PRODUCT JOURNEY CASE STUDY
SPIRITS SECTOR - A FRENCH VODKA EXAMPLE

POTENTIAL EXTRA 11.000€ PER YEAR

if the use of a clearance agent is necessary when exporting products to the UK

1 100% FRENCH SPIRIT

processed and produced in the EU27

2 +/- 400 CONTAINERS PER YEAR

of distilled product exported from the EU27 to the UK to be bottled

3 POLISH BOTTLES

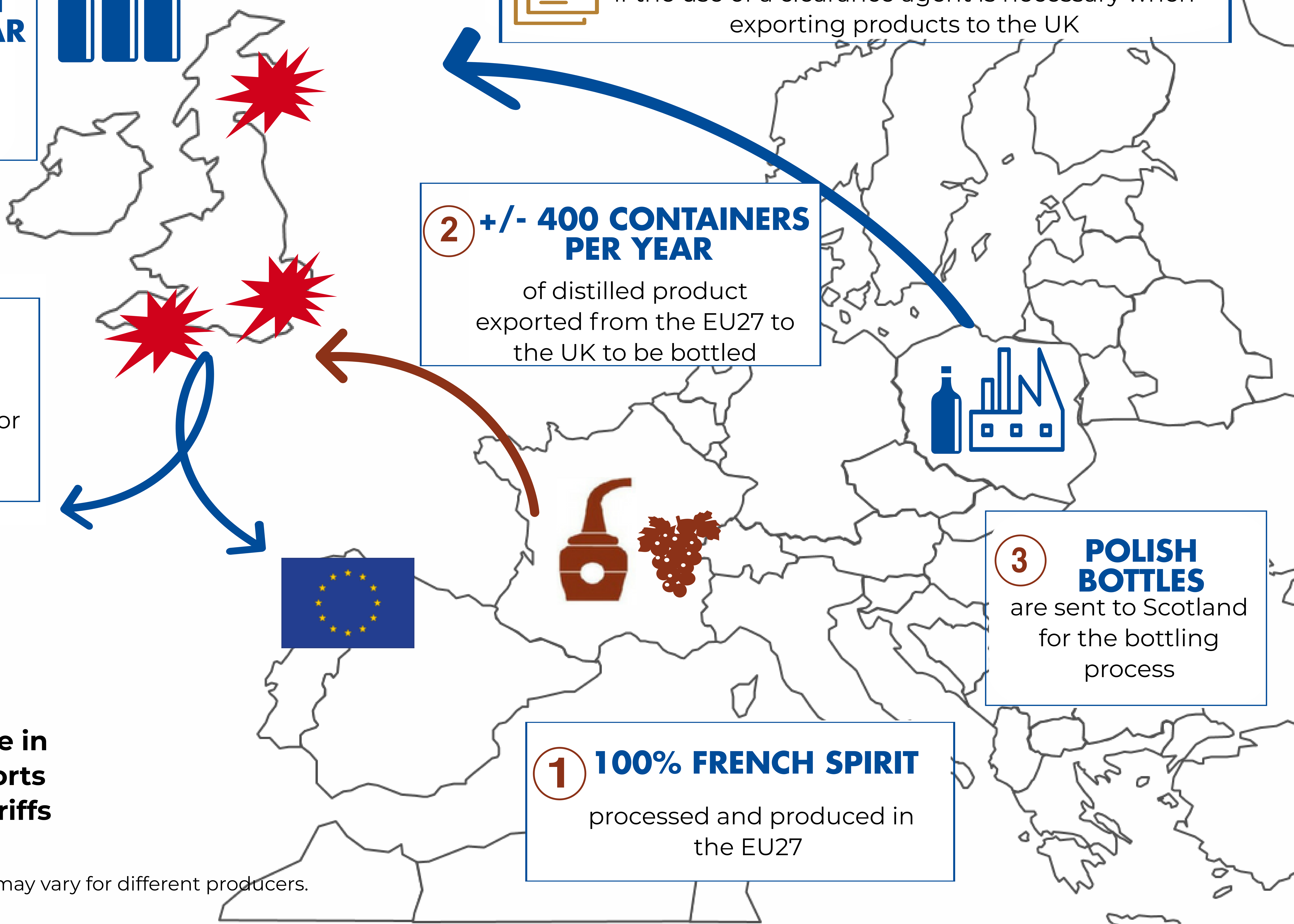
are sent to Scotland for the bottling process

