

MAIDSTONE & DOVER VISIT

MAY 2022



UK TRADE & BUSINESS
COMMISSION

WINTERWOOD FARMS

KEY FINDINGS FROM OUR VISIT

1

SEASONAL WORKERS

Brexit has impacted the farm's ability to recruit seasonal workers, which has resulted in a 8% drop in crops harvested.

2

WASTED FRUIT

Last year was the first time since 1978 that berries were left unpicked due to a lack of workers.

3

UK WORKERS

UK workers cost the business 20-25% more to pick fruit when joining the farm in lieu of European Nationals as they are generally slower.

4

EU EXPORTS

Pre-Brexit, the farm exported around 5-6% of its produce grown in Britain to the Netherlands, Belgium and France. Since the UK's departure from the EU, exports now take up to and around 7 days as a result of new phytosanitary certificates - making trade very difficult. Further to this, the farm is now no longer able to re-export any fruit that it imports.

5

IRELAND EXPORTS

The farm has stopped exporting to both Northern Ireland and the Republic of Ireland as a result of Brexit. Previously around 3-4% of exports were to the island of Ireland, however the farm maintains that it does not send produce over the Irish Sea.

6

UK FRUIT

UK stores this year will face a 15% drop in British-grown raspberries as farms are likely to prioritise growing more profitable fruit such as strawberries.

7

INVESTMENT

As a result of Brexit, the farm has invested £7m in the expansion of its South Africa farm business in the past 5 years - money which was previously planned to expand growing operations in the UK.

OUR VISIT

WINTERWOOD FARMS

BACKGROUND

Winterwood Farms previously operated on a model where 18-25 year olds from across Europe typically came to the UK over the summer, during school holidays and university breaks.

This enabled the farm to prepare for a seasonal workforce arrival, providing enough workers for the height of summer peak season. We heard how the flow of workers from Europe has been cut off as of two years ago with the end of free movement.

Pre-Brexit, it was “great to see loads of people arriving each year from different countries away from mum and dad, on their own learning experience.” There was an “exchange of cultures” each summer.

Winterwood Farms Managing Director

WHY THE PRE-BREXIT MODEL WORKED FOR WINTERWOOD FARMS

The Managing Director explained how it was ‘great to see loads of people arriving each year from different countries away from mum and dad, on their own learning experience’, that there was an ‘exchange of cultures’ and how ‘after the summer most people wanted to go home’ with the following academic year starting.

Some of the workers would return in subsequent years, moving up in seniority, for example to supervisor.

The farms offer accommodation for around 50 people and the inflow of workers over the summer months has huge benefits for the local communities, keeping business and shops thriving. On a typical day, around 150 people would be working any shift at one time, and there are around 300 staff in total (staff work five days a week, over a seven day period).



UK DOMESTIC WORKFORCE AND THE IMPACT OF NO INWARD MIGRATION

Despite the lack of inward EU migration following post-Brexit visa rules, the Government's furlough policy during the first Covid-19 lockdown meant people from across the UK joined the seasonal workforce. These workers came from a variety of backgrounds ranging from professional backgrounds.

We heard that there was a great camaraderie between British and European workers, but that the UK workers cost 20-25% more to pick as they were generally slower (age being the key factor). While 2020 was manageable, we heard that 2021 was totally different. This is because all the people who were initially on furlough were back at work. We were told that 8% of the overall crop wasn't picked because they didn't have enough staff, the first time since 1978 that berries were left unpicked due to a lack of workers.

BARRIERS TO DOMESTIC WORKFORCE RECRUITMENT

- Lack of a domestic UK workforce willing to apply for the necessary vacancies:** UK workers want full time year-round work, not seasonal work. Unemployed people in the UK are often not in the same areas where growers have vacancies, and there is an unwillingness to travel for seasonal work, which for most is away from family.
- Transport costs and location:** areas where unemployment is more prevalent are not local to the farm, presenting additional transport costs and forcing workers to relocate.
- Flexibility and security:** the farm relies on fruit picking during the right weather conditions. If workers need to leave work earlier than expected it impacts on the business massively. The work is generally seasonal, meaning employees are not able to take it on as secure year-round employment. This doesn't fit well with the UK's Universal Credit rules.
- Efficiency:** the technology for cost-effective robot pickers is still a long way off - and without the workforce to do the job, it means crops are left unpicked. The farm is estimating there will be 10% fewer people to pick fruit in 2022 than last year - and while the farm can look to become more efficient; any changes in efficiency will only have a small impact on production as opposed to the gaps that a smaller workforce leaves.



UK pickers cost the farm 20-25% more than European Nationals because they are generally slower.



The farm estimates there will be 10% fewer people to pick fruit in 2022 than in 2021.



BALANCING PRODUCTION WITH A REDUCED WORKFORCE

The farm now finds itself at a critical juncture: trying to keep production lines open and continue to be successful, but doing so with a reduced workforce.

As British-grown strawberries are one of the most profitable crops on the farm, they will prioritise growing strawberries and row back on growing other berries. This will mean more imports of other fruits; and as such less British produce on supermarket shelves.

UK stores this year will face a 15% drop in British-grown raspberries due to the efficiency cuts outlined above. Consumers will still be able to purchase imported raspberries and there will be no gaps left on shelves. However, a decline in UK raspberry production alongside the relative profitability of strawberries will lead to an overall surplus of strawberries in certain weeks. This is likely to increase food waste as well as some fruit being sold below the cost of production.

INVESTMENT

Following the Brexit referendum vote, the farm made the decision in 2016 to discontinue investment in the UK apart from further automating their pack houses. The farm now focuses on opportunities to grow fruit outside of the UK. This was due to a number of reasons, however, the main one cited was lack of a UK workforce to pick the fruit.

