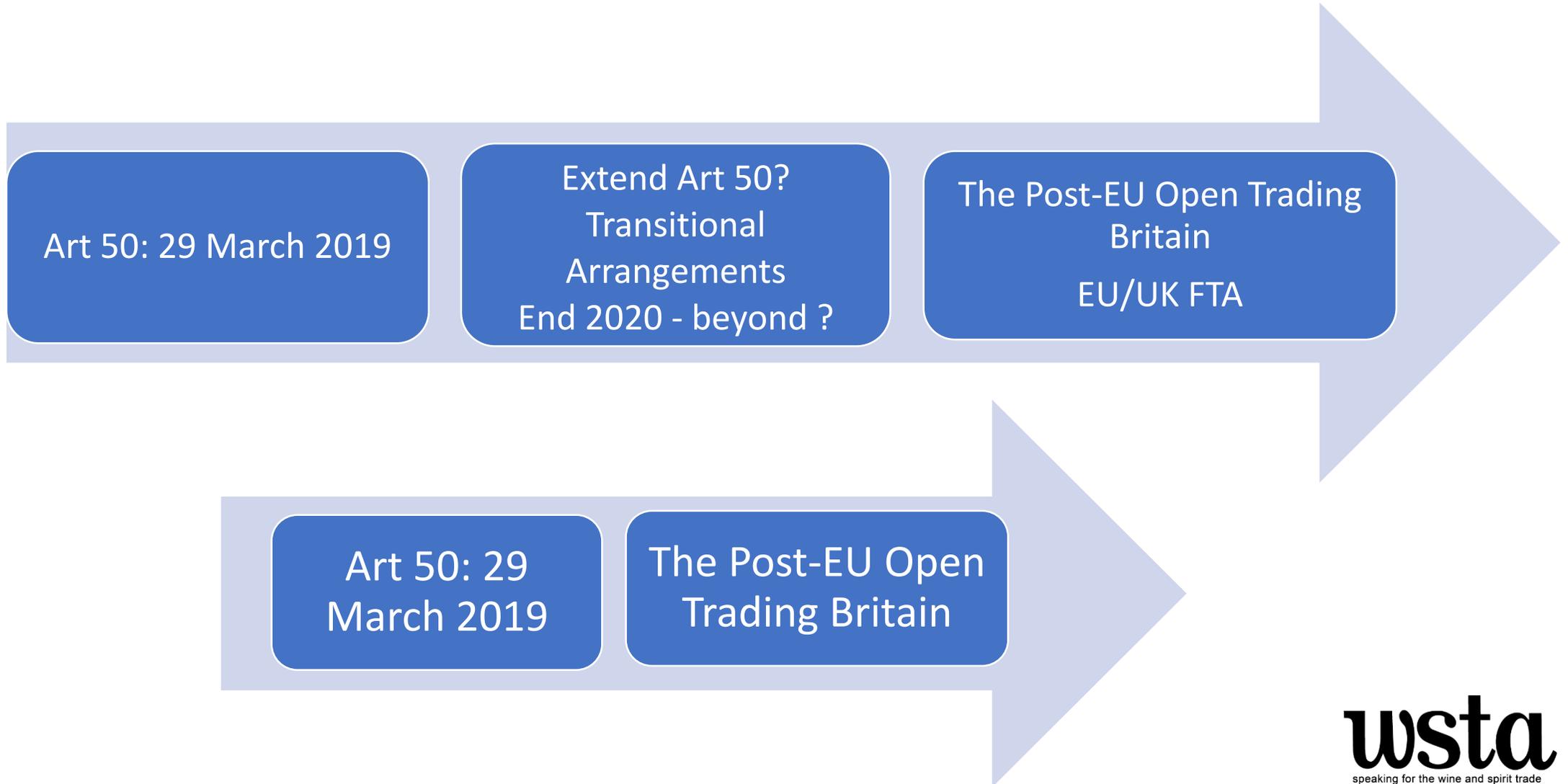


A photograph of Theresa May, the former Prime Minister of the United Kingdom, speaking. She is wearing a blue jacket and has her right hand raised in a gesture. The background is a dark, textured wall.