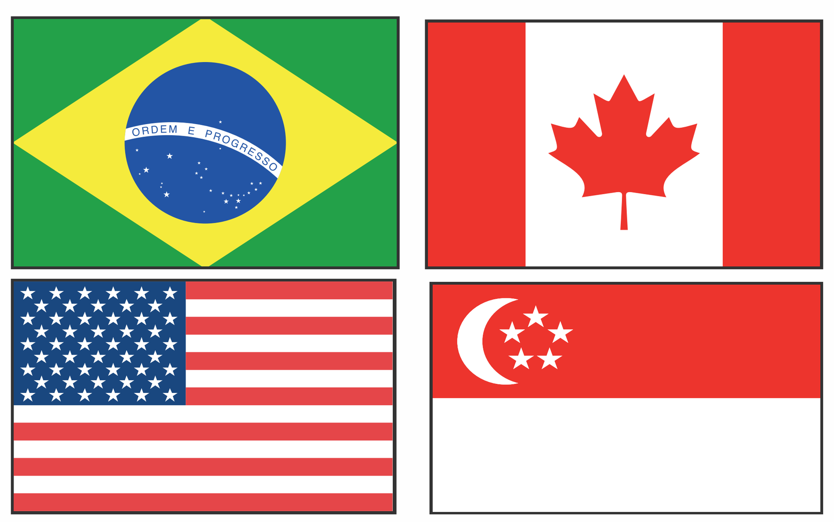
4 +/- 28 MILLION BOTTLES PER YEAR

of EU spirit bottled in Scotland ready to be distributed

5 +/- 2000 CONTAINERS PER YEAR

of bottles leaving the UK for the EU27 and rest of the world





Potential increase in exports and imports declarations & tariffs

The data provided in this infographic may vary for different producers.

PRODUCT JOURNEY CASE STUDY
SPIRITS SECTOR - A FRENCH VODKA EXAMPLE

IMPACT

390 containers of French spirit , along with **5/7 million bottles** from Poland, are shipped to a bottling facility in Scotland.

Currently, **the entire value chain operates without tariff and non-tariff barriers** and maximises the competitiveness of European supply chains. Post Brexit **the on-going competitiveness of this production value chain and the security of the jobs that it supports is uncertain**.

The movement of spirits is controlled under **the Excise Movement and Control System (EMCS)** which is threatened by Brexit. This will lead to **greater administrative burdens** as a result of the requirement for additional customs clearances. Clearance agents on average charge £25 per import.

Modern supply chains run to tight deadlines to prevent the holding of excessive inventory. Disruption to movements of intermediate products could see **production stoppages or contractually problematic delays in distributing product to retailers**.

Thousands of containers from the UK are exported to 3rd country markets every year, many of which benefit from **preferential market access** under the EU's network of free trade agreements. When the UK's access to these agreements cease, **exports from the UK would face non-tariff and tariff barriers to market access,** particularly in relation to Rules of Origin (RoO) which on average require that **a minimum 60% of content must originate in the country of final export**. Under current origin rules, this product would not benefit from preferential access, with impacts that would ripple back through the supply chain to **Poland** and **France**.

Regulatory divergence would mean additional burdens in meeting the **technical specifications for two different market places**. Jobs throughout the supply chain would be affected from increased production costs. Duplication of conformity assessment procedures between the UK and the EU-27 would also impose **extra cost burdens**.

When the UK leaves the EU, **VAT simplifications** under the **VAT Directive** will no longer apply to the UK. Consequently, this product could find itself exposed to two sets of VAT liabilities, again **raising the costs of production.**