

## Twitter Thread by George Riddell



**George Riddell**

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**1/ Quick thread. At the end of the third week of Brexit being "done", I can only say that I'm exhausted.**

**Immediate pressures on companies who have been trading goods have been on grappling with all of the new customs and regulatory requirements.**



**2/ It's clear that agrifood businesses have been the hardest hit due to the SPS checks and other requirements.**

But for others, the shift from a distributor model to importer/exporter has been a challenge. This hasn't been helped by certain IT system not working as planned.

**3/ So are these "teething problems"? Companies are grappling with the new systems & formalities.**

Some are, but many others aren't.

Worth noting that freight volumes are still below average. But stockpiles are running low, coming weeks are going to be interesting.

**4/ Two issues that are immediately facing many businesses that won't be addressed by sorting this teething period.**

First, many businesses are facing the largest shift in their cost base in a generation.

5/ This comes from the cost of dealing with the customs procedures, upgrading IT systems to manage the new requirements, setting up European operating centres to comply with regulatory requirements, new immigration costs, the list goes on.

6/ The question they're going to be asking themselves - are their operations still profitable?

This is something that is going to be something that will continue to play and play in the weeks and months ahead.

For many, the answer will be no. So what do they do as a result?



7/ Some will look at their pricing models and figure out how much of those costs they can either put onto their suppliers, absorb themselves or push onto their customers. None are particularly attractive options.

The other (worse) possibility is to stop trading.

8/ If you're interested in how companies can formulate strategies and manage these pressures - my talented colleague Euan wrote about it in December (pre-deal but majority of points still apply).

<https://t.co/IMDCu9g2mK>

9/ The second issue is whether companies can continue to operate in the same way that they did previously - this has quickly become apparent in sourcing and meeting Rules of Origin.

Supply chains are going to shift as a result and is deeply complex.

But that's just one example

10/ So is this all the disruption that we're going to see?

Absolutely not.

One such example: due to the pandemic, business travel isn't happening. All the changes that are coming down the line in

the activities which individuals can carry out while in the EU has changed.

11/ Also what we have in the trading relationship today is not the end-state of trade between the UK and EU. In some ways its going to get worse, as grace-periods and transitions end.

On the other hand, there are areas where the UK and EU are meant to deepen cooperation.

12/ What that means is businesses are going to need to stay on top of all of these changes and disruptions in the coming months and years.

This will take time, resources and attention. TL;DR - Brexit wasn't done on 1 January.

Now, off for a large glass of wine.

