

Product Availability Survey Analysis [October 2020]

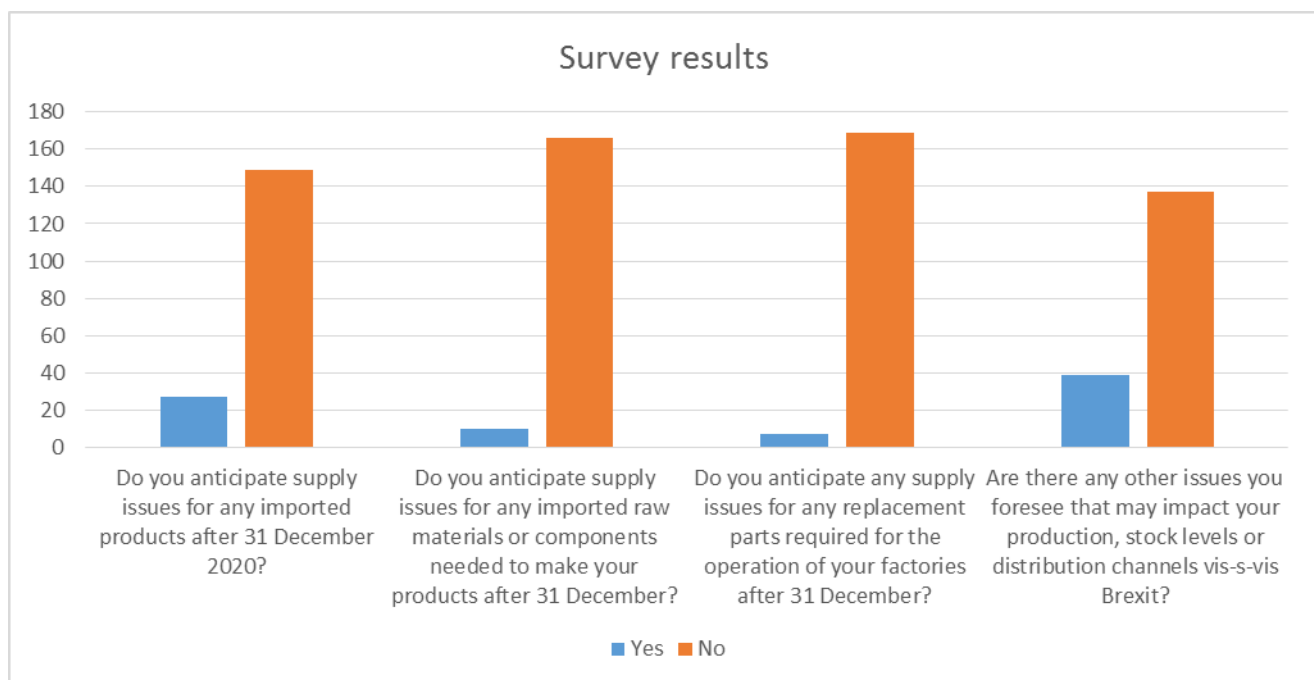
Since the 2016 Referendum, the Construction Products Association has supported its members, the wider industry and government to prepare for leaving the European Union. From early 2019, the CPA has co-chaired with the Builders Merchants Federation a Construction Leadership Council working group to firstly respond to the Covid-19 virus and latterly the Brexit transition period deadline, in regards to the supply of products for UK construction.

This analysis offers a snapshot of CPA members’ readiness, particularly as it pertains to possible shortages of products, raw materials/components and parts for factories and equipment caused by Brexit. A brief survey with CPA members was conducted in September/October 2020 to identify supply issues; 177 responses were received, which represents a response rate of less than 5% of total CPA membership. The questions included:

1. *Do you anticipate supply issues for any imported products after 31 December 2020? (Which products? Potential duration of the supply issue).*
2. *Do you anticipate supply issues for any imported raw materials or components needed to make your products after 31 December? (Which materials/components? Which products would be affected? Potential duration of the supply issue)*
3. *Do you anticipate any supply issues for any replacement parts required for the operation of your factories after 31 December? (Which products would be affected? Potential*
4. *Are there any other issues you foresee that may impact your production, stock levels or distribution channels vis-s-vis Brexit? (e.g., logistics, cash constraints, etc)*

Key Summary of Findings:

As the graph below reflects, whilst the UK construction industry is currently managing varying degrees of product shortages related to the Covid-19 virus, the vast majority of respondents do not anticipate supply issues specifically related to Brexit at year end for imported products, raw materials/components or parts.



Furthermore, many manufacturers, suppliers and distributors are taking proactive steps to prepare for the December 31st deadline, finding secondary sources of supplies and in some cases stockpiling key items. Anecdotal evidence of these steps is provided in feedback shared below.

Do you anticipate supply issues for any imported products after 31 December 2020? (Which products? Potential duration of the supply issue).

Only 15% of the respondents stated that they anticipated issues for any imported products as it relates specifically to Brexit.