So, if UK  
Parliament  
votes against  
the deal?

- Opposition (Labour):
  - Vote of no confidence for a General Election
  - If that doesn't work, a 'People's Vote'
- The Government (Conservatives):
  - Threatened a 'no deal' Brexit; or
  - No Brexit
- But time is running out, to do any of the above (except 'no deal' Brexit) you would need extension of A50...

# Two potential outcomes to plan for...



So, what should  
businesses be doing?

---

“We will look at this issue  
in the round and make  
sure that there’s adequate  
food supplies”

Dominic Raab 24 July



# Assumption:

---

- There is still a significant risk of a non-negotiated exit from EU at 23:00 on 29 March 2019
- If so, there will be significant disruption to movement of goods to and from the EU27 in the months that follow
- Businesses should consider holding 20% more stock in the UK for the first six months of 2019





**Process**



**Passage**



**Peripherals**



**People**



**Products**



**Pounds**

# Process

- When is Day 1?
- How long is transition and what does it mean for UK-Italian trade?
- Really, what is the customs arrangement?
- Is there a negotiated retention of EMCS?
- Has your business moved to CDS? What about UK businesses?
- Are all your contractual licences and statutory authorisations up to date?
- Where are you with AEO?
- What about VAT?

# People

- Are your teams ready?
- Do you have enough people, with knowledge of third country customs procedure (e.g. customs declarations), to process your transactions? Does your business currently only trade within the EU?
- Have you spoken to the UK businesses you trade with – are they prepared?
- Have you spoken to your third party service providers? E.g. importers and logistics companies. Are they prepared?
- Do you have staff who are Italian nationals based in the UK?
- Do you need to recruit UK nationals or work with a UK based importer?
- Who might need to travel between the UK and the EU27 after Day 1 and will they require visas?

# Passage

- Are you intending to move goods around 29 March 2019?
- What's your preferred route?
- Can you get enough transport slots?
- What about refrigerated units?
- Can you do better on consolidating loads?
- What about road transport between warehouses and ports?
- Do you or your importer have a UK-based warehouse and does it have enough capacity?
- What's the impact on lead time?

# Products

- Will the UK businesses you work with be stockpiling? And will this impact cash flow around 29 March 2019 for your business?
- Do you have additional stock for selling to UK based businesses who are stockpiling?
- If not, can you source additional stock?
- Are there viable alternatives?
- Any issues around 2018/2019 vintages?
- Can you fulfil current contracts? Do you need to move more product to the UK earlier to do so?

# Peripherals

- Labels - what do they have to say? Do they need a responsible UK business importer address?
- Are you sending wine in bulk? Does the UK bottler have access to:
  - Bottles
  - Closures
  - Machinery and spares – bottling lines, forklifts, racking
  - Supplies of chemicals
  - Containers, cases, boxes, wrapping
  - IT equipment and software
  - All the other bits you need to run a business