The comparative advantage that fruit farms had in the UK was free movement of labour. The second was the EU grant system for producers.

This grant system supported farms in advancing their business technologically; and with that alongside free movement of labour - it meant incredible success up to 2016.

Winterwood Farms considered investing between £6-8m in UK farms, but as a result of Brexit that money is now being directed at other areas such as the South Africa farm business.

PAPERWORK, BUREAUCRACY AND CHECKS

While the UK was part of the EU, the farm exported around 5-6% of its produce grown in Britain to the EU, mainly to the Netherlands, Belgium and France. As with all perishable items, the farm relied on just-in-time cross-European supply chains. For example, if there was a surplus of fruit on the UK farm, the farm could quickly liaise with partners in Holland or Belgium to export fruit. Typically, this would involve getting a truck in, loading it up, and it could arrive at the partner farm on the Continent the next morning.

Now with SPS checks, this is taking far too much time for it to be possible - we heard how the fruit would effectively turn to juice if it was to be exported now and that it is 'impossible'.

We heard how in some cases SPS checks are taking seven days to be completed. This is now leading to any leftover produce being binned, rather than exported and used elsewhere.

We heard powerful evidence on how the farm has stopped exporting to both Northern Ireland and the Republic of Ireland. Previously around 3-4% of exports were to the island of Ireland, however, the Farm maintains that it does not send produce over the Irish Sea now as a result of Brexit.

In terms of imports, we heard how fruit from the Polish farm, which the business owns, costs around £400 per truck in additional costs.

Further to this, because the UK can no longer re-export, it means that any food imported from their South African farm that is left as overstock can't be exported into mainland Europe - yet again contributing to additional food waste.

The farm has agreed with a local waste site to remove excess or spoiled fruit for free. However, in real terms, there is an issue of food wastage, and due to the energy crisis, the farm is paying around £1000 extra per day in electricity costs.

PORT OF DOVER

KEY FINDINGS FROM OUR VISIT

BACKGROUND

Acting as the UK's busiest port facility, the Port of Dover handles around £144bn of trade in goods, and 33% of the UK's trade with the EU. It is known as a 'ro-ro' (roll on and roll off) port which means cargo on lorries drives onto ferries.

During our visit, we carried out a walking tour up the White Cliffs of Dover in which we were able to get an aerial view of the port, before then

visiting the buffer zone where vehicles leaving the UK wait for French passport controls.

Our guide for the tour, Tim Reardon, the Head of EU Exit and Company Secretary of the Port of Dover, explained how the UK's exit from the EU has led to a greater understanding of the importance of how freight flows affect the UK.

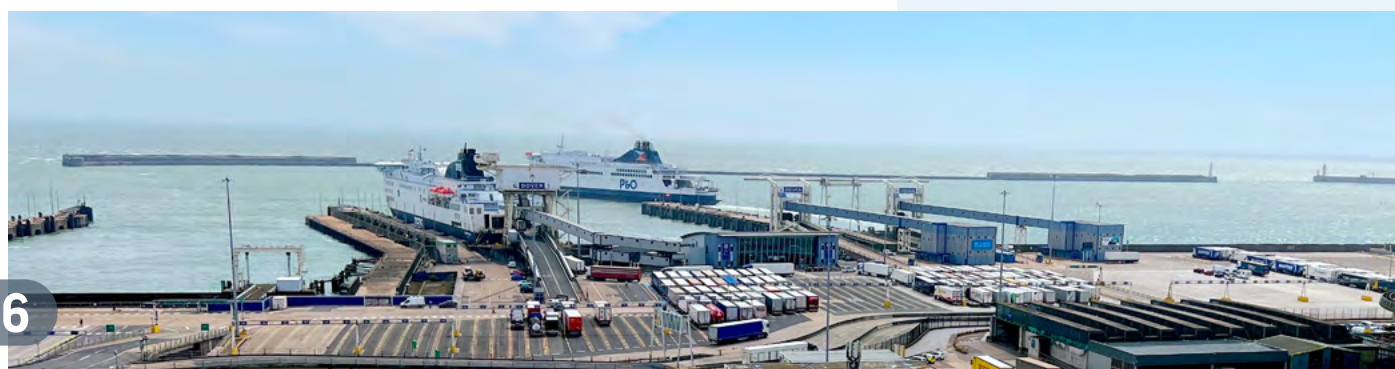
KEY CHALLENGES

One of the key challenges the port has had to focus on has been ensuring that freight flows remain uninterrupted and that supermarkets stay fully stocked, which has been an incredibly difficult task.

The port has been working to ensure that the Government understands the importance of its operation - given such a large proportion of trade goes through the port. The port suggested that the Government has worked very closely with them, and that there's more to come. The next area of focus for the port is going to be on the 'Borders 2025' strategy, in which the port's aim is to ensure that the UK's borders are built around supply chains and traffic flows.

When we spoke about the delays on new import checks which were planned to be introduced in the summer, the port said they were pleased that the Government has taken time to think about what import control regime is appropriate for the UK. We did hear though that any veterinary deal with the EU would ease the flow of animals and animal products between the UK and France.

Other challenges that we heard moving forwards will be changes to European passport controls, which introduce biometric controls for anyone entering the Schengen area - and making sure people are able to do that from their cars.





OUR CONCLUSIONS

It was clear from the visit to the Port of Dover and Winterwood Farms that any form of disruption to supply chains has a real and significant impact on UK consumers. Despite the Port of Dover's smaller size, it boasts real strength in managing an incredibly large number of vehicles, and more lorries than all the other ports across the UK combined.

The Port of Dover is unquestionably an invaluable asset. As the UK grapples with new legislation, checks and regulations since its departure from the EU, it is critical that the Port is supported further by the Government and other groups so that it can maintain trade flows in the future.



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