The following products were specifically mentioned to have potential supply issues lasting into the first quarters of 2021:

Bulk cement	Electrical (various: “any product with a switch or battery”)	FIBC bags
Ironmongery	Roofing slate	Timber products (various

Key comments from respondents include:

“It may be difficult to differentiate the relative impacts of Brexit versus the ongoing challenges of Coronavirus which are already significantly impacting the supply chain.”

“I do not anticipate supply issues as such, the products will still be produced and available from our production plant, however there may be slight delays in the product arriving at our UK warehouse depending on the customs checks at the ports.”

“Putting stocks in place to mitigate any additional lead time due to Brexit. Large amount of product already comes from outside the EU.”

“At any stage we have historically aimed to hold a minimum of 3 months stock in our warehouse but this year we have increased to 5+ months for the top 20% by volume of products in the event of any supply delays.”

“(We) are working with suppliers and logistics supply chain to increase inventory volumes and forward locate key stocks within the UK and Europe to minimise any disruption that may occur. In addition (we) have reviewed alternative logistics routes to limit disruption or delays at the busier UK ports. (We) have secured AEO status which will assist in speeding up entry into the UK.”

“We have been planning for over three years, have achieved AEO status and hold substantial stocks.”

“We are not sure yet but we are working hard to keep stocks as high as feasible....”

Do you anticipate supply issues for any imported raw materials or components needed to make your products after 31 December? (Which materials/components? Which products would be affected? Potential duration of the supply issue?)

Only 6% of the respondents stated that they anticipated issues for any raw materials or components as it relates specifically to Brexit.

The following raw materials were specifically mentioned to have potential supply issues:

Minerals (various)	Pigments (specialised)	Plastic (various)
For Polyisocyanurate (PIR)	Raw materials for Roofing (various)	Rubber (various)
Raw materials for Steel		

Key comments from respondents include:

“All raw materials are covered and extra stock again is available by adjusting our manufacturing Schedule/Forecast.”

“Raw material availability should not present a problem, primarily we are importing finished goods.”

“We do expect the lead time... to be longer than expected; until the Brexit deal is finalised we are not exactly sure. However we are building up our stock to minimise this.”

“Whilst we don't (anticipate) any abnormal delays, we expect extra time needed to clear goods; we've already seen pre-advise notices needed to speed up process.”

Do you anticipate any supply issues for any replacement parts required for the operation of your factories after 31 December? (Which products would be affected? Potential duration of the issue?)

Only 4% of the respondents stated that they anticipated issues for any replacement parts as it relates specifically to Brexit.

The following replacement parts were specifically mentioned to have potential supply issues:

CNC machinery products (e.g., drills, lathes, mills)
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Key comments from respondents include:

“All factories run using local / National support teams.”

“All spare parts reviewed and increased where deemed necessary.”

Are there any other issues you foresee that may impact your production, stock levels or distribution channels vis-s-vis Brexit? (e.g., logistics, cash constraints, etc)

Only 22% of the respondents stated that they anticipated other issues as it relates specifically to Brexit.

Key comments from respondents include:

“Imported products, at best, will be more challenging with customs declarations and admin. At worst, duties will apply on the majority of products that we compete with, and logistics will be evermore challenging.”

“We are already seeing delays on ports due to volume coming through due to Brexit which will only have a knock on in the first quarter.”

“Major concerns with potential delays through the ports/customs. As a result we will have to incur additional costs to build up extra stocks in the UK.”

“Perhaps not directly due to Brexit but moreover the current very difficult situation we find ourselves in when importing products to the UK, our suppliers in the USA, India and China are all struggling to keep up with demand and the docks at both ends are congested, Brexit will likely only make matters worse.”

“We expect delays at major Roll-on/Roll-off ports such as Dover as haulage contractors get used to new systems... There is also the switch from CE to CA marking to consider though 2021.”

“We anticipate short delays in general at ports after 31 December of up to one week due to customs clearance delays. Duty Deferment Account will enable faster clearance. Additional stocks will also be held during this period to mitigate any delays.”

“A lot depends on whether Brexit causes issues for exporting from GB to Northern Ireland.”

“Customers can help, by giving accurate forecasts.”

“Like all businesses we are awaiting the finalised details of a deal / no deal to understand in detail how we may be affected. At present we do not have visibility of the impact. “

The CPA wishes to thank all its members for their contribution to this survey. For further information, please contact Jeff.May@constructionproducts.org.uk.

NOTES:

The [Construction Products Association](http://www.constructionproducts.org.uk) is the leading organisation that represents and champions construction product manufacturers and suppliers. This vital UK industry defines our built environment, providing the products and materials needed for homes, offices, shops, roads, railways, schools and hospitals. Our industry directly provides jobs for 373,000 people across 24,000 companies and has an annual turnover of £61 billion.

Since the 2016 Referendum, the Construction Products Association has supported its members, the wider industry and government to prepare for leaving the European Union. Technical, regulatory and policy information can be found [via its website](http://www.constructionproducts.org.uk).