# Pounds

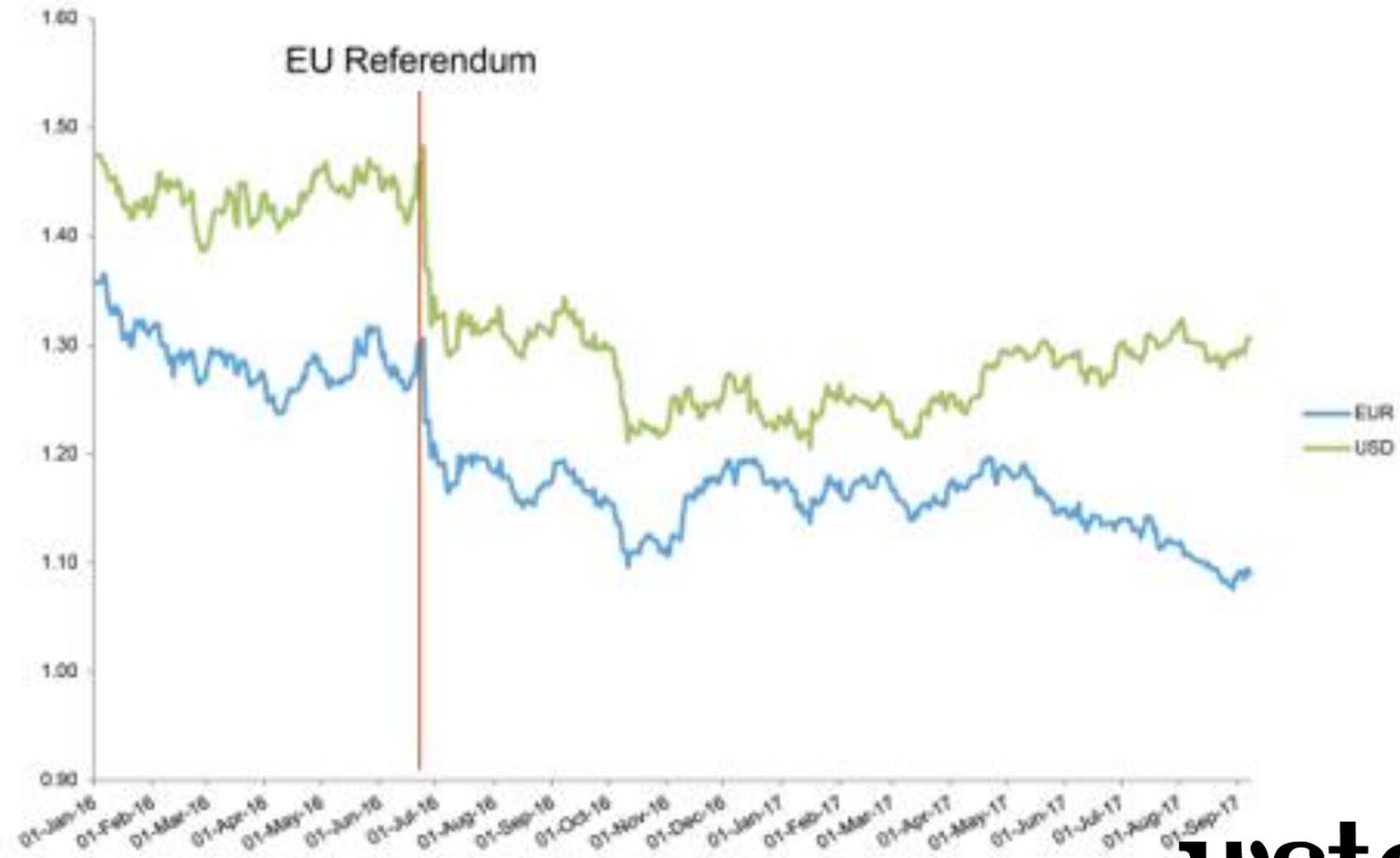
- Cost of increased stockholding in UK
- Cost of increased demand for stock e.g. from retailers
- Cost of increased demand for transport and warehousing
- Cost of software
- Cost of people
- Cost of increased guarantees
- Cost of VAT to cashflow
- What about your banking covenants?
- Bear in mind additional costs to UK businesses you trade with who will have to deal with all the above and more!

# A challenging time for importers...

Since the referendum:

- **£/€ -15%**
- **£/ZAR – 12%**
- **£/\$ -11%**

+ duty....



In summary...



LOTS OF QUESTIONS



UNCERTAINTY



RATIONAL TO PREPARE  
FOR THE WORST

Thank you!  
Any Questions?

**Contact:**

Rebekah Kendrick

Head of Brexit and EU Affairs

[rebekah@wsta.co.uk](mailto:rebekah@wsta.co.uk)

[www.wsta.co.uk](http://www.wsta.co.uk)