

**By John Giles, a Divisional Director of Promar International**

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2020 was an incredible year, not just for the fresh produce sector, but the whole global economy, as a result of the Covid-19 pandemic and the knock-on impacts it has had around the world, on supply chains, consumers and customers alike. If anyone had said back in February of 2020, we would still be in this situation - indeed, arguably worse - by the start of 2021, I am not sure anyone would have believed you.

It makes the job of looking ahead to what 2021 might hold potentially even more difficult. One of the things we have learned, however, over the last few years, is that supply chain shocks (whatever they are) often just speed up and accelerate what is already happening.

Of course, most of Europe, was in “lockdown” for much of the period between the end of March and early July. As we move into the peak winter period, most European countries have now re-introduced a second round of restrictions of various degrees of severity to try and control the spread of the virus, as infection and death rates are rising again.

With this in mind, we think in 2021, we will see a number of things happening around the world as follows:

- All suppliers and supermarkets, which still dominate the point of sale, will stress test the robustness of their supply chains and we might well see the shortening of these.
- Supply chains will need to focus even more on being “sustainable” as a result and the move towards carbon-neutral supply bases will be intensified.
- The move towards online buying and selling of fresh produce will be accelerated. There will be a trend towards more home preparation of food and demand for convenience foods.
- Shopping habits will change, with consumers opting to buy food on a more localized basis.
- Issues that were important before February 2020 to the supply chain will not go away. These include areas such as plastics reduction, water usage, meeting the challenge and in some cases, the opportunities/challenges of climate change, etc.
- The experience, to date, though is that no one has been immune from the impact of Covid-19, be they big, small, well-established or relatively new businesses, etc.
- Ongoing pressure in the retail/foodservice market as a result of the predicted severe

downturn in the UK/EU economy we have begun to already see.

- There will be a drive to make more use of agri-tech solutions and services, as farmers are required to produce in a more environmentally sensitive manner, but at the same time as efficiently if not more, so than before. This is in response to a combination of changes in UK and EU agricultural policy, as well as the “commercial pull” exerted by the demands of major retailers and foodservice companies too.

It is also fair to say, that in the UK, we will be glad to see the back of Brexit. What the rest of the EU thinks, one can only imagine. After four years of talks between the UK and the EU, a deal has finally been agreed and signed in the period between Christmas and New Year. Is this, though, the end, or just the beginning of the end? There are still some important final details to be ironed out. While the UK and EU can trade with each other without tariffs and quotas etc, there will still be new customs procedures to follow. This might well cause some short term difficulties, but it would seem entirely plausible that produce companies on both sides of the Channel will soon get to grips with these.

In the produce sector, this is especially important for the import of fresh produce from Continental Europe, where the Netherlands, Italy, Spain and France are all large scale suppliers to the UK. In return, UK exports of fresh produce to the rest of the EU are minimal, but much more significant for the dairy and meat sectors. In any trade deal, there are of course winners and losers. The UK fishing industry is still not happy with the future arrangements regarding the allocation of quotas and access to UK fishing grounds and food & drink exporters in Scotland are similarly, still not totally sure, what the future holds for them.

The UK’s relationship with the EU has been one of the key features of UK political and economic life since the late 1950s. Even when the UK joined the EU in 1973, we held a referendum two years later on, as to if we wanted to remain in the EU. A deal might have been signed, but the question over the UK’s relationship with the rest of Europe might well go one for some time. It could still be a major discussion point at the next election due to be held in four years' time.

What we also know from looking back over the last 10 - 12 years is that some sort of supply chain shock happens around every two years. While we do not know, at this stage, what the next one will be - it could be economic, political, social, environmental - we do know that one is on the way.

As a result, all produce businesses will need to be more able than ever before to cope with these sorts (of supply chain) shocks. Not all of them are going to make it through this

incredibly difficult period. The overall economic situation in the UK and the EU for the next 12 months looks very challenging indeed. This will impact on the full supply chain, from consumers back to farmers and all intermediate stages.

As a result, fresh produce suppliers and their customers will all need to focus on being as flexible, adaptable and resilient as possible. This all points to 2021 producing as much change as we have ever seen in the past and it seems likely that many businesses in 2021 will be looking to re-set their strategies to deal in a post-Covid and post-Brexit world.

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*John Giles is a Divisional Director with Promar International, the value chain consulting arm of Genus plc. He has worked on fresh produce assignments in some 60 countries around the world and is the current President of the UK Chartered Institute of Marketing's food, drink & agricultural group. He can be contacted at [john.giles@genusplc.com](mailto:john.giles@genusplc.com).*